

**MINUTES OF MEETING
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED MEETING APRIL 15, 2021 AT 10:00A.M.
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF EMERGENCY
EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the meeting of the Kentucky Retirement Systems Board of Trustees held on April 15, 2021 the following members were present: Keith Peercy (Chair), John Chilton, Raymond Connell, Kelly Downard, Joseph Grossman, and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Steven Herbert, Kristen Coffey, Shaun Case, Phillip Cook, and Alane Foley.

Mr. Peercy called the meeting to order.

Ms. Alane Foley called roll.

There being no *Public Comment*, Mr. Peercy introduced agenda item *Approval of Minutes – April 1, 2021*. Mr. Connell made a motion and Mr. Grossman seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *Trustee Vacancies*. There are two vacancies at this time. One appointed and one elected. Mr. Eager has reached out the Governor's office for status on the appointed Trustee vacancy, at this time there is no update. The other vacancy is an elected position which was vacated by Sherry Kremer. An announcement regarding the vacancy must be posted within 60 days. Ms. Kristen Coffey advised the Board that the announcement for the regular KRS election for the four year term is due to go out soon and requested feedback regarding a double announcement for the vacancy and the regular election. After discussion, it was decided to do a double announcement with the deadline for the vacancy application to be May 7, 2021 and the deadline for the regular election to be July 31, 2021.

Mr. Peercy introduced agenda item *KRS Bylaws and Policies*. Ms. Kathy Rupinen and Ms. Carrie Bass provided details on the following policies:

- The Confidentiality Policy was previously combined with the Conflict of Interest Policy. The KPPA Office of Legal Services recommends separating these two policies in order to more fully detail the processes outlined in each policy.
- The Conflict of Interest Policy was previously combined with the Confidentiality Policy. The KPPA Office of Legal Services recommends separating these two policies in order to more fully detail the processes outlined in each policy.
- The Election Policy has been slightly updated to reflect the existence of the KPPA and the Chief Executive Officer position for the Kentucky Retirement Systems. Additionally, the Election Policy may be updated to address required minimum voting for each elected trustee position to be filled (KPPA staff seek input from the Board on this issue). Lastly, the process for filling a vacancy in an elected trustee position on the Board has also been updated to reflect that only the remaining elected trustees on the Board will vote to appoint a candidate to fill the vacancy for the remainder of the term of the vacated trustee position, which is consistent with Kentucky Revised Statutes 61.645(5).
- The Funding Policy has been significantly updated to reflect the current statutory references for employer contributions and actuarial valuations. The County Employees Retirement System has decided not to adopt a Funding Policy because the funding mechanisms for the County Employees Retirement System are overwhelmingly spelled out in statute. Likewise, the draft of this Board's Funding Policy largely outlines what is already contained within the statutes governing the Kentucky Retirement Systems. However, it is nevertheless considered best practices for a public pension board to have a Funding Policy, regardless of how much of the Funding Policy is already covered by statute.
- The Per Diem and Reimbursement Policy has been slightly updated to reflect the existence of the KPPA and the Chief Executive Officer position for the Kentucky Retirement Systems.
- The Trustee Education Policy was slightly revised for clarity and conciseness. Additionally, a section was added to address trustee education activities that may also count as continuing education for a trustee's personal accreditation. It also outlines the time period to report educational hours, these should be reported within a year of the term date of each Trustee. If educational material is presented at Board or Committee meetings that will be notated in advance of the meeting.

Mr. Downard made a motion and Mr. Lane seconded to approve the policies as presented with the incorporation of updates to the Election Policy and the Education Policy. The motion passed unanimously.

Ms. Kathy Rupinen reviewed the Bylaws with the Trustees outlining several updates and requested input from the Board on several items.

- Section 1.1, item b Quorum; updated number of members for committees (Investment Committee will have 5 members)
- Section 1.2 Board Responsibilities; financial reporting will go to the Board. Investment Committee has authority to take action while keeping the Board informed.
- Section 1.2 Board Responsibilities, item 9 Business Continuity; leave as is
- Section 1.3 CEO Responsibilities; take out General Counsel reference in this section
- Section 2.2; item d section 1.C; update termination of providers to termination of investment managers, consultants and custodial relationships.
- Section 2.2, item 2 KPPA Executive Director Office of Investments Responsibilities; Mr. Eager has also suggested adding a statement such as: The ED of the KPPA shall be responsible for KPPA executing all aspects of the KPPA duties including the management of the assets for KRS and CER in accordance with their Investment Policy Statements and their Funding Policies. The ED will coordinate with the CEO and the Chair of the Investment Committee of the KRS and the CEO and Chair of the Investment Committee of the CERS to insure they are able to fully satisfy their fiduciary responsibilities and monitor their assets by provided the required information and reports from the KPPA custodian and consultant(s) and access to and meeting with the employees of the KPPA investment department.
- Joint Audit and Joint Retiree Health Committees were added to the bylaws
- Audit Committee responsibilities were discussed
- Recommendations to change bylaws should be given to the Trustees 15 calendar days prior to discussion.

Ms. Kathy Rupinen will update the bylaws per the conversation today and bring that back to the Board at the meeting on May 20, 2021.

Mr. Percy introduced agenda item *Committee Assignments*.

- Investment Committee: Prewitt Lane, Chair, John Cheshire, Kelly Downard and Keith Percy
- Actuarial Committee: John Chilton, Chair, Campbell Connell and Keith Percy
- Joint Audit: Kelly Downard and John Chilton
- Joint Retiree Health Care: John Chilton and Joe Grossman
- DAC/AAC #1: Newly Elected KRS Trustee
- DAC/AAC #2: Keith Percy and Campbell Connell

Mr. Percy introduced agenda item *CEO and General Counsel Job Description Approval* and started off by stating the qualifications and experience listed for CEO sets a high bar for a part time position. Currently the KPPA Executive Director has no written qualifications; it is left to the Board to decide who would be the best candidate. The CEO will work collaboratively with the KPPA Executive Director. It was concluded that the qualifications section would be removed. Ms.

Vicki Hale will work to make updates suggested by the Board and bring the CEO position description back before the Board on May 20, 2021.

There were no changes to the Conflicts General Counsel position description. Mr. Lane made a motion and Mr. Chilton seconded to approve the Conflicts General Counsel position description as presented. The motion passed unanimously. The Board agreed to put out an RFP and request responses by May 14, 2021.

There was no KRS Update provided.

A motion was made by Mr. Grossman and Mr. Chilton seconded to go in to closed session. The motion passed unanimously.

Mr. Peercy read the following statement and the meeting moved into closed session: 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 the appointment (discipline/dismissal) and member account information of an employee, pursuant to KRS 61.810(1)(f) and KRS 61.810(1)(k). It is necessary to enter closed session because of the sensitive nature of the material to be considered regarding this employee, and the requirement of KRS 61.661(1) that each member's account be administered in a confidential manner. All public attendees exited the meeting.

Mr. Peercy called the meeting back to open session. Mr. Lane made a motion and Mr. Downard seconded to rescind the intent to send out an RFP for Conflict General Counsel and move to hire legal counsel Johnson Bowman Branco subject to successful contract negotiations. The motion passed unanimously. Mr. Grossman stated that as a new Board it is imperative to have a General Counsel in place as soon as possible. Johnson Bowman Branco has extensive experience working with the old retirement system and the Public Pensions Oversight Board.

Mr. Connell made a motion and Mr. Chilton seconded to adjourn the meeting, to meet again on May 20, 2021 or upon the call of the Chair of the Board of Trustees. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 15, 2021 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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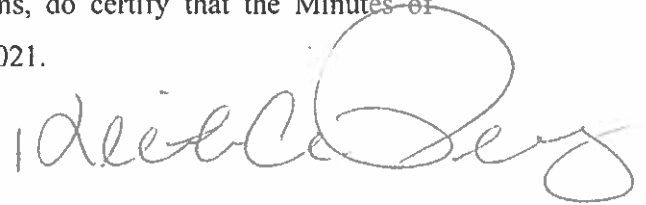
CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Directors 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 Board of Directors of the Kentucky Retirement Systems and Chief Administrative Officer of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on April 15, 2021 were approved on May 20, 2021.



Chair of the Board of Directors

Chief Administrative Officer

I have reviewed the Minutes of the April 15, 2021 Board of Trustees Meeting for content, form, and legality.



Executive Director
Office of Legal
Services