

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
QUARTERLY BOARD MEETING
VIA LIVE VIDEO TELECONFERENCE
JUNE 26, 2025, AT 10:00 AM EST**

At the quarterly meeting of the Kentucky Public Pensions Authority held on June 26, 2025, the following members were present: Keith Percy, Dr. Patricia Carver, George Cheatham, Dr. Merl Hackbart, Lynn Hampton, Prewitt Lane, William O'Mara, and William Summers V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens III, Ryan Barrow, Rebecca Adkins, Mike Lamb, Lori Casey, Leigh Ann Davis, Nathan Goodrich, Kristen Coffey, Madeline Evans, Connie Davis, Joe Gilbert, Ian Blaiklock, Ashley Gabbard, Phillip Cook, Sherry Rankin, and Sandy Hardin.

1. Mr. Percy called the meeting to order.
2. Mr. Board read the Legal Opening Statement.
3. Ms. Rankin called roll.
4. Mr. Percy introduced agenda item ***Public Comment***. Ms. Rankin indicated that there were no public comments.
5. Mr. Percy introduced agenda item ***Approval of Minutes – KPPA Board for April 4, 2025, and April 23, 2025 (Video 00:06:00 to 00:06:25)***. Ms. Hampton made a motion to approve the April 4, 2025, and April 23, 2025, minutes as presented. Dr. Hackbart seconded the motion. The motion passed unanimously.
6. Mr. Percy introduced agenda item ***Closed Session (Video 00:06:25 to 00:07:28)***. Mr. Lane made a motion to enter closed session to discuss pending litigation. Ms. Hampton seconded the motion. The motion passed unanimously.

Mr. Peercy read the following closed-session statement: *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 conduct discussions that might lead to the appointment of an employee pursuant to KRS 61.810(1)(f) and to consider litigation matters pursuant to KRS 61.810(1)(c). Closed session is necessary because of the necessity of protecting the confidentiality of the employee's personal information and KPPA's litigation strategy and preserving any available attorney-client privilege.*

All other attendees exited the meeting.

Closed Session (Video 00:00:35 to 00:01:16). Mr. Peercy called the meeting back to open session. As a result of the closed session, Mr. Peercy sought a motion to approve the Chief Auditor Contract with the terms and conditions discussed.

Dr. Carver made a motion to approve the Chief Auditor Contract with the terms and conditions as discussed. Mr. O'Mara seconded the motion. The motion passed unanimously.

7. Mr. Peercy introduced agenda item ***KPPA Audit Committee Report and Recommendations*** (Video 00:01:16 to 00:13:03). Ms. Coffey reported that the KPPA Audit Committee held a regularly scheduled meeting on May 29, 2025. She noted that several items were being presented to the Board for ratification.

The first item discussed was the FY 2026 proposed budget for the Division of Internal Audit. Ms. Coffey briefly reviewed the budget and noted that it had been approved by the Audit Committee. Mr. O'Mara made the motion to ratify the approval of the budget for the Division of Internal Audit. Ms. Hampton seconded the motion. The motion passed unanimously.

Ms. Coffey noted that the next item requiring ratification is the Annual Risk Assessment and Audit Plan. Following a review of the plan by Ms. Coffey, with input from Mr. O'Mara regarding the process, Mr. O'Mara made the motion to ratify the approval of the Annual Risk

Assessment and Audit Plan. Mr. Summers V seconded the motion. The motion passed unanimously.

The final item requiring ratification was the Audit Committee's approval of the internal audits and open audit findings. Ms. Coffey provided a summary of the following areas:

- *2025-7 Follow-up on Open Audit Recommendations:* For audits completed by the end of calendar year 2024, there were 23 recommendations with an expected implementation date of December 31, 2024, or earlier. Of these, 17 recommendations have been fully implemented, while six remain open. KPPA non-audit staff have requested additional time to complete the implementation of the six open items.
- *2025-5 Disability Appeal Process:* No reportable findings were noted during the audit. Certain other matters were communicated to KPPA management in a separate management letter dated March 31, 2025, and Ms. Coffey shared the related recommendations and subsequent progress.
- *2025-6 Hiring Process:* No findings or observations were identified as a result of the audit.
- *2025-10 Travel Process:* One finding was noted during the review, and it related to meals reimbursed without an overnight stay not being treated as a taxable benefit. This issue represented a partial breakdown in the process. Ms. Coffey indicated that the Audit Committee provided recommendations for improvement to the KPPA Executive Management Team.

Mr. O'Mara made a motion to ratify the Audit Committee's approval of the internal audit reports and open audit findings as presented and to authorize KPPA staff to implement any corrective action. Ms. Hampton seconded the motion. The motion passed unanimously.

8. Mr. Peercy introduced agenda item ***FY26 Administrative Budget, FY26 Hybrid Percentage, FY26 Investment Budget, and FY26 Board Separation Expenses*** (Video 00:13:03 to 00:28:20). Mr. Lamb noted that the separation costs expired last June and, therefore, are not

being presented as they are no longer applicable. He also stated that the hybrid percentage was approved by the KPPA Board in April, noting the focus would be on the FY 2026 KPPA Administrative and Investment Budget. Mr. Lamb introduced three items for Board approval:

- *The FY 2026 KPPA Administrative Budget* of \$49,969,700, as presented.
- *The FY 2026 KPPA Investment Budget* of \$11,823,223, as presented.
- *The formation of a budget workgroup* to assist KPPA staff in preparing, reviewing, and approving the budget-related items for the:
 - Upcoming Commonwealth Biennium Budget (due by October 1, 2025)
 - FY 2027 Hybrid Percentage
 - FY 2027 Administrative Budget
 - FY 2027 Investment Budget
 - Other budget-related items

Mr. Lamb delivered a detailed summary of each item, highlighting relevant background and implications, and addressed questions from the Board prior to each motion requiring approval.

Mr. O'Mara made a motion to approve the FY 2026 Administrative Budget and FY 2026 Investment Budget as presented. Dr. Hackbart seconded the motion. The motion passed unanimously.

Mr. Summers V made a motion to approve the creation of a budget working group to assist KPPA staff in preparing, reviewing, and approving budget-related items as presented. Ms. Hampton seconded the motion. During the discussion, Mr. O'Mara and Mr. Lane volunteered to participate in the workgroup. The motion passed unanimously.

9. Mr. Peercy introduced agenda item ***Investment Department Update*** (*Video 00:28:20 to 00:34:25*). Mr. Gilbert began by introducing Ian Blaiklock, who has been hired to be a general analyst in the Office of Investments. Mr. Gilbert provided a summary of the Investment Committee meetings.

On March 26, 2025, the CERS Investment Committee held a special-called meeting and unanimously approved Investment Staff's recommendation to invest up to an additional \$30 million in the Arctos American Football Fund. This investment will be distributed across all CERS portfolios as part of their Real Return allocation. Mr. Gilbert reported that this investment will result in an additional 5 basis points of fee concession for all CERS assets invested on the Arctos platform.

On April 29, 2025, the KRS Investment Committee held a special-called meeting and unanimously approved Investment Staff's recommendation to invest up to \$100 million in the Kayne Private Energy Income Fund III. This investment will be shared among all KERS and SPRS portfolios as part of their Real Return allocation. The investment will be funded either through existing cash or the unwinding of proxy positions, based on the specific needs of each portfolio.

On April 30, 2025, the CERS Investment Committee held a special-called meeting and declined to approve the Investment Staff's recommendation to invest up to \$100 million in the Kayne Private Energy Income Fund III. The proposed investment would have been shared across all CERS portfolios as part of their Real Return allocation.

On May 13, 2025, the CERS Investment Committee held a special-called meeting. The following actions were taken by the Committee and forwarded to the CERS Board of Trustees for ratification:

- Unanimously approved Investment Staff's recommendation to abstain from voting on the proposal to amend the partnership agreement for H.I.G. Capital Partners V, L.P., extending the life of the Fund by one additional year, until July 1, 2026.
- Unanimously approved Investment Staff's recommendation to approve Adams Street Partners' proposal to amend the Amended and Restated Limited Partnership Agreement, extending the final admission date from May 31, 2025, to March 31, 2026.

The CERS Board of Trustees ratified both recommendations at their regularly scheduled meeting on May 13, 2025.

On June 13, 2025, the CERS Investment Committee held a special-called meeting. The following action was taken by the Committee and forwarded to the CERS Board of Trustees for ratification:

- Unanimously approved Investment Staff's recommendation to approve New Mountain Capital's proposal to amend the Limited Partnership Agreement (LPA) and extend the term of New Mountain Partners IV, L.P., by two years to July 8, 2027. This extension is intended to allow for a more orderly and profitable liquidation of the Fund's remaining investments. As part of this extension, New Mountain Capital will cease charging management fees as of the extension date.

The CERS Board of Trustees ratified this recommendation at their special-called meeting on June 13, 2025.

On May 22, 2025, the KRS Investment Committee held a regularly scheduled meeting. No recommendations were made that required approval by the Committee, and no actions were taken that required ratification by the KRS Board of Trustees.

On May 28, 2025, the CERS Investment Committee held a regularly scheduled meeting. No recommendations were made that required approval by the Committee, and no actions were taken that required ratification by the CERS Board of Trustees. During the meeting, the Investment Staff and Wilshire presented materials and provided a comprehensive review of economic conditions, market activity, performance outlooks, relative performance, and asset allocations for the pension and insurance portfolios for the quarter ending March 31, 2025. They also discussed performance attribution, internally managed portfolios, peer universe comparisons, and provided an update on the investment budget.

Mr. Gilbert then summarized the key points for the KPPA Board of Trustees. This presentation was for informational purposes only, and no action was required by the Board members.

10. Mr. Percy introduced agenda item ***KPPA Update*** (*Video 00:34:25 to 00:36:17*). Mr. Barrow began by announcing the Trustee IMPACT Forum is scheduled for October 22–23, with dates confirmed as ideal for all Trustees. He noted that the first meeting regarding programming was held, and Ms. Rankin will be sending out a separate E-mail focused on logistics. Trustees were encouraged to share any items they wish to have included, and Ms. Rankin will follow up accordingly.

Mr. Barrow then provided an update on the Louisville office for the Office of Investments and expressed his appreciation for having Ian Blaiklock join the Investment Staff.

11. Mr. Percy introduced agenda item ***Strategic Plan Update*** (*Video 00:36:17 to 00:51:28*). Ms. Adkins provided an overview of KPPA’s strategic planning efforts, emphasizing that the organization had not previously undertaken formal strategic planning in several years and that developing such a plan has now become a strategic priority.

She also provided a brief history of the planning process, explaining that in early 2024, KPPA engaged Provaliant to help facilitate the initiative. Through staff input and brainstorming sessions, the 2024–2028 Strategic Plan was developed and formally approved by the Board in June 2024.

Ms. Adkins outlined the four primary areas of focus within the Strategic Plan Summary:

1. Organizational Excellence
2. Customer Service Delivery
3. Infrastructure and Key Resources – with emphasis on human capital
4. Governance – focused on staff support for the Board

She reviewed the specific initiatives associated with each focus area and encouraged Trustees to provide feedback or suggestions to Mr. Barrow, Mr. Chilton, or Mr. Owens III.

She also presented the FY 2026 Implementation Plan, which outlines the allocation of human and financial resources to support the strategic priorities. While not all initiatives are expected to be completed within FY 2026, the plan emphasizes thoughtful prioritization of efforts. Additional activities include a review of KPPA's longstanding mandates and collaboration with the Leadership Academy to help shape KPPA's future vision of excellence. The Strategic Planning Committee will continue to provide guidance and oversight for these initiatives.

Dr. Carver made a motion to approve the updates to the KPPA Strategic Plan as presented. Ms. Hampton seconded the motion. The motion passed unanimously.

12. Mr. Percy introduced agenda item ***New Business*** (*Video 00:51:28 to 0054:02*). Ms. Hampton informed the Committee that the KRS Board had recently learned of CERS's intent to issue a Request for Information (RFI) regarding potential external investment consulting services.

Ms. Hampton expressed concern over the urgency of the RFI and the exclusion of KRS from the process. Drawing from her professional experience, she cautioned against rapidly executed contracts—particularly those involving savings-based compensation—without full transparency and collaboration. She noted having contacted Mr. Cheatham to request a delay to ensure KRS is briefed and included in a joint effort by both Boards and Investment Staff.

Ms. Hampton stated for the record that, while she trusts Wilshire, she is unfamiliar with the other firm involved and is uncomfortable proceeding without further information.

Mr. Barrow noted that he and Mr. Willer would take responsibility for preparing a follow-up report on the matter.

13. There being no further business, Mr. Percy ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA held June 26, 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 Board 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

We, the Chair of the Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on June 26, 2025, were approved on September 25, 2025.

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the June 26, 2025, Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director, Office of Legal Services