

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING APRIL 28, 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 Board of the Kentucky Public Pensions Authority held on April 28, 2021 the following members were present: Keith Peercy, Betty Pendergrass, Jerry Powell, Dr. Merl Hackbart, William O'Mara and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Shaun Case, Phillip Cook, and Alane Foley.

Mr. Peercy called the meeting to order.

Ms. Alane Foley called roll and advised that no *Public Comment* was submitted.

Mr. Peercy introduced agenda item *Approval of Minutes – April 6, 2021*. Mr. Powell made a motion and Mr. Lane seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *KPPA Bylaws and Policies*. Ms. Kathy Rupinen provided an update of the amendments to the bylaws stating that the KPPA name has been added throughout and any reference to joint KPPA meetings had been removed. Ms. Pendergrass advised that CERS added a provision under their Executive Director duties to ensure that meeting notices and material are sent to the Trustees in a timely manner to allow time to review prior to meetings. In addition, on page three under Conflicts of Interest, it was suggested to add a provision that KPPA members file a copy of their Ethics Branch Disclosure with KPPA legal staff. Mr. Lane suggested updating the Ethics Statement to be more encompassing in the future, this discussion will take place at a future meeting. Ms. Pendergrass stated there was no guidance outlined for hiring an external auditor, Ms. Kathy Rupinen suggested that the CERS KRS Joint Audit Committee should make a statement that KPPA should be the entity obtaining the auditor. Ms. Rebecca Adkins advised there

is a new contract in place for an external auditor, Blue & Co., effective July 1, 2021. Ms. Pendergrass pointed out that the language in Section 1.3 XI and Section 1.4 III should be updated to state the KPPA shall approve the biennial administrative budget. Dr. Hackbart made a motion and Ms. Pendergrass seconded to approve the Bylaws subject to the insertion of the amendments listed above. The motion passed unanimously.

Ms. Kathy Rupinen advised the Per Diem Policy and Open Records Policy were provided in the material for review by the Board. Ms. Pendergrass made a motion and Mr. Lane seconded to approve the Per Diem Policy and Open Records Policy as presented. The motion passed unanimously.

Mr. Percy introduced agenda item *Trustee Litigation Policy*. Ms. Kathy Rupinen advised that the staff has received questions from Trustees on the various Boards regarding how exactly the provisions in KRS 61.645 and 78.782 providing for the reimbursement of Board Members and Officers of legal expenses resulting from litigation from their duties on the Board and how that process would work if it ever arose. Ms. Rupinen has been working with Mr. O'Mara on some potential language on how to clarify that and thinks it would be appropriate to start out with a policy that eventually leads to a regulation. Mr. O'Mara stated that pointing to KRS 61.645 and 78.782 doesn't address all issues related to the world we live in today, it only talks about what happens if a Trustee gets their own legal representation. He wants to clarify (not in conflict with the existing statute) other ways legal defense could be handled. KPPA can take the initiative to retain counsel on behalf of all Trustees or individually in the case of litigation through the Trustees' regular course of duties. After further discussion Mr. O'Mara read the motion: "So I make a motion that the KPPA effective today do the following, adopt a litigation defense policy for Trustees and employees of CERS, KERS and members of the KPPA that shall provide and pay for the defense of any trustee or employee who is named in any action arising out of an act or omission occurring within the scope of Trustees or employees duty as a member of one of those Boards and to pay any judgement , compromise or settlement of the action for such actions provided that the Trustee notifies in writing the KPPA within 10 days of receipt of service. The policy shall provide that the KPPA shall not pay a judgement or settlement or may recover payments made on behalf of a Trustee if it is determined through the course of litigation that the Trustee acted or failed to act

because of malice, fraud or corruption. The Trustees actions are clearly outside the actual or apparent scope of his duties as a Trustee. The Trustee willfully failed or refused to assist in the defense of the cause of action, or the Trustee compromised or settled the claim without the approval of the KPPA. If the Trustee obtains private counsel KRS 78.782 and KRS 61.645 shall apply. So instruct the staff of KPPA to develop and present a written policy consistent with the above that the KPPA may review and approve for adoption at its next regular meeting. So moved.” Ms. Pendergrass seconded the motion. Ms. Rupinen added two points; KERS should read KRS for Kentucky Retirement System and State Police Retirement System should be added. Additionally, we should indicate regular and special called meetings as all of our meetings are considered special called during the COVID pandemic. Mr. O’Mara had no problems with those changes. He also stated that he is trying to expand it to include KPPA employees wherever appropriate in the policy throughout. The motion was structured to be effective today and Mr. O’Mara asked that the motion in its entirety be included in the minutes of today’s meeting. Dr. Hackbart asked if this would be incorporated into the Bylaws. Ms. Rupinen advised that it was her understanding this would be a stand alone policy but Bylaws amendments could be made if that is what the Trustees request. Mr. Percy questioned whether we could add this to the administrative regulations. Ms. Rupinen deferred to Ms. Carrie Bass but advised that the legal staff could work on that and eventually if it is felt the actual statute needs to be expanded it could be placed on the housekeeping wishlist. Mr. Percy stated that adding former Trustees and employees to try to codify that in statutory language is important so that it isn’t left to interpretation. With no further discussion, the motion passed unanimously.

Ms. Pendergrass made a motion and Mr. O’Mara seconded to make similar language derived from this effort to the Bylaws which were just approved and include it in the edits requested of legal staff for those Bylaws amendments. The motion passed unanimously.

Mr. Percy introduced agenda item *Executive Director Contract Renewal*. Ms. Rupinen advised that the statutory references are incorrect and need to be amended. The contract would begin July 1, 2021 – June 30, 2022 with no change in salary. Mr. Lane made a motion and Mr. O’Mara seconded to approve the contract renewal for Mr. David Eager. The motion passed unanimously.

Mr. Peercy introduced agenda item Approval to Amend Administrative Regulation 105 KAR 1:270. Mr. Powell made a motion and Dr. Hackbart seconded to approve the amended regulation 105 KAR 1:270 as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item KPPA Update. Mr. Eager thanked the Trustees for their time and dedication acknowledging that the schedule has been very demanding lately. KPPA is in the process of hiring an executive assistant to be a liaison between CERS and KRS Executive Directors and the KPPA staff. There are two open Trustee vacancies for KRS and one open Trustee vacancy for CERS. Committee assignments are nearly complete. One employer exited the system, NKU, opting for a lump sum and a soft freeze. Kentucky Housing Corporation has requested an application for exiting the system. Ms. Adkins spoke regarding House Bill 8, 47 quasi agencies have asked for their data and 19 requests have been completed. KPPA has received one appeal. The appeal deadline is July 1, 2021. Ms. Adkins also advised an external auditor has been selected as of July 1, 2021, Blue & Co. They completed the RFP process and interviewed with a selection committee.

Ms. Pendergrass made a motion and was seconded by Mr. Powell to adjourn the meeting, to meet again on September 15, 2021 or upon the call of the Chair of the Board. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held April 28, 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 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 Board of Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on April 28, 2021 were approved on May 26, 2021.

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the April 28, 2021 Kentucky Public Pensions Authority Board Meeting for content, form, and legality.

Executive Director
Office of Legal Services