

**MINUTES OF MEETING**  
**KENTUCKY PUBLIC PENSIONS AUTHORITY**  
**VIA LIVE VIDEO TELECONFERENCE**  
**June 27, 2024, AT 10:00 AM ET**

At the meeting of the Kentucky Public Pensions Authority held on June 27, 2024, the following Members were present: Jerry Powell (Chair), George Cheatham, Dr. Merl Hackbart, Lynn Hampton, Prewitt Lane, William O'Mara, Keith Percy, and William Summers, V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Ryan Barrow, Rebecca Adkins, Michael Board, Michael Lamb, Steve Willer, Lori Casey, Victoria Hale, Carrie Bass, Jessica Beaubien, Jillian Hall, Anthony Chiu, Joe Gilbert, Connie Davis, Kristen Coffey, Ashley Gabbard, Madeline Evans, Wes Crothswaite, Phillip Cook and Sherry Rankin. Others present included Ryan Graham with Blue & Co.

Mr. Powell called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

Mr. Powell introduced agenda item **Public Comment** (Video 00:06:23 to 00:07:34). Ms. Rankin indicated that one public comment was received for this meeting from a Mr. Steven Herbert, and read as follows:

*"The Authority has hired two KPPA Executive Directors currently working in tandem; both having separate and distinct personal service contracts. This appears to conflict with the language as written in KRS 61.505(8)(a). Furthermore, the Authority is voting today to approve an addendum to David Eager's contract identifying him as a Consultant. This appears to conflict with the statutorily required 45A procurement process when contracting for consulting services. As I am a member of the Kentucky Employees Retirement System, it would behoove us to seek clarity from both the KPPA Office of Legal Services and the Kentucky Finance Cabinet with regard to how this matter complies with the Commonwealth's statutes and procurement requirements in relation to the Authority".*

Mr. Powell introduced agenda item *Approval of Meeting Minutes – April 25, 2024* (Video 00:07:35 to 00:08:09). Ms. Hampton made a motion and was seconded by Mr. O’Mara to approve all minutes as presented. The motion passed unanimously.

Mr. Powell introduced agenda item *KPPA Bylaw Amendments* (Video 00:08:10 to 00:50:50). Mr. Board stated that the Board had previous discussions surrounding the allowance of the appointment of non-KPPA Trustees from the CERS and KRS Boards to serve on KPPA Committees. The KPPA Board requested that amendments to the Bylaws be prepared for their review and discussion at this meeting. Mr. Board reviewed all of the proposed changes, answered questions, and addressed the concerns of the Trustees. Dr. Hackbart made a motion and was seconded by Mr. Lane to approve the changes to the Bylaws and Committee Organization as presented. The motion passed unanimously. Mr. Cheatham made a motion and was seconded by Ms. Hampton to allow the Board Chairs of CERS and KRS to appoint a non-KPPA Trustee to the KPPA Audit Committee. The motion passed unanimously.

Mr. Powell introduced agenda item *Contract Extension for David Eager as Consulting Executive Director* (Video 00:50:51 to 00:55:21). Mr. Board indicated that at the previous Board meeting, there was a request and an agreement by Mr. Eager to extend his contract which ends in June by one month to assist in the transition of the new Executive Director, Ryan Barrow. Mr. Board stated that the Addendum to Mr. Eager’s Personal Services Contract is being presented to the Board for their consideration and approval. Mr. Board reviewed all of the sections of the Addendum. Mr. O’Mara made a motion and was seconded by Mr. Summers to approve the contract extension for David Eager as Consulting Executive Director as presented. The motion passed unanimously.

Mr. Powell introduced agenda item *Introduction of Ryan Barrow, Executive Director of KPPA* (Video 00:55:22 to 01:01:01). Mr. Eager introduced Ryan Barrow as the new Executive Director of KPPA and discussed the various meetings that have occurred thus far during this transition period. Mr. Barrow stated he is very appreciative of Mr. Eager’s willingness to extend his retirement date to assist with his onboarding process and looks forward to working with staff and the Boards.

Mr. Powell introduced agenda item *FYE 6/30/2024 – CERS and KRS ACFRs – Engagement Letter* (Video 01:01:02 to 01:03:05). Mr. Lamb began by stating that this will be the inaugural year for having two (2) separate ACFRs, one for CERS systems and one for the KRS systems. He stated that both Boards have received and reviewed their respective Engagement Letters and then introduced

Mr. Ryan Graham with Blue & Co. Mr. Graham is the director in charge of the Audit of the Annual Comprehensive Financial Report (ACFR) for the Systems and he reviewed the planning letter for the upcoming Audit. This was presented for informational purposes only.

\*\*\* Mr. Summers exited the meeting \*\*\*

Mr. Powell introduced agenda item *FY25 Administrative Budget, FY25 Hybrid Percentage, FY25 Investment Budget, and FY24 Board Separation Expenses (Video 01:03:06 to 01:17:05)*. Mr. Lamb reviewed the Fiscal Year 2024 separation expenses of \$378,606, plus the June billings that when received are to be paid by CERS. Ms. Hampton made a motion and was seconded by Mr. Cheatham to approve the Fiscal Year 2024 separation expenses, including the June billings received for a total amount up to \$400,000, to be paid by CERS as presented. The motion passed unanimously.

Then, Mr. Lamb reviewed the Fiscal Year 2024 hybrid percentages and indicated that each of the Boards have approved the percentages to be applied to the administrative expenses of KPPA as follows: CERS 64.16% and CRS 35.84%. Mr. Lamb stated that both Boards have met and approved their respective breakdowns for their various plans. Mr. Lane made a motion and was seconded by Dr. Hackbart to approve the Fiscal Year 2025 hybrid percentage of 64.16% for CERS and 35.84% for KRS to be applied to the administrative expenses of KPPA and to continue to allow the CERS and KRS Boards to determine the split for the plans under their administrative purview as presented. The motion passed unanimously.

Then, Mr. Lamb reviewed in detail the Fiscal Year 2025 KPPA Administrative Budget and addressed questions from the Trustees. Ms. Hampton made a motion and was seconded by Mr. Lane to approve the Fiscal Year 2025 KPPA Administrative Budget as presented. The motion passed unanimously.

Then, Mr. Lamb reviewed in detail the Fiscal Year 2025 KPPA Investment Budget and addressed questions from the Trustees. Mr. O'Mara made a motion and was seconded by Ms. Hampton to approve the Fiscal Year 2025 KPPA Investment Budget as presented. The motion passed unanimously.

Mr. Powell introduced agenda item *Investment Department Update (Video 01:17:06 to 01:23:18)*. Mr. Willer stated that the KRS Investment Committee met on May 16, 2024 and no recommendations were made that required ratification by the KRS Board. The CERS Investment Committee met on June 4, 2024 where the recommendations regarding asset allocation and revisions to the CERS Investment Policy Statement were sent to the full CERS Board. He provided a brief overview of the data presented to the Committees.

Mr. Powell introduced agenda item *KPPA Audit Committee Recommendations (Video 01:23:19 to 01:28:10)*. Ms. Coffey reported that the KPPA Audit Committee met on May 30, 2024, and reviewed several informational items, as well as bringing the following recommendations to the full KPPA board for ratification:

- a) Election of Ms. Lynn Hampton as Vice Chair of the KPPA Audit Committee
- b) Approval of the Charter for the KPPA Audit Committee
- c) Approval of the Charter for the Division of Internal Audit
- d) Approval of the Internal Audit Budget for Fiscal Year 2025
- e) Acceptance of the issued internal audits/open audit findings and authorize KPPA staff to implement corrective action

Mr. O'Mara made a motion and was seconded by Mr. Cheatham to ratify the election of Ms. Hampton as Vice Chair of the KPPA Audit Committee as presented. The motion passed unanimously.

Then, Ms. Hampton made a motion and was seconded by Dr. Hackbart to ratify the approval of the Charter for the KPPA Audit Committee as presented. The motion passed unanimously.

Then, Mr. O'Mara made a motion and was seconded by Ms. Hampton to ratify the approval of the Charter for the Division of Internal Audit as presented. The motion passed unanimously.

Then, Mr. O'Mara made a motion and was seconded by Dr. Hackbart to ratify the approval of the Internal Audit Budget for Fiscal Year 2025 as presented. The motion passed unanimously.

Then, Ms. Hampton made a motion and was seconded by Mr. O'Mara to ratify the approval of closing the Open Audit item related to updating the Kentucky Revised Statute 61.706 as presented. The motion passed unanimously.

Finally, Ms. Hampton made a motion and was seconded by Mr. Cheatham to ratify the acceptance of the issued internal audits/open audit findings and authorize KPPA staff to implement corrective action as presented. The motion passed unanimously.

Mr. Powell introduced agenda item *Updates to Administrative Regulation 105 KAR 1:140, Employer's Administrative Duties; New Administrative Regulation 105 KAR 1:142, Limitations and exclusions on creditable compensation* (Video 01:28:11 to 01:31:03). Ms. Jessica Beaubien stated that the presented amendment to 105 KAR 1:140, sets out the administrative duties and reporting requirements for all participating employers, updates the language to be consistent with that used in all Kentucky Public Pensions Authority regulations and the definitions found in 104 KAR 1:001. This amendment included the processes and procedures being utilized by KPPA, as well as updating several required forms. Ms. Beaubien advised that the KPPA Ad Hoc Regulation Committee approved forwarding of the administrative regulation to the Authority for approval.

Next, Ms. Beaubien presented this new administrative regulation that establishes limitations and exclusions on increases in creditable compensation in the last five (5) years of service for retiring members with a membership date prior to January 1, 2014 in accordance with KRS 61.598 and 78.545. These limitations and exclusions are commonly referred to as "pension spiking". Previously, this information was contained in 105 KAR 1:140 but is now being filed as its own administrative regulation for ease of access and revision, as well as to keep 105 KAR 1:140 to a manageable size. Ms. Beaubien advised that the KPPA Ad Hoc Regulation Committee approved forwarding this new administrative regulation to the Authority for approval.

Dr. Hackbart made a motion and was seconded by Mr. Peercy to approve the amendments to 105 KAR 1:140 and to approve the new regulation 105 KAR 1:142, as presented and to authorize staff to file the regulations with the Regulations Complier. The motion passed unanimously.

Mr. Powell introduced agenda item *Approval of Updates to KPPA Open Records Policy* (Video 01:31:04 to 01:33:50). Ms. Hale presented changes that were necessary to the KPPA Policy and Procedures regarding the Open Records Requests. Ms. Hale reviewed the changes that were needed and answered the Trustee's questions and concerns. Ms. Hampton made a motion and was seconded by Mr. Cheatham to approve the amendments to the KPPA Open Records Policy as presented. The motion passed unanimously.

Mr. Powell introduced agenda item **Agency Reorganization** (Video 01:33:51 to 01:38:20). Ms. Casey stated that KPPA would like to submit a request for a reorganization to the Governor's office and to the Personnel Cabinet for consideration by the General Assembly in 2025. She reviewed all of the details surrounding the proposed plans to establish the Office of Financial Management and the various positions under that Division. Ms. Hampton made a motion and Mr. Cheatham seconded to authorize staff to submit a request for a reorganization to the Governor's Office and the Personnel Cabinet for consideration by the General Assembly in 2025 as presented. The motion passed unanimously.

Mr. Powell introduced agenda item **KPPA Update** (Video 01:38:21 to 01:48:28). Mr. Eager provided an overview of his written update with some emphasis on the recent hiring of two (2) hearing officers in the Legal Department, conference attendance by staff, and an update on the Louisville Office for Investments.

Mr. Powell introduced agenda item **2024 – 2025 Strategic Plan** (Video 01:48:29 to 01:50:42) Ms. Adkins provided an overview of the KPPA Strategic Plan Summary that, if approved by the Board, would be posted to the KPPA website. Mr. Cheatham made a motion and Ms. Hampton seconded to accept the KPPA Strategic Plan Summary document and direct staff to proceed to post to the website. The motion passed unanimously.

There being no further business, Mr. Powell asked for a motion to adjourn the meeting. Mr. Cheatham made a motion and was seconded by Ms. Hampton to **adjourn** the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA held June 27, 2024, 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 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 27, 2024, were approved on September 26, 2024.

  
KPPA Board Chair

  
Executive Director

I have reviewed the Minutes of the June 27, 2024, Kentucky Public Pensions Authority Meeting for content, form, and legality.

  
Executive Director, Office of Legal Services