

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES QUARTERLY MEETING
JUNE 17, 2025, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Quarterly Meeting of the Kentucky Retirement Systems Board of Trustees held on June 17, 2025, the following members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, Mary Eaves, Dr. Crystal Miller, and Keith Percy. Staff members present were KRS CEO John Chilton, Ryan Barrow, Rebecca Adkins, Mike Lamb, Victoria Hale, Leigh Ann Davis, Nathan Goodrich, Carrie Bass, D’Juan Surratt, Connie Davis, Steve Willer, Anthony Chiu, Brian Caldwell, Joe Gilbert, Connie Pettyjohn, Ashley Gabbard, Phillip Cook, Sherry Rankin, and Sandy Hardin. Also present were David Lindberg and Chris Tessman from Wilshire, Tracey Garrison and Larry Loew from Humana, Danny White and Janie Shaw from GRS, and A. J. Hansel and Daniel Swetnam from Ice Miller.

1. Ms. Hampton called the meeting to order.
2. Ms. Davis read the Legal Public Statement.
3. Ms. Rankin called roll. A quorum was present.

Ms. Rankin noted no ***Public Comments*** were submitted.

4. Ms. Hampton introduced agenda item ***Approval of Minutes – April 17, 2025, and April 29, 2025 (Video 00:07:13 to 00:07:37)***. A motion was made by Mr. Adkins to approve the meeting minutes of April 17, 2025, and April 29, 2025, as presented. Mr. Percy seconded the motion. The motion passed unanimously.
5. Ms. Hampton introduced agenda item ***Review and Approve Actuarial Assumptions (Video 00:07:37 to 00:19:48)***. Danny White and Janie Shaw from GRS presented the economic assumptions for use in the upcoming June 30, 2025, actuarial valuation. Ms. Shaw began

by reminding the Board members that the statutes require them to investigate the principal economic assumptions every other year. The economic assumptions reviewed were price inflation, the investment return, and payroll growth. In summary, Ms. Shaw indicated they are not recommending any changes to these assumptions for the upcoming June 30, 2025, actuarial valuation.

After some discussion and questions were answered regarding payroll growth, Ms. Bova made a motion to approve the proposed actuarial assumptions for use in the upcoming June 30, 2025, Actuarial Valuation as presented. Mr. Adkins seconded the motion. The motion passed unanimously.

6. Ms. Hampton introduced agenda item ***External Auditor Update*** (Video 00:19:48 to 00:20:30). Mr. Lamb provided an update on the External Auditor RFP. He noted we're currently finalizing the contract, and once that is complete, we should have an external auditor. He noted that is with the highest scored bidder, and we should be able to announce who our external auditor will be for FY 2026.
7. Ms. Hampton introduced agenda item ***Hybrid Percentage and KRS Allocation*** (Video 00:20:30 to 00:23:04). Next, Mr. Lamb reported that in April 2025, the KPPA Board approved the new FY 2026 hybrid percentage for Administrative Expenses for KRS and CERS to begin on July 1 for FY 2026, and that it is 35.65%. Mr. Lamb is requesting the internal allocation for the three plans that KRS administers: non-hazardous (31.266%), hazardous (3.688%), and the SPRS (0.696%).

Dr. Miller made a motion to approve the FY 2026 allocation of the KRS hybrid percentage of the Administrative Expenses between KERS Non-hazardous, KERS Hazardous, and SPRS, as presented. Ms. Bova seconded the motion. The motion passed unanimously.

8. Ms. Hampton introduced agenda item ***FY 2026 Draft Administrative Budget*** (Video 00:23:04 to 00:24:28). Mr. Lamb reviewed the draft Administrative Budget that will be presented to the KPPA Board at the end of this month. He highlighted the \$49.9 million dollar allocation of the previously approved amount. He noted a slight decrease in the

unallocated reserve compared to the previous year due to anticipated personnel adjustments effective July 1, 2025.

9. Ms. Hampton introduced agenda item ***Quarterly Financial Reports*** (Video 00:24:28 to 00:33:30). Mr. Lamb reviewed the Quarterly Financial Reports, highlighting the Combining Statement of Fiduciary Net Position, Combined Statement of Changes in Fiduciary Net Position, and the Contribution Reports for the quarter ending March 31, 2025.

Ms. Hampton inquired about the negative cash flow in the insurance funds. Mr. Lamb confirmed that while the insurance funds are well funded, they currently have zero employee contributions and rely on investment income to manage benefit payments.

Next, Mr. Lamb reviewed the KRS Outstanding Invoices by Type and Employer, noting a decrease in the total balance compared to the previous quarter. He highlighted the efforts of the KPPA staff to clean up past dues, present information differently, and investigate methods to help employers pay their invoices more timely. Additionally, he mentioned the Penalty Invoice Report, which showed three penalty invoices created and ten penalty invoices paid during the quarter.

Mr. Lamb proceeded to review the Administrative Budget, noting that as of March 31, 2025, the budget was on track to be under budget for the fiscal year ending June 30, 2025. He mentioned that through the third quarter, 70% of the budget had been spent, leaving 30% for the fourth quarter. Most line items were within budget, with a few exceptions that could be covered without additional approval.

10. Ms. Hampton introduced agenda item ***Hazardous Duty Requests*** (Video 00:33:30 to 00:37:01). Mr. Surratt presented three positions within the Department of Military Affairs to be approved for hazardous duty status. These positions require carrying a firearm and the ability to make arrests, although they do not have peace officer certification. Mr. Adkins raised a question about how individuals in these positions have the ability to carry a firearm and make arrests, but are not categorized as law enforcement officials.

Mr. Percy provided additional context explaining that there might be a similar situation in Kentucky, where there are Special Law Enforcement Officers (SLEO) who have police power only in designated places. Mr. Surratt agreed to look into this and report back to Mr. Adkins.

Mr. Adkins made a motion to approve the Hazardous Duty Coverage Requests as presented. Mr. Percy seconded the motion. The motion passed unanimously.

11. Ms. Hampton introduced agenda item ***Investment Committee Report (Video 00:37:01 to 00:57:16)***. Mr. Willer began by providing highlights of the portfolios and their performance for the quarter. The pension portfolios produced modest positive performance during the quarter. He then discussed the pension portfolios, which produced modest positive performance during the quarter, highlighting the performance of various portfolios and their benchmarks. Moving on to internally managed portfolios, Mr. Willer noted that they have produced strong relative performance. He also mentioned that the largest contributors to outperformance were the specialty credit portfolios, while the largest detractor was the private equity portfolios. From a peer perspective, Mr. Willer highlighted the top decile performance over one-, three-, and five-year periods. He confirmed that all asset classes for each portfolio were within the specified ranges, with some adjustments made to global public equities.

Next, Mr. Willer reviewed the Investment Budget and noted that realized expenses were in line with the budget, with some delays in projects like the RFP for a new private markets consultant. He also explained that total investment fees and expenses were higher than the previous year, providing detailed explanations for the increases.

Additionally, Mr. Willer provided an update on the Louisville office. He also mentioned that the GP for Bay Hill funds was removed, and Murray Analytics was employed as the liquidating firm.

Ms. Carrie Bass presented the Quarterly Investment Compliance Report for the quarter ending March 31, 2025. She highlighted that the guidelines from the policies and manager

guidelines were in compliance. Ms. Bass also mentioned that the asset allocations were all within range. Additionally, she informed the Board that the proxy reports are available on the website and linked in the material to ensure compliance with the statute.

12. Ms. Hampton introduced agenda item ***Joint Retiree Health Plan Committee Report*** (*Video 00:57:16 to 01:05:50*). Ms. Pettyjohn reported the Joint CERS and KRS Retiree Health Plan Committee met on May 14, 2025. The Committee elected Mr. Keith Percy (KRS) as Chair and Dr. Crystal Miller (KRS) as Vice-Chair. Humana provided a presentation on Plan Performance for 2024, the Centers for Medicare and Medicaid Services (CMS) Final Notice for the 2026 plan year, Gain Share and Performance Guarantees.

The 2024 Plan Performance showed that the Premium Plan medical and pharmacy costs increased by 5% and 5.2%. The Essential Plan saw a 5.4% and 20.3% increase in medical and pharmacy claims costs. Ms. Garrison from Humana added that the increase is related to specialty prescriptions. Ms. Pettyjohn continued by saying the data also showed member participation increased for Health Alerts, Preventive Services, and Silver Sneakers engagement in 2024.

The CMS Final Notice indicates the CMS net payment will be on average of 5.06% increase. The utilization of the Medicare Advantage plans has increased in 2024 and will likely be reflected as an increase in the premium amount for 2026.

Next, Ms. Pettyjohn noted the need to appoint a retired member to the Kentucky Group Health Insurance Board (KGHIB). When presented at the Committee meeting, there was no interest from any eligible member of the Joint Retiree Health Plan Committee to serve on this Board. Therefore, Ms. Pettyjohn brought to the Board of Trustees to seek interest from any eligible trustee. If an eligible trustee is interested, their name will be taken back to the Joint Retiree Health Plan Committee at the September meeting to vote on and send to both Boards for ratification in accordance with the recommendation in the memo that was provided for the Board's review.

13. Ms. Hampton introduced agenda item ***KRS CEO Update*** (Video 01:05:50 to 01:08:55). Mr. Chilton provided several updates, including the discussion of closed litigation with Bay Hills and the ongoing process of hiring a new consultant in the Office of Investments. He also mentioned the consideration of changing the education policy for trustees to a calendar year reporting and gave an update regarding the Board's off-site IMPACT Forum in October. Lastly, Mr. Chilton reported on the ongoing process to resolve the outstanding invoices and the modifications in the reporting process to make the accounts receivable process easier to monitor.
14. Ms. Hampton introduced agenda item ***KPPA Update*** (Video 01:08:55 to 01:18:19). Mr. Barrow began by giving a staffing update, noting KPPA currently employs 264 staff members. The Personnel Cabinet recently completed a job classification review for the second half of the IT job series, impacting approximately 22 employees. Mr. Barrow also announced that Mr. Ian Blaiklock will be joining the Office of Investments as a Senior Investment Associate.

Mr. Barrow, with the help of Ms. Adkins, gave up update on the Strategic Plan and implementation. A comprehensive presentation will be delivered to the KPPA Board on June 26, 2025.

Mr. Barrow shared details about the upcoming Trustee IMPACT Forum, scheduled for October 22–23, 2025. To better align with its mission, an internal poll led to rebranding the event as the IMPACT Forum (Investments, Management, Pensions, Advisory, Compliance, and Training). This name reflects a renewed focus on delivering impactful trustee education. Ms. Rankin and the Communications Team played a pivotal role in the renaming effort.

On April 28, 2025, Mr. Barrow and Ms. Surratt presented to the Public Pension Oversight Board (PPOB).

He then highlighted the Leadership Academy, commending Human Resources for their outstanding work. He is scheduled to present in August and emphasized the program's mentorship component, which fosters professional development and relationship-building.

Mr. Barrow and Mr. Mike Lamb recently completed the final two modules of the NCPERS Accredited Fiduciary (NAF) Program and represented KPPA at the 2025 Annual Conference and Exhibition (ACE).

During KPPA Kudos, Mr. Barrow acknowledged the success of Public Service Recognition Week, citing strong employee participation and noting the feature of KPPA Homepage spotlights on various staff.

He commended the School Board Reporting Team in ERCE for completing end-of-year service averaging for all 171 school board agencies well in advance of the fiscal year-end—an unprecedented accomplishment.

Additionally, Mr. Barrow recognized Carrie Bass from the Compliance Office for her development of a new Investment Compliance Plan, which includes improved processes and a revised Agency Securities Trading Policy. The updated policy enhances SEC compliance while streamlining trustee and employee responsibilities.

Lastly, Mr. Barrow praised the Member Outreach Team for their recent presentations to public safety officials. He quoted the following feedback in appreciation of their efforts: “Your team’s professionalism and unparalleled commitment to customer service continue to elevate the quality of our training program.”

15. Ms. Hampton introduced agenda item ***New Business*** (Video 01:18:19 to 01:18:30). Ms. Hampton reported she did not have any new business.
16. Ms. Hampton introduced agenda item ***Closed Session*** (Video 01:18:30 to 01:20:02) and requested a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). A motion was made by Mr. Percy and seconded by Mr. Adkins. The motion passed unanimously.

Ms. Hampton 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 - 00:00:43 to 00:00:55)

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

17. 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 June 17, 2025, 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 June 17, 2025, were approved on September 11, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the June 17, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services