

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCE COMMITTEE MEETING
NOVEMBER 25, 2024, AT 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the regular meeting of the County Employees Retirement System Finance Committee held on November 25, 2024, the following members were present: William O'Mara (Chair), George Cheatham, Jim Tony Fulkerson, and Betty Pendergrass. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Steve Willer, Michael Lamb, D'Juan Surratt, Ashley Gabbard, Shaun Case, Sandy Hardin, and Sherry Rankin. Others in attendance included Eric Branco with Johnson Bowman Branco, LLP.

1. Mr. O'Mara called the meeting to order.
2. Mr. Branco read the Legal Public Statement.
3. Ms. Rankin called roll.
4. Ms. Rankin noted there was no ***Public Comment***.
5. Mr. O'Mara introduced agenda item ***Approval of Minutes – August 19, 2024*** (Video 00:08:15 to 00:08:50). A motion was made by Ms. Pendergrass and seconded by Mr. Cheatham to approve the minutes as presented. The motion passed unanimously.
6. Mr. O'Mara introduced agenda item ***Quarterly Financial Reports*** (Video 00:08:50 to 00:24:50). Mr. Lamb presented the Quarterly Financial Reports. He reviewed the Quarterly Financial Spreadsheet, Administrative Expense to Budget, Contribution Report, Outstanding Invoice Report, and the Penalty Waiver Report with the Committee. Mr. Lamb addressed questions posed by the committee members.

Ms. Pendergrass inquired about the possibility of restarting the periodic report on membership changes. She suggested that for CERS, it would be beneficial to track changes in membership across the tiers, including retirements and active employees. This additional table could help explain variations in employee and employer contributions. Ms. Adkins confirmed that this request could be accommodated. Mr. Lamb added that he is tracking some of that data in his analysis. He noted that he included a headcount change chart last quarter, which could be expanded further compared to the previous quarter. He confirmed that the change in headcount in this analysis was derived from the tracked data and mentioned that it would be easy to include a chart.

Mr. Cheatham inquired why the reporting on the FICA contributions in the KPPA Administrative Budget 2024-25 had decreased while the payroll had increased. Mr. Lamb responded he would recalculate and take a closer look at the figures.

7. Mr. O'Mara introduced agenda item ***Hazardous Duty Requests*** (Video 00:24:50 to 00:26:01). Mr. D'Juan Surratt presented nine (9) police, fire, paramedic, and EMS Director positions, all requesting Hazardous Duty coverage. He noted that KPPA has reviewed the positions and determined they meet the statutory guidelines for Hazardous Duty coverage.

A motion was made by Ms. Pendergrass and seconded by Mr. Cheatham to approve the Hazardous Duty requests as presented and forward to the CERS Board of Trustees for ratification. The motion passed unanimously.

8. Mr. O'Mara introduced agenda item ***Outstanding Invoice Task Force*** (Video 00:26:01 to 00:28:52). Mr. Lamb noted that during the KPPA Board Meeting held on September 26, 2024, KPPA staff received approval to form a Task Force to evaluate all open and outstanding invoices and report such evaluation to the CERS Finance Committee, the KRS Board, and the KPPA Board at regularly scheduled meetings. Mr. Lamb then reviewed the objectives discussed at their first meeting on October 31, 2024. The next meeting is scheduled for December.

9. Mr. O'Mara introduced agenda item ***Other Financial Updates*** (Video 00:28:52 to 00:37:44). Mr. Willer reviewed the Investment Budget along with the Pension and Insurance Investment Fees and Expenses for the quarter ending September 30, 2024. Mr. Willer answered all questions posed to him.

Ms. Pendergrass requested the addition of percentages and yields to the KPPA Investment Fees and Expenses table. She suggested including a table showing the percentage of fees to market value and the yields on each asset category to aid in the analysis. Mr. Willer acknowledged this request and mentioned that this topic had been discussed in the Investment Committee. He explained that while adding an annualized basis point charged by asset class is possible, it would provide an estimate rather than an accurate picture due to the need for a weighted average over time. He also noted that the base rate fees, which are AUM-based, would need context for clarity. Ms. Pendergrass agreed and suggested using some cumulative yields from the monthly performance report for enhanced analysis. Mr. Willer concurred, indicating that this approach could be worthwhile, and they could provide an update to the annual report. Mr. Willer also mentioned the possibility of comparing fees versus performance for asset classes over time.

10. There being no further business, Mr. O'Mara declared the meeting ***adjourned***.

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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, William O'Mara, the Chair of the County Employees Retirement System Finance Committee, do certify that the Minutes of Meeting held on November 25, 2024, were approved on February 17, 2025.

Chair of the CERS Finance Committee

I have reviewed the Minutes of the November 25, 2024, CERS Finance Committee Meeting for content, form, and legality.

Executive Director
Office of Legal Services