

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2024, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the Kentucky Retirement Systems Board of Trustees held on December 4, 2024, the following members were present: Lynn Hampton (Chair), Ramsey Bova, Mary Eaves, Prewitt Lane, Dr. Crystal Miller, Keith Percy, William Summers V, and Pamela Thompson. Staff members present were KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Michael Board, Leigh Ann Davis, Michael Lamb, Connie Davis, D’Juan Surratt, Joe Gilbert, Brian Caldwell, Anthony Chiu, Kristen Coffey, Ashley Gabbard, Sandy Hardin, Phillip Case, and Sherry Rankin. Others present included Chris Tessman with Wilshire, Janie Shaw with GRS, Janet Jakubowicz from Dentons Bingham Greenebaum, and Ryan Graham with Blue & Co.

1. Ms. Hampton called the meeting to order.
2. Mr. Board read the Legal Public Statement.
3. Ms. Rankin called roll.

Ms. Rankin noted no *Public Comment* was submitted.

4. Ms. Hampton introduced agenda item *Approval of Minutes – October 22, 2024, and November 13, 2024 (Video 00:04:19 to 00:04:56)*. A motion was made by Dr. Miller to approve the meeting minutes of October 22, 2024, and November 13, 2024, as presented. Ms. Bova seconded the motion. The motion passed unanimously.
5. Ms. Hampton introduced agenda item *Approval of June 30, 2024, Actuarial Valuations for KERS Hazardous, KERS Non-Hazardous, and SPRS (Video 00:04:56 to 00:08:10)*. Ms. Shaw from GRS presented an overview of the 2024 Actuarial Valuation Results and

addressed questions from the Trustees. She reviewed the Actuarially Determined Employer Contributions, noting that the contribution rates and requirements were set for a two-year period based on the 2023 valuation. This year's 2024 valuation serves as a midpoint to assess contribution rates, which will be reset with next year's valuation.

For non-hazardous employers, the amortization cost, which is distributed among all employers, has slightly increased, primarily due to higher-than-expected 2025 Medicare premiums. For KERS hazardous and state police funds, contribution rates have decreased due to an increase in member covered payroll, which spreads the contributions over more payroll, and an appropriation for the state police.

A motion was made by Mr. Lane and seconded by Ms. Eaves to accept the 2024 Actuarial Valuation for the KERS Hazardous fund, the KERS Non-Hazardous fund, and the SPRS plan as presented. The motion passed unanimously.

6. Ms. Hampton introduced agenda item *External Audit (Video 00:08:10 to 00:15:38)*. Mr. Lamb introduced Mr. Ryan Graham from Blue & Co., the partner overseeing the audit of the KRS Financial ACFR. Mr. Graham provided an overview of the Report of Independent Auditors, noting that this year's opinion is solely on KRS. The first letter noted that Blue & Co. audited under government standards with no new accounting standards impacting this year. The second letter covered internal controls and reported no material weaknesses or significant deficiencies. The third letter, the management communication letter, Mr. Graham noted it addressed significant estimates like investments valued at NAV and pension/OPEB liabilities and reported no significant audit difficulties. An uncorrected misstatement reference will be removed in the final version. Mr. Graham praised the smooth working relationship with KPPA and highlighted the effective audit process.

Following the discussion of External Audit, Ms. Hampton proceeded directly to agenda item 8, *KRS Draft ACFR*.

7. Ms. Hampton introduced agenda item *Approval of FY 25-26 Contribution Rates (Video 00:18:34 to 00:19:15)*. Mr. John Chilton presented on the contribution rates, noting they

are set by the legislature in the biennial budget bill. Although actuarial calculations are received annually, the rates for the current and next fiscal year have already been established, so there's no need for approval at this time.

8. Ms. Hampton introduced agenda item ***KRS Draft ACFR*** (Video 00:15:38 to 00:18:34). Mr. Lamb expressed his appreciation to Ryan Graham and his team for their diligence in helping to split the ACFRs between KRS and CERS, as well as their audit work. He extended his gratitude to everyone involved. Ms. Hampton also offered her appreciation.

Mr. Lane noted he was asked why the report name changed from CAFR to ACFR. Mr. Lamb explained the history behind the name change, noting that the Governmental Accounting Standards Board (GASB) issued a pronouncement that officially changed the name from the Comprehensive Annual Financial Report (CAFR) to the Annual Comprehensive Financial Report (ACFR).

A motion was made by Ms. Bova to adopt the KRS ACFR as presented and to send it to KPPA for publication. Mr. Lane seconded the motion, and the motion passed unanimously.

9. Ms. Hampton introduced agenda item ***GFOA ACFR Letter*** (Video 00:19:15 to 00:21:12). Mr. Lamb presented regarding the Fiscal Year 2023 Government Finance Officers Association's (GFOA) Annual Comprehensive Financial Report (ACFR) letter. Mr. Lamb noted that upon receiving the Certificate of Achievement for Excellence in Financial Reporting, the GFOA included comments on the submitted 2023 ACFR. Mr. Lamb reviewed these comments alongside management's responses.

10. Ms. Hampton introduced agenda item ***Quarterly Investment Office Report*** (Video 00:21:12 to 00:26:21). Mr. Lane introduced Mr. Chiu to present the quarterly investment office report. Mr. Chiu reviewed the performance data for the quarter ending September 30, 2024, and provided a brief update on current projects within the KPPA Office of Investments.

11. Ms. Hampton introduced agenda item ***Quarterly Financial Statements*** (Video 00:26:21 to 00:35:58). Mr. Lamb reviewed the Quarterly Financial Reports with the KRS Board of Trustees. He presented the Combining Statement of Fiduciary Net Position of the Pension and Insurance Funds for the three-month period ending September 30, 2024, and the Combining Statement of Changes in Fiduciary Net Position of the Pension and Insurance Funds for the twelve-month period ending June 30, 2024. He then reviewed the KRS Contribution Reports for the three-month period ending September 30, 2024. The KRS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were also presented to the Trustees. Following this, Mr. Lamb highlighted the Fiscal Year 2024-2025 KPPA Administrative Budget – Budget-to-Actual Summary Analysis for the three months ending September 30, 2024. Lastly, he briefly reviewed the JP Morgan Chase Credit Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2025.

12. Ms. Hampton introduced agenda item ***Hazardous Duty Requests*** (Video 00:35:58 to 00:38:41). Mr. D’Juan Surratt presented two requests for hazardous position classification: Executive Director with Criminal Investigations with the Attorney General’s office and a Lieutenant Colonel with Eastern Kentucky University. KPPA reviewed both requests and determined that they meet the statutory guidelines for hazardous coverage. Mr. Surratt answered questions posed by the Trustees.

A motion was made by Ms. Eaves and seconded by Mr. Lane to approve the Hazardous Duty Requests as presented. The motion passed unanimously.

13. Ms. Hampton introduced agenda item ***Denton Bingham Greenebaum Contract*** (Video 00:38:41 to 00:41:53). Mr. Chilton presented on the Denton Bingham Greenebaum contract, noting they have been our counsel since KRS reorganized in 2021. Our current contract with them extends through the end of this fiscal year. Due to increased litigation activity this fiscal year, the initial budget of \$50,000 is no longer sufficient. Mr. Chilton proposed increasing the budget to \$125,000, with no changes to contract rates or other

provisions, citing the need to accommodate the excess litigation activity that has occurred and is expected to continue.

A motion was made by Mr. Lane and seconded by Mr. Summers to approve an amendment to the Dentons Bingham Greenebaum contract to increase the payment authorization to \$125,000 as presented. Ms. Eaves, an alumna of Denton Bingham Greenebaum, recused herself from voting due to her prior affiliation with the firm. The motion passed unanimously.

14. Ms. Hampton introduced agenda item ***KRS CEO Update*** (Video 00:41:53 to 00:42:26). Mr. Chilton reported that their last meeting was just three weeks ago, and most of his time during that period has been associated with matters to be discussed in closed session. Beyond that, he had no additional updates to report.

Following the KRS CEO Update, Ms. Hampton proceeded directly to agenda item 16, ***New Business***.

15. Ms. Hampton introduced agenda item ***KPPA Executive Director Report*** (Video 00:42:40 to 00:44:33) Mr. Barrow provided a written update, which included information regarding legislation, the Louisville office, the Pension Public Oversight Board (PPOB), Strategic Planning Teams, staffing, communication, and the Kentucky Employee Charitable Campaign (KECC).
16. Ms. Hampton introduced agenda item ***New Business*** (Video 00:42:26 to 00:42:40). Ms. Hampton reported she did not have any new business.
17. Ms. Hampton introduced agenda item ***Closed Session*** (Video 00:44:33 to 00:48:04) and requested a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). A motion was made by Dr. Miller and seconded by Mr. Peercy. The motion passed unanimously.

Mr. Board 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 litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. All public attendees exited the meeting.

Closed Session (Video - Part 2 - 00:00:31 to 00:00:42)

Ms. Hampton called the meeting back to open session and stated that there was no action taken by the KRS Board of Trustees as result of the Closed Session.

18. There being no further business, Ms. Hampton *adjourned* the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held December 4, 2024, 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 Trustees on 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 of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on December 4, 2024, were approved on March 12, 2025.


Chair of the Board of Trustees

I have reviewed the Minutes of the December 4, 2024, Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services