

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES QUARTERLY MEETING
SEPTEMBER 11, 2025, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Quarterly Meeting of the Kentucky Retirement Systems Board of Trustees held on September 11, 2025, the following members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, Mary Eaves, Dr. Crystal Miller, Keith Peercy, and Pamela Thompson. Staff members present were KRS CEO John Chilton, Ryan Barrow, Rebecca Adkins, Erin Surratt, Michael Lamb, Michael Board, Victoria Hale, Nathan Goodrich, Leigh Ann Davis, Carrie Bass, D’Juan Surratt, Kristen Coffey, Connie Davis, Steve Willer, Anthony Chiu, Brian Caldwell, Joe Gilbert, Ian Blaiklock, Connie Pettyjohn, Shaun Case, Sherry Rankin, and Sandy Hardin. Also present were Chris Tessman and Marc Friedberg from Wilshire; Larry Loew from Humana; Lealan Miller and Roger Alfaro from Eide Bailly; and Paul Harnice and Andy Hagerman with Stoll Keenon Ogden.

1. Ms. Hampton called the meeting to order.
2. Ms. Hale read the Legal Public Statement.
3. Ms. Rankin called roll. A quorum was present.

Ms. Rankin noted that no ***Public Comments*** were submitted.

4. Ms. Hampton introduced agenda item ***Approval of Minutes – April 4, 2025, and June 17, 2025 (Video 00:09:54 to 00:10:20)***. Mr. Adkins made a motion to approve the meeting minutes of April 4, 2025, and June 17, 2025, as presented. Dr. Miller seconded the motion. The motion passed unanimously.
5. Ms. Hampton introduced agenda item ***Joint Retiree Health Plan Committee Report (Video 00:10:20 to 00:29:34)***. Ms. Pettyjohn reported that the Joint CERS & KRS Retiree Health

Plan (RHP) Committee convened on Tuesday, September 2, 2025, to review and recommend health plan options for both non-Medicare and Medicare-eligible retirees under the Kentucky Public Pensions Authority (KPPA) for the 2026 plan year. The following recommendations were made. The Committee advised selecting the KEHP LivingWell PPO plan as the contribution plan and proposed a 100% Trust-paid contribution rate (at the single level) for retirees with at least 240 months of service and a participation date prior to July 1, 2003, with hazardous duty rates aligned to LivingWell PPO Couple, Parent Plus, and Family Plans. Another recommendation was that the Tobacco Use Fee remain unchanged, and access to Consumer Directed Health Plans with embedded HRAs be permitted. Retirees who do not fulfill the LivingWell Promise in 2026 would forfeit the \$40 discount in 2027. The Committee also recommended setting the LivingWell HDHP plan as the default for retirees who do not submit applications during open enrollment, including new retirees. Eligible retirees with an active employee spouse may opt for the Cross Reference family plan, with contributions aligned to the monthly maximum. Lastly, the Committee endorsed applying the same contribution plan and rate to the KEHP Medicare Secondary Payer Plan for reemployed Medicare-eligible retirees.

Next, Ms. Pettyjohn reviewed the recommendations by the Committee regarding 2026 health plan options for Medicare-eligible retirees. The Committee proposed setting the monthly contribution rate for the Medicare Advantage (MA) Premium Plan at \$199.94, representing a 100% Trust-paid contribution for retirees with 240 months of service and a participation date prior to July 1, 2003. The same contribution rate was recommended for hazardous duty spouses and eligible dependents under the KPPA Premium Plan. Additional premium rates were approved for other plans, including \$55.10 for the KPPA Essential Plan, \$194.23 for the Medical Only Plan, and \$404.67 and \$264.56 for the Medicare Advantage Mirror Premium and Essential Plans, respectively, inclusive of dental administrative fees.

The Committee also recommended continued payment of administrative fees for retirees required to enroll in Mirror Plans due to specific exceptions, such as scheduled surgeries, specialist treatments, or residence outside Humana's approved network. Individuals without Medicare Part B may enroll in Mirror Plans but must cover any costs exceeding the

contribution amount; once Part B is obtained, they will be transitioned to their selected Medicare Advantage Plan. For 2026, the default plan for Medicare-eligible retirees and their dependents will be the KPPA Medical Only Plan.

Mr. Adkins expressed sincere appreciation for Ms. Pettyjohn's expertise and professionalism, commending her strong advocacy for retirees in a complex and evolving policy framework. He noted her ability to clearly explain intricate issues and emphasized that her competence is a valuable asset to the retirement systems.

Mr. Adkins made a motion to approve the seven recommendations of the Retiree Health Plan Committee as presented. Mr. Peercy seconded the motion. The motion passed unanimously.

Following the vote, Ms. Pettyjohn noted that at the RHP Committee meeting, Ms. Surratt provided updates regarding representation on the Kentucky Group Health Insurance Board, noting Ms. Pettyjohn's ongoing discussions with DEI and her continued role as proxy. The Committee also announced the cancellation of the October 23, 2025, meeting due to a scheduling conflict with the KPPA Impact Forum.

6. Ms. Hampton introduced agenda item ***KRS ACFR – External Audit Planning Letter*** (Video 00:29:34 to 00:42:09). Mr. Lamb introduced auditors Lealan Miller and Roger Alfaro from Eide Bailly, who are conducting the financial audit for the County Employees Retirement System and the Kentucky Retirement Systems for the fiscal year ending June 30, 2025. Eide Bailly outlined their responsibilities, emphasizing that the audit will follow U.S. Generally Accepted Auditing Standards and Government Auditing Standards to assess whether the financial statements are materially accurate and comply with U.S. GAAP. Their review is limited to specific report sections and excludes introductory, investment, actuarial, and statistical content. The audit will use sampling and professional judgment to provide reasonable assurance, though some misstatements may go undetected. While the audit will consider internal controls to assess risk, it will not evaluate their effectiveness. Any material weaknesses, legal violations, or significant issues will be communicated to the Board. Key risks identified include management override of controls, improper revenue recognition,

complex pension liability calculations, valuation of alternative investments, and benefit payment accuracy.

7. Ms. Hampton introduced agenda item ***Quarterly Financial Reports*** (Video 00:42:09 to 00:58:02). Mr. Lamb presented to the KRS Board the GFOA Excellence Award for financial reporting. He then reviewed the Quarterly Financial Reports, highlighting the Combining Statement of Fiduciary Net Position, Combined Statement of Changes in Fiduciary Net Position, and the Contribution Reports for the twelve-month period ending June 30, 2025, with comparative totals for the twelve-month period ending June 30, 2024, noting a total net fiduciary position of nearly \$9.9 billion, which is a 14.74% increase from the previous year. The three pension plans totaled \$7 billion with significant increases in the non-hazardous, hazardous, and state police plans. The three insurance plans totaled \$2.8 billion, reflecting an 8.18% increase. Total investments at fair value increased by 15.99%, with notable gains in public equities, specialty credit, and core fixed income. The net increase in fiduciary net position for the year was \$1.269 billion, higher than the previous year's increase. Contributions and net investment income were significant contributors to the overall financial performance. The report also included detailed financial statements and contribution reports, highlighting changes in member and employer contributions, benefit payments, and administrative costs.

Next, Mr. Lamb reviewed the KRS Past Due Invoices for the KRS system as of June 30, 2025. Mr. Lamb explained that the total past due amount is nearly \$6.7 million, with \$6.1 million being worked on by the KPPA Legal team. The ERCE and Legal teams have focused on reducing the number of past due invoices, resulting in a decrease from 1,139 invoices totaling \$7.1 million in 2024 to 512 invoices totaling \$6.7 million in 2025. Ms. Bova raised a question about the accuracy of the past due invoices for Seven Counties, which Mr. Lamb clarified was due to a legal stay. The discussion also covered the Administrative Budget, noting that the total spending was nearly \$35 million, which was 5% below the annual budget. Specific line items such as salaries, wages, and legal contracts were below budget, while health insurance and miscellaneous expenses were over budget. The JP Morgan Chase fees and the interest earned were also discussed, with a new master agreement in place to eliminate future fees.

8. Ms. Hampton introduced agenda item ***Hazardous Duty Requests*** (Video 00:58:02 to 00:59:24). Mr. Surratt presented a request for 11 positions within the Department for Natural Resources, specifically the Division of Forestry, to be classified as hazardous duty. These positions require fire suppression and prevention with wildland fires and serve on the wildland fire incident command team. The KPPA staff reviewed the position questionnaires and job descriptions and determined that these positions meet the statutory guidelines for hazardous duty. Therefore, the Board is requested to approve these positions as hazardous.

Mr. Peercy made a motion to approve the Hazardous Duty Coverage Requests as presented. Mr. Adkins seconded the motion. The motion passed unanimously.

9. Ms. Hampton introduced agenda item ***KERS Election Ballot*** (Video 00:58:02 to 01:03:37). Ms. Coffey discussed the upcoming KERS election, noting that the terms of two elected members will end on March 31, 2026, and the election to fill these positions will begin on January 20, 2026. Six individuals submitted the required documents by the July 31, 2025, deadline, and all agreed to a background check, which revealed no concerns. Four of the applicants are employed and were reviewed by the Attorney General to ensure there were no constitutional eligibility issues, with no issues found. The Board was asked to vote on the ballot to be presented to voting members in January. The statutes allow up to three individuals per open position; therefore, up to six people can be on the ballot.

Mr. Peercy made a motion to place the six individuals described in the materials on the KERS ballot for the two Board positions. Dr. Miller seconded the motion. The motion passed, with all present members voting in favor, and Mr. Adkins abstaining.

*** Mr. William Summers V entered the meeting.***

10. Ms. Hampton introduced agenda item ***Investment Committee Report*** (Video 01:03:37 to 01:13:40) Mr. Adkins, serving in place of Mr. Lane, noted that the Investment Committee convened in a special-called session prior to the current meeting. Having attended that Committee meeting, Mr. Adkins shared that he was briefed on the proposed investment

option, and the Investment Committee unanimously recommended its adoption as presented. Mr. Willer noted that the Investment Committee is recommending an allocation up to \$75 million across all KERS and SPRS portfolios in the Strategic Value Special Situations Fund VI, as part of the private equity allocation.

Following a brief overview by Mr. Willer and Mr. Chiu, Mr. Adkins moved to ratify the Committee's recommendation to authorize an investment by KRS of up to \$75 million in the Strategic Value Special Situations Fund VI, contingent upon successful contract negotiations. Ms. Bova seconded the motion, which passed unanimously.

Mr. Willer highlighted the release of the fiscal year performance press statement, noting that all detailed results are available in the report. He emphasized that the KRS Pension Composite achieved a return of 11.30% for the fiscal year, outperforming its blended benchmark of 9.82%. Similarly, the KRS Insurance Composite posted a return of 11.55%, exceeding its benchmark by 76 basis points. This level of outperformance translates to approximately \$103 million in added value for the KRS Pension Portfolios and \$22 million for the KRS Insurance Portfolio.

Ms. Hampton added that this marks two consecutive years of strong performance relative to benchmarks. She expressed optimism that this trend—now two out of the past five years—will be reflected positively in the upcoming actuarial analysis, which is expected to provide valuable insights later this year.

11. Ms. Hampton introduced agenda item ***KRS CEO Update*** (*Video 01:13:40 to 01:17:07*).

Mr. Chilton provided a comprehensive update on key activities and developments that have taken place over the past three months since the previous meeting. He actively participated in various committee meetings and has been closely monitoring the ongoing RFP process related to investment consultants, which remains open and active. Mr. Chilton also attended several Public Pension Oversight Board (PPOB) meetings held monthly at the Capitol Annex; however, he was unable to attend the most recent meeting, which was attended by Ms. Hampton on his behalf.

During the last quarter, Mr. Chilton worked on several initiatives that will be discussed further in the closed session. The health plan for retirees was addressed earlier in the meeting, and the trustee election was officially approved today. The slate of trustees is now finalized, with ballots scheduled for distribution in January and the newly elected trustees set to take office on April 1. The Audit Committee continues to address issues related to accounts receivable, and a new reporting mechanism was introduced during today's meeting to support those efforts.

In addition, work is underway to update computer systems to improve the collection of funds from various employers, resolve discrepancies, and ensure timely investment of the collected funds. The Investment Committee has remained active, with several matters addressed recently, including one reported during today's session. Mr. Chilton also reminded trustees of the upcoming Impact Forum, a two-day meeting in October that is expected to have full attendance. This forum will provide essential information to support effective board service and is structured to fulfill the required 12 hours of continuing education for trustees.

Mr. Chilton concluded his update by expressing sincere appreciation for the hard work and dedication of everyone involved in these ongoing initiatives.

12. Ms. Hampton introduced agenda item ***2026 Board and Committee Meeting Calendar*** (*Video 01:17:07 to 01:17:58*). After reviewing the proposed calendar, Ms. Eaves moved to approve the 2026 Board and Committee meeting schedule as presented. Mr. Percy seconded the motion. The motion passed unanimously.

13. Ms. Hampton introduced agenda item ***KPPA Update*** (*Video 01:17:58 to 01:22:43*). Mr. Barrow began by noting that the Personnel Cabinet has completed a statewide review of the IT job series, with the results now reflected in the Budget Work Group's planning. Leadership development remains a priority, with continued participation in the KPPA Leadership Academy and the Governor's Leadership Programs, each currently enrolling

two KPPA employees. Additionally, three interns successfully completed the Team KY Internship Program, receiving positive feedback for their contributions. In terms of strategic planning, Mr. Barrow highlighted a focus on organizational excellence. A major project within the leadership program involves the rebranding of six core mandates. He also shared that paperwork is underway to transition the Compliance Officer's reporting line to the Chief Financial Officer. Budget discussions have progressed, and the recent presentation to the Public Pension Oversight Board (PPOB) was well received.

Mr. Barrow extended recognition to the Accounting, ERCE, and Legal teams, as well as the employer invoice task force and many other individuals, for their significant efforts in resolving outstanding invoices. For the first time, both the CERS and KRS Boards of Trustees were issued separate GFOA Certificates of Achievement for Excellence in Financial Reporting for their FY24 Annual Comprehensive Financial Reports (ACFRs). This milestone reflects the high standards and dedication of the teams involved. Special commendation was given to ERCE Manager Crystal Hughes for her exemplary performance reviews. During a recent audit meeting with Personnel, her review of an employee was highlighted as a model of excellence—specific, measurable, and detailed. KPPA also received heartfelt member feedback, including a handwritten letter of appreciation during a particularly difficult time, underscoring the impact of the agency's work.

Finally, Mr. Barrow reported progress on the Louisville investment office. He, along with Mr. Willer and Ms. Adkins, toured the building, which remains under the purview of Facilities. The next step involves executing the lease agreement to move the project forward. Mr. Barrow concluded by expressing his gratitude to all those involved in maintaining and improving KPPA's operations.

14. Ms. Hampton introduced agenda item ***New Business*** (Video 01:22:43 to 01:24:15). Ms. Hampton reported that she did not have any new business.
15. Ms. Hampton introduced agenda item ***Closed Session*** (Video 01:24:15 to 01:25:24) and requested a motion to enter closed session to discuss pending litigation pursuant to KRS

61.810(c). A motion was made by Mr. Peercy and seconded by Ms. Bova. The motion passed unanimously.

Mr. Board read the following statement, and the meeting moved into closed session: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. All other attendees exited the meeting.

Closed Session (Video - Part 2 - 00:00:16 to 00:01:34)

Ms. Hampton called the meeting back to open session.

Mr. Summers made the motion to authorize the litigation strategies as outlined by counsel in closed session. Ms. Bova seconded the motion. The motion passed unanimously.

There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held September 11, 2025, 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 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 Kentucky Retirement Systems, do certify that the Minutes of Meeting held on September 11, 2025, were approved on November 13, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the September 11, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services