

**MINUTES OF MEETING  
BOARD OF TRUSTEES COUNTY EMPLOYEES RETIREMENT SYSTEM  
TRUSTEE EDUCATIONAL SESSION MAY 14, 2021 AT 2:00 P.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 County Employees Retirement System Board of Trustees held on May 14, 2021 the following members were present: Michael Foster, Betty Pendergrass, Joe Brothers, George Cheatham, Merl Hackbart, William O'Mara, Jerry Powell, and Patricia Carver. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Shaun Case, Phillip Cook, and Alane Foley. Others present included Danny White and Janie Shaw from GRS.

Mr. Foster called the meeting to order.

Ms. Pendergrass read the meeting COVID-19 statement due to SB 150.

Ms. Alane Foley took Roll Call. No public comment was submitted.

Mr. Foster introduced agenda item *Actuarial Training*. Mr. White and Ms. Shaw provided an overview of the actuarial process. Ms. Shaw reviewed the different retirement plan types, defined benefit, hybrid and defined contribution types. Ms. Shaw then reviewed the CERS membership data as of June 30, 2020. Ms. Shaw then illustrated the actuarial model using the known values like age, salary, and service date and assumed values like future salary increases, retirement date, death rates before and after retirement. She indicated that how we calculate this is through actuarial assumptions. The Demographic Assumptions deal with people, like mortality rates, retirement rates, withdrawal rates, disability rates and other assumptions are reviewed every 5 years. The Economic Assumptions deal with money and include Investment Return Assumption which is looked at every year, the payroll growth rate and the salary increases for individuals. Mr. O'Mara asked a question about the economic assumption, the forward looking investment return assumption, how many years forward do you look? Mr. White responded that we look at that in

two different ways, but by using one method. So we look at it in short-term, which is a 7 to 10 year forecast and in the long-term, which is 20 to 30 year forecasts done by investment consultants. And not only do we look at one investment consultant, we gather from multiple consultants. The last one we did back in 2019, we used 11 different investment consultants. Mr. Cheatham asked a question regarding the mortality rate, and that it was indicated that the rate includes both the KRS and CERS members, will that be split out to just include the CERS members. Mr. White indicated that no, it will not be separated due to statistical credibility. By leaving the systems combined as they are, gives a more valid statistical credible assumption. Mr. Cheatham asked about the differences in the payroll growth rate of 2% when the salary increases for individuals was listed at much higher percentages, and was seeking explanations as to why. Mr. White responded that there are 2 main factors. One being headcount of members and how that continues to decrease, most likely due to increases in the employer contributions. Mr. White stated he looks for that to continue as more and more employers will be hiring fewer employees, in an effort to keep their costs low. The second factor is as the higher paid employees retire, employers are replacing those with lower paid new hires. Mr. Foster had a question regarding the mortality rates, in that is it the same as a life-expectancy table. Mr. White indicated that it is exactly what that is. Mr. Foster then indicated that there are several life-expectancy tables and calculations published, is the mortality rate used for this plan from a third-party source, or has it been done in-house by part of the actuarial process. Mr. White answered that these are done in-house as part of the actuarial process. For completeness, there are some of the extremes where you just don't have enough data on the more older retirees or the youngest of the retirees to sometime run the true actuarial figures. In that case, we do use some printed tables for those calculations. Ms. Shaw resumed through the presentation hitting the highlights of how the assumptions and projections are determined. Mr. White then reviewed other information that is provided by the actuary, including the Accounting Reports (GASB Reports), funding projections and risk analysis, actuarial analysis of proposed legislation, actuarial assumption reviews (Demographic and Economic Assumptions) and Ad hoc assistance to the System. Mr. White provided samples of written correspondence and reports that GRS has provided to the systems in the past, to give the Trustees an idea of the information they can provide to the system.

Ms. Shaw then introduced an online tool that they use to make projections. This program will be helpful in showing how the different scenarios will play out and will allow the Trustees a first-hand view in order to make better decisions. Mr. Eager pointed out that the KPPA staff recently had their first training session with Ms. Shaw on this program and he feels it will be a great benefit to the Trustees.

Mr. Cheshire made a motion and Mr. Powell seconded 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 May 14, 2021 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 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 May 14, 2021 were approved on November 8, 2021.

  
Chair of the Board of Trustees

I have reviewed the Minutes of the May 14, 2021 Board of Trustees Meeting for content, form, and legality.

  
Executive Director  
Office of Legal Services