

**MINUTES OF MEETING #433**  
**BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS**  
**QUARTERLY MEETING FEBRUARY 18, 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 Trustees held on February 18, 2021 the following members were present: David Harris (Chair), Joe Brothers, John Chilton, John Cheshire, Raymond Connell, Kelly Downard, JT Fulkerson, Joseph Grossman, Sherry Kremer, Prewitt Lane, Matthew Monteiro, Keith Percy, Betty Pendergrass, Jerry Powell, David Rich and Sec. Gerina Whethers. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Connie Davis, Kristen Coffey, Ann Case, Connie Pettyjohn, Victoria Hale, Carrie Bass, D’Juan Surratt, Steven Herbert, Shaun Case, Phillip Cook, and Alane Foley. Also in attendance were Joseph Overhultz and Simon Keemer from Dean Dorton Allen Ford, Tracey Garrison and Larry Loew from Humana and David Lindburg from Wilshire.

Mr. Harris called the meeting to order.

Ms. Alane Foley called roll.

Mr. Eager thanked Mr. Harris, Mr. Monteiro and Sec. Whethers for their service on the Board. This will be their last meeting.

Mr. Harris introduced agenda item *Approval of Minutes- December 3, 2020*. A motion was made by Mr. Rich and seconded by Mr. Powell to approve the minutes as presented. The motion passed unanimously.

Mr. Harris introduced agenda item *Audit Committee Report*. Mr. Chilton introduced Joseph Overhults and Simon Keemer from Dean Dorton Allen Ford to provide details on *GASB 68 and 75 Proportionate Share Audits*. Mr. D’Juan Surratt gave an overview of the *Hazardous Duty Position requests* and Ms. Kristen Coffey discussed *Application for Trustee Elections* with the

Board, The Board discussed edits to this application and agreed to accept with those edits. A motion was made by Mr. Fulkerson and seconded by Mr. Powell to accept GASB 68 and 75 Proportionate Share Audits, hazardous duty position requests and the Application for Trustee Elections with requested edits. The motion passed unanimously.

Ms. Rebecca Adkins reviewed the financial report, administrative expenses, contribution report, penalty waivers and outstanding invoices. These reports were presented for informational purposes only.

Mr. Harris introduced agenda item *Investment Committee and Portfolio Quarterly Report*. Mr. Lane introduced the new CIO, Steven Herbert and advised that Steve Willer was promoted to Deputy CIO. Mr. Herbert provided a performance overview and market update. David Lindburg from Wilshire also provided commentary on performance. Mr. Fulkerson made a motion and was seconded by Ms. Kremer to accept the Investment Committee Report as presented. The motion passed unanimously.

Mr. Harris introduced agenda item *Retiree Health Care Report*. Mr. Rich stated that Humana provided a presentation at the February Retiree Health Care Meeting. Ms. Connie Pettyjohn introduced Tracey Garrison from Humana to provide an overview on the McClennan Group Pilot, which has goals to engage retirees in the KRS Humana Medicare Advantage Plans. This report was presented for informational purposes only.

Mr. Harris introduced agenda item *Northern Kentucky University Cessation Resolution*. Ms. Erin Surratt provided details regarding the cessation application from Northern Kentucky University and advised that they have satisfied all requirements to file this application. Mr. Fulkerson made a motion and was seconded by Mr. Cheshire to accept the cessation application as presented. The motion passed unanimously.

Mr. Harris introduced agenda item *New Administrative Regulation, 105 KAR 1:360, Hybrid Cash Balance Plan ("Tier III")*. Ms. Carrie Bass stated The Kentucky Retirement Systems has been administering a hybrid cash balance plan tier ("Tier 3") since January 1, 2014 for select members of the Kentucky Employees Retirement System ("KERS"), County Employees Retirement System

(“CERS”), and State Police Retirement System (“SPRS”). The Office of Legal Services and the Office of Benefits have been working to draft a regulation tentatively titled, “105 KAR 1:360, Hybrid cash balance plan,” reflecting the administration of Tier 3 that was already ongoing. This regulation largely pertains to members of KERS, CERS, and SPRS who participate in Tier 3 based on their participation date occurring on or after January 1, 2014; however, this regulation also addresses the option for members with a participation date in KERS, CERS, and SPRS between September 1, 2008 and December 31, 2013 to “opt-in” to Tier 3. Work on this regulation was halted pending a Private Letter Ruling (“PLR”) from the Internal Revenue Service (“IRS”) addressing the permissibility of such “opt-ins” under federal law. The PLR was received in mid-2020 and allowed drafting to resume. Ms. Pendergrass asked for clarification on calculated interest. This topic has been tabled until after April 2021 to allow for further research.

Mr. Harris introduced agenda item *Legislative Update*. Mr. Eager advised that HB 8 passed the House 88-0. Credit was given to Representatives DuPlessis, Miller, Sheldon, Tipton, Wheatley and Graviss for the hard work and long hours committed to this bill. He also touched on HB 9, which is the enactment of HB 484. We are still waiting on the Governor for the new appointees. HB 87, which is a housekeeping bill restores alternative death benefit and clarifies pension spiking rules.

Mr. Harris introduced agenda item *KRS Administrative Update*. Mr. Eager stated that during the COVID pandemic service has been uninterrupted to our retirees. Retirements are level with last year. KRS continues to have all employee meetings, weekly emails titled “Weekly Wrap” and Good News on Fridays to keep employees connected while working from home.

Mr. Harris introduced agenda item *Future Pension Plan Liability Funding*. Mr. Harris gave kudos and congratulations to the current Board Members on their hard work and dedication to the retirement systems.

A motion was made by Mr. Cheshire and seconded by Mr. Downard to go in to closed session. The motion passed unanimously.

Mr. Harris read the following statement and the meeting moved into closed session: A motion having been made in open session to move into 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 and to discuss the potential appointment of an employee, pursuant to KRS 61.810(1)(f). It is necessary to enter closed session because of the sensitive nature of the material to be considered regarding this employee. All public attendees exited the meeting.

Mr. Harris called the meeting back in to Open Session.

Mr. Connell made a motion and was seconded by Mr. Lane to adjourn the meeting, to meet again upon the call of the Executive Director or the Chair of the Board of Trustees. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held February 18, 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 Directors 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.

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Recording Secretary

We, the Chair of the Board of Directors of the Kentucky Retirement Systems and Executive Director of the Kentucky Retirement Systems, do certify that the Minutes of Meeting Number 433, held on February 18, 2021 were approved on March 25, 2021.

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Chair of the Board of Directors

\_\_\_\_\_  
Executive Director

I have reviewed the Minutes of the February 18, 2021 Board of Trustees Meeting for content, form, and legality.

\_\_\_\_\_  
Executive Director  
Office of Legal Services