

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCE COMMITTEE MEETING
FEBRUARY 17, 2025, AT 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the regular meeting of the County Employees Retirement System Finance Committee held on February 17, 2025, the following members were present: William O'Mara (Chair), George Cheatham, Jim Tony Fulkerson, Jerry Powell, and Betty Pendergrass. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Rebecca Adkins, Erin Surratt, Victoria Hale, Steve Willer, Michael Lamb, D'Juan Surratt, Ashley Gabbard, Shaun Case, Sandy Hardin, and Sherry Rankin. Others in attendance included Eric Branco with Johnson Bowman Branco LLP, Ian Leverich and Marc Becker with XTP Implementation Services, and David Lindberg with Wilshire.

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 – November 25, 2024*** (Video 00:07:17 to 00:07:46). A motion was made by Mr. Cheatham and seconded by Mr. Fulkerson to approve the minutes as presented. The motion passed unanimously.
6. Mr. O'Mara introduced agenda item ***XTP Implementation Services*** (Video 00:07:46 to 00:58:18). Mr. David Lindberg began the presentation by discussing the committee's advancements made in December and then introduced Mr. Ian Leverage and Mr. Marc Becker from XTP Implementation Services. Mr. Leverage and Mr. Becker then provided insights into their company's services. They highlighted their unique approach to

analyzing and optimizing investment-related costs, aiming to enhance net returns for clients. They encouraged questions and assured ongoing support beyond the meeting. XTP is only compensated when measurable explicit savings are realized, emphasizing their collaborative approach with managers and alignment with clients' interests. They also explained that XTP's fee structure is based on a percentage of the savings achieved, ensuring that their goals are fully aligned with those of the clients.

In the meeting, Victoria Hale raised an issue, noting that all current contracts under CERS do not have separate contracts under their own name. She suggested that the Committee or Board may want to examine this, as all current contracts are under the KRS name.

After the presenters from XTP answered the committee members' questions, Mr. O'Mara concluded the discussion by expressing appreciation for their very informative and intriguing presentation.

7. Mr. O'Mara introduced agenda item ***Quarterly Financial Reports*** (Video 00:58:18 to 01:19:42). Mr. Lamb presented the Quarterly Financial Reports to the Committee, reviewing several key documents, including the Quarterly Financial Spreadsheet, Administrative Expense to Budget, Contribution Report, Outstanding Invoice Report, and the Penalty Waiver Report. He addressed questions from the committee members, providing clarity and detailed insights.
8. Mr. O'Mara introduced agenda item ***Hazardous Duty Requests*** (Video 01:19:42 to 01:22:04). Mr. D'Juan Surratt presented nine (9) positions, all of which are police, fire, and one paramedic, all requesting Hazardous Duty coverage. He noted the Education Officer position listed is a paramedic position, but it involves overseeing certification courses and training programs for Madison County EMS personnel. He noted that KPPA has reviewed the positions and determined they meet the statutory guidelines for Hazardous Duty coverage.

A motion was made by Ms. Pendergrass and seconded by Mr. Fulkerson to approve the Hazardous Duty requests as presented and forward to the CERS Board of Trustees for

ratification. The motion passed unanimously.

9. Mr. O'Mara introduced agenda item ***Other Financial Updates*** (Video 01:22:04 to 01:27:48). Mr. Willer reviewed the Investment Budget along with the Pension and Insurance Investment Fees and Expenses for the quarter ending December 31, 2024. Mr. Willer answered all questions posed to him.
10. Mr. O'Mara introduced agenda item ***Finance Committee Strategic Plan*** (Video 01:27:48 to 02:04:25). Ms. Betty Pendergrass presented the Finance Committee's portion of the CERS Strategic Plan, emphasizing clear goals, objectives, measures, and targets. She began by noting that Goal #3 focuses on collaboration with the CFO's office for CERS-specific annual reporting, including communication with external audit firms and timely financial statement submissions. It also involves submitting for the Certificate of Achievement for Excellence in Financial Reporting.

Objective B targets policies and procedures for financial reporting, aiming to assess accountability for CERS assets and align with actuarial goals. Key targets include monitoring contributions, demographics, and compensation levels. The committee emphasized setting quantitative targets and benchmarks for different system tiers to ensure progress toward financial goals.

Growth in the number of employees and payroll percent should be key targets, reflecting the entire 30-year plan. Contributions should correspond to headcount and salary increases. One target is that contribution growth aligns with employer demographics.

Lowering the contribution rate's impact on hiring and salary adjustments should be tracked. Additionally, a measure for enhanced CERS representation during the procurement process is suggested.

Objective C involves establishing an escalation policy for the CFO's office to address policy decisions, focusing on identifying metrics that need attention based on

administrative and investment budget thresholds.

Finally, Objective D aims to facilitate better communication and education to improve compliance, including reviewing regulations, improving employer compliance, and conducting employer surveys.

This structured approach ensures alignment with strategic goals and informed financial decisions.

A motion was made by Mr. Cheatham and seconded by Mr. Powell to approve the Finance Committee's portion of the CERS Strategic Plan as presented. The motion passed unanimously.

11. 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 February 17, 2025, were approved on May 19, 2025.

Chair of the CERS Finance Committee

I have reviewed the Minutes of the February 17, 2025, CERS Finance Committee Meeting for content, form, and legality.

Executive Director
Office of Legal Services