

**MINUTES OF MEETING  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
June 14, 2022 AT 2:00 P.M. ET  
VIA LIVE VIDEO TELECONFERENCE**

At the annual meeting of the County Employees Retirement System Board of Trustees held on June 14, 2022 the following members were present: Betty Pendergrass (Chair), Dr. Patricia Carver, George Cheatham, Michael Foster, JT Fulkerson, Dr. Merl Hackbart, Dr. Martin Milkman, William O'Mara, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, KRS CEO John Chilton, David Eager, Rebecca Adkins, Erin Surratt, Connie Davis, Kristen Coffey, D'Juan Surratt, Jared Crawford, Steve Willer, Connie Pettyjohn, Ann Case, Leigh Ann Davis, Carrie Bass, Elizabeth Smith, Glenna Frasher, and Sherry Rankin. Others present included Janie Shaw with GRS, Carla Whaley, Larry Loew and Tracey Garrison of Humana, Chris Tessman, David Lindberg, and Craig Morton with Wilshire, and Eric Branco with Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order and read the Legal Opening Statement.

Ms. Rankin took Roll Call.

There being no *Public Comment* submitted, Ms. Pendergrass introduced agenda item *Approval of Minutes – April 18, 2022, April 20, and April 22, 2022*. Mr. Powell made a motion to approve all minutes as presented and was seconded by Mr. Fulkerson. The motion passed unanimously.

Ms. Pendergrass introduced agenda item *Finance Committee Report*. Mr. O'Mara, Finance Committee Chair, stated that the Committee met on June 2, 2022 and unanimously approved Hazardous Duty requests for five positions in member organizations. The Committee is requesting CERS Board approval. Mr. Fulkerson made a motion to approve the Hazardous Duty Requests and was seconded by Dr. Milkman. The motion passed unanimously. Further, Mr. O'Mara stated that the additional items presented at the June 2, 2022 Finance Committee meeting were informational. Ms. Rebecca Adkins presented the Combining Statement of Fiduciary Net Position of the Pension Funds for CERS Non-hazardous and CERS Hazardous. She stated that overall both plans are up. This Fiduciary Net Position report compares the end of the third quarter of the current fiscal year. Assets are up for the CERS Plans a total of 5.56%. Ms. Adkins reviewed the Combining

Statement of Changes in Fiduciary Net Position of the Pension Funds and explained that this statement compares the gains for the period July 31, 2021 to March 31, 2022. CERS Non-hazardous has increased by .29% and CERS Hazardous has increased by .89%. General member contributions, employer contributions, and inflows and outflows have also increased. Ms. Adkins went on to review the Combining Statement of Changes in Fiduciary Net Position of the Insurance Funds with the Board. There was an increase of 8.37% in insurance funds for the CERS Plans. CERS Non-hazardous had an increase of 3.48% and CERS Hazardous increased by 1.93%. Next, Ms. Adkins reviewed the Pension Funds Contribution Report comparing the data of fiscal years 2021 and 2022 for CERS Non-hazardous and CERS Hazardous. Employer contributions, member contributions, and salary data have increased for both plans. Ms. Adkins explained that this report provides a snapshot of cash flow. There is a negative cash flow in CERS Non-hazardous; however, cash flow has improved since 2021. CERS Hazardous has a positive cash flow. Unrealized gain is an area in which there was significant downturn due to the markets. The Insurance Fund Contribution Report yielded similar data, said Ms. Adkins. Employer contributions are up and insurance premiums are down due to gain share which is Humana's bonus for meeting certain criteria. Retiree usage and how well they participate in health programs etc. are contractually negotiated, therefore, if a certain target is achieved profits are shared. Gain share in fiscal year 2021 was significantly higher due to the Covid-19 pandemic and has now returned to a more normal figure. Ms. Adkins stated that inflows are up, outflows are flat, and that cash flow in insurance is positive. CERS Non-hazardous is up for the period 3.48% and CERS Hazardous is up 1.93%. Mr. Eager stated that about five or six years ago, the combined CERS and KERS net cash flow was negative over 700 million dollars. He added that this was a serious issue that has since been resolved and stabilized but wanted to provide this background information for newer Trustees. Lastly, Ms. Adkins reviewed the KPPA Administrative Budget for Fiscal Year 2021-2022. She stated that 38.6% is remaining in the KPPA Administrative Budget, however, few items may go over budget. Ms. Adkins stated that Salaries may be over budget due to an additional payroll in FY2022, Legal (Ice Miller) is over budget due to the Seven Counties litigation, and Auditing is also over budget due to Blue & Co., LLC, being new to KPPA and the changes brought about by the passage of HB 8. Additionally, Medical Reviewers are also over budget due to the number of cases, Natural Gas due to the rising costs of natural gas, and Office Supplies due to an underestimation on the budget. Mr. Eager elaborated on the overage on the Medical Reviewer line item. He stated that despite being over budget, we are running under the contracted amount. Ms. Adkins stated that legal contracts are often under budgeted due to potential unforeseen litigation.

Travel Expenses are also over budget due to an underestimation. The budgeted amount was calculated based on FY 2021 data which gave a low figure due to a lack of travel during the Covid-19 pandemic. Ms. Adkins also pointed out to the Board the breakdown of percentages and how expenses are to be split among CERS Non-hazardous (59.5%), CERS Hazardous (5.29%). The KPPA Board met and decided on a hybrid percentage and CERS decided to use membership to split the CERS amount among Hazardous and Non-hazardous. The new percentages will be 57.58% for CERS Non-hazardous and 5.1% for CERS Hazardous. Accounting was unable to make these changes until KRS made decisions on their percentages. Those percentages were received recently and the adjustments will be made next quarter to reflect the new percentages. These percentages are to be effective July 1, 2022. Further, Ms. Adkins stated that a working group was established and has been tasked with reviewing the definition of separation expenses. Under HB 484 from 2020 and HB 9 from 2021 the initial and ongoing expenses for the first three years must be paid by CERS. The KPPA Board will define these expenses in an upcoming meeting, but the CERS Board of Trustees will also make a recommendation on this matter. Ms. Pendergrass asked Ms. Adkins about adding a column to the budget reports which would show the current and previous year actual costs. Ms. Adkins replied and stated that the recommendation is to present administrative expenses as a whole and then provide a table of expenses paid by CERS at the end to provide a better comparison year over year and a complete picture of the administrative expenses. Mr. Eager asked Ms. Adkins if she was going to incorporate the suggestion of Ms. Pendergrass to include a comparison of the current year and previous year actuals. Ms. Adkins explained that the suggested columns were on the budget report, however, they were removed to allow space for the percentage breakdown of the CERS expenses and for legibility. Further, she stated that those columns will be removed and replaced with actual data. Ms. Pendergrass stated that a comparison of the current and previous year actuals is much more valuable than a split of hazardous and non-hazardous expenses. She also stated that the middle table which splits just the totals is enough and if more detail is needed, it may be added to that table to allow space for the actual comparison to be re-added. Ms. Adkins agreed to make those adjustments to the budget formatting. Ms. Adkins reviewed the Outstanding Invoices by Employer Type and Penalty Waivers with the Board. Ms. Adkins stated that there is currently about 3.8 million dollars in outstanding invoices as of March 31, 2022. There were 34 penalties waived, 23 created, and 34 paid. Dr. Milkman asked what these penalties are for. Ms. Adkins explained that employers must report their employee detail and earnings once a month by the 10th of the month. If this information is not submitted on time, a penalty is issued. These penalties are calculated based on a percentage

of the payroll. Further Ms. Adkins explained that the KPPA Director of Accounting, Connie Davis, reviews the reasons that an employer may have not submitted on time and makes the decision whether or not a penalty will be issued.

Ms. Pendergrass introduced agenda item *Investment Committee Report*. Dr. Hackbart stated that a meeting of the Investment Committee was held on February 16, 2022 and the Committee unanimously approved to add the pooling language to the Investment Policy Statement (IPS). Now, the Committee is seeking the ratification of the CERS Board of Trustees. Dr. Hackbart made a motion to ratify the action of the Investment Committee in amending the Investment Policy Statement to add the pooling language. The motion was seconded by Dr. Milkman. The motion passed unanimously. Mr. Steve Willer presented the CERS Quarterly Investment Report beginning with the April and May (yet to be finalized) KPPA Monthly Performance Update. He stated that there were no material changes in the March, April, or May allocations as there was an underweight relative to the IPS targets. Public equities are a little over 4% across plans and real returns are at about 9% across plans. Overweights included specialty credits, core fixed income, and cash. Mr. Willer stated that Investment Staff, along with Wilshire, are working to develop a strategic allocation plan that will include an implementation roadmap and timeline. The goal of this plan is to establish where we intend to move, where we are currently in relation to targets, and how to reach our targets. Further, Mr. Willer stated that it is important to have similarly managed risk across all plans and is working to achieve that allocation alignment. In an effort to reach IPS targets, a commodity search is being conducted in coordination with Wilshire. A real estate search will also be conducted in the near future after further review of past data and information. Mr. Willer is also in the early stages of looking into co-investment opportunities and anticipates the Strategic Allocation Plan to be completed and ready for presentation in the coming weeks. Mr. Willer reviewed equities with the Board. He stated that the plans performed well in April despite a difficult month. The CERS Non-hazardous outperformed by 108 basis points producing a negative 3.81%. CERS Hazardous outperformed by 105 basis points yielding a return of negative 3.84%. Overall, 115 basis points across pensions. All asset classes either outperformed or are in line with their respective benchmarks. Mr. Willer stated that May was a volatile month, however performance for the month of May was good given the market and all plans outperformed by about 21 basis points with a total performance positive of 11 basis points. Mr. Willer stated that June was also a volatile month, however, he expects a similar result to that of April. He explained that fiscal year returns are likely to be modestly negative but targets and benchmarks should be

surpassed. Ms. Pendergrass said she is happy to hear about the progress on the Strategic Allocation Plan and stated that Mr. Willer provided a great overview. Further, these reports excite Ms. Pendergrass and provide a great deal of valuable information. Mr. Cheatham asked Mr. Willer if he has a timeline for reaching the asset allocation targets. Mr. Willer replied and stated that the Strategic Allocation Plan will include that timeline information and specific steps that will be taken to reach the targets. Dr. Milkman asked if the CERS Board should just be looking at the CERS plans and not be coordinating with other plans. Mr. Willer stated that the goal is to have similar allocations in plans with similar risk profiles. Dr. Hackbart asked if the plan will include only a strategy or actual actions that will be taken to hit targets. Mr. Willer stated that he believes that they should be actionable items. Some will be more specific than others, he stated. Mr. Craig Morton of Wilshire presented the informational Capital Market Update to the CERS Board of Trustees. Mr. Morton reviewed economic growth, unemployment and inflation trends, the U.S. equity market, consumer activity, non-U.S. equity market, U.S. fixed income, and real assets with the Board. Mr. David Lindberg of Wilshire presented on asset allocation compliance, total fund attribution, and plan sponsor peer group analysis for period ending March 31, 2022. Dr. Milkman asked why the asset allocation is negative if about half of the portfolio are the public equity. Mr. Lindberg stated that the public equity combined on average throughout the quarter was underweight the policy by 3.4%. Equities were more negative relative to other things in the portfolio, therefore, the underweight became a positive. Mr. Lindberg further explained that this was not an intentional underweight, but a result of the position of the portfolio. Dr. Milkman revised his question and asked why public equity does not have a higher value added compared to the rest. Further, Mr. Lindberg explained that while public equity portion is about half of the total fund allocation and that small difference of about 3% only contributed about ten basis points to return relative to everything else. Mr. Chris Tessman of Wilshire added that this is a comparison of weights that the CERS plans were invested versus their policy benchmark. Since public equity is underweight and an underperforming asset, that is actually a positive attribution. Lastly, Mr. Cheatham asked that Mr. Lindberg review the one-year performance for the Total Fund Attribution for the year ending March 31, 2022.

Ms. Pendergrass introduced agenda item *Personnel Committee*. Ms. Pendergrass stated that the first sentence of the memorandum for this item incorrectly states that it was a meeting of the County Employees Retirement System (CERS), however, it was a Special Meeting of the Ad Hoc Personnel Committee. Mr. Fulkerson stated that the next meeting of the Ad Hoc Personnel

Committee will be held on June 22, 2022 and summarized the discussions held at the CERS Personnel Committee Special Meeting on June 7, 2022. He stated that the Committee elected Jim Tony Fulkerson as Chair and Mike Foster as Vice-Chair. There was discussion on how to amend the current bylaws to add a new standing committee. Mr. Foster suggested that the Personnel Committee make a recommendation to the Board at the June 14, 2022 CERS Board of Trustees Meeting. Policies and procedures for staff evaluations were also discussed. Ms. Rankin displayed the document entitled Board of Trustees Statement of Bylaws and Committee Organization as amended September 14, 2021. Ms. Pendergrass asked for clarification regarding the required experience and credentials of the Committee Members of the Personnel Committee. She stated that when selecting Trustees to join this Committee, Ms. Pendergrass selected Mr. Fulkerson and Mr. Cheatham due to their experience as former managers in local government. Mr. Foster was selected due to his experience and legal knowledge. Ms. Pendergrass recommended that the Trustees in the Committee be appointed by the Chair based on their skills and experience. Mr. Fulkerson, Mr. Foster, and Mr. Cheatham agreed with that recommendation. Ms. Pendergrass stated that she would entertain a motion to approve the bylaw proposal with the revision amendment of the bylaw with changes to Members of the Committee. Mr. Fulkerson made a motion to approve the bylaw proposal as revised. The motion was seconded by Mr. Foster. The motion passed unanimously.

Ms. Pendergrass introduced agenda item *Joint Audit Committee Report*. Mr. O'Mara stated that the Joint Audit Committee met on May 24, 2022 and discussed the GASB 68 and GASB 75 Proportionate Share Audits. Ms. Pendergrass further stated that this is a special purpose audit which does not look at a financial statement, but a schedule of amounts that are allocated from the total amount. GASB 68 is having to do with the pension side and GASB 75 is the health insurance side. This is a second audit that is completed each year to provide individual information for each employer participating in the plan globally. GRS assists in the preparation these schedules and these schedules are essential to external auditors of the local employers in order for their own financial statements to be generated. Ms. Pendergrass directed the Board to their Board Books for additional detail and reference material regarding this item. Lastly, Ms. Pendergrass stated that the Joint Audit Committee reviewed the full audit report and Blue & Co., LLC. provided an overall audit opinion. Ms. Pendergrass made a motion to approve the Proportionate Share Audits for fiscal year ending June 30, 2022. The motion was seconded by Mr. Fulkerson. The motion passed unanimously. Mr. O'Mara asked Ms. Kristen Coffey to review the Updates to the Charter for the

Joint Audit Committee and the Charter for the Division of Internal Audit Administration. Ms. Coffey stated that the Joint Audit Committee reviewed the small changes to these documents on May 24, 2022 and were unanimously approved by all Committee Members in attendance. She stated that the Committee is requesting ratification of that decision. This item will also be taken to the KPPA Board for consideration. Mr. O'Mara made a motion to ratify the actions taken by the Joint Audit Committee as set forth in the Board materials and was seconded by Dr. Milkman. The motion passed unanimously. Ms. Coffey also stated that the Audit portion of the CERS Strategic Plan will be discussed at the August 25, 2022 meeting. Financial statements, information disclosures, and anonymous tips were reviewed with the Committee. The Plan Liquidity Phase 1 Audit did have a few reportable findings which are being addressed by management and will be further reviewed and discussed after the August meeting.

Ms. Pendergrass introduced agenda item *Joint Retiree Healthcare Committee Report*. Mr. Powell stated that the last Joint Retiree Healthcare Committee meeting was held on May 19, 2022. Dr. Crystal Miller was elected as Vice-Chair of the Committee. Jane Gilbert, Director of Retiree Healthcare from the Teachers' Retirement Systems- Kentucky gave an informational presentation on the Pharmacogenomics Program. Mr. Powell stated that he was very excited by the program and believes that it aligns with the goal of the Committee to improve the health of members. He further stated that the program allows members to find the most effective treatment and medication using the member's own DNA. The cost was about \$400 per member. Additionally, Mr. Powell stated that the timeline for the Medicare Advantage Request for Proposal (RFP) was presented to the Committee and was on schedule as of the meeting date. Ms. Connie Pettyjohn stated that Tracey Garrison of Humana would present information on the Plan Performance for 2021. She stated that there was a review of utilization and cost patterns in 2021 by plan. The Premium Plan and Essential Plan were reviewed. The Premium Plan did see a net paid per member per month overall increase of 6.7%. Ms. Garrison believed that this increase was related to the ending of the Covid-19 pandemic. However, there was a 6.7% decrease in medical admits. Prescriptions had also decreased per member per month by about 2.1%. Large cost claimants were relatively steady in 2021 at 1.9% of the overall cost. The Essential Plan, which has the same medical benefit but less benefit on the pharmacy side, had an overall 8.8% increase in the per member per month cost and a 10.5% decrease in medical admits. A 1.8% decrease in prescription medications was also seen in 2021. Ms. Pettyjohn added that the Medicare Advantage Request for Proposal (RFP) bid is an open procurement and an award announcement will be made once finalized.

Ms. Pendergrass introduced agenda item *Administrative*. Ms. Pendergrass presented on *Strategic Planning and 2023 Meeting Calendar*. She stated that there are discussions being had regarding the Strategic Plan. The Committees are reviewing their individual sections in detail and more information will be available in September 2022. Ms. Pendergrass compiled a proposed 2023 Meeting Calendar for all Board and Committee Meetings. She organized the Committee Meetings to be scheduled prior to Board Meetings with enough time for Committee summaries to be prepared and included in the Board Books. Ms. Pendergrass scheduled the Investment Committee Meetings late in each quarter to ensure that all performance and compliance reports would be available. Ms. Pendergrass asked Mr. Powell and Ms. Pettyjohn for their input on the scheduling of the September Joint Retiree Health Plan Committee. It was decided to tentatively leave the meeting as scheduled by Ms. Pendergrass for September 5, 2022. Ms. Pendergrass stated that she would entertain a motion to approve the 2023 Meeting Calendar as presented. Mr. Fulkerson made a motion to approve the 2023 Meeting Calendar as presented and was seconded by Mr. O'Mara. The motion passed unanimously.

Ms. Rebecca Adkins presented on the *PPW Annual Meeting and Election*. She stated that Perimeter Park West (PPW) is the name of the company which owns the buildings that KPPA operates from 1260 and 1270 Louisville Road. This arrangement protects the trust if there were to be litigation due to an incident. The shareholders are KERS, CERS, and the State Police and their shares are based on their initial investments. PPW elects a Board of Directors each year. This year, PPW created a ballot for the election which was sent to shareholders via the proxy, Mr. Steve Willer. Mr. Willer explained the proxy voting policy to the Board. He stated that the Board needs to determine if they would like to attend the Annual Meeting of Shareholders of PPW on June 21, 2022 and vote their shares in-person or have Mr. Willer vote on their behalf. Additionally, Mr. Willer stated that he would vote in favor of the PPW proposed slate of Directors. Mr. Powell added that the personnel of the PPW Board has not changed very much but the policies and procedures, expenditures, and revenue have changed. KPPA Staff have taken on some property management responsibilities. Rent has decreased for KPPA due to reimbursements made to KPPA for the hours of personnel time. Further, Mr. Powell stated that he believes this to be a better operation which is working well for all parties involved. Ms. Pendergrass stated that she has not considered the agreement with PPW to be an investment. She reminded the Board that PPW is not a real estate investment like the other real estate investment holdings and is owned by the pension systems. Mr. Powell stated that there may be interest in a CERS Board Member acting as a proxy in the future.



Ms. Pendergrass asked Mr. Branco of Johnson Bowman Branco, LLP if he had reviewed the bylaws. Mr. Branco stated that he will need more time to review the bylaws and the CERS investment proxy voting policy. Dr. Milkman asked how this agreement with PPW limits liability. Mr. Powell and Ms. Adkins reiterated that PPW is a separate corporation in which KERS, CERS, and the State Police own shares of that corporation. Dr. Milkman asked if PPW is a limited liability corporation and Mr. Branco stated that PPW is a c corporation, but still provides the systems with some protection. Mr. Foster stated that PPW is a for-profit corporation and has 1,000 shares of stock and asked who owns that stock. Mr. Powell stated that KERS, CERS, and the State Police own the shares. Further, Ms. Pendergrass and Mr. Powell stated that the shares were initially divided among the three systems proportionally based on membership. Ms. Adkins corrected their statement by stating that the shares were divided by who paid for the building; what percentage of the investment was made at the time of purchase. Ms. Pendergrass added that there have been adjustments to these share allocations over time. Mr. Powell stated that if the State of Kentucky owned the building, the State would determine who would occupy the space. This agreement allows KPPA to have a permanent location. Mr. Cheatham requested a brief summary of when the property was acquired, who paid, how much, and how it compares to the ownership interest. He asked that if the shares were divided based on percentage paid for the building, how the share allocation would change over time. Mr. Eager and Ms. Adkins stated that the share allocation has not changed since the initial purchase. Ms. Pendergrass expressed that she remembered meeting discussion in which the shares changed. Ms. Adkins stated that research was completed about a year ago and it was voted on, however, there was no action taken. She stated that a summary will be drafted to further explain. Ms. Pendergrass asked Mr. Branco to work with Ms. Adkins to prepare the summary and present at the September Board Meeting. Dr. Milkman made a motion to authorize Steve Willer to act as proxy for CERS in voting the Ballot set forth in the CERS proxy policy for the PPW Board of Directors. The motion was seconded by Mr. Cheatham. The motion passed unanimously.

Mr. D’Juan Surratt presented on the *Department Spotlight-ERCE*. Mr. Surratt is the Division Director of the Employer Reporting, Compliance & Education (ERCE) Division and has been working for KPPA for about 19 years. He spent 14 of those years in Membership Support as a counselor and later a Retirement Programs Manager. Mr. Surratt was promoted to Assistant Director of ERCE in April 2017 and Director in April 2018. Mr. Surratt reviewed the ERCE Organizational Chart with the Board. The division includes one Director, four Managers, one

Retirement Consultant, and 21 Counselors. One of the Counseling positions is an interim position. The division is made up of four teams; KHRIS, School Board, File/Web, and QA/Outreach. Invoice collection, error/adjustment correction, employer training, reporting compliance/compliance audit, and hazardous positions are the key responsibilities of the division. Moving forward, Mr. Surratt would like the division to focus on conducting more in-person trainings throughout the Commonwealth, increase employer compliance audits, invoice collection, identifying system and process improvements, as well as updating and improving the website and employer training videos. Ms. Pendergrass thanked Mr. Surratt for an informative look into his division.

CEO Ed Owens, III presented the *CEO Update*. Mr. Owens stated that the Kentucky Attorney General recently published an opinion on his views on Environmental, Social, and Governance (ESG) Principals and whether or not they were in line with the fiduciary responsibility that each Trustee has for the membership of the plan that they represent. The Attorney General also identified topics growing in the industry of stakeholder capitalism and stated that stakeholder capitalism was not in compliance with Kentucky law. Mr. Owens stated the Attorney General praised the IPS and CERS and of KERS because IPS external managers have to agree to become fiduciaries of the system and that the IPS does not indicate that any investment will be systematically excluded. The Attorney General discussed Black Rock. Mr. Owens stated that the current relationship with Black Rock is about a five billion exposure in the international index equity space. Mr. Owens informed the Board that Black Rock has almost ten trillion in assets under management and are a top five shareholder in the majority of companies in the S&P 500; therefore, it is difficult to not be touched by the company. Further, Mr. Owens stated that many energy rich States such as Kentucky have challenged Black Rock and others on their aggressive position relating to the environment. A bill was just filed to the Senate which would curb the voting powers of those large asset managers. In response, Black Rock stated that they plan to expand their voting choice program. This program gives each individual holder of funds the opportunity to vote one of four ways. Mr. Owens explained that the most important one is the expansion the rights of an individual investor to vote their own shares. Mr. Owens stated that he will be working with Mr. Willer to ensure that transparency is achieved in how proxies are voted in the future.

\*\*\*Dr. Milkman exited the meeting\*\*\*

Mr. David Eager presented on *KKPA Update*. Prior to beginning his update, Mr. Eager wished to compliment and express his gratitude for Ms. Sherry Rankin and her hard work to smoothly facilitate all Committee and Board Meetings. He also thanked those who provide their meeting materials in a timely manner. Mr. Eager advised that the CERS bylaws include 18 responsibilities for the CEO with nine specific to cooperating and consulting with KPPA. Six of the responsibilities are items that the CEO would naturally need to do regarding communication. Therefore, there is close communication among the three Boards. Mr. Eager holds biweekly meetings with CERS CEO Ed Owens, III and KRS CEO John Chilton which have been productive. He also stated that a Government Officials Newsletter has been distributed and includes helpful information and is located on the KPPA website. Mr. Eager stated that the newsletter currently has a 31% open rate which is higher than the national average of 19% on similar newsletters. Additionally, communication with legislators has been great and continues to be good. There will also be a Member Newsletter released by the end of the month. The CEOs are working with Communications to develop their own annual reports using a template provided by Communications. Also, the Actuarial Request for Proposals (RFP) process is almost complete pending the Finance Cabinet. The results will not be released until finalized per State law. Mr. Eager stated that after discussion regarding experience studies, it was decided to do an economic study every two years and the demographic study every four years and that they will be completed at the same time during the same year. Mr. Eager said that should GRS be the selected Actuary they would recommend that these studies begin in the spring of 2023 with June 2022 data to be used in the June 2023 valuation. The Boards would then vote in December 2023 and move onto the General Assembly in 2024. In conclusion, Mr. Eager commented that he is always available for questions or concerns. Ms. Rebecca Adkins advised the Board that June 30<sup>th</sup> marks the end of the fiscal year and the end of the biennium; therefore, most legal contracts etc. have had to be redone. Ms. Adkins and team have been working diligently in procurement on contract renewals. The last employer reports for the fiscal year are due by July 10, 2022 and there is a June 26, 2022 reporting requirement for School Boards. Ms. Adkins stated that the first weekend of August is usually when Staff is ready to process fiscal year end to prepare the census data to send to the actuaries. Mr. Cheatham mentioned that there had been past discussion regarding a system staffing benchmarking study and asked if there had been any progress. Mr. Eager replied stating that the study needs to be approved by Finance as a single source. No request for proposal would be released due to lack of competitors. Ms. Adkins stated that pending approval, the study could begin in the fall.

Ms. Pendergrass introduced agenda item *Closed Session*. Mr. Foster made a motion and was seconded by Mr. Powell enter into closed session for the purpose of litigation. The motion passed unanimously. Mr. Fulkerson and Mr. David Eager left prior to the closed session due to personal conflicts of interest.

Ms. Pendergrass read the following closed session statement, “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”.

Coming back into open session, Ms. Pendergrass stated that the Board will be taking no action as the result of the closed session discussions and opened the floor for adjournment. Mr. Powell made a motion and seconded by Mr. Foster to adjourn the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held June 14, 2022 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

*The remainder of this page left blank intentionally*

## 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, the Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on June 14, 2022 were approved on September 14, 2022.

  
Chair of the Board of Trustees

I have reviewed the Minutes of the June 14, 2022 Board of Trustees Meeting for content, form, and legality.

  
Executive Director  
Office of Legal Services