

**MINUTES OF MEETING  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
SPECIAL CALLED INVESTMENT COMMITTEE MEETING  
AUGUST 15, 2024, 2:00 P.M., E.T.  
VIA LIVE VIDEO TELECONFERENCE**

At the August 15, 2024, County Employees Retirement System Investment Committee Meeting, the following committee members were present: Dr. Merl Hackbart (Chair), George Cheatham, William O'Mara, and Betty Pendergrass. Staff members present were Ryan Barrow, Erin Surratt, Michael Lamb, Carrie Bass, Steve Willer, Anthony Chiu, Joseph Gilbert, Ashley Gabbard, Phillip Cook, and Sherry Rankin. Also in attendance were CERS CEO Ed Owens III and Eric Branco with Johnson, Branco & Brennan LLP.

1. Dr. Hackbart called the meeting to order.
2. Mr. Branco read the Legal Opening Statement.
3. Ms. Rankin called roll.
4. Dr. Hackbart introduced agenda item **Public Comment** (Video 00:06:30 to 00:07:10). Ms. Rankin indicated that (1) one public comment was received for this meeting from Mary K. Ward and read as follows:

*“I may be asking the wrong question to the wrong group, but are there any plans or anything at all being mentioned about state employees’ retirement raises? As far as I know, it’s been 11 years. I believe the teachers’ retirement does receive a cost of living every year. I know state employees received two big raises recently. I’m happy for them. I missed those. I’ve been retired almost 10 years. People working for my agency make double the salary I retired with. Again, I’m happy for them. But we are forgotten.”*

Mr. Owens III agreed to respond to her personally.

5. Dr. Hackbart introduced agenda item *Strategic Planning* (Video 00:07:10 to 01:35:32). Dr. Hackbart invited Mr. Ed Owens III and Ms. Betty Pendergrass to present to the committee regarding the strategic plan.

Mr. Owens III presented the KPPA Strategic Planning Process and indicated that it is categorized into four (4) groups: governance, organizational excellence, customer service delivery, and infrastructure and key resources. He noted the recommended actionable dates are listed. Mr. Owens III explained the categories as presented, and the committee discussed the portions of the CERS Strategic Plan pertaining to the Investment Committee.

Next, Ms. Betty Pendergrass reviewed the format for the 2024 – 2028 CERS Strategic Plan goals, objectives, measures, and targets. Using the goals, objectives, and measures from the CERS Actuarial Committee, she briefly illustrated the template for the goals, objectives, and measures for the Investment Committee’s Strategic Plan that will be incorporated into the CERS Board’s Strategic Plan and spoke about fiduciary responsibilities. Ms. Pendergrass presented some investment strategic questions as a prompt for discussion. For reference, she displayed the CERS Nonhazardous and Hazardous Contribution Report for the fiscal year ending June 30, 2024. To help answer the question of how much total revenues should come from investments, Ms. Pendergrass reviewed the historical financial statements. After some discussion, it was decided that Mr. Barrow, Mr. Lamb, and Ms. Pendergrass will conduct further research of historical reports to develop recommendations for strategic goals for investment performance.

Ms. Pendergrass offered additional questions to prompt discussion about key monitoring activities that the committee can use to provide oversight as well as key indicators that committee members can review in the monthly and quarterly reports.

Mr. Cheatham stated he would like for the Wilshire team to give an overview of the best way to put together a formula to manage risks. He also expressed his thoughts regarding tracking indexes and whether they are appropriate for that particular asset class or not, especially as it pertains to private equity.

There was discussion regarding the evaluation of investment performance versus actuarial analysis and the need to strengthen risk monitoring. Ms. Pendergrass considered monitoring performance to ensure that managers are meeting performance goals. The committee discussed strengthening the role of the Investment Compliance Officer to monitor and report on investment risk.

After some discussion, it was also recommended the Investment Policy Statement (IPS) should meet Best Practices to ensure CERS meets its fiduciary responsibilities. As part of the measure for this, it was felt that periodic reporting should outline how the actual performance is achieving goals in the IPS. After some dialogue about the information that is available in the investment reports, there was discussion about creating more efficient Investment Committee performance reviews. It was suggested to submit more applicable reports to Board Books, and then the Trustees could be provided a link to the website publication to have access to the full, comprehensive report.

Ms. Pendergrass initiated discussion regarding evaluating asset allocation. Mr. Cheatham suggested that Mr. Owens III should review the information provided by Ms. Pendergrass and create an obtainable timeline. Ms. Pendergrass said she would distribute to the committee members the draft of the formulated Strategic Plan. The recommendation was made to have another special called meeting in October to further discuss the proposals presented in today's meeting and finalize the CERS Investment Committee's Strategic Plan. Ms. Pendergrass also suggested that finalizing the committee's plan in October would allow Chair Cheatham to call a special CERS Board meeting in January to finalize the CERS Board's 2025-2029 Strategic Plan.

6. There being no further business, Dr. Hackbart *adjourned* the meeting.

*The remainder of this page is left blank intentionally.*

## CERTIFICATION

I do certify that I was present at this meeting, and I have recorded above the action of the Committee 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 connection with this meeting.

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Recording Secretary

I, as Chair of the County Employees Retirement System Investment Committee of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of the meeting held on August 15, 2024, were approved by the County Employees Retirement System Investment Committee on February 26, 2025.

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CERS Investment Committee Chair

I have reviewed the Minutes of the County Employees Retirement System Investment Committee Meeting on August 15, 2024, for form, content, and legality.

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Office of Legal Services