



County Employees Retirement System  
Manager and Placement Agent Statement of Disclosure  
Approved: March 16, 2022

#### A. Purpose

This Manager Statement of Disclosure (Policy) sets forth the disclosure requirements which must be satisfied prior to any County Employees Retirement System (CERS) investment. This policy requires disclosure of conflicts of interest and/or political contributions with any new CERS investment. CERS shall require the disclosure of detailed information regarding any manager used, their services, and payments and fees in connection with all CERS investments. This Policy is intended to apply broadly to all of the types of investment advisors with whom CERS conducts or potentially conducts business with including general partners, managers, investment managers and sponsors of hedge funds, private equity funds, real estate funds, as well as investment managers retained pursuant to a contract.

The goal of this Policy is to bring transparency to our investment management relationships in connection with CERS' investments and to help ensure that CERS' investment decisions are made based solely on the merits of the investment opportunity and in a manner consistent with the responsibilities of the Board of Trustees and individuals who owe a fiduciary duty to CERS.

#### B. Objectives

The objectives of CERS' policy are:

1. To ensure that CERS' investment decisions are consistent with CERS' overall Investment Policy Statements;
2. To supplement the due diligence and information available to CERS' Board members, staff, and consultants when evaluating an investment opportunity;
3. To prevent impropriety and/or the appearance of improprieties and to disclose conflicts of interest and/or the appearances of conflicts of interest;
4. Provide transparency and confidence in CERS investment decision-making and process; and
5. Establish procedures to comply with state and federal law.

#### C. Application

This Policy applies to all agreements with managers that are entered into after March 10, 2017. This Policy also applies to existing agreements with managers if, after the date this Policy is adopted, the term of the agreement is extended; there is any increased commitment of funds by CERS pursuant to the existing agreement; or there is a material amendment to the substantive terms of an existing agreement, including the fees or compensation payable to the manager.

#### D. Definitions

1. "KRS vehicle" means a partnership, limited liability company, account or other investment vehicle in which CERS is the investor.
2. "Consultant" refers to individuals or firms, and includes key personnel of consultant firms, who are contractually retained or have been contracted by CERS to provide investment advice to CERS but who do not exercise investment discretion.
3. "Manager" means an asset management firm that is seeking to be, or has been, retained by CERS or by a KRS vehicle to manage a portfolio of assets (including securities and or contracts, etc.) for a fee. The manager usually has full discretion to manage CERS assets, consistent with investment management guidelines provided by CERS and fiduciary responsibility.
4. "Executive Agency Lobbyist (EAL)" means any person engaged to influence executive agency decisions or to conduct executive agency lobbying activity as one of his main purposes on a substantial basis. An EAL does not include an elected or appointed officer or employee of a federal or state agency, state college, state university, or political subdivision who attempts to influence or affect executive agency decisions in his fiduciary capacity as a representative of his agency, college, university, or political subdivision.
5. "Executive Agency Lobbying Activity" includes any contact made to promote, oppose, or otherwise influence the outcome of an executive agency decision by direct communication with an elected executive official, the secretary of any cabinet listed in Kentucky Revised Statutes 12.250, any executive agency official, or a member of the staff of any one of the officials listed in this paragraph.
6. "Real Party-In-Interest (RPI)" is a person or organization on whose behalf the executive agency lobbyist is acting, if that person is not the employer. For example, if the ABC Corporation engages XYZ Consulting Company which, in turn, hires John Smith to influence decisions or conducts executive agency lobbying on behalf of ABC Corporation: (a) John Smith is the EAL; (b) XYZ Consulting Company is the employer; and (c) ABC Corporation is the "real party in interest".

## E. Responsibilities

### Manager's Responsibilities

Prior to CERS investing with any manager, KPPA Staff shall obtain a signed Manager Disclosure Questionnaire from the investment manager. This form includes a statement as to whether or not the investment manager has used a placement agent in connection with the proposed KRS investment opportunity. It also includes conflict of interest disclosures and political contribution disclosures among other required information including but not limited to:

- The name of the placement agent;
- The fee paid or payable to the placement agent;
- Representation that the fee is the sole obligation of the investment manager and not that of CERS or the limited partnership;
- Current or former Kentucky officials (federal, state, and local government), CERS Board of Trustees members, CERS employees or consultants to KRS that are receiving any fees or compensation from the manager and/or placement agent;
- The names of any current or former Kentucky elected or appointed government officials (federal, state, and local government) CERS Board of Trustees members, employees, or

consultants of CERS, or any other person, if any, who suggested the retention of the placement agent;

- Evidence of the regulatory agencies, if any, in any Federal, state or foreign jurisdiction the placement agent or any of its affiliates are registered with, such as the Securities and Exchange Commission (SEC), Financial Regulatory Agency (FINRA), or any similar regulatory agency;
- A résumé for each officer, partner or principal of the placement agent detailing the person's education, professional designations, regulatory licenses and investment and work experience;
- A description of the services to be performed by the placement agent;
- A statement whether the placement agent, or any of its affiliates, is registered as a lobbyist with any and all Kentucky state and local (county) governments; and
- A statement by the manager and/or placement agent representing and warranting the accuracy of the information provided to CERS regarding the Statement of Disclosure in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

The manager shall notify the placement agent of his or her obligations under Kentucky Revised Statutes Chapter 11A.

Compliance with the following procedures is the responsibility of the manager, the EAL and the placement agent. KPPA staff is not responsible for ensuring compliance with the following procedures as staff is not a party to the process.

The following is a description of the process external persons must follow to comply with Kentucky's EAL registration procedures:

1. Prior to contact with KPPA personnel the placement agent, employer, and, if applicable, the RPI, is required to file jointly, the Initial Registration Statement Form\* with the Kentucky Executive Branch Ethics Commission (EBEC) and furnish a copy to KPPA.

Questions as to the process or applicability should be addressed to:

Executive Branch Ethics Commission (502) 564-7954.

2. After Initial Registration, the placement agent, employer, and, if applicable, the RPI, is required to abide by the EBEC *Requirements After Registration* by filing an Updated Registration Statement\*\* annually (Due by July 31) with the EBEC and furnish a copy to KPPA.
3. If the placement agent, employer, and, if applicable, the RPI, wishes to terminate their lobbying effort they must notify the EBEC within 30 days after the termination of engagement by filling out the Termination Notification Form \*\*\* attaching it to the EAL's final Updated Registration Statement form\*\* and furnishing a copy to KPPA.

\* Initial Registration Statement Form is available at:

<http://ethics.ky.gov/lobbying/Pages/Registration.aspx>

\*\* Updated Registration Statement Forms are available at:

<http://ethics.ky.gov/lobbying/Pages/RequirementsAfterRegistration.aspx>

\*\*\* Termination Notification Form is Available at:  
<http://ethics.ky.gov/lobbying/Pages/howToTerminate.aspx>

In the event a placement agent is expected to receive remuneration for a KRS investment, **KRS KPPA** staff will notify the Investment Committee in the memorandum discussing the recommended/approved investment. If a manager breaches this policy, staff will notify the Investment Committee as soon as practicable.

**KPPA Staff Responsibilities**

KPPA staff are responsible for:

- Providing the public with disclosure by posting a copy of this policy on KPPA website;
- Implementing this policy on behalf of KRS with each Investment Director responsible for their specific asset class; and
- Providing regular disclosure updates to the KRS Investment Committee and the Board of Trustees.

All parties responsible for implementing, monitoring and complying with this Policy shall consider the spirit as well as the literal expression of the Policy.

**F. Conflict of Interest**

All persons and entities contracting with CERS shall certify that:

- they are legally capable of entering into a binding contract and authorized to do so;
- that they are not, nor shall be, in violation of any Kentucky law, statute or regulation pertaining to a conflict of interest including, but not limited to, Kentucky Revised Statutes 121.056; and
- that they are not, nor shall be, in violation of any provision of Kentucky Revised Statutes Chapter 11A or any regulation promulgated there under, or any law or regulation pertaining to the Kentucky Registry of Election Finance and the reporting requirements thereof.

All persons and entities seeking to or actually contracting with KRS shall disclose all relationships and potential conflicts of interest with any KPPA staff, committee or Board Member. Any disclosed conflicts of interest will be discussed at the Investment Committee as to the severity of the conflict and the appropriate resolution. Options the Investment Committee might recommended include but are not limited to: no action required; conflicted party abstention; and refusal to invest. Subsequent discovery of any undisclosed conflict may be considered a breach of contract and may result in immediate termination of any agreements without penalty or fee to CERS.

**Signatories**

As Adopted by the Investment Committee


Date: 4/1/22

Signature: 

Dr. Merl Hackbart  
Chair, Investment Committee

As Adopted by the Board of Directors

Date: 03/16/2022

Signature: 

Ms. Betty Pendergrass  
Chair, Board of Trustees