

**Kentucky Public Pensions Authority
Quarterly Board Meeting
September 26, 2024 at 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|--|-------------------------|
| 1. Call to Order | Jerry Powell |
| 2. Legal Opening Statement | Michael Board |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes – June 27, 2024 and August 23, 2024* | Jerry Powell |
| 6. KPPA Audit Committee Report** | Kristen Coffey |
| 7. Memo on Outstanding Employer Invoices** | Michael Lamb |
| 8. Administrative Budget to Actual | Michael Lamb |
| 9. Investment Department Update | Steve Willer |
| 10. KPPA Ad Hoc Regulation Committee Report* | Carrie Bass |
| a. 105 KAR 1:445, Trustee Elections | Jessica Beaubien |
| b. 105 KAR 1:130, Hazardous Position Coverage | |
| 11. KPPA Meeting Calendar 2025* | Jerry Powell |
| 12. KPPA Update | Ryan Barrow |
| 13. New Business** | Jerry Powell |
| 14. Closed Session – Litigation** | Jerry Powell |
| 15. Adjourn* | Jerry Powell |

**Board Action Required*

***Board Action May Be Required*

MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
VIA LIVE VIDEO TELECONFERENCE
June 27, 2024, AT 10:00 AM ET

At the meeting of the Kentucky Public Pensions Authority held on June 27, 2024, the following Members were present: Jerry Powell (Chair), George Cheatham, Dr. Merl Hackbart, Lynn Hampton, Prewitt Lane, William O’Mara, Keith Percy, and William Summers, V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Ryan Barrow, Rebecca Adkins, Michael Board, Michael Lamb, Steve Willer, Lori Casey, Victoria Hale, Carrie Bass, Jessica Beaubien, Jillian Hall, Anthony Chiu, Joe Gilbert, Connie Davis, Kristen Coffey, Ashley Gabbard, Madeline Evans, Wes Crothswaite, Phillip Cook and Sherry Rankin. Others present included Ryan Graham with Blue & Co.

Mr. Powell called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

Mr. Powell introduced agenda item **Public Comment** (Video 00:06:23 to 00:07:34). Ms. Rankin indicated that one public comment was received for this meeting from a Mr. Steven Herbert, and read as follows:

“The Authority has hired two KPPA Executive Directors currently working in tandem; both having separate and distinct personal service contracts. This appears to conflict with the language as written in KRS 61.505(8)(a). Furthermore, the Authority is voting today to approve an addendum to David Eager’s contract identifying him as a Consultant. This appears to conflict with the statutorily required 45A procurement process when contracting for consulting services. As I am a member of the Kentucky Employees Retirement System, it would behoove us to seek clarity from both the KPPA Office of Legal Services and the Kentucky Finance Cabinet with regard to how this matter complies with the Commonwealth’s statutes and procurement requirements in relation to the Authority”.

Mr. Powell introduced agenda item ***Approval of Meeting Minutes – April 25, 2024*** (Video 00:07:35 to 00:08:09). Ms. Hampton made a motion and was seconded by Mr. O’Mara to approve all minutes as presented. The motion passed unanimously.

Mr. Powell introduced agenda item ***KPPA Bylaw Amendments*** (Video 00:08:10 to 00:50:50). Mr. Board stated that the Board had previous discussions surrounding the allowance of the appointment of non-KPPA Trustees from the CERS and KRS Boards to serve on KPPA Committees. The KPPA Board requested that amendments to the Bylaws be prepared for their review and discussion at this meeting. Mr. Board reviewed all of the proposed changes, answered questions, and addressed the concerns of the Trustees. Dr. Hackbart made a motion and was seconded by Mr. Lane to approve the changes to the Bylaws and Committee Organization as presented. The motion passed unanimously. Mr. Cheatham made a motion and was seconded by Ms. Hampton to allow the Board Chairs of CERS and KRS to appoint a non-KPPA Trustee to the KPPA Audit Committee. The motion passed unanimously.

Mr. Powell introduced agenda item ***Contract Extension for David Eager as Consulting Executive Director*** (Video 00:50:51 to 00:55:21). Mr. Board indicated that at the previous Board meeting, there was a request and an agreement by Mr. Eager to extend his contract which ends in June by one month to assist in the transition of the new Executive Director, Ryan Barrow. Mr. Board stated that the Addendum to Mr. Eager’s Personal Services Contract is being presented to the Board for their consideration and approval. Mr. Board reviewed all of the sections of the Addendum. Mr. O’Mara made a motion and was seconded by Mr. Summers to approve the contract extension for David Eager as Consulting Executive Director as presented. The motion passed unanimously.

Mr. Powell introduced agenda item ***Introduction of Ryan Barrow, Executive Director of KPPA*** (Video 00:55:22 to 01:01:01). Mr. Eager introduced Ryan Barrow as the new Executive Director of KPPA and discussed the various meetings that have occurred thus far during this transition period. Mr. Barrow stated he is very appreciative of Mr. Eager’s willingness to extend his retirement date to assist with his onboarding process and looks forward to working with staff and the Boards.

Mr. Powell introduced agenda item ***FYE 6/30/2024 – CERS and KRS ACFRs – Engagement Letter*** (Video 01:01:02 to 01:03:05). Mr. Lamb began by stating that this will be the inaugural year for having two (2) separate ACFRs, one for CERS systems and one for the KRS systems. He stated that both Boards have received and reviewed their respective Engagement Letters and then introduced

Mr. Ryan Graham with Blue & Co. Mr. Graham is the director in charge of the Audit of the Annual Comprehensive Financial Report (ACFR) for the Systems and he reviewed the planning letter for the upcoming Audit. This was presented for informational purposes only.

*** Mr. Summers exited the meeting ***

Mr. Powell introduced agenda item *FY25 Administrative Budget, FY25 Hybrid Percentage, FY25 Investment Budget, and FY24 Board Separation Expenses (Video 01:03:06 to 01:17:05)*. Mr. Lamb reviewed the Fiscal Year 2024 separation expenses of \$378,606, plus the June billings that when received are to be paid by CERS. Ms. Hampton made a motion and was seconded by Mr. Cheatham to approve the Fiscal Year 2024 separation expenses, including the June billings received for a total amount up to \$400,000, to be paid by CERS as presented. The motion passed unanimously.

Then, Mr. Lamb reviewed the Fiscal Year 2024 hybrid percentages and indicated that each of the Boards have approved the percentages to be applied to the administrative expenses of KPPA as follows: CERS 64.16% and CRS 35.84%. Mr. Lamb stated that both Boards have met and approved their respective breakdowns for their various plans. Mr. Lane made a motion and was seconded by Dr. Hackbart to approve the Fiscal Year 2025 hybrid percentage of 64.16% for CERS and 35.84% for KRS to be applied to the administrative expenses of KPPA and to continue to allow the CERS and KRS Boards to determine the split for the plans under their administrative purview as presented. The motion passed unanimously.

Then, Mr. Lamb reviewed in detail the Fiscal Year 2025 KPPA Administrative Budget and addressed questions from the Trustees. Ms. Hampton made a motion and was seconded by Mr. Lane to approve the Fiscal Year 2025 KPPA Administrative Budget as presented. The motion passed unanimously.

Then, Mr. Lamb reviewed in detail the Fiscal Year 2025 KPPA Investment Budget and addressed questions from the Trustees. Mr. O'Mara made a motion and was seconded by Ms. Hampton to approve the Fiscal Year 2025 KPPA Investment Budget as presented. The motion passed unanimously.

Mr. Powell introduced agenda item ***Investment Department Update*** (Video 01:17:06 to 01:23:18). Mr. Willer stated that the KRS Investment Committee met on May 16, 2024 and no recommendations were made that required ratification by the KRS Board. The CERS Investment Committee met on June 4, 2024 where the recommendations regarding asset allocation and revisions to the CERS Investment Policy Statement were sent to the full CERS Board. He provided a brief overview of the data presented to the Committees.

Mr. Powell introduced agenda item ***KPPA Audit Committee Recommendations*** (Video 01:23:19 to 01:28:10). Ms. Coffey reported that the KPPA Audit Committee met on May 30, 2024, and reviewed several informational items, as well as bringing the following recommendations to the full KPPA board for ratification:

- a) Election of Ms. Lynn Hampton as Vice Chair of the KPPA Audit Committee
- b) Approval of the Charter for the KPPA Audit Committee
- c) Approval of the Charter for the Division of Internal Audit
- d) Approval of the Internal Audit Budget for Fiscal Year 2025
- e) Acceptance of the issued internal audits/open audit findings and authorize KPPA staff to implement corrective action

Mr. O'Mara made a motion and was seconded by Mr. Cheatham to ratify the election of Ms. Hampton as Vice Chair of the KPPA Audit Committee as presented. The motion passed unanimously.

Then, Ms. Hampton made a motion and was seconded by Dr. Hackbart to ratify the approval of the Charter for the KPPA Audit Committee as presented. The motion passed unanimously.

Then, Mr. O'Mara made a motion and was seconded by Ms. Hampton to ratify the approval of the Charter for the Division of Internal Audit as presented. The motion passed unanimously.

Then, Mr. O'Mara made a motion and was seconded by Dr. Hackbart to ratify the approval of the Internal Audit Budget for Fiscal Year 2025 as presented. The motion passed unanimously.

Then, Ms. Hampton made a motion and was seconded by Mr. O'Mara to ratify the approval of closing the Open Audit item related to updating the Kentucky Revised Statute 61.706 as presented. The motion passed unanimously.

Finally, Ms. Hampton made a motion and was seconded by Mr. Cheatham to ratify the acceptance of the issued internal audits/open audit findings and authorize KPPA staff to implement corrective action as presented. The motion passed unanimously.

Mr. Powell introduced agenda item *Updates to Administrative Regulation 105 KAR 1:140, Employer's Administrative Duties; New Administrative Regulation 105 KAR 1:142, Limitations and exclusions on creditable compensation (Video 01:28:11 to 01:31:03)*. Ms. Jessica Beaubien stated that the presented amendment to 105 KAR 1:140, sets out the administrative duties and reporting requirements for all participating employers, updates the language to be consistent with that used in all Kentucky Public Pensions Authority regulations and the definitions found in 104 KAR 1:001. This amendment included the processes and procedures being utilized by KPPA, as well as updating several required forms. Ms. Beaubien advised that the KPPA Ad Hoc Regulation Committee approved forwarding of the administrative regulation to the Authority for approval.

Next, Ms. Beaubien presented this new administrative regulation that establishes limitations and exclusions on increases in creditable compensation in the last five (5) years of service for retiring members with a membership date prior to January 1, 2014 in accordance with KRS 61.598 and 78.545. These limitations and exclusions are commonly referred to as "pension spiking". Previously, this information was contained in 105 KAR 1:140 but is now being filed as its own administrative regulation for ease of access and revision, as well as to keep 105 KAR 1:140 to a manageable size. Ms. Beaubien advised that the KPPA Ad Hoc Regulation Committee approved forwarding this new administrative regulation to the Authority for approval.

Dr. Hackbart made a motion and was seconded by Mr. Peercy to approve the amendments to 105 KAR 1:140 and to approve the new regulation 105 KAR 1:142, as presented and to authorize staff to file the regulations with the Regulations Complier. The motion passed unanimously.

Mr. Powell introduced agenda item *Approval of Updates to KPPA Open Records Policy (Video 01:31:04 to 01:33:50)*. Ms. Hale presented changes that were necessary to the KPPA Policy and Procedures regarding the Open Records Requests. Ms. Hale reviewed the changes that were needed and answered the Trustee's questions and concerns. Ms. Hampton made a motion and was seconded by Mr. Cheatham to approve the amendments to the KPPA Open Records Policy as presented. The motion passed unanimously.

Mr. Powell introduced agenda item **Agency Reorganization** (Video 01:33:51 to 01:38:20). Ms. Casey stated that KPPA would like to submit a request for a reorganization to the Governor's office and to the Personnel Cabinet for consideration by the General Assembly in 2025. She reviewed all of the details surrounding the proposed plans to establish the Office of Financial Management and the various positions under that Division. Ms. Hampton made a motion and Mr. Cheatham seconded to authorize staff to submit a request for a reorganization to the Governor's Office and the Personnel Cabinet for consideration by the General Assembly in 2025 as presented. The motion passed unanimously.

Mr. Powell introduced agenda item **KPPA Update** (Video 01:38:21 to 01:48:28). Mr. Eager provided an overview of his written update with some emphasis on the recent hiring of two (2) hearing officers in the Legal Department, conference attendance by staff, and an update on the Louisville Office for Investments.

Mr. Powell introduced agenda item **2024 – 2025 Strategic Plan** (Video 01:48:29 to 01:50:42) Ms. Adkins provided an overview of the KPPA Strategic Plan Summary that, if approved by the Board, would be posted to the KPPA website. Mr. Cheatham made a motion and Ms. Hampton seconded to accept the KPPA Strategic Plan Summary document and direct staff to proceed to post to the website. The motion passed unanimously.

There being no further business, Mr. Powell asked for a motion to adjourn the meeting. Mr. Cheatham made a motion and was seconded by Ms. Hampton to **adjourn** the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA held June 27, 2024, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

We, the Chair of the Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on June 27, 2024, were approved on September 26, 2024.

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the June 27, 2024, Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director, Office of Legal Services

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING
MEETING VIA LIVE VIDEO TELECONFERENCE
August 23, 2024, AT 10:00 AM ET**

At the Special Called Meeting of the Board of the Kentucky Public Pensions Authority held on August 23, 2024, the following members were present: Jerry Powell (Chair), George Cheatham, Dr. Merl Hackbart, Lynn Hampton, Prewitt Lane, William O'Mara, Keith Percy, and William Summers, V. Staff members present were Ryan Barrow, Michael Board, Rebecca Adkins, Erin Surratt, Michael Lamb, Steve Willer, KRS CEO John Chilton, CERS CEO Ed Owens, III, Phillip Cook and Sherry Rankin. Others in attendance included Katie Wright with Frost Brown Todd.

Mr. Powell called the meeting to order.

Mr. Board read the Legal Opening Statement.

Ms. Rankin called roll.

Mr. Powell introduced agenda item **Public Comment** (Video 00:11:21 to 00:12:36). Ms. Rankin stated that one public comment was received from Thomas Murray Wathen and read as follows:

"I turn 65 in December and will be required to go on Medicare. Me and my son are now on the Anthem insurance for the non-hazardous duty workers at \$340.00 a month. In December I drop off and his insurance rises to \$940.00 a month. If I had Hazardous Duty Retirement as I should have been on for all the cancer deaths surrounding my work in Waist Water then my son would be free until age 22. The payments for the Hazardous duty retirement spouse and kids comes from the Non Hazardous Employee's. I don't think this is right for the Non Hazardous Duty Employee's pay for benefits for Hazardous Duty Retirement Employees are getting. I know the Senate and House did this but this doesn't make it right. My son is 15 and so I have many years of ultra high insurance while the Hazardous Duty Employees reap the benefits from the Non Hazardous Employees. Thanks for your time and have a wonderful day!!"

Mr. Powell introduced agenda item ***Closed Session*** (Video 00:12:37 to 00:13:40) and requested a motion to go into Closed Session for the purpose of litigation. Mr. O'Mara made a motion and was seconded by Mr. Cheatham. The motion passed unanimously.

Mr. Board read the following closed session statement: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege.

Closed Session (Video - Part 2 - 00:00:46 to 00:01:02)

*** Mr. Summers exited the meeting during Closed Session ***

Mr. Powell stated that there was no reportable action as a result of the closed session discussion. There being no further business, Mr. Powell ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held August 23, 2024, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

We, the Chair of the Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on August 23, 2024, were approved on September 26, 2024.

KPPA Chair

Executive Director

I have reviewed the Minutes of the August 23, 2024, Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director, Office of Legal Services



Kentucky Public Pensions Authority

Division of Internal Audit



To: Kentucky Public Pensions Authority Board

From: William O'Mara, Chair
KPPA Audit Committee

Kristen N. Coffey, CICA
KPPA Chief Auditor

Date: September 26, 2024

Subject: Summary of KPPA Audit Committee Meeting

The KPPA Audit Committee held a regularly scheduled meeting on August 27, 2024.

1. **Requested actions by the Authority***

- a. Ratify approval of the Annual Risk Assessment and Audit Plan.
- b. Ratify acceptance of the issued internal audits/open audit findings. Authorize KPPA staff to implement corrective action.
 - i. Review of Legislative Process (Reissue)
 - ii. Review of Interest Added to Member Accounts
 - iii. Review of Outstanding Employer Invoices
 - iv. Review of ERCE Contributions
 - v. Review of Refunds

2. **Internal Audit staffing update**

At the beginning of the calendar year, Internal Audit had five employees and an intern joined the team for the summer. Currently, Internal Audit has three employees (two vacancies). Interviews have been completed for one position. Once that position is filled, we will begin working on filling the other vacancy.

3. **The following other items were also discussed during the Audit Committee meeting. These were presented for informational purposes only.**

- a. Review of Internal Audit Self-Assessment with External Validation
- b. Overview of the fiscal year 2024 external audit.
- c. Review of financial statements for fiscal year ended June 30, 2024.
- d. Information disclosures – 10 disclosures identified, effecting 23 members.
- e. Anonymous Tips – 8 open cases.
- f. Internal Audit Budget – 8% of budget remaining as of June 30, 2024.
- g. Status of current internal audits – For fiscal year 2024, Internal Audit worked on 25 projects. Five remained open on June 30, 2024; however, four of these were closed in July or August (items 1b ii – v).

***Authority action may be required**



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
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To: Kentucky Public Pensions Authority (KPPA) Board
From: Mike Lamb, KPPA, Chief Financial Officer
Date: September 26, 2024
Subject: Interest on employer invoices

BACKGROUND:

Originating with a February 2023 request from the Finance Committee of the Board of Trustees of the County Employees Retirement System (CERS), the Kentucky Public Pensions Authority (KPPA) created a team of KPPA staff across various divisions (the team) to research available options for charging interest on delinquent employer contributions and employer past due invoices.

On behalf of the team, KPPA legal performed extensive research regarding the statutory authority for charging interest, fees, or penalties on delinquent employer contributions. From this research the team created the following (8) eight categories for evaluation.

- 1) Standard monthly (employer and employee) contributions.
- 2) Omitted employer contributions.
- 3) Active-duty military and “decompression” employer contributions.
- 4) Contributions associated with reinstatements of employment.
- 5) Employer contributions on retired members who are reemployed in a regular full-time position.
- 6) Unused sick leave payments, contributions, and employer pay credits.
- 7) Employer pension spiking.
- 8) End of year invoices.

While KPPA may charge interest on the delinquent employer contributions in many of these (8) eight categories, the team has concluded that if the employer fails to pay the related “interest” invoice on delinquent employer contributions there is little to no statutory authority for charging interest on the past due “interest” or related invoice.

The team has also concluded that when interest is charged it is at the actuarial rate, adopted by the Board(s), currently at 7.5%.

RECOMMENDATIONS:

The team recommends the KPPA board approve the following recommendations related to interest on delinquent employer contributions and employer past due invoices.

1. Authorize KPPA staff to utilize, where applicable, the interest rate of 7.5%, currently in place.
2. Authorize KPPA staff to create an administrative regulation to comprehensively address interest on delinquent employer contributions and past due invoices that encompass KPPA's legal research, statutory and regulatory authority, and Board approved application of such interest.
3. While the administrative regulation is being drafted, approve the following **recommendations** for each of the above eight (8) categories as follows:

- 1) Standard monthly (employer and employee) contributions.

The team recommends: no changes to current process, and that KPPA continue to calculate and apply the interest (not less than \$1,000) to each applicable employer that submits monthly contributions late and continue to only do so on the initial month the contributions are late. The team also recommends continuing to utilize the internal policy to waive interest (or the penalty invoice) when applicable and appropriate.

- 2) Omitted employer contributions.

The team recommends: that KPPA charge interest on all new omitted cases (not just systemic cases) with an effective date retroactive to July 1, 2024. This recommendation is on the initial invoice only.

- 3) Active-duty military and "decompression" employer contributions.

The team recommends: no changes to current process and that KPPA not assess interest on these types of employer invoices.

- 4) Contributions associated with reinstatements of employment.

The team recommends: no changes to current process and that KPPA continue to charge interest to employers in accordance with administrative regulation 105 KAR 1:140.

- 5) Employer contributions on retired members who are reemployed in a regular full-time position.

The team recommends: that KPPA treat such instances as omitted employer contributions and charge interest as discussed in (2) above.

- 6) Unused sick leave payments, contributions, and employer pay credits.

The team recommends: no changes to the current process, and that KPPA continue to not charge interest on these invoices due to lack of statutory authority.

- 7) Employer pension spiking.

The team recommends: no changes to the current process of charging interest on employer pension spiking invoices that are unpaid after one year and continue to compound the interest on the un-paid balance, plus the unpaid interest, monthly after the initial one-year period.

8) End of year invoices.

The team recommends: no changes to the current process, as after July 1, 2000, neither statute nor administrative regulation authorize interest or penalties to be charged on untimely submitted end of year reports related to noncertified school board employees.

4. Charge KPPA staff with forming a task force to continue to evaluate all open and outstanding invoices, and report such evaluation to the CERS Finance committee, the KRS Board, and the KPPA Board, at regularly scheduled meetings.
 - a. The evaluation should include, but not be limited to, review of outstanding invoices by type, employer, and retirement plan, including the average age, average open amount, total open amount, and identification of invoices that are disputed and/or being addressed by KPPA legal. The report should also include a summary of actions taken since the last regularly scheduled meeting.

APPENDIX

1) Standard monthly (employer and employee) contributions

All CERS employers and KERS employers (who are not an integral part of the executive branch) are required to report on and submit monthly contributions by the 10th of the following month being reported. (For example: January 2024 contributions are to be reported and paid by February 10th, 2024). If contributions are not paid by the 10th, interest (not less than \$1,000) is to be charged on the balance owed.

Currently, KPPA staff does calculate and apply this interest to each applicable employer that submits monthly contributions late and refers to these invoices as a “**penalty invoice**”. There are circumstances, following a well-established internal policy, where KPPA may waive this interest (or penalty invoice).

The team noted, that currently the “penalty invoice” is not created immediately, when late, but rather the penalty invoice is created when the report and contributions are received.

For example: This below invoice relates to the September 2023 reporting month, meaning the reports and payments were due October 10, 2023, yet the penalty invoice was not generated until the contributions, summary, and detailed reports were received on January 8, 2024. Once a penalty invoice has been created, it is issued to the employer with a due date of 30 days from issuance of the invoice (in this case 2/7/2024).

Kentucky Public Pensions Authority
 1260 Louisville Rd. | Frankfort KY 40601-6124
 Phone: (502) 696-8800 | Fax: (502) 696-8822 | kyret.ky.gov

Penalty Invoice

Employer Information

Employer Name:		Employer Code:	
Address:	City:	State: KY	Zip Code:

Invoice Details

Invoice Number:	438937	Amount Due:	1000.00
Due Date:	2/7/2024		
Report Month:	09/01/2023		
Summary Received:	01/08/2024		
Contributions Received:	01/08/2024		
Detail Received:	01/08/2024		

Payment Instructions

In accordance with Kentucky Revised Statutes 61.675 and 76.625, retirement contributions and accompanying reports(s) are due at Kentucky Public Pensions Authority on, or before, the 10th day of the month following the period being reported. When the retirement contributions and accompanying report(s) fail to reach us by the due date, a minimum penalty of \$1,000 is assessed. Your agency has been assessed this penalty.

ERCE is working with DETS to systematically generate a “penalty invoice” immediately (within the same month) when it is known that the employer has not reported and/or paid their monthly contributions by the 10th of the following month being reported.

During FY 2024, there were 254 new penalty invoices created totaling \$757,651.57, with 127 of them being paid (\$618,536.38), 40 being waived (\$52,115.19), and 87 still open as of 7/31/2024 totaling \$87,000.

These totals above include a large metro government that had several months of reporting issues during FY 2023 and FY 2024, and if we remove them from the numbers FY 2024 was as follows: 248 new penalty invoices totaling \$273,047.33 with 121 of them being paid (\$133,932.14), 40 being waived (\$52,115.19), and 87 still open as of 7/31/2024 totaling \$87,000.

The example invoice from above is included in these FY 2024 numbers and is still outstanding, despite being due 2/7/2024. Statutes would allow for KPPA to not only charge interest (not less than \$1,000) for the month that was late (October 2023), but also for November 2023, and December 2023, as the contributions were not received until January 2024. This would have resulted in a \$3,000 penalty invoice for this employer, which would likely still be outstanding as of 7/31/2024.

The chart below shows that as of 7/31/2024, there were 302 outstanding past due “penalty invoices”, from 56 different employers, totaling \$302,100.23 (average = \$1000.33). This includes 114 invoices totaling \$114,000 that are over 3 years past due.

Despite the age of these past due invoices, the team has concluded that there is no statutory authority to charge interest, fees, or penalties on these outstanding “penalty invoices.”

The team’s analysis indicates that the monthly contributions associated with these 302 outstanding past due “penalty invoices” have been paid by the employer. In addition, when “penalty invoices” are issued, they are typically paid timely (especially by large employers), and that these outstanding past due invoices are related to smaller employers who struggle to pay the \$1,000 minimum amount. The team concluded that if KPPA were to charge a penalty invoice for each month the contributions remain outstanding (as allowed by statute) it would likely become an undue burden on the smaller employers resulting in more outstanding and past due penalty invoices.

Therefore, **the team recommends** that KPPA continue to calculate and apply the interest (not less than \$1,000) to each applicable employer that submits monthly contributions late and continue to only do so on the initial month the contributions are late. The team also recommends continuing to utilize the internal policy to waive interest (or the penalty invoice) when applicable and appropriate (no changes to the current process). However, the team does encourage ERCE to continue working with DETS to systematically generate a “penalty invoice” immediately (within the same month).

KPPA Board Meeting - Memo on Outstanding Employer Invoices

Invoice Type	Penalty – Monthly Reporting	
not-Current		
Row Labels	Sum of PASTDUETOTAL	Count of Invoice #
K032 - ELLIOTT COUNTY AMBULANCE SERVICE	\$ 41,000.00	41
W016 - BUTLER COUNTY ATTORNEY	\$ 40,000.00	40
W005 - BARREN COUNTY ATTORNEY	\$ 20,000.00	20
V026 - CLAY COUNTY FISCAL COURT	\$ 17,100.23	17
W040 - GARRARD COUNTY ATTORNEY	\$ 17,000.00	17
V398 - CITY OF ELKHORN CITY	\$ 10,000.00	10
K141 - GRANT COUNTY PLANNING COMMISSION	\$ 10,000.00	10
K095 - OWSLEY COUNTY PUBLIC LIBRARY	\$ 9,000.00	9
K077 - MAGOFFIN COUNTY LIBRARY	\$ 9,000.00	9
M080 - MARTIN COUNTY HOUSING AUTHORITY	\$ 8,000.00	8
W095 - OWSLEY COUNTY ATTORNEY	\$ 8,000.00	8
M013 - BREATHITT COUNTY SOIL CONSERVATION DISTRICT	\$ 8,000.00	8
W108 - SPENCER COUNTY ATTORNEY	\$ 7,000.00	7
V024 - CHRISTIAN COUNTY FISCAL COURT	\$ 6,000.00	6
K101 - CITY OF MOUNT OLIVET	\$ 6,000.00	6
N069 - CITY OF CRAB ORCHARD	\$ 5,000.00	5
W029 - CUMBERLAND COUNTY ATTORNEY	\$ 5,000.00	5
J610 - BOYD COUNTY CONSERVATION DISTRICT	\$ 5,000.00	5
N115 - WASHINGTON COUNTY CONSERVATION DISTRICT	\$ 4,000.00	4
P115 - HOUSING AUTHORITY OF SPRINGFIELD	\$ 4,000.00	4
7794 - OWEN COUNTY MASTER COMMISSIONER	\$ 4,000.00	4
V207 - BELL COUNTY PUBLIC LIBRARY	\$ 4,000.00	4
N009 - CITY OF MILLERSBURG	\$ 4,000.00	4
L103 - MOREHEAD UTILITY PLANT BOARD	\$ 3,000.00	3
N044 - HOUSING AUTHORITY OF GREENSBURG	\$ 3,000.00	3
M060 - CITY OF HINDMAN	\$ 3,000.00	3
P018 - MURRAY CALLOWAY COUNTY TRANSIT AUTHORITY	\$ 3,000.00	3
7416 - KENTUCKY OFFICE OF BAR ADMISSIONS	\$ 2,000.00	2
R118 - WILLIAMSBURG INDEPENDENT SCHOOLS	\$ 2,000.00	2
W069 - LINCOLN COUNTY ATTORNEY	\$ 2,000.00	2
P077 - SALYERSVILLE MAGOFFIN COUNTY JOINT HOUSING AUTHORITY	\$ 2,000.00	2
M027 - HOUSING AUTHORITY OF ALBANY	\$ 2,000.00	2
P110 - TODD COUNTY CONSERVATION DISTRICT	\$ 2,000.00	2
L050 - CITY OF MUNFORDVILLE	\$ 2,000.00	2
R015 - CITY OF SHEPHERDSVILLE	\$ 2,000.00	2
R041 - CITY OF CRITTENDEN	\$ 2,000.00	2
P010 - REGIONAL PUBLIC SAFETY	\$ 2,000.00	2
W070 - LIVINGSTON COUNTY ATTORNEY	\$ 1,000.00	1
W050 - HART COUNTY ATTORNEY	\$ 1,000.00	1
B109 - CAMPBELLSVILLE-TAYLOR COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY	\$ 1,000.00	1
V125 - LOUISVILLE MEMORIAL COMMISSION	\$ 1,000.00	1
W055 - JACKSON COUNTY ATTORNEY	\$ 1,000.00	1
7798 - PIKE COUNTY MASTER COMMISSIONER	\$ 1,000.00	1
V048 - HARLAN COUNTY FISCAL COURT	\$ 1,000.00	1
B097 - KENTUCKY RIVER REGIONAL JAIL	\$ 1,000.00	1
N112 - TRIMBLE CO WATER DISTRICT #1	\$ 1,000.00	1
V007 - BELL COUNTY FISCAL COURT	\$ 1,000.00	1
W052 - HENRY COUNTY ATTORNEY	\$ 1,000.00	1
V576 - SOUTHERN MADISON WATER DISTRICT	\$ 1,000.00	1
7720 - MASTER COMMISSIONER CAMPBELL COUNTY	\$ 1,000.00	1
W003 - ANDERSON COUNTY ATTORNEY	\$ 1,000.00	1
W080 - MARTIN COUNTY ATTORNEY	\$ 1,000.00	1
K319 - CITY OF SILVER GROVE	\$ 1,000.00	1
K519 - CITY OF MELBOURNE	\$ 1,000.00	1
M091 - NICHOLAS COUNTY WATER DISTRICT	\$ 1,000.00	1
V508 - CITY OF UNION	\$ 1,000.00	1
Grand Total	\$ 302,100.23	302

The team further noted that ERCE, through their monthly qualification process will reconcile the monthly report from the employer with the payment from the employer, and if there is an out-of-balance, ERCE will create a “**monthly reporting invoice**” (or credit) to get the report to balance. A “monthly reporting or contribution invoice” is not created if the employer report and related payment are balanced without any discrepancies.

“**Monthly reporting invoices**” are only created if the employer submitted report does not match the monies being reported and ERCE needs to create an invoice to get those two things to balance as part of

their qualification process. Employers are encouraged to pay these monthly reporting invoices (or take their credit) as part of the next monthly reporting cycle, and since the reports and contributions, were balanced with one of these invoices, the employer is not issued a penalty invoice for the month.

As of 7/31/2024, there were 823 these “monthly reporting invoices” that were past due, with a net balance of \$337,424.51, consisting of 521 negative invoices totaling -\$748,171.23 (average = \$-1,436.03) and 302 positive invoices totaling \$1,085,595.74 (average = \$3,494.69).

As with the “penalty invoices” despite the age of some of these past due “monthly reporting invoices”, the team has concluded that there is little statutory authority to charge interest, fees, or penalties on these outstanding “monthly reporting invoices”, and the team recommends not pursuing interest on these outstanding balances.

2) Omitted employer contributions.

Statutes state that these contributions shall be considered delinquent from the date the employee should have been reported and received service credit, and the employee shall not be credited the service until the employer contributions due, and any interest or penalties on the delinquent employer contributions are received by the pension system.

Currently, for systemic issues and cases, KPPA calculates and invoices employers for omitted contributions plus interest. Typically, these are for employers that are being worked by KPPA legal and this calculation is performed manually.

The team recommends that KPPA charge interest on all new omitted cases (not just systemic cases) with an effective date retroactive to July 1, 2024. This recommendation is on the initial invoice only. Once the invoice is issued, and if it becomes past due or delinquent, the statutory language is vague, at best, as to whether interest can be calculated and charged on the balance of the past due invoice itself. Therefore, **the team does not recommend** charging interest on past due or delinquent “omitted” invoices.

EXAMPLE (Current Invoice)

Omitted Service Period						
Period of Service	Months of Service	Salary	Contribution Rate	Employer Contribution		
8/1/2019 - 6/30/2020	11	\$17,030.14	24.06			\$4,097.41
7/1/2020 - 6/30/2021	12	\$21,407.02	24.06			\$5,150.52
7/1/2021 - 10/31/2021	4	\$6,277.60	26.95			\$1,691.80
					Total Cost:	\$10,939.73

NEW EXAMPLE (Recommended to capture interest) for all new (July 1, 2024) omitted cases.

Omitted Service Period		Invoice Date: 11/14/2023		Invoice Due Date: 12/31/2023			
Period of Service	Months of Service	Salary	Contribution Rate	Employer Contribution	Interest on Omitted		Total Cost
8/1/2019-6/30/2020	11	\$ 17,030.14	24.06	\$ 4,097.41	\$ 281.70		
7/1/2020-6/30/2021	12	\$ 21,407.02	24.06	\$ 5,150.52	\$ 386.29		\$ 11,650.01
7/1/2021-10/31/2021	4	\$ 6,277.60	26.95	\$ 1,691.80	\$ 42.30		

We currently do not have the data to calculate what the “uncharged” interest would have been on all the initial omitted service credit invoices that are still outstanding, as each specific invoice would need to be examined and calculated like in the example provided and we recommend initiating this on a prospective basis (new omitted invoices issues on or after July 1, 2024).

The chart below shows that as of 7/31/2024, there were 144 outstanding past due “omitted employer invoices” from 45 different employers, totaling \$1,447,425.87 (average = \$8,318.54). This includes 76 invoices totaling \$1,066,923.21 that are over 3 years past due.

These totals above include employers in litigation and if we remove them from the numbers: there were 68 outstanding past due “omitted employer invoices” from 43 different employers, totaling \$467,697.92 (average = \$6,877.91). This includes 15 invoices totaling \$1,66,466.46 that are over 3 years past due.

Invoice Type	Omitted Employer		
not-Current			
Row Labels	Sum of PASTDUETOTAL	Count of Invoice #	
B097 - KENTUCKY RIVER REGIONAL JAIL	\$ 972,170.00	65	
8220 - LIFESKILLS INC.	\$ 91,065.12	1	
L077 - CITY OF SALYERSVILLE	\$ 84,256.08	1	
7725 - MASTER COMM CLARK CO	\$ 74,130.60	1	
K120 - CITY OF VERSAILLES	\$ 39,009.49	1	
B048 - CITY OF HARLAN	\$ 35,824.85	2	
V373 - PADUCAH MCCracken COUNTY TOURIST COMMISSION	\$ 21,077.99	2	
M030 - DAVIESS COUNTY BOARD OF EDUCATION	\$ 20,545.88	7	
W111 - TRIGG COUNTY ATTORNEY	\$ 13,813.05	1	
V004 - BALLARD COUNTY FISCAL COURT	\$ 12,535.68	1	
K005 - BARREN COUNTY BOARD OF EDUCATION	\$ 10,939.73	1	
J060 - KNOTT CO BOARD OF EDUCATION	\$ 8,096.58	12	
J856 - LOUISVILLE WATER COMPANY	\$ 7,729.83	1	
8024 - SEVEN COUNTY SERVICES INC	\$ 7,557.95	11	
L141 - CORINTH WATER DISTRICT	\$ 5,989.04	1	
7751 - MASTER COMMISSIONER HENDERSON COUNTY	\$ 5,767.96	1	
V023 - CASEY COUNTY FISCAL COURT	\$ 4,376.68	2	
M059 - KENTON COUNTY FISCAL COURT	\$ 3,452.55	1	
V071 - LOGAN COUNTY FISCAL COURT	\$ 3,423.18	1	
M080 - MARTIN COUNTY HOUSING AUTHORITY	\$ 3,340.54	1	
N118 - CITY OF WILLIAMSBURG	\$ 3,226.88	2	
B756 - LEGAL AID SOCIETY INC	\$ 2,715.69	1	
V207 - BELL COUNTY PUBLIC LIBRARY	\$ 1,971.13	1	
K032 - ELLIOTT COUNTY AMBULANCE SERVICE	\$ 1,775.46	3	
V398 - CITY OF ELKHORN CITY	\$ 1,684.02	1	
J105 - SCOTT COUNTY BOARD OF EDUCATION	\$ 1,445.43	1	
V108 - SPENCER COUNTY FISCAL COURT	\$ 1,403.85	1	
J037 - CITY OF FRANKFORT	\$ 1,137.61	2	
V100 - PULASKI COUNTY FISCAL COURT	\$ 845.12	1	
J039 - GALLATIN COUNTY BOARD OF EDUCATION	\$ 802.44	2	
53736 - DEPARTMENT FOR COMMUNITY BASED SERVICES	\$ 715.31	1	
N081 - BUFFALO TRACE AREA DEVELOPMENT DISTRICT	\$ 662.82	1	
35625 - DEPARTMENT OF HIGHWAYS	\$ 568.85	1	
K038 - FULTON CITY SCHOOLS	\$ 567.02	1	
M034 - FAYETTE COUNTY BOARD OF EDUCATION	\$ 503.28	1	
J016 - BUTLER COUNTY BOARD OF EDUCATION	\$ 467.64	1	
31030 - UNIFIED PROSECUTORIAL SYSTEM	\$ 465.90	1	
V107 - SIMPSON COUNTY FISCAL COURT	\$ 333.34	1	
J111 - TRIGG COUNTY BOARD OF EDUCATION	\$ 297.35	1	
W025 - CLARK COUNTY ATTORNEY	\$ 182.26	1	
J093 - OLDHAM COUNTY BOARD OF EDUCATION	\$ 178.39	1	
V024 - CHRISTIAN COUNTY FISCAL COURT	\$ 134.04	1	
V130 - ANCHORAGE BOARD OF EDUCATION	\$ 114.24	1	
K002 - ALLEN COUNTY BOARD OF EDUCATION	\$ 105.02	1	
L114 - WARREN COUNTY BOARD OF EDUCATION	\$ 20.00	1	
Grand Total	\$ 1,447,425.87	144	

3) Active-duty military and “decompression” employer contributions.

During the 2024 fiscal year, KPPA issued two employer invoices related to this service. One for the Franklin County Fiscal Court for \$235,216.35 and one for Kentucky State Police for \$319,086.20. Both invoices were paid timely by both employers. There is however, one outstanding invoice for \$35,030.92 dated 2/27/2023 for the Department for Behavioral Health Development Intellectual Disabilities and as of 6/30/24 was 490 days past due but is actively being worked by ERCE for collection. Had KPPA charged

interest (or penalty) on this past due invoice under the “late reporting” statute, every month the additional amount owed would be \$3,284 or \$15,000 (depending on how statute is interpreted).

The team concluded that there is limited statutory support for charging interest on employee contributions for active-duty military service and decompression. In addition, KPPA has had minimal issues regarding the collection of employer invoices related to this service, and therefore, **the team recommends** that KPPA not assess interest on these types of employer invoices at this time.

4) Contributions associated with reinstatements of employment.

Administrative regulation 105 KAR 1:140 states that employers are required to pay interest at the rate adopted by the relevant board related to any creditable compensation paid as a result of an order by or settlement of an action before the Personnel Board, a court with jurisdiction, or the Human Rights Commission. Currently, KPPA performs this calculation manually upon notification and reporting of the reinstatement of the employee by the participating employer. **The team recommends** that KPPA continue to charge interest to employers when applicable.

As of 7/31/2024 there were 10 invoices from 5 employers totaling \$186,008.79 past due.

Invoice Type	Reinstatement		
not-Current			
Row Labels		Sum of PASTDUETOTAL	Count of Invoice #
V959 - CITY OF COVINGTON	\$	171,357.58	1
54527 - DEPARTMENT OF CORRECTIONS	\$	6,687.27	1
V071 - LOGAN COUNTY FISCAL COURT	\$	3,934.80	1
35625 - DEPARTMENT OF HIGHWAYS	\$	2,245.09	3
54523 - DEPARTMENT OF JUVENILE JUSTICE	\$	1,784.05	4
Grand Total	\$	186,008.79	10

5) Employer contributions on retired members who are reemployed in a regular full-time position.

Employers who re-hire a retired member to a full-time position are required to pay the employer portion of the pension contribution. These employees are typically reported as part of the standard monthly contributions discussed in item (1) above, and if reported late are addressed there.

However, there are times where these employees are mis-classified by employers (such as the employee classified as a contractor). In such cases, when the misclassification is corrected, these employees should be treated as omitted (see 2 above) versus a simple prior period adjustment, which would not incorporate interest.

The team recommends that KPPA treat such instances as omitted employer contributions and charge interest as discussed in (2) above.

6) Unused sick leave payments, contributions, and employer pay credits.

There is no statutory authority to charge interest or penalties on unused sick leave service payments (Standard) for CERS, KERS, and SPRS, or employee/employer contributions for sick leave (Alternate) in CERS. Currently, KPPA does not charge interest on these unpaid invoices, and **the team recommends** that KPPA not pursue any changes.

As of 7/31/2024 there were 143 past due invoices for 39 different employers totaling \$1,314,670.68.

Invoice Type	Standard Sick Leave	
not-Current		
Row Labels	Sum of PASTDUE	TOTAL Count of Invoice #
35625 - DEPARTMENT OF HIGHWAYS	\$ 620,066.25	34
53729 - DEPT FOR BEHAVIORAL HEALTH DEVELOPMENTAL INTELLECTUAL DISABILITIES	\$ 99,553.33	15
53736 - DEPARTMENT FOR COMMUNITY BASED SERVICES	\$ 94,278.12	12
31030 - UNIFIED PROSECUTORIAL SYSTEM	\$ 65,049.35	14
J037 - CITY OF FRANKFORT	\$ 60,753.82	1
53725 - OFFICE OF DEMENTIA SERVICES	\$ 59,029.32	3
8024 - SEVEN COUNTY SERVICES INC	\$ 36,798.06	12
31045 - AUDITOR OF PUBLIC ACCOUNTS	\$ 35,464.47	2
54523 - DEPARTMENT OF JUVENILE JUSTICE	\$ 24,669.05	6
35630 - DEPARTMENT OF VEHICLE REGULATION	\$ 23,363.19	2
31150 - BOARD OF ACCOUNTANCY	\$ 21,918.70	1
L025 - CITY OF WINCHESTER	\$ 19,184.41	3
53739 - OFFICE OF HEALTH DATA AND ANALYTICS	\$ 16,120.80	2
50670 - DEPARTMENT OF PARKS	\$ 15,884.00	2
58685 - DEPARTMENT OF FINANCIAL INSTITUTIONS	\$ 15,495.46	1
36635 - CABINET FOR ECONOMIC DEVELOPMENT	\$ 12,985.98	3
V130 - ANCHORAGE BOARD OF EDUCATION	\$ 12,543.03	1
53728 - DEPARTMENT FOR PUBLIC HEALTH	\$ 10,993.23	1
35615 - DEPARTMENT OF AVIATION	\$ 9,680.37	1
35605 - TRANSPORTATION OFFICE OF THE SECRETARY	\$ 8,776.20	3
35618 - OFFICE OF AUDITS	\$ 6,365.76	1
31260 - BOARD OF OPTOMETRIC EXAMINERS	\$ 5,359.93	1
V018 - CALLOWAY COUNTY FISCAL COURT	\$ 5,242.13	1
31190 - BOARD OF EMBALMERS AND FUNERAL HOME DIRECTORS	\$ 5,062.70	1
V047 - HARDIN COUNTY FISCAL COURT	\$ 4,847.68	1
58681 - DEPARTMENT OF CHARITABLE GAMING	\$ 4,054.94	1
53727 - DEPARTMENT FOR INCOME SUPPORT	\$ 3,867.28	2
J022 - CARTER COUNTY BOARD OF EDUCATION	\$ 2,990.57	2
53723 - OFFICE OF THE INSPECTOR GENERAL	\$ 2,833.94	1
53767 - OFFICE FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS	\$ 2,706.25	4
N110 - LOGAN/TODD REGIONAL WATER COMMISSION	\$ 1,758.10	1
0660 - DEPARTMENT OF FISH AND WILDLIFE	\$ 1,585.62	1
57129 - ENVIRONMENTAL PROTECTION	\$ 1,075.83	1
1030 - UNIFIED PROSECUTORIAL SYSTEM	\$ 1,023.47	1
V530 - AUDUBON AREA COMMUNITY SERVICES	\$ 996.99	1
58680 - ALCOHOL BEVERAGE CONTROL	\$ 775.03	1
8201 - KENTUCKY RIVER COMMUNITY CARE INC.	\$ 711.35	1
51531 - DEPARTMENT OF WORKFORCE INVESTMENT	\$ 660.28	1
K005 - BARREN COUNTY BOARD OF EDUCATION	\$ 145.69	1
Grand Total	\$ 1,314,670.68	143

7) Employer pension spiking.

There is statutory authority to charge interest on pension spiking invoices that remain unpaid for one year, and that interest can continue to accrue after the one-year period (compound). Currently, KPPA charges interest on employer pension spiking invoices that are unpaid after one year, and compounds the interest on the unpaid balance, plus the unpaid interest, monthly after the initial one-year period. **The team recommends** no changes to the current KPPA process.

As of 7/31/2024 there were 194 invoices for 31 different employers totaling \$1,509,937.65 past due.

Invoice Type	Pension Spiking	
not-Current		
Row Labels	Sum of PASTDUE	TOTAL Count of Invoice #
J059 - KENTON COUNTY AIRPORT BOARD	\$ 335,744.78	8
J619 - CITY OF FORT THOMAS	\$ 274,282.25	8
V959 - CITY OF COVINGTON	\$ 231,897.53	12
V129 - TARC TRANSIT AUTHORITY OF RIVER CITY	\$ 220,894.42	48
J156 - CITY OF JEFFERSONTOWN	\$ 121,897.82	13
8024 - SEVEN COUNTY SERVICES INC	\$ 121,206.96	34
31030 - UNIFIED PROSECUTORIAL SYSTEM	\$ 46,567.80	15
50670 - DEPARTMENT OF PARKS	\$ 29,754.76	14
L009 - CITY OF PARIS	\$ 27,371.92	2
V048 - HARLAN COUNTY FISCAL COURT	\$ 19,612.74	1
V095 - OWSLEY COUNTY FISCAL COURT	\$ 18,225.66	2
K315 - MOUNT WASHINGTON FIRE PROTECTION DISTRICT	\$ 17,570.31	1
35625 - DEPARTMENT OF HIGHWAYS	\$ 12,666.94	8
V018 - CALLOWAY COUNTY FISCAL COURT	\$ 10,130.25	1
39938 - FAYETTE COUNTY SHERIFF	\$ 9,935.02	3
W026 - CLAY COUNTY ATTORNEY	\$ 8,075.81	1
3027 - GREEN RIVER DISTRICT HEALTH DEPARTMENT	\$ 5,060.94	6
N118 - CITY OF WILLIAMSBURG	\$ 4,281.04	2
R057 - CITY OF WILMORE	\$ 2,197.13	1
K214 - GREEN RIVER REGIONAL EDUCATIONAL COOPERATIVE	\$ 1,419.65	1
53736 - DEPARTMENT FOR COMMUNITY BASED SERVICES	\$ 702.74	1
K032 - ELLIOTT COUNTY AMBULANCE SERVICE	\$ 424.05	1
W088 - MORGAN COUNTY ATTORNEY	\$ 234.86	1
7763 - MASTER COMMISSION LAUREL COUNTY	\$ 185.11	1
V019 - CAMPBELL COUNTY FISCAL COURT	\$ 149.89	1
53728 - DEPARTMENT FOR PUBLIC HEALTH	\$ 3.60	1
53725 - OFFICE OF DEMENTIA SERVICES	\$ 1.89	1
8201 - KENTUCKY RIVER COMMUNITY CARE INC.	\$ (373.29)	3
3043 - LITTLE SANDY DISTRICT HEALTH DEPARTMENT	\$ (709.12)	1
53767 - OFFICE FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS	\$ (4,603.58)	1
8210 - NEW VISTA OF THE BLUEGRASS, INC	\$ (4,872.23)	1
Grand Total	\$ 1,509,937.65	194

8) End of year invoices.

After July 1, 2000, neither statute nor administrative regulation authorize interest or penalties to be charged on untimely submitted end of year reports related to noncertified school board employees. Currently, KPPA is not charging interest on end of year reports, and the **team recommends** no changes to the current KPPA process.

KPPA ADMINISTRATIVE BUDGET FY 2023-2024 BUDGET-TO-ACTUAL SUMMARY ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2024, WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDING JUNE 30, 2023						
CATEGORY	BUDGETED	FY 2024 EXPENSE	REMAINING	PERCENT REMAINING	FY 2023 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	\$34,520,287	\$35,052,431	\$(532,144)	(1.54)%	\$32,985,635	6.27%
LEGAL CONTRACTS	1,210,000	1,192,804	17,196	1.42%	1,007,495	18.39%
AUDITING	300,000	234,246	65,754	21.92%	109,510	113.90%
ACTUARIAL SERVICES	500,000	411,539	88,461	17.69%	523,627	(21.41)%
MEDICAL REVIEWERS	1,800,000	1,400,955	399,045	22.17%	1,413,350	(0.88)%
OTHER PERSONNEL	500,000	298,446	201,554	40.31%	98,140	204.10%
PERSONNEL TOTAL	\$38,830,287	\$38,590,421	\$239,866	0.62%	\$36,137,757	6.79%
RENTALS - BUILDING & EQUIPMENT	1,166,500	1,030,360	136,140	11.67%	1,090,796	(5.54)%
INFORMATION TECHNOLOGY	4,190,000	3,327,635	862,365	20.58%	2,749,563	21.02%
OTHER OPERATIONAL	1,371,200	1,194,989	176,211	12.85%	1,006,311	18.75%
OPERATIONAL TOTAL	\$6,727,700	\$5,552,984	\$1,174,716	17.46%	\$4,846,670	14.57%
RESERVE	4,882,813	-	4,882,813	100.00%	-	0.00%
ADMINISTRATIVE BUDGETED AMOUNT	\$50,440,800	\$44,143,405	\$6,297,395	12.48%	\$40,984,427	7.71%

Administrative Budget Summary Notes	
PERSONNEL (Staffing):	KPPA spent just over \$35m this fiscal year. This was \$532k above budget and 6.27% or \$2M higher than the prior year. This was due to increased staffing, lower than expected turnover, and salary adjustments in various employee categories.
LEGAL	Overall, KPPA was slightly under budget by \$17k, and spent 18.39% or \$188k more than the prior year. Within this category KPPA overspent in the hearing officer line item by \$106k due to increased pay rates and efforts to clear the backlog of cases.
AUDITING	All other personnel categories were under budget, bringing the total personnel category to \$38.6M for the fiscal year. This was 6.79% or \$2.5m higher than the prior year.
ACTUARIAL, MEDICAL, AND OTHER	KPPA spent \$5.5M in the operations category which was \$1.2M below budget for the fiscal year. This was 14.57% or \$700k higher than the prior year. Within this category KPPA was over budget by \$173k in the postage line item; however, KPPA was under budget by \$150k in travel, and \$817k in IT related costs.
OPERATIONAL TOTAL	The total administrative expenses were \$44.1M which was \$1.4M below budget. In addition, KPPA did not have to allocate any of the \$4.8M unallocated reserve amount. Overall, costs this fiscal year were 7.71% or \$3.1M higher than the prior year.

KPPA ADMINISTRATIVE BUDGET FY 2023-2024						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE FISCAL YEAR ENDING JUNE 30, 2024, WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDING JUNE 30, 2023						
Account Name	Budgeted	FY 2024 Expense	Remaining	Percent Remaining	FY 2023 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$17,900,000	\$18,477,475	\$(577,475)	(3.23)%	\$16,431,880	12.45%
Wages (Overtime)	285,000	265,809	19,191	6.73%	209,522	26.86%
Emp Paid FICA	1,294,772	1,352,988	(58,216)	(4.50)%	1,210,689	11.75%
Emp Paid Retirement	12,033,015	12,081,328	(48,313)	(0.40)%	12,503,955	(3.38)%
Emp Paid Health Ins	2,687,500	2,801,896	(114,396)	(4.26)%	2,382,370	17.61%
Emp Paid Sick Leave	250,000	40,221	209,779	83.91%	213,594	(81.17)%
Adoption Assistance Benefit	10,000	-	10,000	100.00%	-	0.00%
Escrow for Admin Fees	-	(1,000)	1,000	(100.00)%	-	(100.00)%
Workers Compensation	12,000	11,116	884	7.36%	11,116	0.00%
Unemployment	10,000	8,691	1,309	13.09%	8,834	0.00%
Emp Paid Life Ins	3,000	3,034	(34)	(1.13)%	2,953	2.74%
Employee Training	25,000	10,872	14,128	56.51%	10,722	1.40%
Tuition Assistance	10,000	-	10,000	100.00%	-	0.00%
Bonds	-	-	-	0.00%	-	0.00%
Staff Subtotal	34,520,287	35,052,431	(532,143)	(1.54)%	32,985,635	6.27%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	150,000	256,571	(106,571)	(71.05)%	197,202	30.11%
Legal (Stoll, Keenon)	250,000	8,201	241,799	96.72%	74,994	(89.06)%
Frost Brown	300,000	492,500	(192,500)	(64.17)%	344,263	43.06%
Reinhart	50,000	-	50,000	100.00%	276	0.00%
Ice Miller	300,000	320,852	(20,852)	(6.95)%	239,921	33.73%
Johnson, Bowman, Branco LLC	100,000	85,391	14,609	14.61%	108,718	(21.46)%
Dentons Bingham & Greenebaum	50,000	11,586	38,414	76.83%	42,099	(72.48)%
Legal Expense	10,000	17,702	(7,702)	(77.02)%	23	76865.22%
Auditing	300,000	234,246	65,754	21.92%	109,510	113.90%
Total Legal & Auditing Services	1,510,000	1,427,050	82,950	5.49%	1,117,005	27.76%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	1,400,955	399,045	22.17%	1,413,350	(0.88)%
Escrow for Actuary Fees	-	(500)	500	(100.00)%	(32,866)	0.00%
Total Consulting Services	1,800,000	1,400,455	399,545	22.20%	1,380,484	1.45%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	390,000	254,374	135,626	34.78%	97,223	161.64%
Human Resources Consulting	10,000	-	10,000	100.00%	-	0.00%
Actuarial Services	500,000	411,539	88,461	17.69%	523,627	(21.41)%
Facility Security Charges	100,000	44,573	55,427	55.43%	33,782	31.94%
Contractual Subtotal	1,000,000	710,485	289,515	28.95%	654,632	8.53%
PERSONNEL SUBTOTAL	\$38,830,287	\$38,590,420	\$239,866	0.62%	\$36,137,757	6.79%
OPERATIONAL						
Natural Gas	42,000	25,984	16,016	38.13%	35,685	(27.19)%
Electric	133,000	108,533	24,467	18.40%	110,404	(1.69)%
Rent-Non State Building	56,000	-	56,000	100.00%	37,982	(100.00)%
Building Rental - PPW	1,000,000	961,969	38,031	3.80%	962,097	(0.01)%
Copier Rental	105,000	62,701	42,299	40.28%	85,173	(26.38)%
Rental Carpool	5,500	4,443	1,057	19.22%	4,421	0.50%
Vehicle/Equip. Maint.	1,000	1,247	(247)	(24.70)%	1,123	0.00%

KPPA ADMINISTRATIVE BUDGET 2023-24						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE FISCAL YEAR ENDING JUNE 30, 2024, WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDING JUNE 30, 2023						
Account Name	Budgeted	FY 2024 Expense	Remaining	Percent Remaining	FY 2023 Expense	Percent Difference
Postage	420,000	592,352	(172,352)	(41.04)%	351,762	68.40%
Freight	200	-	200	100.00%	41	(100.00)%
Printing (State)	15,000	400	14,600	97.33%	1,045	(61.72)%
Printing (non-state)	85,000	87,682	(2,682)	(3.15)%	67,376	30.14%
Insurance	10,000	5,090	4,910	49.10%	5,572	(8.65)%
Garbage Collection	6,500	6,684	(184)	(2.83)%	6,716	(0.48)%
Conference Expense	45,000	38,819	6,181	13.74%	21,532	80.29%
Conference Exp. Investment	2,000	-	2,000	0.00%	64	(100.00)%
Conference Exp. Audit	3,000	-	3,000	100.00%	-	0.00%
MARS Usage	50,000	27,100	22,900	45.80%	27,100	0.00%
COVID-19 Expenses	-	-	-	0.00%	4,836	0.00%
Office Supplies	100,000	40,563	59,437	59.44%	70,638	(42.58)%
Furniture & Office Equipment	12,000	-	12,000	100.00%	654	(100.00)%
Travel (In-State)	15,000	12,482	2,518	16.78%	14,317	(12.82)%
Travel (In-State) Investment	1,000	191	809	80.90%	412	0.00%
Travel (In-State) Audit	500	-	500	100.00%	-	0.00%
Travel (Out of State)	79,000	53,911	25,089	31.76%	71,515	(24.62)%
Travel (Out of State) Investment	135,000	15,176	119,824	88.76%	21,412	(29.12)%
Travel (Out of State) Audit	1,000	-	1,000	100.00%	1,077	(100.00)%
Dues & Subscriptions	69,000	64,005	4,995	7.24%	61,001	4.92%
Dues & Subscriptions Invest	15,000	14,321	679	4.53%	13,243	8.14%
Dues & Subscriptions Audit	1,000	380	620	62.00%	400	(5.00)%
Miscellaneous	55,000	18,088	36,912	67.11%	56,021	(67.71)%
Miscellaneous Investment	-	90	(90)	0.00%	-	100.00%
Miscellaneous Audit	-	-	-	0.00%	-	0.00%
COT Charges	40,000	23,796	16,204	40.51%	26,373	(9.77)%
Telephone - Wireless	8,500	8,086	414	4.87%	7,336	10.22%
Telephone - Other	105,500	93,919	11,581	10.98%	100,524	(6.57)%
Telephone - Video Conference	11,000	8,233	2,767	25.15%	-	100.00%
Computer Equip./Software	4,080,000	3,262,371	817,629	20.04%	2,671,684	22.11%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	20,000	14,368	5,632	28.16%	24,407	(41.13)%
OPERATIONAL SUBTOTAL	\$6,727,700	\$5,552,984	\$1,174,716	17.46%	\$4,846,670	14.57%
SUB-TOTAL	\$45,557,987	\$44,143,404	\$1,414,582	3.11%	\$40,984,427	7.71%
Reserve	4,882,813	-	4,882,813	100.00%	-	0.00%
TOTAL	\$50,440,800	\$44,143,405	\$6,297,395	12.48%	\$40,984,427	7.71%
<i>Differences due to rounding</i>						

Plan	Budgeted	FY 2024 Expense	% of Total KPPA FY 2024 Expense
CERS Nonhazardous	\$29,825,645	\$26,101,995	59.13%
CERS Hazardous	2,627,966	2,299,871	5.21%
KERS Nonhazardous	15,855,561	13,876,038	31.434%
KERS Hazardous	1,774,003	1,552,524	3.517%
SPRS	357,625	312,977	0.709%
TOTAL	\$50,440,800	\$44,143,405	

Plan - Specific Expenses	CERS	CERS Hazardous	KERS	KERS Hazardous	SPRS	Total
FY 2024 Expense	\$26,101,995	\$2,299,871	\$13,876,038	\$1,552,524	\$312,977	\$44,143,405
Plan-Specific Adjustment - Hybrid Percent	(518,939)	(45,724)	(275,872)	(30,866)	(6,222)	(877,624)
Plan Specific Adjustment	178,890	15,767	262,035	29,342	-	486,034
Separation Expense Adjustment	359,872	31,718	-	-	-	391,590
Total Expenses	\$26,121,818	\$2,301,633	\$13,862,200	\$1,550,999	\$306,755	\$44,143,405

**JP MORGAN CHASE CREDIT EARNINGS AND FEES
FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

	Earnings	Fees	Net Earnings
July-23	\$3,297	\$(7,049)	\$(3,751)
August-23	4,612	(7,230)	(2,618)
September-23	26,588	(8,157)	18,432
October-23	-	(7,228)	(7,228)
November-23	-	(7,672)	(7,672)
December-23	-	(7,498)	(7,498)
January-24	-	(7,999)	(7,999)
February-24	-	(6,897)	(6,897)
March-24	-	(12,518)	(12,518)
April-24	-	(10,694)	(10,694)
May-24	-	(7,018)	(7,018)
June-24	-	(7,284)	(7,284)
Total	\$34,498	\$(72,248)	\$(37,750)

**JP MORGAN CHASE HARD INTEREST EARNED
FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

	Clearing Account	CERS	KERS	SPRS	Total
July-23	\$36,566	\$6,578	\$5,007	\$-	\$48,151
August-23	36,787	9,041	6,066	-	51,894
September-23	44,123	10,919	7,794	-	62,836
October-23	20,461	16,034	15,960	260	52,715
November-23	36,941	19,518	11,393	356	68,209
December-23	28,937	19,758	11,661	262	60,618
January-24	28,423	27,976	14,574	244	71,217
February-24	29,268	24,398	14,391	238	68,295
March-24	41,147	44,619	31,420	1,525	118,711
April-24	41,986	22,915	15,408	1,074	81,385
May-24	15,797	16,037	7,882	290	40,007
June-24	27,727	15,908	8,710	418	52,764
Total	\$388,164	\$233,703	\$150,267	\$4,669	\$776,803



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Public Pensions Authority

From: Steve Willer, CIO
Office of Investments

Date: September 26, 2024

Subject: Summary of Investment Committee Meetings

The County Employees Retirement System Investment Committee held a Special Called meeting on August 15, 2024.

- a. **No recommendations were made that required approval by the Investment Committee.**
- b. **No actions were taken that required ratification by the Kentucky Retirement Systems Board of Trustees.**

The Kentucky Retirement Systems Investment Committee held a regularly scheduled meeting on August 21, 2024.

- a. **No recommendations were made that required approval by the Investment Committee.**
- b. **No actions were taken that required ratification by the Kentucky Retirement Systems Board of Trustees.**

The County Employees Retirement System Investment Committee held a regularly scheduled meeting on August 28, 2024.

The following action was taken by the Investment Committee and was forwarded to the County Employees Retirement System Board of Trustees for ratification.

Unanimously approved Staff and Wilshire's recommendation to adopt the proposed Asset Class ranges for Section III Asset Allocation Guidelines of the County Employees Retirement System Investment Policy Statement with an effective start date of July 1, 2024.

The Kentucky Retirement Systems Investment Committee held a Special Called meeting on September 6, 2024.

The following action was taken by the Investment Committee and was forwarded to the Kentucky Retirement Systems Board of Trustees for ratification.

Unanimously approved Staff’s recommendation to invest up to \$35 million in the Strategic Value Partners Continuation Vehicle for Project Spurs subject to successful contract negotiations. This investment would be part of the Real Return asset allocation and would be allocated proportionally across all Pension and Insurance portfolios.

The County Employees Retirement System Investment Committee held a Special Called meeting on September 17, 2024.

The following action was taken by the Investment Committee and was forwarded to the County Employees Retirement System Board of Trustees for ratification.

Unanimously approved Staff’s recommendation to invest up to \$60 million in the Strategic Value Partners Continuation Vehicle for Project Spurs subject to successful contract negotiations. This investment would be part of the Real Return asset allocation and would be allocated proportionally across all Pension and Insurance portfolios.

Investment Staff and Wilshire presented material* and discussed the following items during the Investment Committee meetings.

- a. *Review of Economic Conditions, Market Activity, Outlooks*
- b. *Absolute and Relative Performance and Asset Allocations for the Pension and Insurance Portfolios for the Quarter ending June 30, 2024*

Pension Composite 1.31% vs Pension Composite Benchmark 2.51%
Insurance Composite 1.33% vs Insurance Composite Benchmark 2.63%

KERS Pension 1.17%
SPRS Pension 1.06%
 Benchmark 1.92%

KERSH Pension 1.24%
KERS Insurance 1.22%
KERSH Insurance 1.34%
SPRS Insurance 1.27%
 Benchmark 2.40%

<i>CERS Pension</i>	1.32%
<i>CERSH Pension</i>	1.34%
<i>CERS Insurance</i>	1.31%
<i>CERSH Insurance</i>	1.34%
<i>Benchmark</i>	2.74%

Fiscal Year Ending June 30, 2024:

Pension Composite 11.19% vs Pension Composite Benchmark 12.98%

Insurance Composite 11.65% vs Insurance Composite Benchmark 13.54%

<i>KERS Pension</i>	9.50%
<i>SPRS Pension</i>	9.62%
<i>Benchmark</i>	10.11%

<i>KERSH Pension</i>	11.12%
<i>KERS Insurance</i>	11.07%
<i>KERSH Insurance</i>	11.15%
<i>SPRS Insurance</i>	11.02%
<i>Benchmark</i>	12.40%

<i>CERS Pension</i>	11.60%
<i>CERSH Pension</i>	11.73%
<i>CERS Insurance</i>	11.78%
<i>CERSH Insurance</i>	11.73%
<i>Benchmark</i>	14.10%

- c. Performance Attribution – The underperformance of the Private Equity portfolio relative to its stated benchmark was identified as the main driver of relative overall performance, responsible for between 150bps and 200bps of underperformance for the Fiscal Year. Underperformance in the Public Equity portfolio was also identified as a significant driver of relative performance. Despite delivering a 17.01% return for the Fiscal Year the Public Equity portfolio trailed its benchmark return by 237bps. For the Fiscal Year, the Core Fixed Income and Specialty Credit portfolios performed well, outpacing their benchmarks by 246 bps and 109bps respectively. Staff provided additional information on allocations and performance of the Public and Private Equity portfolios that led to their underperformance.
- d. Peer Universe – All portfolios have produced top quartile or top decile risk adjusted performance over 3- and 5-year time periods.
- e. Internal Portfolios - An update was provided on the performance of the internally managed passive and proxy portfolios. Despite the elevated market volatility, the portfolios have performed in line with expectations and consistent with their mandates
- f. Asset Allocations – Staff provided an update on the rebalancing activity and noted the Asset Class Allocations that were outside of their respective IPS allocation ranges. Staff anticipated that all Asset Class Allocations would be within their prescribed ranges by the end of the first quarter of Fiscal 2025.

- g. Compliance – Compliance violations as of June 30, 2024, were noted in their respective reports.
- h. Investment Budget Update – For the Fiscal Year 2024, expenditures totaled only 71% of the amount budgeted or \$10.3MM. While Consulting and Contractual services were in line with the amounts budgeted, expenses for Legal and Auditing Services were only 45% of the amount budgeted. Staff highlighted the reduction in Core Fixed Income Advisory fees of \$350k despite the 25% increase in the market value of the asset class driven by moving management of a portion of the asset allocation in-house and noted the expected full year savings of \$1.5MM to \$2.00MM. The approved budget for Fiscal Year 2025 was also presented with the increase for Legal Expenses noted as the driver of the overall increase of \$2.3MM or 23%.

*All material presented is available in Board Books and was reviewed at the Investment Committee meetings.

MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: September 10, 2024

RE: Board approval to file amended administrative regulation, 105 KAR 1:445, Trustee Elections, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Purpose of amended administrative regulation:

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. KRS 61.645(4)(j) and 78.782(4)(j) authorize the systems to promulgate an administrative regulation to implement the use of electronic and telephonic ballots in the trustee election process and requires paper ballots to be mailed upon request of any eligible voter. 105 KAR 1:445, Trustee Elections, is consistent with these provisions of the Kentucky Revised Statutes.

This administrative regulation establishes the procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections. This amendment updates the language throughout the regulation to be consistent with the language used in all Kentucky Public Pensions Authority regulations and the definitions found in 105 KAR 1:001 (<https://apps.legislature.ky.gov/law/kar/titles/105/001/001/REG/>). Details have been added regarding the trustee election processes and procedures currently being used. Specifically, the option for voting in trustee elections via telephone has been added. Lastly, the “Application for Trustee” has been incorporated by reference.

105 KAR 1:445 was presented to the Ad Hoc Regulations Committee for the Board on September 4, 2024. The Committee approved sending to the full Board for filing approval.

Staff Recommendation:

The Office of Legal Services requests that the Board review the attached materials and approve filing 105 KAR 1:445, Trustee Elections, with the Regulations Compiler.

List of attached materials:

1. 105 KAR 1:445, Trustee Elections.
2. Application for Trustee.

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amended Administrative Regulation)

4 105 KAR 1:445. ~~[Electronic ballots in]~~ Trustee elections.

5 RELATES TO: KRS 61.505, 61.645, 78.782

6 STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.645(4)(j), ~~[(9)(e)]~~ 78.782(4)(j)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the
8 Kentucky Public Pensions Authority ~~[61.645(9)(e) requires the Board of Trustees of Kentucky~~
9 ~~Retirement Systems]~~ to promulgate ~~[all]~~ administrative regulations on behalf of the Kentucky
10 Retirement Systems and the County Employees Retirement System that are consistent
11 with ~~[necessary or proper in order to carry out the provisions of]~~ KRS 16.505 to 16.652, 61.505,
12 61.510 to 61.705, and 78.510 to 78.852 ~~[and to conform to federal statutes and regulations]~~. KRS
13 61.645(4)(j) and 78.782(4)(j) authorize the systems ~~[authorizes Kentucky Retirement Systems]~~
14 to promulgate an administrative regulation to implement the use of electronic and telephonic
15 ballots in the trustee election process and requires paper ballots to be mailed upon request of
16 any eligible voter. This administrative regulation establishes the procedures and requirements
17 for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the
18 ballots for trustee elections.

19 Section 1. Definitions.

20 (1) "Ballot" means ~~[a voting instrument, either]~~ an electronic or paper document ~~[,]~~ that
21 includes the provisions required by KRS 61.645(4)(c) and 78.782(4)(c), and the candidate's:

22 (a) ~~[Name;]~~

- 1 ~~[(b)]~~ Recent photograph;
- 2 ~~(b)~~~~[(e)]~~ City and county of residence;
- 3 ~~(c)~~~~[(d)]~~ Employer~~[Employing agency]~~ and position title, or the employer~~[employing agency]~~
- 4 from which the candidate last worked or retired, and the position title of the last position held;
- 5 ~~(d)~~~~[(e)]~~ Education, including schools and universities attended and degrees earned;
- 6 ~~[(f)]~~ ~~Whether or not the candidate has been convicted of a felony;~~
- 7 ~~(e)~~~~[(g)]~~ Any professional licenses or certifications held by the candidate;
- 8 ~~(g)~~~~[(h)]~~ Any organization of which the candidate is a member that is listed on the candidate's
- 9 application; and
- 10 ~~(h)~~~~[(+)]~~ The Web site address where each candidate's~~[application]~~ filed Application for
- 11 Trustee~~[by the candidate]~~ and~~[the candidate's]~~ resume is available for viewing.

12 (2) "Board" means the Board of Trustees of the Kentucky Retirement Systems or the Board

13 of Trustees of the County Employees Retirement System.

14 (3) "Candidate" means a participant of the system for which the election is being held who:

15 (a) Is nominated by the relevant board; or

16 ~~[1. A participating employee;]~~

17 ~~[2. Former employee whose membership has not been terminated under KRS 61.535; or]~~

18 ~~[3. A retired member, who meets the requirements of KRS 61.645(6); and]~~

19 (b) Nominated~~[Is one (1) of not more than three (3) nominees from the Board of Trustees~~

20 ~~for each vacant position, nominated]~~ by petition of the members~~[by the membership]~~ of the

21 relevant system~~[for which the vote is being taken, or who is written in on a valid ballot.]~~

22 (4) "Election year" means the year of the expiration of a trustee's term of office and the year

23 of the trustee election.

24 ~~(5)~~~~[(3)]~~ "Eligible voter" means any person who;

1 (a) Is a participant~~[was a member or retired member]~~ of the~~[retirement]~~ system for which
2 the vote is being taken on or before December 31 of the year preceding the election year; and

3 (b) Has on file:

4 1. A~~[and who has provided Kentucky Retirement Systems ("Systems") with a]~~ valid email
5 address; or

6 2. If~~[, if]~~ a paper ballot is requested pursuant to KRS 61.645(4)(j), a valid physical mailing
7 address.

8 (6) "Plurality of votes" means a majority of valid votes cast in an election.

9 (7) "Resume" means a document which at a minimum includes the participant's:

10 (a) First and last name;

11 (b) Address;

12 (c) Phone number;

13 (d) E-mail address;

14 (e) Educational background; and

15 (f) Professional employment history that includes dates of employment, job title, employer
16 name and address, and type of business.

17 (8)~~[(4)]~~ "Term of Office" means the period of membership on the relevant Board~~[of~~
18 ~~Trustees]~~, which begins on April 1 of the year elected or appointed and ends on March 31 four
19 (4) years thereafter.

20 (9) "Valid email address" means an email address the agency has on file for a participant
21 that is operational and able to receive messages, or has not otherwise been deemed an invalid
22 email address by the agency.

23 (10) "Valid physical mailing address" means the mailing address on file for a participant
24 where he or she is able to receive U.S. mail, including:

1 (a) A current street address;

2 (b) A Post Office box registered with the United States Postal Service; or

3 (c) A private mailbox registered with a commercial mail receiving agency established
4 pursuant to the United States Postal Service regulation.

5 (11)[(5)] "Valid vote[Ballet]" means a timely cast vote[ballet either emailed or mailed] by an
6 eligible voter that has clearly[properly] designated the voter's choice of eligible candidate or
7 candidates[for the number of vacancies being filled].

8 (12) "Write-in" means casting a valid vote for a person not listed on the ballot as a candidate
9 by:

10 (a) Inserting his or her name in the designated place when casting the vote by mail or
11 electronically; or

12 (b) Providing his or her name when casting the vote by telephone.

13 (13) "Write-in candidate" means a person who is not listed on the ballot as a candidate and
14 has been inserted or provided as a write-in.

15 Section 2. Use of Third-party Vendors. Subject to KRS 61.505(3)(d), the agency may
16 contract with third-party vendors to provide services for the trustee election process as provided
17 by KRS 61.645(4) and 78.782(4).

18 Section 3. Election and ballot requirements.

19 (1) At the expiration of an elected trustee's term of office, an election shall occur for:

20 (a) The Kentucky Retirement Systems Board of Trustees pursuant to KRS 61.645; and

21 (b) The County Employees Retirement System Board of Trustees pursuant to KRS 78.782.

22 (2) Ballots shall include:

23 (a) Candidates nominated by the Board in accordance with Section 4 of this administrative
24 regulation;

1 (b) Candidates nominated by Petition in accordance with Section 5 of this administrative
2 regulation; or

3 (c) A write-in option.

4 (3)(a) On or before May 31 of the year immediately preceding an election year, the agency
5 shall provide notice to participants detailing the steps he or she shall take to become a potential
6 candidate.

7 (b) A participant shall only be a potential candidate if he or she:

8 1. Is a member of the system in which he or she is seeking placement on the ballot, or is a
9 retired member with the majority of his or her service in that system;

10 2. Is not statutorily prohibited by virtue of term limits as established in KRS 61.645(3) and
11 78.782(3);

12 3. Completes the requirements of paragraph (c) of this subsection;

13 4. Passes the background check in accordance with subsection (4)(b) of this section;

14 5. Is determined constitutionally compatible in accordance with subsection (4)(c) of this
15 section;

16 6. Is not a current or former employee of the agency or the Board in which he or she is
17 seeking placement on the ballot; and

18 7. Is not in violation of any provision of KRS 11A.020 or 11A.040 by a court of competent
19 jurisdiction or any other statute.

20 (c) Each participant seeking to be a potential candidate shall file in accordance with the
21 notice indicated in paragraph (a) of this subsection:

22 1. A valid Application for Trustee;

23 2. A resume with cover letter;

24 3. A recent color photograph; and

1 4. An authorization for the agency to complete a background check.

2 (4)(a) The agency shall review the filed documentation to ensure a potential candidate
3 meets the requirements established in subsection (3)(b) of this section, and completed the
4 requirements established in subsection (3)(c) of this section and KRS 61.645 and 78.782.

5 (b) A background check shall be completed for each potential candidate.

6 (c) If currently employed, the Kentucky Attorney General's Office shall review the potential
7 candidate's employment to determine if it is constitutionally compatible with the trustee position
8 in accordance with KRS 61.080, 61.645, 78.782, and the Kentucky Constitution Section 165.
9 If the Kentucky Attorney General's Office indicates that the potential candidate's employment
10 is not constitutionally compatible with the trustee position, the potential candidate shall:

11 1. Be excluded from placement on the ballot; or

12 2. Be included for possible placement on the ballot if he or she agrees to resign from his or
13 her current position if elected, and provides a written statement as such.

14 Section 4. Nomination by the Board.

15 (1) The agency shall provide the respective system's Board with a list of potential
16 candidates who meet the requirements of Section 3(3) and (4) of this administrative regulation,
17 and each of his or her completed corresponding Applications for Trustee.

18 (2) The name of each candidate nominated by the respective Board within six (6) months
19 prior to the end of a term of office shall be placed on the ballot.

20 Section 5. Petitions.

21 (1) To be included on the ballot by petition, the potential candidate shall file a valid petition
22 no later than four (4) months from the end of the term of office set to expire.

23 (2) A valid petition is a petition that:

24 (a) Meets the requirements of Section 3(3) and (4) of this administrative regulation; and

1 (b) KRS 61.645(4)(b) and 78.782(4)(b).

2 (3) Each petition shall be reviewed by the agency to verify each signature belongs to a
3 participant of the respective system.

4 (4) The name of each candidate who meets the requirements of this section shall be placed
5 on the ballot.

6 Section 6.[Section 2.] Default to electronic ballots[Paper Ballot Request].

7 (1)[Between November 1 and November 30 of the year preceding the expiration of the term
8 of office and the trustee election, an eligible voter may request a paper ballot through Member
9 or Retiree Self-Service.] The agency[Systems] shall notify each[the] eligible voter that an
10 electronic ballot shall[will] be provided unless he or she requests a modification to the[a paper]
11 ballot type received in accordance with subsection (2) of this section[is requested during the
12 requisite time. The Systems shall request that the eligible voter verify the email address attached
13 to his or her account].

14 (2)(a) A[An eligible voter may also submit a written] request to modify the[for a paper] ballot
15 type shall be[if] received on or before November 30 of the year preceding the election year in
16 order to be effective for the upcoming[expiration of the term of office and the trustee] election.

17 Modifications of the ballot type include:

- 18 1. From an electronic ballot to[Once an eligible voter elects to receive] a paper ballot; and
19 2. From a paper ballot to an electronic ballot[, the voter shall receive paper ballots for all
20 subsequent elections unless the voter requests to vote electronically].

21 (b) An eligible voter shall[A] request a change[to modify] in the type of ballot:

- 22 1. Through the Self-Service Web site;
23 2. Via phone by calling the agency and providing his or her agency issued personal
24 identification number (PIN); or

1 3. By filing a signed written request~~[shall be received on or before November 30 of the year~~
2 ~~preceding the expiration of the term of office and the trustee election in order to be effective for~~
3 ~~the upcoming election].~~

4 (3) Once an eligible voter modifies the ballot type he or she receives, the eligible voter shall
5 receive the specified ballot type until he or she requests a change in the ballot type in accordance
6 with subsection (2) of this section.

7 Section 7.~~[Section 3.]~~ Ballot Preparation and delivery.

8 (1) The agency or its third-party vendor~~[Systems]~~ shall prepare the official ballot no later
9 than three (3) months prior to the expiration of the term of office. The ballot~~[, whether electronic~~
10 ~~or paper,]~~ shall:

11 (a) Provide a unique voter identification number;

12 (b) Provide details on how to vote by telephone;

13 (c) Contain~~[contain]~~ instructions defining what constitutes a valid vote; and

14 (d) Indicate~~[ballot. The System shall notify the eligible voter on the ballot]~~ that any invalid
15 vote~~[ballot]~~ shall not be counted.

16 (2) ~~[For both electronic and paper ballots, the eligible voter shall check a square opposite~~
17 ~~of the candidate of his or her choice pursuant to KRS 61.645(4)(f), or write in the name of an~~
18 ~~eligible member, for each position to be elected.]~~

19 ~~[Section 4. Delivery of Ballots.]~~

20 ~~[(1)]~~

21 ~~[(a) Electronic ballots]~~ Ballots shall be provided~~[emailed]~~ to the eligible voter on or before
22 January 20 of the election year~~[of the expiration of the term of office and the trustee election].~~

23 (a)~~[(b)]~~ For an electronic ballot,~~[The Systems shall use]~~ the email address on file on or
24 before December 31 of the year preceding the~~[expiration of the term of office and the trustee]~~

1 election year shall be used. If the eligible voter does not have a valid~~[an]~~ email address on file,~~[or~~
2 ~~the Systems receives notification that the email address is invalid so that]~~ the electronic ballot
3 shall not~~[cannot]~~ be sent.~~[the Systems shall mail]~~ If the agency discovered the invalid email
4 address on or before one (1) week prior to the deadline to cast a valid vote, a paper ballot shall
5 be mailed in accordance with paragraph (b) of this subsection~~[to the mailing address on file with~~
6 ~~the Systems. If the Systems receives a returned paper ballot with notification of a new mailing~~
7 ~~address from the United States Postal Service, the ballot will be sent to the new address if the~~
8 ~~notification is received]~~ .

9 ~~[(c) The Systems shall be held harmless for any incorrect email address submitted by the~~
10 ~~member or inadvertently entered by the Systems.]~~

11 ~~[(2)]~~

12 ~~[(a) Paper ballots shall be mailed to the eligible voter on or before January 20 of the year~~
13 ~~of the expiration of the term of office and the trustee election.]~~

14 (b) For a paper ballot, the valid physical~~[The Systems shall use the]~~ mailing address on
15 file~~[with the Systems]~~ on or before December 31 of the year preceding the election year shall be
16 used~~[expiration of the term of office and the trustee election]~~. If~~[the Systems receives]~~ a returned
17 paper ballot is received:

18 1. With~~[with]~~ notification of a new mailing address from the United States Postal Service,
19 the ballot will be mailed~~[sent]~~ to the new address if the notification is received on or before one
20 (1) week prior to the date the vote shall be cast; or

21 2. With no notification of a new mailing address from the United States Postal Service on
22 or before one (1) week prior to deadline to cast a valid vote, if the participant has a valid email
23 address on file, an electronic ballot shall be sent in accordance with paragraph (a) of this
24 subsection.

1 (c) The ballot shall not be provided if there is no valid physical mailing address and no valid
2 email address on file.

3 (2)(e) The agency and its third-party vendor[The Systems] shall be held harmless for any
4 incorrect email address or mailing address submitted by the participant[member] or inadvertently
5 entered by the agency or its third-party vendor[Systems].

6 Section 8.[Section 5.] Casting of Votes[Ballots].

7 (1)(a) For a vote to be accepted and counted as a valid vote, it[If an electronic ballot, the
8 ballot] shall be cast on or before the end of day on March 1 of the election year for an electronic
9 vote or vote by telephone, except as provided in paragraph (b) of this subsection.

10 (b)(2) For[If a] paper voting, the vote[ballot, the ballot] shall be on a ballot postmarked to
11 the required address by the end of day on[or before] March 1 of the election year.

12 (2)(a)(3) For an electronic or paper ballot, the eligible voter shall:

13 1. Indicate the candidate or candidates of his or her choice pursuant to KRS 61.645(4)(f)
14 and 78.782(4)(f); or

15 2. Indicate a write-in option and add the name of an eligible participant as specified by the
16 Board for which the vote is being cast.

17 (b) To cast a vote by electronic ballot, the eligible voter shall electronically sign the
18 completed ballot on the Web site provided to him or her and follow any other prompts.

19 (c) To cast a vote by paper ballot, the eligible voter shall sign the completed ballot and mail
20 it to the address indicated on the paper ballot.

21 (3)(a) To cast a vote by telephone, the eligible voter shall:

22 1. Call the number provided on the paper or electronic ballot;

23 2. Provide his or her unique voter identification number;

24 3. Indicate the candidate or write-in candidate of his or her choice verbally; and

1 4. Follow any other prompts.~~[Any ballot that does not meet this standard as established in~~
2 ~~subsection (1) or (2) of this Section]~~

3 (4) Each eligible voter shall cast only~~[submit]~~ one (1) vote per open position in each
4 applicable system~~[ballot]~~ and any subsequent vote~~[ballot]~~ received or submitted shall~~[will]~~ be
5 invalid and not accepted.

6 Section 9.~~[Section 6.]~~ Review of cast votes~~[Ballots]~~.

7 (1) The third-party vendor~~[The ballots shall be submitted to the board's contracted auditing~~
8 ~~firm. Access to the ballots shall be limited to the contracted auditing firm. The contracted auditor]~~
9 shall review each cast vote~~[ballot]~~ to ascertain whether it is a valid vote~~[ballot]~~.

10 (2)(a) Invalid votes shall include ballots:

11 1. Returned~~[Ballots returned]~~ to the agency or third-party vendor~~[Systems]~~ for faulty or
12 invalid physical mailing addresses or email addresses;

13 2. Incorrectly~~[, or ballots that are incorrectly]~~ returned or mailed to the street address of the
14 agency or third-party vendor; or

15 3. That do not comply with Section 8 of this administrative regulation~~[Systems, shall be~~
16 ~~invalid].~~

17 (b) Invalid votes shall not be considered or counted~~[All invalid ballots shall remain~~
18 ~~unopened and returned to the board's contracted auditor].~~ Once the final results are announced,
19 the~~[invalid]~~ ballots from these invalid votes shall be shredded or otherwise electronically
20 destroyed by the third-party vendor~~[board's contracted auditing firm]~~ and a certificate shall be
21 provided to the agency~~[Systems]~~ confirming the shredding or destruction of these~~[the invalid]~~
22 ballots.

23 Section 10.~~[Section 7.]~~ Tabulation of Votes~~[Ballots]~~.

1 (1) After totaling the valid votes, ~~the third-party vendor~~~~cast, the board's contracted auditing~~
2 ~~firm~~ shall certify the results of the election in writing to the Chair of the respective Board~~of~~
3 ~~Trustees~~ in care of the Chief Executive Officer~~[Director]~~. The certified results shall be provided
4 to the agency~~[received at the retirement office]~~ on or before March 15 of the election year.

5 (2) Once all valid votes~~[electronic and paper ballots]~~ have been counted and the results
6 ~~are~~~~[election is]~~ final, the third-party vendor~~[contracted auditing firm]~~ shall destroy all ballots,
7 including ballots or data generated and stored from electronic or telephone votes~~[ballots]~~, and
8 provide a certificate confirming the destruction of the ballots or data to the agency~~[Systems]~~.

9 (3)~~[Section 8. Term of Office.]~~ The candidate or write-in candidate with the~~[Candidates~~
10 ~~elected by a]~~ plurality of the valid votes~~[cast by eligible voters]~~ is elected to the vacant trustee
11 position and shall begin his or her~~[their]~~ term of office on April 1 of the election year.

12 (4) The agency shall notify each candidate and write-in candidate of the outcome of the
13 election.

14 ~~[Section 9. Deadlines. If any due date in this administrative regulation falls on a Saturday,~~
15 ~~Sunday, or day that the Systems is closed due to state holiday, the due date or time period~~
16 ~~deadline shall extend to the close of business of the next business day.]~~

17 Section 11. Incorporation by reference.

18 (1) "Application for Trustee", March 2022, is incorporated by reference.

19 (2) This material may be inspected, copied, or obtained, subject to applicable copyright law,
20 at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601,
21 Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the agency's Web
22 site at <https://kyret.ky.gov>.

APPROVED:

RYAN BARROW,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on Thursday, December 26, 2024, at 2:00 p.m. at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until Tuesday, December 31, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:445
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System. KRS 61.645(4)(j) and 78.782(4)(j) authorize the systems to promulgate an administrative regulation to implement the use of electronic and telephonic ballots in the trustee election process and requires paper ballots to be mailed upon request of any eligible voter.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation assists with the effective administration of statutes by establishing the procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment adds details to the procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections. Additionally, a form used for these processes has been incorporated by reference.

(b) The necessity of the amendment to this administrative regulation: The amendment to this regulation is necessary to ensure accurate and complete procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections, are in the regulation.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System. KRS 61.645(4)(j) and 78.782(4)(j) authorize the systems to promulgate an administrative regulation to implement the use of electronic and telephonic ballots in the trustee election process and requires paper ballots to be mailed upon request of any eligible voter.

(d) How the amendment will assist in the effective administration of the statutes: This amendment assists with the effective administration of statutes by ensuring accurate and complete procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections, are in the regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect approximately 421,609 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System. This administrative regulation will also affect the Kentucky Public Pensions Authority.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Regulated entities will be minimally impacted by these changes. Most of this administrative regulation is already being administered as written. The new option for voting in trustee elections via telephone is already covered in the cost of an existing contract between the regulated entity (the Kentucky Public Pensions Authority) and its election services vendor.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The cost of compliance with this administrative regulation should be negligible. Most of this administrative regulation is already being administered as written. The new option for voting in trustee elections via telephone is already covered in the cost of an existing contract between the regulated entity (Kentucky Public Pensions Authority) and its election services vendor.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The amendment will ensure accurate and complete procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections, are included in the regulation. In addition, the regulated entity (Kentucky Public Pensions Authority) hopes to improve voter response in upcoming trustee elections by offering telephone voting.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The costs associated with the implementation of this amendment should be negligible.

(b) On a continuing basis: The continuing costs associated with this amendment should be negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. The regulated entity, potential applicants seeking to be elected as a trustee, and affected members are subject to the same processes and procedures.

FISCAL IMPACT STATEMENT

Regulation number: 105 KAR 1:445
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505, 61.645(4)(j), and 78.782(4)(j).

(2) Identify the promulgating agency and any other affected state units, parts, or divisions. The promulgating agency for this administrative regulation is the Kentucky Public Pensions Authority (KPPA). This administrative regulation will not affect any other state unit, part, or division.

(a) Estimate the following for the first year:

Expenditures: None

Revenues: None

Cost Savings: None

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There should be no expenditures, revenue, or cost saving for this administrative regulation in subsequent years because most of this administrative regulation is being administered as written. The new option for voting in trustee elections via telephone is already covered in the cost of an existing contract between the regulated entity (Kentucky Public Pensions Authority) and its election services vendor.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): This administrative regulation will not affect any local entities.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There are no local entities affected.

(4) Identify additional regulated entities not listed in questions (2) or (3): None

(a) Estimate the following for the first year:

Expenditures: None

Revenues: None

Cost Savings: None

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There are no additional regulated entities.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: The fiscal impact of this administrative regulation should be negligible because most of this administrative regulation is already being administered as written. The new option for voting in trustee elections via telephone is already covered in the cost of an existing contract between the regulated entity (Kentucky Public Pensions Authority) and its election services vendor.

- (b) Methodology and resources used to determine the fiscal impact: Most of this administrative regulation is already being administered as written. The new option for voting in trustee elections via telephone is already covered in the cost of an existing contract between the regulated entity (Kentucky Public Pensions Authority) and its election services vendor.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) This administrative regulation will not have a major economic impact because most of this administrative regulation is already being administered as written. The new option for voting in trustee elections via telephone is already covered in the cost of an existing contract between the regulated entity (Kentucky Public Pensions Authority) and its election services vendor.

(b) The methodology and resources used to reach this conclusion: Most of this administrative regulation is already being administered as written. The new option for voting in trustee elections via telephone is already covered in the cost of an existing contract between the regulated entity (Kentucky Public Pensions Authority) and its election services vendor.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

“Application for Trustee” is a 2 page form used by participants in the systems to file an application to become a candidate for Trustee of his or her respective Board.



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov
 Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

Today's Date (mm/dd/yyyy)		Date of Birth (mm/dd/yyyy) <i>For identification purposes only</i>	
Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home		Work Phone No.	
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system:			

Constitutional Incompatibility: Your application will not be processed if you select No.

Yes No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

Background

Yes No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

Yes No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

Yes No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

Yes No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Name: _____

Date _____

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date _____

Signature: _____

MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: September 10, 2024

RE: Board approval to file amended administrative regulation, 105 KAR 1:130, Hazardous Position Coverage, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Purpose of amended administrative regulation:

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. KRS 61.592 and 78.5520 prescribe the manner in which an employer shall request hazardous position coverage for employees, and the requirements for converting nonhazardous position coverage to hazardous position coverage. 105 KAR 1:130, Hazardous Position Coverage, is consistent with these provisions of the Kentucky Revised Statutes.

This administrative regulation establishes the requirements, procedures, and forms for requesting hazardous position coverage, or converting nonhazardous position coverage to hazardous position coverage. This amendment updates the language throughout the regulation to be consistent with the language used in all Kentucky Public Pensions Authority regulations and the definitions found in 105 KAR 1:001 (<https://apps.legislature.ky.gov/law/kar/titles/105/001/001/REG/>). Details have been added about the processes and procedures for requesting or converting to hazardous position coverage that are currently being used. Lastly, the forms incorporated by reference have been updated for clarity and consistency.

105 KAR 1:130 was presented to the Ad Hoc Regulations Committee for the Board on September 4, 2024. The Committee approved sending to the full Board for filing approval.

Staff Recommendation:

The Office of Legal Services requests that the Board review the attached materials and approve filing 105 KAR 1:130, Hazardous Position Coverage, with the Regulations Compiler.

List of attached materials:

1. 105 KAR 1:130, Hazardous Position Coverage.
2. Form 2011, HP-2, Hazardous Position Certification.

3. Form 4150, Certification of Employment in a Hazardous Position.
4. Form 7011, HP-1, Hazardous Participation Certification (CERS).
5. Form 7013, HP-1, Hazardous Participation Certification (KERS).
6. Form 7025, Position Questionnaire.

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amendment)

4 105 KAR 1:130. Hazardous ~~position~~[~~duty~~] coverage.

5 RELATES TO: KRS 61.552, 61.560, 61.580, 61.592, 78.530, 78.545, 78.5520, 78.615,
6 78.650[~~78.545(30)~~]

7 STATUTORY AUTHORITY: KRS 61.505[~~61.645(9)(e)~~]

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the
9 Kentucky Public Pensions Authority[~~61.645(9)(e) requires the Board of Trustees of the~~
10 ~~Kentucky Retirement Systems~~] to promulgate administrative regulations on behalf of the
11 Kentucky Retirement Systems and the County Employees Retirement System that are
12 consistent with[~~necessary or proper in order to carry out the provisions of~~] KRS 16.505 to
13 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.592 and 78.5520
14 prescribe[~~KRS 61.592(2) requires the board to promulgate administrative regulations~~
15 ~~prescribing~~] the manner in which an employer shall request hazardous ~~position~~[~~duty~~] coverage
16 for employees, and the requirements for converting nonhazardous position coverage to
17 hazardous position coverage. This administrative regulation establishes the requirements,
18 procedures, and forms for requesting, or converting to, hazardous position coverage.

19 Section 1. Definitions. "Systems" means the Kentucky Employees Retirement System or
20 the County Employees Retirement System.

21 [(1) "~~County~~" is defined by KRS 78.510(3).]

1 ~~[(2) "Department" is defined by KRS 61.510(3).]~~

2 Section 2. Hazardous positions in the County Employees Retirement System.

3 (1) Pursuant to KRS 78.5520(2), County Employees Retirement System (CERS)
4 employers shall classify a position as a hazardous position only when authorized by the CERS
5 Board of Trustees.~~[If a county eligible to participate in the County Employees Retirement~~
6 ~~System chooses to provide hazardous duty coverage to all eligible employees, the county shall~~
7 ~~adopt an appropriate order to pay the required contributions and provide hazardous coverage~~
8 ~~to all eligible employees. Notwithstanding the three (3) month trial period set out in 105 KAR~~
9 ~~1:120, Section 2, the county's request for participation in County Employees Retirement System~~
10 ~~shall be submitted to the Board of Trustees at the first quarterly meeting which occurs at least~~
11 ~~one (1) month after the adoption of the appropriate order. The effective date of hazardous~~
12 ~~position coverage in the order shall be the date of the county's participation in County~~
13 ~~Employees Retirement System.]~~

14 (2) A CERS employer shall notify the agency of the intent to request authorization of a
15 hazardous position from the CERS Board of Trustees. Once notified, the agency shall provide
16 the employer with a hazardous position packet, including the date the completed packet shall
17 be returned to be presented for authorization to the CERS Board of Trustees. The hazardous
18 position packet stipulates that the employer shall submit:

19 (a) A resolution on the employer's letterhead stating the employer's intent to classify an
20 eligible position as a hazardous position, and the desired effective date of the hazardous
21 position classification;

22 (b) A valid Form 7011, HP-1, Hazardous Participation Certification (CERS), to certify that
23 the position identified in paragraph (a) of this subsection meets the definition of a hazardous
24 position and that sufficient funds have been budgeted for the required employer contributions;

1 (c) A job description for each position identified in this subsection,

2 (d) A valid Form 7025, Position Questionnaire, for each position identified in this
3 subsection; and

4 (e) A valid Form 2011, HP-2, Hazardous Position Certification, to certify the effective date
5 each employee began working in the position and the date of each employee's physical
6 examination by a licensed physician.

7 [Section 3.]

8 ~~[(1) A department participating in the Kentucky Employees Retirement System may~~
9 ~~provide hazardous position coverage upon authorization by the governing authority. The~~
10 ~~governing authority shall make the request for hazardous position coverage in writing to the~~
11 ~~Board of Trustees of Kentucky Retirement Systems. If the position is approved, the effective~~
12 ~~date of hazardous position coverage shall be the first day of any month following the quarterly~~
13 ~~meeting of the board of trustees which occurs after the date of the request.]~~

14 ~~[(2) A county participating in County Employees Retirement System may provide~~
15 ~~hazardous position coverage upon adoption of a resolution by its governing authority to transfer~~
16 ~~eligible positions from nonhazardous to hazardous position coverage. The governing authority~~
17 ~~shall make a written request for hazardous position coverage to the Board of Trustees of~~
18 ~~Kentucky Retirement Systems. If the position is approved for hazardous coverage, the effective~~
19 ~~date of hazardous position coverage shall be the first day of any month following the quarterly~~
20 ~~meeting of the Board of Trustees of Kentucky Retirement Systems in which the hazardous~~
21 ~~position coverage is approved unless a different date is approved by the Board of Trustees of~~
22 ~~Kentucky Retirement Systems.]~~

23 (3)(a)[(a)1.-] An employee[Employees] who began participating in CERS[County
24 Employees Retirement System] prior to September 1, 2008 and was[were] working in a CERS

1 hazardous position~~[covered positions in County Employees Retirement System]~~ prior to
 2 September 1, 2008, shall continue to participate as a hazardous position employee~~[covered~~
 3 ~~employees]~~ as long as he or she remains~~[they remain]~~ in a position that has been approved for
 4 hazardous position coverage.

5 (b)~~[2.]~~ An employee~~[Employees]~~ who began participating in CERS~~[County Employees~~
 6 ~~Retirement System]~~ prior to September 1, 2008 and is~~[are]~~ subsequently employed in a
 7 hazardous position~~[covered positions]~~, shall participate as a hazardous position
 8 employee~~[covered employees]~~ as long as he or she remains~~[they remain]~~ in a position that has
 9 been approved for hazardous position coverage.

10 (c)~~[(b)]~~ An employee~~[Employees]~~ who began~~[begin]~~ participating in CERS~~[County~~
 11 ~~Employees Retirement System]~~ on or after September 1, 2008 in a position that was approved
 12 as a~~[for]~~ hazardous position~~[coverage]~~ prior to September 1, 2008, shall not be reported as a
 13 hazardous position employee~~[covered employees]~~ until the position is approved by the
 14 CERS~~[county requests that the]~~ Board of Trustees~~[of Kentucky Retirement Systems approve]~~
 15 as a hazardous position in accordance with Section 4(1) of this administrative
 16 regulation~~[coverage for those positions that meet the criteria as set out in KRS 61.592(1)(b),~~
 17 ~~and hazardous coverage is approved by the Board of Trustees of Kentucky Retirement Systems~~
 18 ~~for those positions]~~, even if the position was~~[has]~~ previously~~[been]~~ approved as a~~[for]~~ hazardous
 19 position~~[coverage]~~.

20 Section 3.~~[Section 4.]~~ Hazardous positions in the Kentucky Employees Retirement
 21 System.

22 (1) Pursuant to KRS 61.592(2), an employer in the Kentucky Employees Retirement
 23 System (KERS) shall classify a position as a hazardous position only when authorized by the
 24 Kentucky Retirement Systems (KRS) Board of Trustees.

1 (2) A KERS employer shall notify the agency of the intent to request authorization of a
2 hazardous position from the KRS Board of Trustees. Once notified, the agency shall provide
3 a hazardous position packet, including the date the completed packet shall be returned to be
4 presented for authorization to the KRS Board of Trustees. The hazardous position packet
5 stipulates that the employer shall submit:

6 (a) A valid~~[The department shall complete and submit the]~~ Form 7013, HP-1, Hazardous
7 Position Certification (KERS), to certify that the position identified in this subsection meets the
8 definition of a hazardous position and~~[- The form shall be signed by the head of the department~~
9 ~~and by an individual who can attest]~~ that sufficient funds have been budgeted for the required
10 employer contributions.

11 (b) A~~[For departments of the Commonwealth of Kentucky, the department shall also~~
12 ~~submit a]~~ letter from the Governor's Office for~~[of]~~ Policy and Management verifying sufficient
13 funds have been allocated for hazardous position contribution rates~~[budgeted for employer~~
14 ~~contributions].~~

15 ~~[(2) The county shall complete and submit the "Form 7011, HP-1, Hazardous~~
16 ~~Participation Certification (CERS)". The form shall be signed by the agency head and by an~~
17 ~~individual who can attest that sufficient funds have been budgeted for the employer~~
18 ~~contributions.]~~

19 (c) A list of all positions identified in this subsection, which shall include the name, social
20 security number, and position title of all affected individuals who are currently employed. For
21 KERS employers reported by the Personnel Cabinet, the list of positions shall also include the
22 unique eight-character Job ID used by the Personnel Cabinet which shall be different than a
23 nonhazardous position Job ID.

24 (d) A job description for each position identified in this subsection.

1 ~~[Section 5. The county or department shall submit a description of the duties of each~~
2 ~~position for which hazardous coverage is requested.]~~

3 ~~(e)(1) A valid Form~~~~[The agency shall complete Sections 1 and 3 of]~~ 7025, Position
4 Questionnaire, for each position identified in this subsection~~[employees of a department and~~
5 ~~for employees of a county whose participation date was prior to September 1, 2008].~~

6 ~~[(2) The agency shall complete Sections 2 and 3 of Form 7025, Position Questionnaire,~~
7 ~~for employees of a county whose participation date was on or after September 1, 2008.]~~

8 ~~[Section 6.]~~

9 ~~(f) A valid~~~~[The county or department shall complete and submit a]~~ Form 2011, HP-2,
10 Hazardous Position Certification, to certify the effective date~~[provided by the retirement system~~
11 ~~for]~~ each employee began working in the~~[a]~~ position and the date of each employee's physical
12 examination by a licensed physician~~[for which the coverage has been requested. If there is any~~
13 ~~change in the employee's work assignment or classification, the county or department shall~~
14 ~~submit a new Form 2011, HP-2, Hazardous Position Certification, indicating the change in the~~
15 ~~position].~~

16 Section 4. Board of Trustees determination.

17 (1)(a) The CERS Board of Trustees shall review all hazardous position classification
18 requests and information provided by the CERS employer as indicated in Section 2 of this
19 administrative regulation to determine if each position meets the requirements to be classified
20 as a hazardous position.

21 (b) If the CERS hazardous position is authorized by the CERS Board of Trustees, the
22 hazardous position effective date will be the first day of the month following the CERS Board of
23 Trustees meeting at which it was authorized, unless the CERS Board of Trustees specifies a
24 different date.

1 (2)(a) The KRS Board of Trustees shall review all hazardous position requests and
2 information provided by the KERS employer as indicated in Section 3 of this administrative
3 regulation to determine if each position meets the requirements to be classified as a hazardous
4 position.

5 (b) If the KERS hazardous position is authorized by the KRS Board of Trustees, the
6 hazardous position effective date will be the first day of the month following the KRS Board of
7 Trustees meeting at which it was authorized, unless a different date is specified by the Board.

8 Section 5. Hazardous service certification and revocation.

9 (1)(a) CERS and KERS employers shall compete and submit a valid Form 2011, HP-2,
10 Hazardous Position Certification, at initial hire and each time an employee begins a new
11 hazardous duty position or changes his or her hazardous duty position as required by KRS
12 61.592(5) and 78.5520(4).

13 (b) The employer shall retain a copy of the physical examination by a licensed physician
14 and submit a copy to the agency.

15 (2) The CERS Board of Trustees shall have the authority to revoke a CERS employee's
16 hazardous position classification pursuant to KRS 78.5520(2)(c).

17 ~~[Section 7.]~~

18 Section 6. Conversion of position from nonhazardous to hazardous.

19 (1)(a) To convert nonhazardous service credit to hazardous service credit, a member
20 shall:

21 1. Have membership date prior to January 1, 2014; and

22 2. Have previously worked in a nonhazardous position that has been converted to a
23 hazardous position.

1 (b) The employer for the converted hazardous position shall have participated in the
2 systems prior to the conversion pursuant to KRS 61.592(3)(c) and 78.5520(3)(a).

3 (c) Payment of the cost of converting shall be paid in accordance with subsection (3) of
4 this section.

5 (2)(a) To request the conversion of nonhazardous service credit to hazardous service
6 credit, the employer shall complete and submit a valid Form 4150, Certification of Employment
7 in a Hazardous Position, to verify employee and employer participation in accordance with
8 subsection (1)(a) and (b).

9 (b) The agency shall review the Form 4150 and determine if the service credit is eligible
10 for conversion. If eligible, the agency shall provide the member with the cost of converting.

11 (3)(a) The cost of converting the nonhazardous service credit to hazardous service credit
12 shall be paid by the member as provided by KRS 61.552(9) and 78.545, unless:

13 1. The employer elects to pay the cost; or

14 2. The~~[If the]~~ county elects to pay the cost pursuant to KRS 78.530(3)(a), (d), or (f),~~[to~~
15 ~~pay the cost of providing hazardous coverage for current employees for past service in positions~~
16 ~~approved for hazardous coverage,]~~ and the county requests~~[shall request]~~ and pays~~[pay]~~ for an
17 actuarial study to determine the cost.

18 (b) Payments made by the member shall not be picked up by the employer as described
19 in KRS 61.560(4) and 78.615(1).

20 (c)1. Payment is due in full thirty (30) days from the date the cost of converting the service
21 credit is provided to the employee, or in accordance with a payment schedule made with the
22 agency.

1 2. Payments made by an employer shall be deposited to the retirement allowance
2 account of the appropriate retirement system as established in KRS 61.580 and 78.650, and
3 these funds shall not be considered accumulated contributions of the individual employee.

4 3. Payments made by a member, including interest, shall be deposited into his or her
5 account as established in KRS 61.575 and 78.640 and are included in the member's
6 accumulated contributions.

7 4. If payment is not made in accordance with this paragraph, the service credit prior to
8 hazardous position classification shall remain nonhazardous service credit.

9 ~~[Section 8. Local government employers may be obligated by statutes outside KRS~~
10 ~~Chapter 61 to certify certain positions as hazardous.]~~

11 Section 7.~~[Section 9.]~~ Incorporation by Reference.

12 (1) The following material is incorporated by reference:

13 (a) "Form 2011, HP-2, Hazardous Position Certification," November 2024~~[April 2009]~~;

14 (b) "Form 4150, Certification of Employment in a Hazardous Position", November 2024;

15 (c) "Form 7011, HP-1, Hazardous Participation Certification (CERS)", November
16 2024~~[April 2009]~~;

17 (d)~~(e)~~ "Form 7013, HP-1, Hazardous Participation Certification (KERS)", November
18 2024~~[April 2009]~~; and

19 (e)~~(d)~~ "Form 7025, Position Questionnaire", November 2024~~[April 2009]~~.

20 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
21 law, at the Kentucky Public Pensions Authority~~[Kentucky Retirement Systems, Perimeter Park~~
22 ~~West], 1260 Louisville Road, Frankfort, Kentucky, Monday through Friday, 8 a.m. and 4:30 p.m.~~
23 This material is also available on the Kentucky Public Pensions Authority's Web site at
24 kyret.ky.gov.

APPROVED:

RYAN BARROW,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on Thursday, December 26, 2024, at 2:00 p.m. at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until Tuesday, December 31, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pension Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:130
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the requirements, procedures, and forms for requesting, or converting to, hazardous position coverage.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the requirements, procedures, and forms for requesting, or converting to, hazardous position coverage.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System. KRS 61.592 and 78.5520 prescribe the manner in which an employer shall request hazardous position coverage for employees, and the requirements for converting nonhazardous position coverage to hazardous position coverage.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation assists with the effective administration of statutes by establishing the requirements, procedures, and forms for requesting or converting to hazardous position coverage.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment adds details to the processes and procedures for an employer to request hazardous position coverage, and the process of converting nonhazardous position coverage to hazardous coverage position. Additionally, forms used for these processes are incorporated by reference.

(b) The necessity of the amendment to this administrative regulation: The amendment to this regulation is necessary to ensure the establishment of all requirements, procedures, and forms for requesting or converting to hazardous position coverage.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System. KRS 61.592 and 78.5520 prescribe the manner in which an employer shall request hazardous position coverage for employees, and the requirements for converting nonhazardous position coverage to hazardous position coverage.

(d) How the amendment will assist in the effective administration of the statutes: This amendment assists with the effective administration of statutes by establishing the requirements, procedures, and forms for requesting or converting to hazardous position coverage.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect

approximately 1,453 employers that participate in the Kentucky Employees Retirement System and the County Employees Retirement System. This administrative regulation will also affect the Kentucky Public Pensions Authority. Finally, this administrative regulation may impact an unknown number of members participating in the Kentucky Employees Retirement System and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Regulated entities will be minimally impacted by these changes as this administrative regulation is already being administered as written.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The cost of compliance with this administrative regulation should be negligible, as this administrative regulation is already being administered as written.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The benefits should be negligible, as this administrative regulation is already being administered as written.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The costs associated with the implementation of this amendment should be negligible.

(b) On a continuing basis: The continuing costs associated with this amendment should be negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All employers and individuals are subject to the same processes and procedures.

FISCAL IMPACT STATEMENT

Regulation number: 105 KAR 1:130
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions. The promulgating agency for this administrative regulation is the Kentucky Public Pensions Authority (KPPA). This administrative regulation will affect the KPPA, and approximately 333 state government employers that participate in the Kentucky Employees Retirement System.

(a) Estimate the following for the first year:

Expenditures: None

Revenues: None

Cost Savings: None

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There should be no expenditures, revenue, or cost saving for this administrative regulation in subsequent years because this administrative regulation is being administered as written.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): The County Employees Retirement System and 1,120 county and local employers that participate in the County Employees Retirement System.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There should be no expenditures, revenue, or cost saving for this administrative regulation in subsequent years because this administrative regulation is being administered as written.

(4) Identify additional regulated entities not listed in questions (2) or (3): None

(a) Estimate the following for the first year:

Expenditures: None

Revenues: None

Cost Savings: None

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There are no additional regulated entities not listed in questions (2) or (3).

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: The fiscal impact of this administrative regulation should be negligible because this administrative regulation is already being administered as written.

(b) Methodology and resources used to determine the fiscal impact: This administrative regulation is already being administered as written.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) This administrative regulation will not have a major economic impact because this administrative regulation is already being administered as written.

(b) The methodology and resources used to reach this conclusion: This administrative regulation is already being administered as written.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

Form 2011, HP -2, Hazardous Position Certification, is a 1 page form employers use to certify the effective date each employee began working in a hazardous position and the date of each employee's physical examination by a licensed physician. This form has been amended for clarity and consistency with statutory requirements. A legal certification statement has also been added.

Form 4150, Certification of Employment in a Hazardous Position, is a 1 page form employers complete to request the conversion of eligible nonhazardous service credit to hazardous service credit. This form has been amended to add a required question on employer participation and to add a legal certification.

Form 7011, HP-1, Hazardous Participation Certification (CERS), is a 1 page form CERS employers use to certify that a position meets the definition of a hazardous position and that sufficient funds have been budgeted for the required employer contributions. This form has been amended for clarity and consistency with statutory requirements. A legal certification statement has also been added.

Form 7013, HP-1, Hazardous Position Certification (KERS), is a 1 page form KERS employers use to certify that a position meets the definition of a hazardous position and that sufficient funds have been budgeted for the required employer contributions. This form has been amended for clarity and consistency with statutory requirements. A legal certification statement has also been added.

Form 7025, Position Questionnaire, is 2 page form employers complete to petition the respective Board of Trustees for approval of a hazardous position. This form has been amended for clarity and consistency with statutory requirements. A legal certification statement has also been added.



KENTUCKY PUBLIC PENSIONS AUTHORITY
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 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Form 2011
 Revised 11/2024

Hazardous Duty Certification H.P.-2

Member Information		
Member Name:	Member ID:	Age:
Title of Position:		
Start Date in the Hazardous Position:	Physical Examination Date:	

Hazardous Employment and Physical Examination Certification

The Governing Body of the employer indicated below certifies that it fully understands and acknowledges:

- The laws and provisions established under KRS 61.592 and 78.5520 providing hazardous position coverage;
- The Board of Trustees of the County Employees Retirement System or the Board of Trustees of the Kentucky Employees Retirement System approved hazardous position coverage for the positions certified to it by this employer;
- The above employee is working in a regular full-time hazardous position as defined in KRS 61.592 and 78.5520, and the employee received a physical examination on the date indicated above as a requirement for employment in this position. **A copy of the physical examination record should accompany this form.**
- If there is any change in the work assignment or classification of the above individual, a new Form H.P.-2 shall be submitted. Additionally, if the change would result in duties that no longer could be classified as hazardous, the individual is to be transferred from hazardous position coverage to non-hazardous position coverage.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Employer: _____

Agency Head or Authorized Agent signature: _____ Date: _____

Printed Name: _____



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Form 4150
 Revised 11/2024

Certification of Employment - Hazardous Position

Member Information			
Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Work Phone:		Home Phone:	

This form is being completed to verify that the member identified above previously worked in the position(s) identified below that were nonhazardous positions converted to hazardous positions during a time when the employer was participating in the systems pursuant to KRS 61.592(3)(c) and 78.5520(3)(a).

Employer Certification: To be completed by the personnel administrator of the employer where the member was employed in a hazardous position.

List below the effective dates of employment in a hazardous position. Please indicate both beginning and ending dates or note "to present" if member is currently classified as hazardous. Please certify hazardous position employment prior to the date the employer adopted hazardous coverage.

Employer	Job Title	Employment Dates	
		From	To

I certify that the above is an accurate record of this employee's employment in a hazardous position, and the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Personnel Administrator Name: _____ Phone Number: _____

Personnel Administrator Signature: _____ Date: _____

When both sections have been completed, please return this form to Kentucky Public Pensions Authority at 1260 Louisville Road, Frankfort, KY 40601.



KENTUCKY PUBLIC PENSIONS AUTHORITY

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Form 7011
Revised 11/2024

Print Form

**Hazardous Participation Certification
(CERS) Form H.P.-1**

As Defined by KRS 78.5520

The Governing Body of _____ is aware of the laws and provisions established under KRS 78.5520 providing hazardous position coverage under the County Employees Retirement System and requests the Board of Trustees of the County Employees Retirement System to approve hazardous position coverage for the positions listed on the attached report effective as of _____. The attached report indicates the name, social security number, and position title of each individual presently working as a regular full-time employee in the positions for which hazardous position coverage is requested.

CERTIFICATION

The employer certifies that it fully understands and acknowledges:

- The employer is fully responsible for ensuring that current or future employees for which hazardous position coverage is approved are properly classified in accordance with the duties and responsibilities of the position.
- Hazardous position coverage is ongoing once a position is approved for hazardous position coverage, and each employee appointed to that position must be reported to the Kentucky Public Pensions Authority as a hazardous position employee.
- Any change in the work assignment or classification of any employee presently assigned to a hazardous position which change would result in duties that no longer could be classified as hazardous, requires that the individual is transferred from hazardous position coverage to nonhazardous position coverage.
- Employer contribution rates are determined based on an actuarial valuation, the employer will be responsible for any increased financial obligation associated with an increase in employer contribution rates and is responsible for ensuring there are sufficient funds budgeted for employer contributions.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Agency Head or Authorized Agent signature: _____

Printed name: _____

Date: _____

Budget Officer signature: _____

Printed name: _____

Date: _____



KENTUCKY PUBLIC PENSIONS AUTHORITY

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Print Form

Form 7013
Revised 11/2024

**Hazardous Participation Certification
(KERS) Form H.P.-1**

As Defined by KRS 61.592

The Department of _____ is aware of the laws and provisions established under KRS 61.592 providing hazardous position coverage under the Kentucky Employees Retirement System and requests the Board of Trustees of the Kentucky Retirement Systems to approve hazardous position coverage for the positions listed on the attached report effective as of _____. The attached report indicates the name, social security number, and position title of each individual presently working as a regular full-time employee in the positions for which hazardous position coverage is requested.

CERTIFICATION

The employer certifies that it fully understands and acknowledges:

- The employer is fully responsible for ensuring that current or future employees in a position for which hazardous position coverage is approved are properly classified in accordance with the duties and responsibilities of the position.
- Any change in the work assignment or classification of any employee presently assigned to a hazardous position which would result in duties that no longer could be classified as hazardous, requires that the individual is transferred from hazardous position coverage to nonhazardous position coverage.
- Hazardous position coverage is ongoing once a position is approved for hazardous position coverage, and each employee appointed to that position must be reported to the Kentucky Public Pensions Authority as a hazardous position employee.
- Employer contribution rates are determined based on an actuarial valuation, the employer will be responsible for any increased financial obligation associated with an increase in employer contribution rates and for ensuring there are sufficient funds budgeted for employer contributions.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Agency Head or Authorized Agent signature: _____

Printed name: _____

Date: _____

Budget Officer signature: _____

Printed name: _____

Date: _____

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Print Form

Form 7025
Revised 11/2024

Position Questionnaire

Instructions

KERS employers, to petition the Board for approval of hazardous position employees, complete Sections 1 and 3.

CERS employers, to petition the Board for approval of hazardous position employees:

- With a CERS participation date prior to 9/1/2008, complete Sections 1 and 3.
- With a CERS participation date on or after 9/1/2008, complete Sections 2 and 3.

Section 1: For KERS Employees, or Employees With a CERS Participation Date Prior to September 1, 2008

Employer: _____ Position Title: _____

Is this position required to have Peace Officer Professional Standards and Certification? Yes No

If no, is this position required to carry a firearm? Yes No

Does this position require active fire suppression or prevention? Yes No

Does this position require frequent exposure to a high degree of danger or peril? Yes No

Does this position require a high degree of physical conditioning? Yes No

Are the employee's duties primarily clerical or administrative? Yes No

Section 2: For Employees With a CERS Participation Date On or After September 1, 2008

Employer: _____ Position Title: _____

Select the appropriate position classification:

- Police Officer as defined by KRS 61.315(1)(a)
- Firefighter as defined by KRS 61.315(1)(b)
- Paramedic
- Correctional Officer or Employee that routinely requires face to face contact with inmates
- Emergency Medical Technician

Answer all the following questions:

Does this position require frequent exposure to a high degree of danger or peril? Yes No

Does this position require a high degree of physical conditioning? Yes No

Are the employee's duties primarily clerical or administrative? Yes No

Employer: _____

Position Title from job description: _____

Section 3: For All Positions

List all the specific position's duties in the boxes provided (i.e. training, field duties, clerical, or administrative duties, etc.)

- These should be different from the position title.
- List the percentage of time spent performing each duty (total percentages must equal 100%).
- If extra space is needed, a copy of this page can be used.

BE AS DETAILED AS POSSIBLE. The Board of Trustees will use this document in determining if the position meets the definition of hazardous position per KRS 61.592 and 78.5520.

Position Duty: _____

Percentage of Time Spent: _____

Description of Duties:

Position Duty: _____

Percentage of Time Spent: _____

Description of Duties:

Position Duty: _____

Percentage of Time Spent: _____

Description of Duties:

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Agency Head Signature: _____ Date: _____

Printed name: _____ Agency Head title: _____

2025 Board and Committee Meeting Calendar

◀ Dec 2024 January 2025 Feb 2025 ▶						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 New Year's Day	2	3	4
5	6	7	8	9	10	11
12	13	14 CERS Personnel Committee	15	16	17	18
19	20 Martin Luther King, Jr. Birthday	21	22	23	24	25
26	27	28	29	30	31	

February 2025						
◀ Jan 2025						Mar 2025 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12 CERS Actuarial Committee	13 Joint Retiree Health Plan Committee	14	15
16	17 CERS Finance Committee	18	19 KRS Investment Committee	20	21	22
23	24	25 KPPA Audit Committee	26 CERS Investment Committee	27	28	

◀ Feb 2025		March 2025					Apr 2025 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat	
						1	
2	3	4	5	6	7	8	
9	10 CERS Board Meeting	11	12 KRS Board Meeting	13	14	15	
16	17	18	19	20 KPPA Board Meeting	21	22	
23	24	25	26	27	28	29	
30	31						

◀ Mar 2025							April 2025							May 2025 ▶						
Sun		Mon		Tue		Wed		Thu		Fri		Sat								
				1			2			3			4			5				
6			7			8			9	CERS Actuarial Committee				10			11			12
13		14		15		16		17		18		19								
		CERS Board Meeting				CERS Annual Meeting		KRS Annual Meeting		Good Friday – ½ day										
20		21		22		23		24		25		26								
						KPPA Annual Meeting														
27		28		29		30														

◀ Apr 2025		May 2025					Jun 2025 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat	
				1	2	3	
4	5	6	7	8	9	10	
11	12	13	14 Joint Retiree Health Plan Committee	15	16	17	
18	19 CERS Finance Committee	20	21	22 KRS Investment Committee	23	24	
25	26 Memorial Day	27	28 CERS Investment Committee	29 KPPA Audit Committee	30	31	

◀ May 2025		June 2025					Jul 2025 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat	
1	2	3	4	5	6	7	
8	9 CERS Board Meeting	10 CERS Personnel Committee	11	12	13	14	
15	16	17 KRS Board Meeting	18	19 Juneteenth	20	21	
22	23	24	25	26 KPPA Board Meeting	27	28	
29	30						

◀ Jun 2025		July 2025					Aug 2025 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat	
		1	2	3	4 Independence Day	5	
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	28	29	30	31			

August 2025						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18 CERS Finance Committee	19	20 KRS Investment Committee	21	22	23
24	25	26 KPPA Audit Committee	27 CERS Investment Committee	28	29	30
31						

September 2025						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 Labor Day	2 Joint Retiree Health Plan Committee	3	4	5	6
7	8 CERS Board Meeting	9	10	11 KRS Board Meeting	12	13
14	15	16	17	18	19	20
21	22	23	24	25 KPPA Board Meeting	26	27
28	29	30				

◀ Sep 2025		October 2025					Nov 2025 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat	
			1	2	3	4	
5	6	7	8	9	10	11	
12	13	14	15	16	17	18	
19	20	21	22 CERS Actuarial Committee	23 Joint Retiree Health Plan Committee	24	25	
26	27	28	29	30	31		

November 2025						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3 CERS Board Meeting	4	5	6	7	8
9	10	11 Veterans Day	12	13 KRS Board Meeting	14	15
16	17	18 KPPA Audit Committee	19	20 KRS Investment Committee	21	22
23	24 CERS Finance Committee	25 CERS Investment Committee	26	27 Thanksgiving Day	28 Office Closed	29
30						

◀ Nov 2025 Jan 2026 ▶						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 CERS Board Meeting	2	3 KRS Board Meeting	4 KPPA Board Meeting	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24 Christmas Eve	25 Christmas Day	26	27
28	29	30	31 New Year's Eve			



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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To: KPPA Board/CERS Board

From: Ryan Barrow, Executive Director

Date: September 19, 2024

Subject: KPPA Update

I. COMMUNICATION: I started my role as the new Executive Director of KPPA on July 1st and I am truly honored to step into this position. I want to again extend my gratitude to Dave for his extended tenure, which has greatly facilitated the transition. I am excited to collaborate with you as we continue our vital work for members. Effective communication is crucial to our success, so I encourage you and KPPA team members to share your thoughts, concerns, and suggestions. I have started meeting with Board Members in Central Kentucky and will soon be reaching out the greater Louisville Area.

II. LEGISLATOR MEETINGS: As part of my onboarding at KPPA, which began with Dave Eager, we were fortunate to schedule meetings with legislators. Together with Rebecca Adkins and Erin Surratt, I have continued these discussions to expand on existing relationships with policymakers.

III. LEGISLATION TRACKING: With recent changes in staffing within our Division of Communication, we are taking the opportunity to gather input, ideas, and suggestions on how we have tracked legislation and how we should proceed in the future. An email was sent on August 30th requesting your feedback and thoughts by Friday, September 13th.

IV. LOUISVILLE OFFICE: The locations have been narrowed to three and the revised plans are being discussed with the Department for Facilities and Support Services in the Finance and Administration Cabinet.

V. CONFERENCE ATTENDANCE: In early August, Rebecca Adkins, Erin Surratt, John Chilton, Ed Owens, and I attended the National Association of State Retirement Administrators (NASRA) conference. This event brings together leaders and experts in public pension administration from across the country, offering a platform to discuss the latest trends, challenges, and best

practices in our field. The insights gained and connections made during the conference will be invaluable to our agency.

VI. RATING AGENCIES: Continuing a long tradition, KPPA had meetings with Fitch Ratings in August and Moody's Investors Service in September. These meetings provide a valuable opportunity to discuss our agency's financial position, priorities, and long-term plans. Engaging directly with the rating agencies allows KPPA and the Commonwealth to address their inquiries and gain insights into their evaluation criteria. On September 18th, Moody's upgraded the Commonwealth of Kentucky's issuer rating to Aa2 from Aa3 and revised the outlook to stable from positive.

VII. PUBLIC PENSION OVERSIGHT BOARD (PPOB): On August 27th, Erin Surratt and I presented at the PPOB meeting. We provided an overview of the Investment Returns, Asset Allocations, and Cash Flows as of June 30th. The discussion and questions primarily focused on cash flow and the Federal Inflation Reduction Act of 2022 (H.R. 5376).

VIII. RISK MANAGEMENT: Mike Lamb and I plan to attend an upcoming training on risk management hosted by the National Conference on Public Employee Retirement Systems (NCPERS). This training will offer valuable insights into emerging risks and strategies for mitigating them. Additionally, the Risk Manager at the University of Kentucky has expressed willingness to collaborate on tools and best practices to bolster our agency's resilience against potential challenges.

IX. ALL EMPLOYEE MEETINGS: We recently held three all employee meetings on August 28th and 29th. These meetings are an important opportunity for staff to come together as an agency, share updates, discuss key initiatives, and address questions and concerns of staff.

X. KENTUCKY EMPLOYEE CHARITABLE CAMPAIGN (KECC): During our all-employee meeting, we welcomed representatives from the Crusade for Children and United Way, who spoke about how the funds they receive from KECC are utilized. KPPA has already begun promoting KECC contributions, starting with our kickoff on August 27th, which featured proceeds from DaVinci's Pizza donations. We have several unique opportunities planned for this giving season and aim to surpass our participation levels from the previous year.