

**MINUTES OF MEETING
BOARD OF TRUSTEES COUNTY EMPLOYEES RETIREMENT SYSTEM
SPECIAL CALLED ANNUAL MEETING APRIL 21, 2021 AT 2:00 P.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 County Employees Retirement System Board of Trustees held on April 21, 2021 the following members were present: Betty Pendergrass (Chair), Joe Brothers, George Cheatham, Michael Foster, JT Fulkerson, Merl Hackbart, William O'Mara and Jerry Powell. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Steven Herbert, Kristen Coffey, Marlane Robinson, Shaun Case, Phillip Cook, and Alane Foley.

Ms. Pendergrass called the meeting to order and read the Special Called Meeting COVID-19 statement due to SB 150.

Ms. Alane Foley proceeded to take the Roll Call.

There was no public comment submitted.

Ms. Pendergrass introduced Ms. Kristen Coffey from Internal Audit. There have been discussions regarding a joint Audit Committee, which discusses internal and external audit functions. Section 2.2, item g in the bylaws covers the joint committee functions and responsibilities. Ms. Kristen Coffey explained that the Internal Audit division's focus is to look at the administrative function of KPPA making certain that they comply with state and federal laws as well as state guidelines. They also look at processes making sure they are running effectively and efficiently. Internal Audit reports all gathered information back to the Audit Committee. Each year Internal Audit brings forth the Audit Committee Charter as well as Internal Audit Charter, outlining the role and responsibilities of the Audit Committee and the Internal Audit Division. Ms. Pendergrass outlined

that the Finance Committee would receive the financial reports and hazardous duty position requests and the Joint Audit Committee would receive the internal and external audit reports.

Ms. Pendergrass introduced Simon Keemer and Joseph Overhults from Dean Dorton Allen Ford to discuss external audit functions. Mr. Overhults explained that they report to the governing body which can be a subcommittee of the Board of Trustees and if needed they can communicate with the full Board as well. Mr. O'Mara had two points of clarification; KPPA should hire the external auditor and Mr. Eager as the Director of KPPA should be a point of contact with the external auditor and the Joint Audit Committee.

Ms. Pendergrass introduced agenda item *Approval of Minutes – April 1, 2021*. Mr. Fulkerson made a motion and Dr. Hackbart seconded to approve the minutes as presented with two typographical corrections. The motion passed unanimously.

Ms. Pendergrass introduced agenda item *CEO and General Counsel*. The job descriptions were updated per discussions at the last meeting. Mr. O'Mara provided a few suggested changes. In the CEO RFP, second paragraph instead of actuarial experience it should read, "understanding of actuarial analysis." Also, the summary of duties should mirror Section 1.3 item h within the bylaws stating "The CERS CEO shall be responsible for oversight of CERS investment management to ensure that CERS investments are made in a manner consistent with policies promulgated by the CERS Investment Committee and approved by the CERS Board. In carrying out such responsibilities, the CERS CEO will monitor CERS investment policy compliance, investment performance, and ensure timely reporting to the CERS Board of oversight and monitoring concerns and actions." The Board discussed whether this would be a part-time or a full-time position, most agreed this would be a full-time position with a contract length of two years with renewal options. Ms. Pendergrass suggested recruiting through KLC, KACo and School Boards along with GFOA, NCPERS, NASRA and ICMA. Ms. Pendergrass will review NASRA database to determine a comparable salary range and state that salary will be commiserate with experience on the RFP. After a lengthy discussion, it was agreed that the CERS Board is looking for an employee with a two year employment contract with renewal options, healthcare and retirement benefits. Ms.

Pendergrass will update the CEO position description and RFP per discussions today and bring that back to the Board for approval.

The General Counsel RFP should be updated to read "Understanding of actuarial analysis and legislative analysis is preferred". While discussing the language on the RFP Trustees decided that they would be open to an individual or a firm. Mr. Foster suggested hiring a legal firm with one or more attorneys secured by a retainer and hourly rate. The suggested language is as follows; CERS Board of Trustees is seeking qualifications for General Counsel services to serve as the primary legal advisor for the CERS Board of Trustees and CERS Chief Executive Officer. In addition, the General Counsel may collaborate with KPPA staff as defined in the CERS bylaws.

Both the CEO and General Counsel positions will be discussed again at the May 19, 2021 Board meeting.

Ms. Pendergrass introduced agenda item By-laws. There was a discussion regarding the Joint Audit Committee previously in this meeting with Ms. Kristen Coffey. Ms. Pendergrass provided details on changes made to the bylaws since the last meeting:

- 1) Section 1.1, item b, 1 and 2 regarding a quorum; there were no questions from the Board.
- 2) Section 1.3, paragraph h regarding Responsibility of Chief Executive Officer; there were no questions from the Board.
- 3) Section 2.2, item F regarding Joint Audit and Retiree Health Plan Committees; there were no questions from the Board.

Mr. Fulkerson made a motion and Mr. Brothers seconded to approve the bylaws as presented. The motion passed unanimously.

Ms. Pendergrass introduced Mr. David Lindberg from Wilshire Consulting. Mr. Lindberg introduced the Wilshire team; Mr. Craig Morton, Mr. Chris Shelby, Mr. Marc Freidburg, Mr. Chris Shelby and Mr. Chris Tessman (who was not present). Mr. Lindberg advised that Wilshire has entered into an investment partnership with CC Capital and Motive Partners. Mr. Lindberg then provided an overview of the 2020 Asset Liability Study for educational purposes

The CERS Board will meet again on May 19, 2021, for a quarterly meeting. Ms. Pendergrass may call additional special Board meetings as the Board continues its organizational planning.

Mr. Cheatham made a motion and Mr. Fulkerson seconded to adjourn the meeting. The motion passed unanimously.

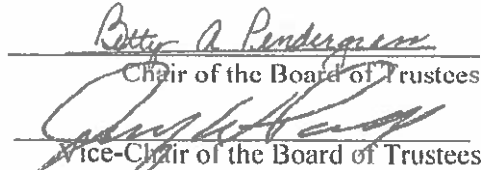
Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 21, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

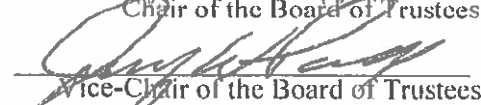
CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Trustees 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.

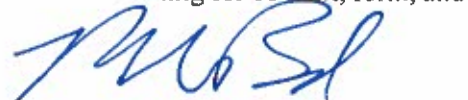

Recording Secretary

I, the Chair of the Board of Trustees and Vice-Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on April 21, 2021 were approved on May 19, 2021.


Chair of the Board of Trustees


Vice-Chair of the Board of Trustees

I have reviewed the Minutes of the April 1, 2021 Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services