

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
SEPTEMBER 13, 2023, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the County Employees Retirement System Board of Trustees held on September 13, 2023, the following members were present: Betty Pendergrass (Chair), Dr. Patricia Carver, George Cheatham, Michael Foster, JT Fulkerson, Dr. Merl Hackbart, Dr. Martin Milkman, William O'Mara, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Connie Pettyjohn, Michael Lamb, Connie Davis, Elizabeth Smith, Michael Board, Victoria Hale, Leigh Ann Davis, Carrie Slayton, Nathan Goodrich, D'Juan Surratt, Kristen Coffey, Steve Willer, Jared Crawford, Ashley Gabbard, Katie Park, Phillip Cook, and Sherry Rankin. Others present included David Lindberg and Chris Tessman with Wilshire, Tracey Garrison, Larry Loew, and Carla Whaley with Humana, and Eric Branco with Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order.

Mr. Branco read the Legal Opening Statement.

Ms. Rankin called Roll.

There being no *Public Comment* received, Ms. Pendergrass introduced agenda item *Approval of Minutes – June 14, 2023, and July 12, 2023. (Video 00:07:47 to 00:08:21)*. Dr. Milkman made a motion to approve all minutes as presented and was seconded by Dr. Carver. The motion passed unanimously.

Ms. Pendergrass introduced agenda item *Finance Committee Report (Video 00:08:22 to 00:44:15)*. Mr. O'Mara stated that the CERS Finance Committee met on August 22, 2023. The Committee reviewed and approved twenty-seven (27) Hazardous Duty Requests. Mr. O'Mara made a motion to ratify the actions of the Finance Committee in approving the Hazardous Duty Requests as presented. Mr. Fulkerson seconded the motion and the motion passed unanimously.

The Committee also approved New Agency Participation in CERS Non-Hazardous for Reid Village Water District and the City of Hanson. Mr. O'Mara made a motion to ratify the actions of the Finance Committee in approving the participation of Reid Village Water District and the City of Hanson as presented. Dr. Milkman seconded the motion and the motion passed unanimously.

Mr. Lamb also presented the Quarterly Financial Reports, said Mr. O'Mara. Mr. Lamb briefly reviewed these reports with the CERS Board of Trustees. He reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of June 30, 2023. Next, Mr. Lamb briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the twelve-month period ending June 30, 2023, Combining Statement of Fiduciary Net Position of Insurance Funds as of June 30, 2023, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the twelve-month period ending June 30, 2023, with the CERS Board of Trustees. Mr. Lamb went on to present the CERS Pension and Insurance Funds Contribution Reports for the twelve-month period ending June 30, 2023. Lastly, he briefly presented the FY 2022-2023 KPPA Administrative Budget and Budget-to-Actual Analysis for the fiscal year ending June 30, 2023. Separation/plan-specific expenses allocated based on the hybrid-percentage were highlighted by Mr. Lamb. Mr. Lamb reviewed the JP Morgan Chase Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2023. Lastly, the CERS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were presented to the CERS Board of Trustees.

Next, Mr. Lamb provided a brief update on the Cyber Insurance Policy. He announced that KPPA released a Request for Proposal (RFP) for a Cyber Insurance Policy. Bids were received and evaluated, said Mr. Lamb. He advised that the named insured would be the Kentucky Public Pensions Authority (KPPA) as well as the County Employees Retirement System (CERS). The Kentucky Retirement Systems (KRS) would also be added. Mr. O'Mara made a motion to include County Employees Retirement System (CERS) as an additional named insured in the Cyber Insurance Policy. Mr. Powell seconded the motion and the motion passed unanimously.

Lastly, Mr. Lamb presented an informational memo and presentation illustrating the FY25-26 Biennial Budget Recommendation from the FY 2024 Budget Planning Workgroup. He briefly

reviewed the drafted FY 2024 Administrative Budget, FY 25/26 Baseline Budget, and FY 25/26 Proposed KBUD Baseline Submission with the CERS Board of Trustees. Mr. Lamb advised that an Additional Budget Request would also be submitted to increase KPPA's headcount by requesting additional positions. He provided an overview of this request. Mr. O'Mara reminded Trustees that the FY25-26 Biennial Budget Recommendation would be presented to the KPPA for approval; however, was being presented to the CERS and KRS Boards of Trustees for informational purposes only.

Ms. Pendergrass introduced agenda item *KPPA Audit Committee Report (Video 00:44:16 to 00:48:47)*. Mr. O'Mara stated that the KPPA Audit Committee met on August 24, 2023. Ms. Kristen Coffey briefly reviewed the KPPA Audit Committee's approval of the items to be regularly presented to various Boards and Committees and Status of Current Internal Audit Projects were presented to the CERS Board of Trustees.

Ms. Pendergrass introduced agenda item *Joint Retiree Health Plan Committee Report (Video 00:48:48 to 01:25:26)*. Mr. Powell stated that The Joint CERS & KRS Retiree Health Plan (RHP) Committee met on September 05, 2023, and September 12, 2023, to discuss and make recommendations regarding the Non-Medicare and Medicare eligible health plans for retirees of the systems operated by the KPPA. He provided an overview of these recommendations.

Mr. Powell made a motion to ratify the Joint Retiree Health Plan Committee's recommendations for the Non-Medicare Eligible Retirees as presented. Mr. Cheatham seconded the motion and the motion passed unanimously.

Mr. Powell made a motion to ratify the Joint Retiree Health Plan Committee's recommendations for the Medicare Eligible Retirees as presented. Dr. Hackbart seconded the motion and the motion passed unanimously.

Mr. Larry Loew with Humana provided an update on the Humana negotiation with Baptist Health Medical Group. Ms. Pendergrass requested that Mr. Eager work with Mr. Loew, Ms. Garrison, and the KPPA Division of Communications to prepare a supplemental press release specific to CERS Membership regarding the Humana negotiation with Baptist Health Medical Group. Mr. Cheatham added that posting the information to the KPPA website would be helpful to Members. Ms. Surratt advised that a statement/update on the Humana contract negotiations is posted on the

homepage of the KPPA website.

Lastly, Mr. Loew briefly discussed the Humana business plans.

Ms. Pendergrass introduced agenda item *Investment Committee Report* (Video 01:25:27 to 01:42:49). Dr. Hackbart stated that the CERS Investment Committee met on August 30, 2023. No items were approved that would require ratification by the CERS Board of Trustees, said Dr. Hackbart. The KPPA Chief Investment Officer, Mr. Steve Willer, provided a summary of the quarterly and fiscal year reports that were presented to the CERS Investment Committee.

Ms. Pendergrass introduced agenda item *Administrative* (Video 01:42:50 to 01:50:39). Ms. Pendergrass briefly reviewed proposed amendments to the CERS Bylaws. She directed the Trustees to the Proposed Recurring Meeting Schedule. Ms. Surratt suggested that the CERS Board of Trustees meeting in September be moved from the third to the second Wednesday of the month. Ms. Pendergrass noted the amendment. Mr. Foster made a motion to approve the Bylaw amendments as modified. Mr. Fulkerson seconded the motion and the motion passed unanimously.

Ms. Pendergrass stated that the Strategic Plan discussion would be postponed to a later date.

Mr. Owens directed the Trustees to his written CEO Report.

Mr. Eager also submitted a written KPPA Update. However, he quickly highlighted the importance of KPPA Staff exposure and connectivity to legislators, other state systems, executive branch offices, etc.

Ms. Pendergrass introduced agenda item *Closed Session* (Video 01:50:40 to 01:51:45). Mr. Powell made a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). The motion was seconded by Mr. Foster and passed unanimously.

Ms. Pendergrass read the following closed session statement: 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.

****Mr. Fulkerson exited the meeting prior to the start of Closed Session****

Closed Session (Video - Part 2 - 00:00:58 to 00:01:28)

Coming back into open session, Ms. Pendergrass requested a motion to authorize the KPPA Legal Staff to initiate action on behalf of CERS in Franklin Circuit Court as discussed in closed session. The motion was made by Mr. Foster and was seconded by Mr. Powell. The motion passed unanimously.


Ms. Pendergrass opened the floor for adjournment. Mr. Powell made a motion and was seconded by Mr. Cheatham 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 September 13, 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 September 13, 2023, were approved on November 8, 2023.


Chair of the Board of Trustees

I have reviewed the Minutes of the September 13, 2023, Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services