

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL CALLED MEETING
MAY 9, 2023, AT 1:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Special Called Meeting of the County Employees Retirement System Board of Trustees held on May 9, 2023, the following members were present: Betty Pendergrass (Chair), Dr. Patricia Carver, George Cheatham, Michael Foster, 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, Michael Lamb, Michael Board, Victoria Hale, Leigh Ann Davis, Connie Davis, Steve Willer, Brian Caldwell, Ashley Gabbard, Katie Park, Phillip Cook, and Sherry Rankin. Others present included Janie Shaw and Danny White with GRS, David Lindberg and Chris Tessman with Wilshire Advisors LLC., and Joe Bowman and Eric Branco with Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order.

Mr. Board read the Opening Statement.

Ms. Rankin took Roll Call.

There being no *Public Comment* received, Ms. Pendergrass introduced agenda item *Actuarial Assumptions* (Video 00:09:15 to 01:53:18) and reported that the CERS Actuarial Committee had forwarded this matter to the CERS Board for discussion. Mr. Foster presented a memo written by Ms. Pendergrass which outlined several questions that have been raised regarding the strategy for managing the actuarial valuation. The memo also included a historical summary of actual investment returns, funded status, and actuarial discount rates. Mr. Foster opened the floor for questions and discussion. KPPA CIO Mr. Steve Willer advised that March investment performance had been finalized. He provided a brief investment update and reported that performance was positive across portfolios. Next, Mr. David Lindberg and Chris Tessman with Wilshire Advisors presented the Capital Market Return Assumptions Update. Mr. Cheatham requested that Mr. Lindberg further explain the efficient frontier. Lastly, Mr. Danny White and Ms. Janie Shaw with GRS reviewed the CERS 2022 Experience Study. Ms. Shaw reviewed the

economic and demographic assumption recommendations, investment return assumption and the fiscal impact of these assumptions.

Ms. Pendergrass requested a motion to adopt the demographic assumptions as recommended by GRS for the 2023 Study. Mr. Foster made a motion and was seconded by Mr. Cheatham. The motion passed unanimously.

Ms. Pendergrass requested a motion on leaving the discount rate the same or increasing it from 6.25% to 6.50%. Dr. Hackbart asked if action was required. Ms. Pendergrass stated that if the CERS Board of Trustees did not act, there would be no change to the discount rate. Mr. Cheatham made a motion to increase the discount rate to 6.50%. Mr. Foster seconded the motion. Mr. O'Mara and Dr. Milkman expressed opposition to the increase. A roll call vote was taken; five (5) ayes; three (3) nays; and one (1) absent. Therefore, the motion was adopted.

Ms. Pendergrass introduced agenda item *Closed Session (Video 01:53:19 to 01:53:20)* – None.

Mr. O'Mara asked if it was necessary to have a vote for CERS Hazardous separate from Nonhazardous. Mr. Cheatham clarified that his motion was intended to be for both as well as the Tier 3. Further, Ms. Pendergrass stated that traditionally the discount rates have been the same for both.

Mr. Powell made a motion and seconded by Dr. Milkman 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 9, 2023, 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 9, 2023, were approved on June 14, 2023.


Chair of the Board of Trustees

I have reviewed the Minutes of the May 9, 2023, Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services