

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCE COMMITTEE MEETING
AUGUST 18, 2025, AT 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the meeting of the County Employees Retirement System Finance Committee held on August 18, 2025, the following members were present: William O'Mara (Chair), George Cheatham, Jim Tony Fulkerson, and Dr. Patricia Carver, and Steve Webb. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Erin Surratt, Michael Board, Nathan Goodrich, Steve Willer, Mike Lamb, Connie Davis, D'Juan Surratt, Phillip Cook, Sandy Hardin, and Sherry Rankin. Others in attendance included Eric Branco with Johnson Bowman Branco, LLP.

1. Mr. O'Mara called the meeting to order.
2. Mr. Branco read the Legal Public Statement.
3. Ms. Rankin called roll.
4. Ms. Rankin noted there was no ***Public Comment***.
5. Mr. O'Mara introduced agenda item ***Approval of Minutes – May 19, 2025*** (Video 00:06:56 to 00:07:27). Mr. Fulkerson made a motion to approve the May 19, 2025, minutes as presented. Mr. Cheatham seconded the motion. The motion passed unanimously.
6. Mr. O'Mara introduced agenda item ***Quarterly Financial Reports*** (Video 00:07:27 to 00:38:51). Mr. Lamb presented the Quarterly Financial Reports to the Committee, reviewing several key documents, including the Fiscal Year End Financial Spreadsheet, Administrative Expense to Budget, Contribution Report, Past Due Invoice Report, and the Penalty Waiver Report. He addressed questions from the Committee members, providing clarity and detailed insights.

Mr. Cheatham asked about a 4.5% drop in private equity, and Mr. Willer explained it was due to distributions from existing investments without new reinvestments. Mr. Cheatham also raised concerns about long-overdue invoices. Mr. Surratt responded with updates on specific cases, including Bullitt County and the City of Clarkson, noting that ERCE had taken steps to prompt payment and implemented a new timeline-based invoicing process. The Committee members commended ERCE for its efforts in reducing outstanding invoices.

Mr. Cheatham also asked about the difference between budgeted and actual expenses for medical reviewers in the Administrative Budget. Mr. Lamb clarified that the \$1.8 million line item reflects the contract with MMRO (Managed Medical Review Organization), a third-party firm reviewing disability cases, and noted that costs remain stable due to their efficiency and current workload. Ms. Surratt added that a statutory change reduced the number of doctors required per case, contributing to cost savings. Initially, MMRO handled more cases than expected due to a backlog at that time. Mr. Board then addressed the current hearing backlog, reporting notable progress over the past year, with fewer cases pending and shorter wait times, thanks to additional hearing officers and internal process improvements.

7. Mr. O'Mara introduced agenda item ***Hazardous Duty Requests*** (Video 00:38:51 to 00:40:15). Mr. D'Juan Surratt presented eleven (11) police and/or fire positions, all requesting Hazardous Duty coverage. KPPA has reviewed the positions and determined that they meet the statutory guidelines for Hazardous Duty coverage.

Mr. Fulkerson made the motion to approve the Hazardous Duty requests as presented and forward to the CERS Board of Trustees for ratification. Mr. Webb seconded the motion. The motion passed unanimously.

8. Mr. O'Mara introduced agenda item ***Other Financial Updates*** (Video 00:40:15 to 00:48:25). Mr. Willer reviewed the Investment Trust Budget along with the Pension and

Insurance Investment Fees and Expenses for the quarter ending June 30, 2025. He noted that the overall investment expenses for the fiscal year were in line with the budget, with a total of \$11.3 million spent, representing an increase of \$4.0 million from the previous year. Mr. Willer provided additional budget details and addressed questions posed by the Committee members. Mr. Cheatham raised a question about the 57% increase in total expenses compared to the previous year, specifically asking how much of that was attributed to legal costs. Mr. Willer confirmed that the majority of the increase at the total pension level was due to higher legal expenses. Mr. Cheatham also noted that some vendors, such as S&P Global, appeared to be paid twice in the last fiscal year. Mr. Willer explained this was due to a transition from S&P Global to Russell as the index provider, with final payments for the previous contract appearing in fiscal year 2025 but covering fiscal year 2024 expenses. Regarding State Street, Mr. Willer clarified that no public trade cost analysis was conducted or billed in fiscal years 2024 or 2025, despite a \$10,000 budget allocation. Lastly, Mr. Cheatham asked about periodic use of tax accounting services for Indian public equity accounts. Mr. Willer responded he would follow up with Mr. Gilbert to determine whether to include those services in the 2026 budget.

9. Mr. O'Mara introduced agenda item ***RFP Status Update*** (Video 00:48:25 to 00:49:50). Mr. Willer reported that the Request for Proposal (RFP) process officially closed on August 11, 2025. The Investment staff has begun reviewing the responses in accordance with the CERS Procurement Policy requirements. This review process is expected to take a couple of weeks, and Mr. Willer noted that the team anticipates completing due diligence and presenting recommendations.
10. There being no further business, Mr. O'Mara declared the meeting ***adjourned***.

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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, William O'Mara, the Chair of the County Employees Retirement System Finance Committee, do certify that the Minutes of Meeting held on August 18, 2025, were approved on November 24, 2025.

Chair of the CERS Finance Committee

I have reviewed the Minutes of the August 18, 2025, CERS Finance Committee Meeting for content, form, and legality.

Executive Director
Office of Legal Services