

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
SPECIAL CALLED INVESTMENT COMMITTEE MEETING
NOVEMBER 18, 2024, 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the November 18, 2024, County Employees Retirement System Special Called Investment Committee Meeting, the following Committee members were present: Dr. Merl Hackbart (Chair), George Cheatham, William O'Mara, and Betty Pendergrass. Staff members present were Ryan Barrow, Michael Lamb, Erin Surratt, Carrie Bass, Steve Willer, Anthony Chiu, Joseph Gilbert, Ashley Gabbard, Shaun Case, Sherry Rankin, and Sandy Hardin. Also in attendance were CERS CEO Ed Owens III; Eric Branco with Johnson, Branco & Brennan LLP; and David Lindberg, Chris Tessman, and Craig Morton with Wilshire.

1. Dr. Hackbart called the meeting to order.
2. Mr. Branco read the Legal Opening Statement.
3. Ms. Rankin called roll.
4. Ms. Rankin indicated there was no **Public Comment** (*Video 00:05:25 to 00:05:27*).
5. Dr. Hackbart introduced agenda item **Investment Policy Statement** (*Video 00:05:55 to 00:53:21*). Dr. Hackbart highlighted that the Committee has been diligently working on the Investment Policy Statement (IPS) for approximately six (6) months. He emphasized that this effort is crucial because maintaining and making periodic adjustments to the IPS is one of the Committee's most significant responsibilities. These adjustments are based on changes occurring nationally or within the State of Kentucky. Dr. Hackbart stated that the objective of today's meeting is to finalize the IPS so that it can be presented to the full Board for their review and approval.

The Wilshire Advisors presented an overview of the key recommended edits to the CERS Investment Policy Statement (IPS). A complete view of all the suggestions is shown in the redline version of the document provided to the committee members.

Mr. Tessman said the presented memo focused on four areas: Introduction, Responsibilities, Asset Allocation Guidelines, and Monitoring. He first referred to Section II. Responsibilities, Section C. vi, noting the addition of an asset class review on an annual basis. This review will detail structural targets, risk, and performance along with future considerations for private markets. Furthermore, Subsection VII was amended to differentiate between public and private search processes.

For Section III. Asset Allocation Guidelines, a quarterly reporting process of actual allocations in relation to the strategy policy was incorporated. Lastly, Mr. Tessman referred to Section II. D, noting the language for co-investment and continuation vehicles was added. This allows the CIO to make investments with the approval of two out of the following three: CERS CEO, CERS Investment Committee Chair, and CERS Board Chair.

Dr. Hackbart raised a concern about ensuring that staff has sufficient time to conduct due diligence when processing and reviewing Continuation Vehicle participation. Mr. Tessman explained that the due diligence period is typically short. He emphasized staff has little control over these timelines. However, as a consultant, Wilshire will collaborate closely with the staff to expedite the processing and ensure timely recommendations in line with the GP's provided timeline. Ms. Pendergrass suggested a proactive approach where, upon receiving a Continuation Vehicle request, the chair could schedule an Investment Committee meeting for one (1) week to ten (10) days ahead of the due date. For complex cases requiring more input from the Investment Committee, the Committee Chair or the Board Chair has the option to call a meeting within 24 hours.

Ms. Pendergrass mentioned she has a list of editorial suggestions, which she will forward to the Wilshire staff. She noted there are also items to be considered in the future. However, there are specific amendments that need to be addressed before presenting the

document to the Board. Ms. Pendergrass noted the inconsistent usage of the terms "fund" and "plan." She also pointed out a provision stating that the CEO signs documents and contracts, noting that in local government, only the elected executive official has the legal authority to sign a contract. This could cause confusion among member employers who are local government entities, questioning why the Chair of the Board is not signing the contracts. Additionally, Ms. Pendergrass suggested that language be included to ensure CERS counsel is involved in key reviews. She further mentioned issues that could be connected to the Strategic Plan.

After discussion, it was decided that the IPS can be presented before the Board once the following five (5) redline items are added:

1. In Introduction under Purpose, the language should be changed to read, "The CERS Board shall **administratively** manage the assets of the insurance fund in the same manner in which it administers its retirement fund." This adds the word "administratively" for clarification.
2. Ensure the consistent use of the terms "funds" versus "plans" throughout the IPS.
3. Clarify who signs the contracts (CEO versus Chair).
4. Include language stating that the CERS counsel be linked in for key reviews.
5. In Section II. C.vi, specify definition of risk.

Mr. Cheatham made a motion to approve the amendments to the IPS based upon the five (5) items identified for clarification and for a redline version with those changes to be presented to the full Board. Additionally, consideration should be given to potential modifications suggested by the Strategic Plan. Mr. O'Mara seconded the motion, and the motion approved unanimously.

Dr. Hackbart remarked on the extensive details in the IPS and inquired about the possibility of creating an Executive Summary to provide a plain-language version. Mr. Branco agreed to work on this and ensure its consistency with the IPS.

6. There being no further business, Dr. Hackbart *adjourned* the meeting.

The remainder of this page is left blank intentionally.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded above the action of the Committee 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 connection with this meeting.

Recording Secretary

I, as Chair of the County Employees Retirement System Investment Committee of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of the meeting held on November 18, 2024, were approved by the County Employees Retirement System Investment Committee on February 26, 2025.

CERS Investment Committee Chair

I have reviewed the Minutes of the County Employees Retirement System Investment Committee Meeting on November 18, 2024, for form, content, and legality.

Office of Legal Services