



**County Employees Retirement System
Board of Trustees – Annual Meeting
April 8, 2024, at 2:00 pm ET (1:00 pm CT)
Live Video Conference/Facebook Live**

AGENDA

- | | | |
|-----|--|-------------------|
| 1. | Call to Order | Betty Pendergrass |
| 2. | Opening Statement | Eric Branco |
| 3. | Roll Call | Sherry Rankin |
| 4. | Public Comment | Sherry Rankin |
| 5. | Approval of Minutes* -- March 11, 2024 | Betty Pendergrass |
| 6. | Administrative | |
| | a. ByLaws* | Betty Pendergrass |
| | b. CERS Board Election Policy* | Kristen Coffey |
| | c. Admin Regulation 105 KAR 1:120* | Jillian Hall |
| | d. Metro Government request* | Eric Branco |
| 7. | Officer Elections* | Betty Pendergrass |
| 8. | PPW Board of Directors Election* | Steve Willer |
| 9. | Johnson Branco & Brennan Contract* | Betty Pendergrass |
| 10. | ACFR Recommendation* | Michael Lamb |
| 11. | Investments* | |
| | a. Asset allocation | Dr. Merl Hackbart |
| | b. History of CERS Specialty Credit holdings | Dr. Merl Hackbart |
| | c. Current CERS Specialty Credit holdings | Steve Willer |
| | d. Overview of Specialty Credit asset class | Steve Willer |
| 12. | CERS Strategic Plan | Betty Pendergrass |
| 13. | Staff Reports | |
| | a. CERS CEO report | Ed Owens |
| | b. KPPA report | David Eager |
| 14. | Closed Session* | Eric Branco |
| | | Michael Board |
| 15. | Adjourn | Betty Pendergrass |

***Board May Take Action**

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
MARCH 11, 2024, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the County Employees Retirement System Board of Trustees held on March 11, 2024, 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, Erin Surratt, Connie Pettyjohn, Michael Lamb, Connie Davis, Michael Board, Leigh Ann Davis, Victoria Hale, Carrie Bass, Jessica Beaubien, Steve Willer, Anthony Chiu, Joe Gilbert, Brian Caldwell, D'Juan Surratt, Kristen Coffey, Ashley Gabbard, Katie Park, Shaun Case, and Sherry Rankin. Others present included David Lindberg and Chris Tessman with Wilshire, Adam Gordon with the Auditor of Public Accounts, 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 Opening Statement.

Ms. Rankin called Roll.

Ms. Rankin advised that one **Public Comment** (Video 00:08:03 to 00:12:50) was received and read the comment aloud.

Submitted by Mark Doran

The unfunded liabilities basically arose for many reasons. Whether is was not paying actuarial rates, planning for COLA's or investment oversight, the system was not properly managed. The employees / retirees fulfilled their funding responsibilities. Attempts have now been made to address the unfunded liability, which is necessary. The problem is, inflation is being ignored by both the State Legislature and our KPPA representatives, especially the CERS board. It's not realistic to expect retirees to maintain a stagnated 2011 level pension benefit. The CERS Board has been decreasing participating entity contributions recently instead of taking any approach to

plan for a COLA. From a CERS contributing participant standpoint, I understand pensions are already expensive to fund. I also understand that people are the most important asset and deserve to be treated better than we have been. My former employer hasn't frozen the taxes I pay at 2011 levels. They can fund a retiree COLA instead of a pet project or two. Don't just read this and move on...we need you to speak to this topic and help now. I've been told KPPA and CERS don't feel as though it's their duty to actively promote any increase. It most definitely is...you are there to responsibly and fully represent your members. We have sacrificed and it's time we receive some inflation relief. Please don't move to the next order of business until you speak about this.

Ms. Pendergrass took a moment to respond to the comment submitted by Mr. Doran.

Ms. Pendergrass introduced agenda item ***Approval of Minutes – December 4, 2023, January 17, 2024, and February 6, 2024*** (Video 00:12:51 to 00:13:59). Mr. Fulkerson made a motion to approve all minutes as presented and was seconded by Mr. O'Mara. The motion passed unanimously.

Ms. Pendergrass introduced agenda item ***Personnel Committee Report*** (Video 00:13:60 to 00:16:59). Mr. Fulkerson stated that the CERS Personnel Committee held a special called meeting on January 9, 2024. At the meeting, the Committee discussed the 2024 CEO Performance Plan, the Personnel Committee Strategic Plan Objectives, CERS Board of Trustees Election Policy, and Trustee Education. The 2024 CEO Performance Plan and the Personnel Committee Strategic Plan Objectives were both approved by the Committee and require ratification by the CERS Board of Trustees, said Mr. Fulkerson.

Mr. Fulkerson made a motion to approve the 2024 CEO Performance Plan and the Personnel Committee Strategic Plan Objectives. The motion was seconded by Dr. Milkman and passed unanimously.

Ms. Pendergrass introduced agenda item ***Finance Committee Report*** (Video 00:16:60 to 00:42:42). Mr. Adam Gordon with the Auditor of Public Accounts (APA) provided a summary of the Proportionate Share Audit for FY 2023. End of field work for the audit will be at the next meeting of the Authority on March 21, 2024. Mr. Gordon advised that the full report will be released once approved by the Authority. He stated that there were no findings or issues; therefore, the APA anticipates issuing a modified/clean opinion.

Next, Mr. Lamb reviewed the Quarterly Financial Reports with the CERS Board of Trustees. He reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of December 31, 2023. Mr. Lamb briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the six-month period ending December 31, 2023. The CERS Pension Funds Contribution Report was also presented.

Mr. Lamb went on to present the Combining Statement of Fiduciary Net Position of Insurance Funds as of December 31, 2023, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the six-month period ending December 31, 2023, with the CERS Board of Trustees. Next, he reviewed the CERS Insurance Funds Contribution Report for the six-month period ending December 31, 2023. The CERS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were also presented to the Trustees.

The FY 2023-2024 KPPA Administrative Budget – Budget-to-Actual Summary Analysis for the six-month period ending December 31, 2023, was highlighted by Mr. Lamb. Lastly, the Mr. Lamb briefly reviewed the separation/plan-specific expenses and the JP Morgan Chase Credit Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2024.

Mr. D’Juan Surratt presented Hazardous Duty Requests. The CERS Finance Committee considered Hazardous Duty designation requests for nine (9) police, fire, and EMT positions in member organizations, said Mr. Surratt. The Committee voted unanimously to approve each request. Mr. O’Mara made a motion to approve the Hazardous Duty Requests as presented. The motion was seconded by Dr. Carver and passed unanimously.

Mr. Willer briefly presented the Investment Trust Budget to the CERS Board of Trustees.

Next, Mr. Owens provided a Strategic Planning Update.

Ms. Pendergrass introduced agenda item ***Joint Retiree Health Plan Committee Report*** (Video 00:42:43 to 00:50:54). Mr. Powell stated that the Joint Retiree Health Plan Committee met on February 15, 2024. Informational items were reviewed, said Mr. Powell. The Committee reviewed an informational presentation from Humana regarding the 2023 Member Satisfaction Results, the Inflation Reduction Act, CMS Call Notices, and 2024 Stars Outreach. Ms. Pettyjohn provided a summary of the information presented. Open Enrollment (October 1, 2023 to December 31, 2023)

statistics were also presented.

Ms. Pendergrass introduced agenda item ***Investment Committee Report*** (Video 00:50:55 to 03:11:53). Dr. Hackbart stated that the CERS Investment Committee held a special called meeting on January 24, 2024, and a regular meeting on February 28, 2024. The Committee approved Saba Capital Management as a Real Return Investment Manager for a \$175 million investment, subject to successful contract negotiations. The Investment Committee also reviewed an Asset Allocation Analysis and approved the Lower Risk A Asset Allocation option as presented by Wilshire and the KPPA Office of Investments, reported Dr. Hackbart.

Mr. Willer reviewed pension portfolio performance data for the quarter ending December 31, 2023, and fiscal year to date investment highlights. The Investment Administrative Budget for the six-month period ending December 31, 2023, was also presented.

Next, the KPPA Office of Investments presented a Real Return/Saba Capital Executive Summary. Mr. Willer stated that the CERS Investment Committee approved CERS to invest up to \$175 million in Saba Capital closed-end fund strategy as part of the real return allocation pending successful contract negotiations on January 24, 2024. He advised that the investment would be proportionately shared among the CERS pension and insurance portfolios.

Mr. Chiu and Mr. Willer thoroughly reviewed the real return investment process with the CERS Board of Trustees. When fully funded, this investment would represent an additional ~1.0-1.1% of plan assets (depending on fluctuations in market value). It is anticipated this investment would be funded by existing cash or the unwinding of proxy positions based on the specific needs of each plan, said Mr. Chiu and Mr. Willer.

Dr. Hackbart made a motion on behalf of the CERS Investment Committee to approve CERS' investment into Saba Capital as presented. Mr. Fulkerson seconded the motion. A roll call vote was taken; one (1) aye and eight (8) nays. The motion failed.

Next, Ms. Pendergrass briefly presented investment historical data.

Dr. Hackbart reported that the last study of the asset allocation took place in 2020, said Dr. Hackbart. Therefore, the KPPA Office of Investments and Wilshire have been working to

reanalyze the asset allocation. An Asset Allocation Analysis was presented by Mr. Lindberg and Mr. Tessman with Wilshire.

Mr. O'Mara made a motion to direct staff to not make any tactical movements to move the current target until after the April meeting of the CERS Board of Trustees. The motion was seconded by Dr. Hackbart. Mr. Fulkerson opposed, however, the motion passed.

****Mr. Foster exited****

Ms. Pendergrass introduced agenda item ***Administrative***. Due to time constraints, Ms. Pendergrass advised that the CERS Bylaws, CERS Board Election Policy, Administrative Regulation 105 KAR 1:120, and Metro Government Request would be postponed to the April 2024 CERS Annual Board of Trustees meeting.

Ms. Pendergrass withdrew her request to reschedule the April 2024 Annual Board Meeting.

Ms. Pendergrass introduced agenda item ***Closed Session***. Dr. Milkman made a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). The motion was seconded by Mr. Powell 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 - 00:00:19 to 00:00:48).

Coming back into open session, Ms. Pendergrass stated that no action would be taken as a result of the closed session discussions.

Ms. Pendergrass opened the floor for adjournment. Dr. Milkman made a motion and was seconded

by Mr. Powell 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 March 11, 2024, 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 March 11, 2024, were approved on April 8, 2024.

Chair of the Board of Trustees

I have reviewed the Minutes of the March 11, 2024, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[Revised: ~~September~~ ~~November 14, 2022~~ 8, 2023]

Section 1.1 GENERAL ADMINISTRATION.

This Statement of Bylaws and Committee Organization of the Board of Trustees of the County Employees Retirement System (CERS) is adopted pursuant to the authority of KRS 78.782(2). State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

a. Definitions.

1. AAC: "AAC" refers to the Joint CERS and Kentucky Retirement Systems Administrative Appeals Committee.
2. Board: "The CERS Board" refers to the CERS Board of Trustees of the County Employees Retirement System.
3. Board Year: The CERS Board Year shall be from April 1 of each calendar year through March 31 of the following year.
4. Bylaws: "Bylaws" refers to the Statement of Bylaws and Committee Organization.
5. CEO: "CEO" refers to CERS Chief Executive Officer, as outlined in KRS 78.782(9) & (10).
6. CIO: "CIO" refers to KPPA Executive Director Office of Investments.
7. DAC: "DAC" refers to the Joint CERS and Kentucky Retirement Systems Disability Appeals Committee.
8. KPPA: "KPPA" refers to the Kentucky Public Pensions Authority.
9. KRS: "KRS" refers to the Kentucky Revised Statutes.
10. Committee member: "Committee member" or "member" used in relation to a Committee refers to a member of the CERS Board of Trustees of the County Employee Retirement System serving on its Standing or ad hoc Committees.
11. Member: "Member" or "members" used in relation to individuals participating in a system (or System) administered by the Kentucky Public Pensions Authority refers to individuals who are active members (i.e., currently participating as an employee), inactive members (i.e., formerly participated as an employee, but is not currently participating as an employee, has not retired, and has not taken a refund), or retired.
12. Retirement Office: "Retirement Office" refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.
13. Take action on: "Take action on" used in relation to the Board refers a motion being made, seconded, and voted upon by the Board in compliance with Robert's Rules of Order. [RONR (11th ed., as amended)].
14. Trustee: "Trustee" refers to a member of the Board of Trustees of the County Employees Retirement System.

b. Quorum; Parliamentary Authority.

1. CERS Board of Trustees: As required by KRS 78.782(8)(c), a majority of the trustees shall constitute a quorum and all actions taken by the CERS Board shall be by affirmative vote of a majority of the trustees present.
2. Committees of the CERS Board of Trustees: A majority of the trustees on any Committee of the Board appointed pursuant to Sections 2.1-2.5 of these Bylaws shall constitute a quorum of

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STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION
 [As Adopted: September ~~14, 2022~~ 13, 2023]

- the Committee and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee trustees present.
3. The most recent edition of Robert's Rules of Order shall be the parliamentary authority. [RONR (11th ed., as amended)], except that if any Committee of the Board is comprised of five (5) or more trustees, the Committee shall not constitute a quorum of the Board and the Board shall be required to action on all preliminary decision made by the Committee, unless otherwise specified by these Bylaws.
 - c. Meetings. Meetings of the CERS Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.
 - d. Annual Meeting. The annual meeting of the CERS Board shall be held on the third Wednesday of April of each Board Year.
 - e. Regular Meetings. Regular meetings of the Board shall be held on the third Wednesday of March, April, June, and September, the first Wednesday of November, and the 1st Monday of December at times selected by the Board Chair, in the third month of each calendar year quarter. The CERS Board shall adopt the official Regular Meeting calendar no later than December 31 of the previous year.
 - e.f. Trustee Training. In addition to the regular Board of Trustees meetings, the Board Chair may schedule Trustee Training sessions for the third Wednesday of January, July, and October.
 - f.g. Special Meetings.
 1. Special meetings of the Board shall be held upon the call of the Chair of the CERS Board or the CERS CEO.
 2. Special meetings of a Standing or ad hoc Committee of the CERS Board of Trustees shall be held upon the call of the CERS Committee Chair or the CERS CEO.
 3. A trustee may request that the CERS CEO, Chair of the CERS Board (in the case of a special meeting of the CERS Board), or CERS Committee Chair (in the case of a special meeting of a Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the trustees, the CERS CEO, CERS Board Chair, or CERS Committee Chair shall call the requested special meeting.
 - g. Notice of Meetings.
 1. Regular Meetings. Notice of a regular meeting of the CERS Board shall be posted at least seven (7) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the CERS Board. Changes or revisions to the agenda may be proposed by the CERS CEO or a trustee; provided such proposal shall be delivered to the CERS Chair for approval not less than ninety-six (96) hours before the meeting is scheduled; and further provided that nothing in this sentence shall deprive a trustee from introducing new items of business during a regular meeting. Approved changes or revisions to the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.
 2. Special Meetings. When circumstances warrant a special meeting of the CERS Board or of a Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.
 - h. Change in Meeting Dates. Any regular or special meeting of the CERS Board may be changed by following the procedure prescribed in these Bylaws for calling special meetings.

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 [As Adopted: September 14, 2022]

- i. Records of Proceedings. All official acts of the CERS Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The CERS CEO shall cause the minutes to be transcribed and presented for approval or amendment at the next regular or special meeting. An electronic copy (certified by the Chair of the CERS Board and CERS CEO) shall be on file in the Retirement Office for public inspection and posted to the KPPA website hosted for CERS. Electronic copies are maintained on the KPPA Website for Board and Committee actions. Copies that have been archived from the website are available on request.
- j. Chair and Vice-Chair of the CERS Board. The CERS Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing CERS Board Year or until their successors are elected. The CERS Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair of the CERS Board. The CERS Vice-Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair of the CERS Board. A trustee who has served four (4) consecutive years as Chair or Vice-Chair of the CERS Board may be elected Chair or Vice-Chair of the CERS Board after an absence of two (2) years from both positions.
- k. CERS Committees. The CERS Board may create CERS Committees with such powers and duties as established by the CERS Board. The Chair of the CERS Board, unless otherwise stipulated or determined by the CERS Board, shall appoint the members of each CERS Standing or CERS Ad Hoc Committee, and such appointments shall be recorded in the minutes of the current or next-following regular or special CERS Board meeting. CERS Committee members shall serve concurrently with the appointing Chair.
- l. Conflicts of Interest.
 - 1. CERS Trustees shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office.
 - 2. CERS Trustees shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a CERS Trustee, or as otherwise provided by law.
 - 3. CERS Trustees shall also file a written conflict of interest statement as required pursuant to the County Employees Retirement System' Conflict of Interest.
- m. Confidentiality. CERS Trustees shall file a written confidentiality statement as required by the CERS Confidentiality Policy.
- n. Travel Policy Guidelines.
 - 1. All travel for official business of the County Employees Retirement System must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the County Employees Retirement System Board of Trustees Per Diem and Reimbursement Policy.
 - 2. No more than four (4) CERS Trustees may be passengers in the same common carrier. A Maximum of one (1) executive staff of the County Employees Retirement System may be passengers in the same common carrier.
 - 3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for CERS scheduled meetings, no more than four (4) CERS Trustees may attend the same off-site conference, training, etc., at the same time. The CERS CEO shall review Trustee travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.
- n. Election Policy Guidelines. All elections for elected trustees of the CERS Board must be conducted in accordance with the provisions of KRS 78.782(4), 105 KAR 1:445 and the County Employees Retirement System Board of Trustees Election Policy and Procedures adopted by the CERS Board.
- o. Violations of Board Policies and Guidelines. If a complaint is made that a CERS Trustee violated these Bylaws or any policy approved by the CERS Board, the CERS Board shall follow the procedure

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found in the CERS Conflict of Interest or the CERS Confidentiality Policy in investigating the complaint.

Section 1.2 CERS BOARD RESPONSIBILITIES.

- a. The CERS Board shall make and maintain Bylaws.
- b. The CERS Board shall appoint a CEO and fix the CERS CEO's compensation.
- c. The CERS Board shall appoint a General Counsel and fix the CERS General Counsel's compensation.
- d. The CERS Board shall adopt a Personnel Management policy to outline the job descriptions, qualifications, education, and skills for both the CEO and the General Counsel. This policy should also describe recruitment strategies, performance evaluations, and succession planning for these two positions.
- e. The CERS Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, legal counsel, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
- f. The CERS Board shall consider and take action on changes to administrative regulations proposed by the staff of the CERS and KPPA.
- g. The CERS Board shall take action on the audited financial statements.
- h. The CERS Board shall consider and take action on the recommendations of all of its Committees, except that:
 1. AAC and DAC shall have the authority to act upon the recommendations and reports of the hearing officer on behalf of the CERS Board in accordance with KRS Chapter 13B, and
 2. Pursuant to KRS 78.790(1)(b)(2), The CERS Board's Investment Committee shall have the authority to act on behalf of the CERS Board on all investment-related matters, though the CERS Board shall be kept informed of all such matters and shall be responsible for providing oversight on all investment-related matters in compliance with the fiduciary responsibilities of the CERS Board, state and federal law, and the CERS Board's Bylaws and Policies. All investment policies shall be adopted by the CERS Board and the CERS Investment Committee shall implement those policies.
- i. The CERS Board shall work with an actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. KPPA will select and contract with the actuary pursuant to KRS 78.782(2) which allows the Board to carry out its obligations in accordance with KRS 78.784. The Board shall consider and take action on the recommendations of its actuary, including, but not limited to, determining the recommended contribution rates for employers in accordance with KRS 78.510 to 78.852.
- j. The CERS Board shall adopt contribution rates toward medical insurance premiums.
- k. The CERS Board shall provide oversight concerning programs and services for County Employees Retirement System members, beneficiaries, recipients, and participating employers.
- l. Legislative Issues. The Board will review and recommend statutory changes to the General Assembly related to the administration of benefits and compliance with federal law and determine which changes are in the best interests of the CERS plans. The Board will also review legislation proposed by the General Assembly that is likely to have significant impact on the funded status, existing member benefits, or system administration for any of the CERS plans.
- m. The CERS Board shall select candidates for each trustee ballot as provided in KRS 78.782(4), and 105 KAR 1:445.

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 [As Adopted: September 14, 2022]

- n. The CERS Board shall establish a formal trustee education program for all trustees of the CERS Board, pursuant to the requirements of KRS 78.782(17) and 105 KAR 1:440, and ensure that CEO organizes process for this trustee education to occur.
- o. The CERS Board shall collaborate with KPPA on Business Continuity and Disaster Recovery to ensure that CERS records and operations are adequately protected and that critical business operations will continue efficiently. The CERS Board may rely on policies and procedures developed by KPPA to address Business Continuity and Disaster Recovery issues. The CERS Board Chair shall act as temporary CERS CEO in the event the CERS CEO is not available to perform duties outlined in these Bylaws.
- p. The CERS Board, and individual trustees, should ordinarily refer all news media inquiries to the CERS CEO and/or the CERS Board Chair, and should not speak on behalf of the CERS Board or County Employees Retirement System with the news media. However, nothing in this subsection is intended to prevent individual trustees from speaking to the media concerning their actions, opinions, and decisions as individual Trustees. The Board designates the Executive Director of the KPPA, or his designee as the custodian of records for the CERS.

Section 1.3 CHIEF EXECUTIVE OFFICER RESPONSIBILITIES.

- a. The CERS CEO shall ensure that all Board and/or Committee meeting materials are distributed to Trustees at least one week in advance of the meeting to allow Trustees ample time to review documents. The CERS CEO will collaborate with the KPPA Executive Director to identify materials that will be relevant to Board or Committee discussions and assist with compilation of those materials for distribution.
- b. The CERS CEO shall develop a biennial budget and necessary budget amendments for approval by CERS Board. The CERS CEO will coordinate approved budget requests with the KPPA Executive Director to ensure that CERS budget requests are integrated with the KPPA budget request for submission to the Governor's office. The CERS CEO (or designee) shall present a budget-to-actual expenditure analysis to the CERS Board at each regular quarterly meeting of the CERS Board.
- c. The CERS CEO shall be responsible for working with the KPPA Executive Director to ensuring compliance with meeting notice and open records legal and regulatory requirements. The CERS CEO shall also be responsible (in collaboration with KPPA staff) for compiling all relevant materials for consideration by the CERS Board or its Committees and strive to distribute materials to Trustees at least one week prior to the Board or Committee meeting. All materials must be distributed to Trustees in a timely fashion to ensure adequate time for Trustees to review and analyze information prior to the Board or Committee meeting.
- d. The CERS CEO shall coordinate with KPPA staff to ensure that information and record management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber security are developed and maintained.
- e. The CERS CEO shall be responsible for implementing a formal trustee education program for all trustees of the CERS Board, pursuant to the requirements of KRS 78.782(17).
- f. The CERS CEO shall develop recommendations for improvements and revisions of CERS Board policies and submit such revisions for CERS Board approval. CERS CEO shall ensure that approved policies are implemented in conformance with statutes, regulations, and CERS Board policies.
- g. The CERS CEO shall collaborate with CERS General Counsel and KPPA Legal staff to monitor litigation affecting CERS plans. CERS CEO and CERS General Counsel shall report significant developments to the CERS Board.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: September ~~14, 2022~~ 13, 2023]

- h. The CERS CEO shall be responsible for oversight of CERS investment management to ensure that CERS investments are made in a manner consistent with policies promulgated by the CERS Investment Committee and approved by the CERS Board. In carrying out such responsibilities, the CERS CEO will monitor CERS investment policy compliance, investment performance, and ensure timely reporting to the CERS Board of oversight and monitoring concerns and actions.
- i. The CERS CEO will ensure that the KPPA Legislation Status Chart is provided to CERS Trustees and will schedule meetings based on an assessment of the impact of proposed legislation. The CERS CEO and CERS General Counsel may also prepare draft changes to Kentucky Revised Statutes based on CERS Board or an ad-hoc CERS Legislative Committee recommendations, as well as housekeeping revisions to address technical issues and present them to Committee members prior to the date of a meeting. CERS CEO and General Counsel will research the impact of proposed changes and report the results to the Committee. CERS CEO and General Counsel will also make preliminary contacts with legislators, employers and interest groups to assist in formulating legislation to accommodate all interested parties. CERS CEO, General Counsel, and CERS Board Chair will work with the General Assembly, Legislative Research Commission, the Governor's Office, KPPA, and interest groups to advocate for passage of the Board's legislative proposals, or advocate for other interests supported by the Board.
- j. The CERS CEO shall act as legislative liaison, and represent the CERS Board at legislative hearings and other legislative meetings. CERS CEO and General Counsel will review proposed legislation that is likely to impact CERS plan or administrative management and advise the CERS Board about pending legislation.
- k. The CERS CEO shall provide technical assistance to the members of the General Assembly, Governor's office, and state and local government officials, as well as members, recipients, and beneficiaries of the County Employees Retirement System.
- l. The CERS CEO shall recommend legislative or regulatory changes and propose draft language. These recommendations shall be presented to the CERS Board for review and approval.
- o. The CERS CEO shall implement any statutory or regulatory changes and take appropriate action to conform to federal law. CERS CEO shall also collaborate with KPPA Executive Director to monitor implementation of any changes designated as KPPA's responsibilities.
- m. The CERS CEO shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the CERS Board as the head of the County Employees Retirement System in accordance with KRS 13A.220.
- n. The CERS CEO shall communicate with the mass media and other agencies, entities or institutions, and CERS stakeholders, including responding to correspondence or inquiries addressed to the CERS Board.
- o. The CERS CEO shall develop written procedures for completing the responsibilities outlined in these Bylaws. The CERS CEO shall collaborate with the KPPA administrative staff to coordinate key operational provisions specific to CERS, including but not limited to access codes for CERS Board files, equipment, and software maintained by the CERS CEO, key Trustee and vendor contact information, or other organizational information in the event that the CERS CEO is not available to perform the duties outlined in these Bylaws.
- p. The CERS CEO shall collaborate with the KPPA Executive Director on issues related to benefits administration and to coordinate reciprocal benefits with the other state administered retirement systems in Kentucky.
- q. In the case of emergency conditions that threaten the functioning of the County Employees Retirement System, the preservation or protection County Employees Retirement System' property or assets, vital data, or the health and safety of any person, and where a quorum of the CERS Board is unavailable, the

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CERS CEO may take actions necessary to prevent or mitigate the threat, even if a vote of the CERS Board would otherwise be necessary to take such action. When a quorum of the CERS Board becomes available, any such actions taken by the CERS CEO shall be reviewed and ratified as necessary.

Section 2.1 STANDING COMMITTEES.

The CERS Board shall have the Standing Committees specified in Section 2.2, each of them to have the duties and responsibilities as therein set forth, together with such other duties and responsibilities as the CERS Board may by resolution determine. In each CERS Board Year, the Chair, elected at the annual meeting, shall appoint trustees to Committees as specified in Section 2.2, unless otherwise determined by the CERS Board. Each CERS Committee shall have a Chair and the CERS Board Chair shall appoint the Chair of each Committee, unless otherwise determined by the CERS Board. A CERS Committee may (but is not required to) elect a Vice-Chair from among its CERS Committee members by a majority vote of the Committee. A Vice-Chair so elected shall preside at meetings of the CERS Committee in the absence or inability to act of the Committee Chair. Any trustee may attend any meeting of any Committee of which he or she is not a Committee member, but shall not have a vote.

Section 2.2 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.

The Standing Committees of the CERS Board are, and shall have respective duties and responsibilities, as follows:

- a. Actuarial Committee. The CERS Actuarial Committee shall include (i) one (1) trustee with retirement administration experience appointed by the Governor pursuant to KRS 78.782(2)(b)(1-3); (ii) one (1) trustee elected by members of the County Employees Retirement System; and (iii) one (1) trustee with investment experience appointed by the Governor pursuant to KRS 78.782(2)(b)(4-6).
 1. Committee Responsibilities.
 - A. The Committee will meet ~~semi-annually~~ on the second Wednesday of February and April and the fourth Wednesday of October, with authority to convene additional meetings, as circumstances require. ~~The regular meetings shall be held in the first quarter and the fourth quarter of the calendar year.~~ Additional meetings may be convened in conjunction with experience studies or significant changes to federal or state statutory guidance for CERS.
 - B. The CERS Actuarial Committee will review and evaluate actuarial assumptions, funding methods and tables proposed by the actuary (including without limitation all economic, mortality, disability, etc., assumptions) for each plan within County Employees Retirement System that affect: (i) the annual determination of the actuarial valuation of assets and liabilities of the System within the meaning of KRS 78.784; (ii) the factors that apply to amounts payable to members (e.g., early commencement, commutation, repayment, etc.); and (iii) the actuarially recommended contribution rate for employers required under KRS 78, except as otherwise determined by law or regulation,
 - C. The CERS Actuarial Committee will report its findings and recommendations of each such review or evaluation to the CERS Board for the CERS Board to determine appropriate implementation and action.
- b. Administrative Appeals Committee. The CERS Board shall collaborate with the Kentucky Retirement System Board to develop a timely disability and administrative appeals process. The CERS Board and the KRS Board will coordinate the Administrative Appeals process with one AAC for each Board. These AAC's may be combined with the DACs (Section 2.2(d), in compliance KRS 61.645(16) and KRS 78.782(16). Consistent with the provisions of KRS Chapter 13B, the AACs

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shall meet in alternate months, as needed, to act in matters of administrative appeals. Each Committee shall consist of three (3) members; however, the members appointed to one committee may also serve from time to time on the other Committee. One of the AAC shall consist of two (2) CERS Trustees and one (1) Kentucky Retirement Systems trustee. The other AAC shall consist of one (1) CERS Trustee and two (2) Kentucky Retirement Systems trustees. The AACs shall ensure that the laws governing CERS are administered impartially and uniformly, and that the actions of the CERS resulting in the appeal were correct and fair under the applicable statutes and regulations.

1. AAC Responsibilities: In matters of administrative appeals; the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The AAC shall act on behalf of the entire CERS Board as the agency head in making a final order of the CERS Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CERS CEO for study and development for the CERS review and approval.
2. KPPA Executive Director Office of Benefits Responsibilities. The Executive Director, KPPA Office of Benefits or designated staff, in coordination with KPPA Legal Staff, will coordinate meeting dates and determine which cases will be reviewed by each AAC. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. KPPA Legal Staff may provide legal or technical advice to the Committee,
- c. Finance Committee. The Committee shall consist of not less than three (3) and not more than four (4) members and will act on behalf of the CERS Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations, and the applicable codes of conduct.
 1. Committee Responsibilities.
 - A. The Finance Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the third Monday of February, May, and August, and the fourth Monday of November at ~~those~~ times selected by the Finance Committee Chair.
 - B. The Finance Committee shall have the authority to review reports by the KPPA Internal Audit Administration and to recommend appropriate policies and procedures to KPPA.
 - C. The Finance Committee shall review the job descriptions for the employees whose names have been certified by the applicable authority to meet the criteria of KRS 61.592 and 105 KAR 1:130 for hazardous duty, and also those employees who have been so certified who are not, or who no longer are, working in a hazardous duty position. Upon review and approval, the Finance Committee shall forward the results and its recommendations for the appropriate classification as hazardous or nonhazardous duty to the CERS Board for approval and ratification.
 2. The Finance Committee shall review interim financial reports and budget-to-actual comparisons for administrative budgets. Financial reports shall include, but are not limited to, statement of net position, statement of changes in net financial position, cash flow reports, accounts receivable, and collection activity reports for each plan (pension and insurance, nonhazardous and hazardous).

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3. The Finance Committee may request internal audits to analyze specific issues relevant to CERS plan management, investment performance, or administration.
 4. Audit Charters. The KPPA Division of Internal Audit Charter are hereby incorporated by reference.
 5. Budget. The Finance Committee shall review the County Employees Retirement System's biennial administrative budget and necessary budget amendments.
- d. Disability Appeals Committee. The CERS Board shall collaborate with the Kentucky Retirement System Board to develop a timely disability and administrative appeals process. The CERS Board and the KRS Board will coordinate the Disability Appeals process with one DAC for each Board. These DAC's may be combined with the AACs (Section 2.2(b), in compliance KRS 61.645(16) and KRS 78.782(16). Consistent with the provisions of KRS Chapter 13B, the DACs shall meet in alternate months, as needed, to act in matters of administrative appeals. Each Committee shall consist of three (3) members; however, the members appointed to one committee may also serve from time to time on the other Committee. One of the DAC shall consist of two (2) CERS Trustees and one (1) Kentucky Retirement Systems trustee. The other DAC shall consist of one (1) CERS Trustee and two (2) Kentucky Retirement Systems trustees. The DACs shall ensure that the laws governing CERS are administered impartially and uniformly, and that the actions of the CERS resulting in the appeal were correct and fair under the applicable statutes and regulations.
1. Committee Responsibilities. In matters of disability appeals, the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The Committee shall act on behalf of the entire CERS Board as the agency head in making a final order of the CERS Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CERS CEO for study and development for the CERS Board review and approval.
 2. KPPA Executive Director Office of Benefits Responsibilities. The Executive Director, KPPA Office of Benefits, or designated staff, in coordination with KPPA Office of Legal Services staff, will coordinate meeting dates and determine which cases will be reviewed. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. Staff may provide legal or technical advice to the Committee.
- e. Investment Committee. The Committee shall consist of ~~five-four (45)~~ members, as follows: the three (3) trustees appointed by the Governor pursuant to KRS 78.782(2)(b)(4-6) (investment experience), and one (1) trustees appointed by the CERS Board Chair, ~~and one (1) Trustee elected by the membership (KRS 78.782(4) or one (1) Trustee appointed by the Governor pursuant to KRS 78.782(2)(b)(1-3) (retirement administration).~~
1. Committee Responsibilities.
 - A. Pursuant to KRS 78.790, the CERS Investment Committee shall have authority to implement the investment policies adopted by the Board, including without limitation the CERS Board's Statement of Investment Policy (pensions and health), and to act on behalf of the CERS Board on all investment-related matters, and to acquire, sell, safeguard, monitor, and manage the assets and securities of the several funds.
 - B. The CERS Investment Committee will meet at least quarterly to review reports from investment staff, investment consultants, and investment managers with authority to

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convene additional meetings as circumstances require. The regular quarterly meetings shall be held on the fourth Wednesday of February, May, and August and the fourth Tuesday of November at ~~those~~ times selected by the Investment Committee Chair.

- C. The CERS Investment Committee will monitor investment performance and management practices and make reports and recommendations to the CERS Board. The CERS Investment Committee will approve the selection and termination of service providers. The CERS Investment Committee will evaluate whether the Investment Policy, the investment activities, and management controls and processes continue to be consistent with meeting the County Employees Retirement System's financial and plan management goals, and perform other duties specified in the Statement of investment Policy.
- D. The Investment Committee may also recommend legislative changes to the CERS CEO and CERS Board to improve the administration of investment related matters.
2. Collaboration with KPPA Executive Director, Office of Investments (CIO).
 - A. The CIO shall administer the assets of the County Employees Retirement System consistent with the policies, guidelines, and limits established by the law, the CERS Investment Committee and the CERS Statement of Investment Policy.
 - B. The CERS CEO will collaborate with the KPPA CIO to develop and monitor investment management and investment performance reporting for the CERS Investment Committee and CERS Board.
 - C. The KPPA CIO and CERS CEO shall provide members of the CERS Investment Committee with assessments of service providers and performance reports.
 - D. The KPPA CIO and CERS CEO shall identify issues for consideration by the CERS Investment Committee and prepare recommendations regarding those issues.
 - E. The CIO and CERS CEO shall recommend changes to the Investment Committee regarding service providers, statutes, policies or guidelines, as needed, to maintain a productive relationship between the investment program and its goals.
 - F. The CIO and/or CERS CEO shall communicate with the mass media and other agencies, entities, or institutions regarding investment related issues.
3. CERS Investment Policy. The "CERS Investment Policy Statement: Pension Funds," the "CERS Investment Policy Statement: Insurance," and the "CERS Investment Procurement Policy" are hereby incorporated by reference.
- f. **Joint Kentucky Retirement Systems and CERS Retiree Health Plan Committee.** The Committee shall consist of four (4) Trustees, including two (2) Trustees appointed from the CERS Board by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems Board by the Kentucky Retirement Systems' Chair. The Committee shall elect a Chair and Vice Chair and shall assist the CERS and KRS Boards in providing a group hospital and medical insurance plan for present and future recipients of a retirement allowance from the systems administered by County Employees Retirement Systems as required by KRS 61.702.
 1. **Committee Responsibilities.**
 - A. The Committee will meet quarterly to review reports from KPPA staff and retiree health insurance consultants with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held at those times selected by the Joint Retiree Health Plan Committee Chair.
 - B. The Committee will monitor retiree health insurance matters and make reports and recommendations to the CERS and KRS Boards. The Committee will evaluate retiree health insurance issues and obligations set forth in state and federal law. The Committee may, as deemed necessary, evaluate health insurance companies, health maintenance organizations,

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self-insurance proposals, and other ways of providing a group hospital and medical insurance plan for retired members as provided in KRS 61.702.

- C. The Committee may negotiate and recommend appropriate contracts for execution by the CERS & KRS Boards, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS 45A). The Committee may solicit reports and actuarial analyses in order to analyze issues regarding retiree health insurance. The Committee may also recommend legislative changes to improve the administration of retiree health insurance related matters. Any recommended legislative changes shall be referred to the CEO for study and development.

2. **KPPA Executive Director Responsibilities.** The KPPA Executive Director and designated staff will maintain and provide the Committee with necessary information to execute its responsibilities. The KPPA Executive Director or designated staff will provide advice regarding state and federal laws and regulations. KPPA Administrative Staff will identify issues for consideration by the Committee and prepare recommendations regarding those issues.

~~g. **Joint Kentucky Retirement Systems and CERS Audit Committee.** The Committee shall consist of four (4) Trustees, including two (2) Trustees appointed from the CERS Board by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems Board by the Kentucky Retirement Systems' Chair. The Committee shall elect a Chair and Vice Chair. The Committee will act on behalf of the Board in fulfilling its oversight responsibilities for the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations and the code of conduct.~~

~~0. **Committee Responsibilities.** The Committee will meet quarterly, with authority to convene additional meetings, as circumstance require. The regular quarterly meetings shall be held at those times selected by the Joint Audit Committee Chair.~~

~~— The Committee shall have the authority to review reports by the Internal Auditor and to recommend appropriate policies and procedures. Additional responsibilities are enumerated in the Audit Committee Charter.~~

~~— The Committee shall have the authority to receive communications and audit reports from the KPPA external auditor and recommend actions to the KRS & CERS Boards and KPPA for improving internal controls, financial reporting, and management.~~

~~0. **Internal Auditor Responsibilities.** The KPPA Internal Auditor will be responsible for the planning, implementation, and reporting of audits and internal audit plans. The Internal Auditor will also be responsible for the functional control and audit activities in the relation to the objectives of the KPPA Division of Internal Audit. Additional responsibilities are enumerated in the KPPA Division of Internal Audit Charter.~~

~~0. **Audit Charters.** The Audit Committee Charter and the KPPA Division of Internal Audit Charter are hereby incorporated by reference.~~

~~m.g.~~ **Personnel Committee.** The CERS Personnel Committee shall include three members appointed from the CERS Board by the CERS Chair. Members should have relevant experience for personnel management and/or legal expertise for personnel laws and regulations.

1. **Committee Responsibilities.** The Committee will meet semi-annually, with authority to convene additional meetings, as circumstances require. The regular meetings shall be held on the second Tuesday of January and June at a time selected by the Committee Chair, determined by the Board of Trustees no later than the December Board of Trustees meeting of the previous calendar year. Special meetings may be convened in conjunction with the need to evaluate, advise, coach or reprimand any CERS employee or professional services contract provider.

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A. The CERS Personnel Committee will recommend to the full Board of Trustees the appropriate number of employees and professional service contract providers to be employed by CERS. The CERS Personnel Committee will establish job descriptions and performance goals for all CERS employees and professional service contract providers. The Committee will evaluate the job performance of all CERS employees and make recommendations to the full Board of Trustees concerning employee compensation, retention, and potential disciplinary action, if needed.

B. The Personnel Committee will work closely with the KPPA Human Resources Department to identify and implement best practices for employee development and training opportunities. The Personnel Committee will endeavor not to replicate services currently provided by KPPA Human Resources Department which are made available to CERS employees and professional services contract providers.

C. The CERS Personnel Committee will report its findings and recommendations of each such review or evaluation to the CERS Board for the CERS Board of Trustees to determine appropriate implementation and action.

~~— Legislative Committee. The CERS Legislative Committee shall include three members with relevant experience for developing pension management policies and related legislation appointed by the CERS Chair. The Committee shall elect a Chair and Vice Chair.~~

~~— Committee Responsibilities. The Legislative Committee shall meet at least annually to review legislative proposals under consideration by the General Assembly, with authority to convene special meetings as necessary. Regular meetings shall be held on the 4th Monday of July and August at a time selected by the Committee Chair.~~

~~— The Committee shall review pension legislation proposed in the General Assembly that affects CERS and may develop a recommended position on the legislation to be adopted by the CERS Board of Trustees.~~

~~— The Committee may develop recommended legislative changes for submission to the Public Pension Oversight Board (PPOB). These recommendations should be approved by the CERS Board of Trustees prior to submission to PPOB.~~

~~— The CERS CEO shall review pension related legislation on the General Assembly docket and provide feedback to the CERS Legislative Committee for consideration. The CEO may also recommend Special Meetings of the Committee to consider critical legislation in a timely manner.~~

~~n.h.~~ In addition to the duties and responsibilities described in this Section 2.2, each Standing Committee may develop appropriate additional policies and proposals to be ratified by the CERS Board.

Section 2.3 DELEGATIONS OF AUTHORITY BY THE CERS BOARD.

Delegation of Authority. Except as may be prohibited by or inconsistent with law, the CERS Board may delegate to any CERS Standing Committee of the Board any power, authority, duty, or responsibility conferred on the Board by law. In the case of any such delegation, the decision or action of the CERS Committee within the scope of its delegated authority shall constitute the decision or action of the CERS Board. The CERS Board may at any time rescind the delegated authority as a whole or in part, except that a rescission of authority with respect to quasi-judicial matters delegated to a CERS Committee shall not operate to affect the proceedings or the final action of any such matter pending before the Committee when the CERS Board acts to rescind. This exception is designed to preclude the CERS Board from using its authority to rescind a delegation to interfere with the process or outcome of a quasi-judicial proceeding then in progress before a CERS Committee which had properly commenced the proceeding within the scope of its authority.

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Section 2.4 AD HOC COMMITTEES.

In addition to the CERS Standing Committees specified in Section 2.2, the Chair or the CERS Board may at any time establish an ad hoc Committee of the CERS Board and fix its duties and responsibilities for any purpose which, in the judgment of the CERS Chair or the CERS Board, is better served by a temporary rather than CERS Standing Committee. Each such Committee shall consist of such number of members as the CERS Chair shall determine, and the CERS Chair shall also then appoint the CERS Chair and designate the other members of the CERS Committee, unless otherwise determined by the CERS Board.

Section 2.5 KPPA COMMITTEES

The CERS Board of Trustees shall collaborate with Committees established by the Kentucky Public Pensions Authority to develop administrative and benefit management policies as necessary for the County Employees Retirement System.

Section 2.6 LIMITATIONS ON AUTHORITY.

No CERS Committee shall have any power or authority, nor shall the CERS Board delegate to itself, power or authority, as to any of the following:

- a. The amendment or repeal of any CERS Board resolution.
- b. Action on other matters committed by CERS Board resolution or by Kentucky law (including the common law of trusts respecting the delegation or the non-delegation of fiduciary responsibilities) to the CERS Board under terms or provisions that make such action non-delegable.

Section 2.76 AMENDMENT OF BYLAWS.

These Bylaws may be amended by presenting the proposed amendments at any regular or special meeting of the CERS Board of Trustees. Proposed amendments shall also be presented at a subsequent regular or special meeting of the CERS Board of Trustees. The subsequent meeting shall be scheduled no less than 48 hours after the meeting to first present the proposed amendments. Proposed amendments shall be posted on the KPPA website between the first and second presentation of the recommendations. Approval of proposed amendments to Bylaws requires a vote of a majority of the entire membership of the CERS Board for approval.

Section 3.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.

We, the Chair of the CERS Board of Trustees and the Chief Executive Officer of the County Employees Retirement System, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the CERS Board of Trustees on the 14th 8th day, of ~~September 2022~~ November, 2023.

 Chair, Board of Trustees

Date _____

 CERS Chief Executive Officer

Date _____



**County Employees Retirement System
Board of Trustees
Trustee Election Policy**

Last Approval Date: **March 11, 2024**

I. Introduction

Adoption of Board Election Policy

Pursuant to the provisions of Kentucky Revised Statutes (KRS) 78.782, the Board of Trustees (Board) of the County Employees Retirement System (System) is permitted to adopt procedures necessary to conduct the business of the System as needed. State and federal law shall control if any inconsistency exists between the law and this policy.

Statement of Board Election Policy

The Board is composed of nine Trustees who shall be selected as follows:

1. Three (3) elected from members of the County Employees Retirement System.
 - a. Two (2) elected individuals shall have a majority of service credit earned in a nonhazardous position.
 - b. One (1) elected individual shall have a majority of service credit earned in a hazardous position.
2. Six (6) appointed by the Governor.
 - a. Three (3) Trustees with retirement experience.
 - i. One (1) appointed from a list of three (3) applicants submitted by the Kentucky League of Cities.
 - ii. One (1) appointed from a list of three (3) applicants submitted by the Kentucky Association of Counties.
 - iii. One (1) appointed from a list of three (3) applicants submitted by the Kentucky School Boards Association.
 - b. Three (3) Trustees with investment experience.
 - i. One (1) appointed from a list of three (3) applicants submitted by the Kentucky League of Cities.
 - ii. One (1) appointed from a list of three (3) applicants submitted by the Kentucky Association of Counties.
 - iii. One (1) Trustee appointed from a list of three (3) applicants submitted by the Kentucky School Boards Association.

KRS 78.782 (3) through (6) provides the basic statutory requirements for the election of the elected Trustees of the Board. The Board recognizes the need to establish consistent procedures for the implementation of these statutory provisions requiring the election of certain Trustees.

Purpose

The purpose of this Board Election Policy (Policy) is to establish procedures to implement KRS 78.782 and 105 Kentucky Administrative Regulation 1:445, Electronic ballots in Trustee elections.

II. Definitions

The following definitions and terms used in this Policy shall be applicable whenever used herein:

1. "Application" means the form adopted by the Board to be used by members seeking to be nominated and placed on the Official Ballot as a candidate. The application can be submitted through the Kentucky Public Pensions Authority (KPPA) website using DocuSign. It may also be submitted to the KPPA either electronically at trustee.election@kyret.ky.gov or at the Frankfort retirement office by a member.
2. "Ballot" or "Official Ballot" means a voting instrument, either electronic or paper, that includes the candidates for election as a Board Trustee and the following information for each of the candidates:
 - a. Name;
 - b. Recent photograph;
 - c. City and county of residence;
 - d. The System's current employing agency and position title or the System's employing agency from which the candidate last worked or retired and the position title of the last position held;
 - e. Education including schools and/or universities attended and degrees earned;
 - f. Any professional licenses or certifications held by the candidate; and
 - g. Any organization of which the candidate is a member that is listed on the candidate's application, or résumé.

The ballot shall contain the website address where each candidate's application, cover letter, picture, and résumé shall be available for viewing. Candidates' position on the ballot shall be determined by random lottery, performed and certified by a representative from the KPPA Division of Internal Audit. Identifying information for each eligible voter shall be protected by bar code or other means. The ballot shall include the ability to write-in candidates.

3. "Candidate" means a potential candidate who has been nominated and placed on the Official Ballot by the current Board or by petition from the membership of the System.
4. "Constitutionally eligible individual" means a potential candidate who does not have a conflict of interest on the basis of holding a constitutionally elected or appointed position pursuant to KRS 78.782 and Kentucky Constitution Section 165.
5. "Cover Letter" means a document submitted to the KPPA either electronically at trustee.election@kyret.ky.gov or at the Frankfort retirement office by a member, which details the member's qualifications for serving as a Trustee to the Board.
6. "Eligible voter" means any person who was a member of the System on or before December 31 of the year preceding the election year and who has provided the KPPA at the Frankfort retirement office with a valid email or physical address as set forth in KRS 78.782.
7. "Member" shall mean individuals of the System, whether that individual is active (i.e., currently employed), inactive (i.e., formerly employed, but not retired and has not taken an account refund) or retired.
8. "Petition" means a document submitted by a potential candidate requesting to be nominated and placed on the Official Ballot by the members of the System. A petition shall meet the following standards or, if it fails to meet the following standards, shall be deemed invalid and the requesting individual shall not be a potential candidate qualified for nomination and placement on the Official

Commented [EB1]: Just FYI, I can only find this on the website by using the search bar. It doesn't appear to be under the Forms section.

Commented [EB2]: The regulation only says "application." It's probably better to just be consistent.

Ballot as a candidate:

- a. The petition shall contain the name, the last four digits of Social Security number, and signature of not less than one-tenth of the number of members voting in the last election for the System. Each member may only be counted once on the petition.
 - b. A potential candidate seeking nomination by petition shall submit a fully completed application, cover letter, résumé, picture, and a release for a criminal background check at the same time the petition is submitted to the KPPA at the Frankfort retirement office.
9. "Picture" means a photograph that will be included on the KPPA website and on the Official Ballot. The picture should be in color and at least size 5x7. The picture should be submitted in an electronic format to trustee.election@kyret.ky.gov.
10. "Plurality of votes" means a majority of votes cast in the election on a Valid Ballot.
11. "Potential candidate" means a member who is seeking nomination as a candidate by the current Board or by valid petition from the membership of the System and who meets the following criteria:
- a. Is a member of the System;
 - b. Has fully completed and submitted an application, cover letter, résumé, picture, and a release for a criminal background check by the required deadline;
 - c. Is a constitutionally eligible individual;
 - d. Is not statutorily prohibited from being a Trustee by virtue of the term limits in KRS 78.782 (3);
 - e. Is not a current or former employee of the System, Kentucky Retirement Systems, or KPPA; and
 - f. Is not in violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction or any other statute.
12. "Résumé" means a document submitted to the KPPA either electronically at trustee.election@kyret.ky.gov or at the Frankfort retirement office by a member, which shall include the member's name, address, phone number, e-mail address, educational background, and professional employment history. Employment history must include dates of employment, job title, employer name and address, and type of business. Résumé may also include any certifications and relevant memberships not included on the application.
13. "Term of Office" means the period of membership on the Board, which shall begin on April 1 of the year elected or appointed and shall end on March 31 four years thereafter.
14. "Valid Ballot" means a current version of the electronic or paper ballot provided to an eligible voter that has been marked to show the voter's choice of at least one (1), but not more than the maximum number of eligible candidates for the number of vacancies being filled.
- a. Electronic ballots shall be cast on or before March 1.
 - b. Paper ballots shall contain the signature of the voter and be postmarked to the System in care of a predetermined post office box number at a United States Post Office on or before March 1.

Any ballot that does not meet these standards shall be deemed an invalid ballot and shall not be counted. In addition, if multiple ballots are submitted by one (1) individual, only the first received ballot will be considered valid and will be counted; all subsequent ballots shall be invalid and will not be counted.

15. "Write-in candidate" means an individual whose full name (first, middle, and last name) was written in the space provided on at least one Valid Ballot. Should a write-in candidate receive a

Commented [CK(3)]: The statute does not appear to provide guidance on what must be provided for write-in candidates. There was discussion in the past that it may be preferable to only require the first and last name of the write-in candidate, as the middle name may not be known.

plurality of votes, a representative from the KPPA Division of Internal Audit will ensure the write-in candidate meets all the following criteria. If the criteria are not met, the write-in candidate will not be allowed to serve as Trustee:

- a. Is a member of the System;
- b. Is a constitutionally eligible individual;
- c. Is not statutorily prohibited from being a Trustee by virtue of the term limits in KRS 78.782 (3);
- d. Is not a current or former employee of the System, Kentucky Retirement Systems, or KPPA; and
- e. Is not in violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction or any other statute.

III. Requests for Candidates

1. The KPPA shall notify the membership that applications are being accepted from members who would like to be considered for nomination by the Board as a candidate for the position of Trustee. The notice shall include information, or direct the membership on how to find information, regarding the qualifications necessary for candidacy as well as the due dates for applications and other required documents.
2. A member seeking nomination by the Board must submit a completed application, cover letter, résumé, picture, and a release for a criminal background check to the KPPA by July 31 of the year prior to the expiration of a term of office.
3. If a member requesting nomination by the Board is currently employed or holds any other office, the member's personal information will be forwarded to the Office of the Attorney General of Kentucky to determine whether the member is a constitutionally eligible individual.
 - a. If the member is not a constitutionally eligible individual, the member shall be notified of his or her ineligibility, and that he or she will not be listed as a potential candidate for nomination by the Board, unless the member agrees to resign from the position causing the constitutional ineligibility. This resignation would only be required if the member were to be declared a winner of the election.
 - b. The Board also shall be notified if the member seeking to be listed as a potential candidate for nomination by the Board is determined not to be a constitutionally eligible individual.
4. Any information requested by a potential candidate and approved by designated KPPA staff to be provided to the potential candidate shall be forwarded to all other potential candidates, providing the information does not violate the confidentiality requirements specified in KRS 61.661 or any other binding law.

IV. Nomination by the Board

1. The System's Chief Executive Officer or designee shall provide written notice to the Board of election procedures at the first quarterly meeting in the Board year preceding the expiration of the term of office.
2. The Board shall nominate no more than three (3) candidates for each position to be elected. No more than six (6) candidates can be nominated who have a majority of service in a non-hazardous position and no more than three (3) candidates can be nominated that have a majority of service in a hazardous position. Therefore, the ballot shall contain no more than nine (9) names. This nomination shall take place no less than six (6) months prior to the expiration of the current elected

Trustee's term of office. Prior to making the nominations, the current Trustees will be given a list of all potential candidates seeking nomination by the Board.

3. From the list provided, each Trustee may vote for up to three (3) potential candidates but must vote for at least one (1) potential candidate per open position. Voting will occur in a roll call manner so that each current Trustee verbally confirms his or her nomination(s). Current Trustees may vote for up to a maximum of nine (9) candidates but must vote for at least three (3) candidates.
4. After voting under Paragraph three (3) of this section is completed, a representative from the KPPA Division of Internal Audit will review the number of votes received by each potential candidate. The potential candidates that receive the highest number of votes will be placed on the Official Ballot. No more than the maximum allowed nominated candidates under Paragraph two (2) of this section will be placed on the Official Ballot.
5. If multiple potential candidates receive the same number of votes under Paragraph three (3) of this section resulting in more than the maximum allowed nominated candidates under Paragraph two (2) of this section, another vote will be taken only of those potential candidates receiving a tying vote for the last spot(s) on the Official Ballot. Trustees will vote for up to one (1) potential candidate per remaining spot to be filled on the Official Ballot. After the additional vote is taken, the potential candidate(s) receiving the highest number of votes will be placed on the Official Ballot. The voting shall continue in this manner until the ties are broken resulting in no more than the maximum number of allowed nominated candidates under Paragraph two (2) of this section.
6. If voting under Paragraphs three (3) and/or five (5) of this section results in fewer than the maximum number of allowed potential candidates being nominated to the Official Ballot under Paragraph two (2), the Trustees must take one (1) of the following actions by affirmative majority vote:
 - a. Allow only those potential candidates with the highest number of votes under Paragraphs three (3) and/or five (5) to be placed on the Official Ballot, or
 - b. From the original list of potential candidates, vote in accordance with Paragraph five (5) of this section for potential candidates who have not received sufficient votes under Paragraphs three (3) or five (5) to be placed on the ballot until the maximum number of potential candidates under Paragraph two (2) are nominated to be on the Official Ballot.
7. The KPPA will publish the candidates nominated by the Board on the KPPA website. Deadlines as set out below shall be provided on the website.

V. Nomination by Petition

1. ~~After the candidates are nominated by the Board,~~ A member may also seek nomination by petition from members of the System. The petition nomination process will be published on the KPPA website.
2. To be nominated as a candidate on the Official Ballot, a member seeking nomination by petition from the membership of the System must submit a petition complying with the requirements as set out in the definitions above and adhere to the following requirements:
 - a. The petition may only contain the name of one (1) potential candidate.
 - b. The petition shall be delivered to the KPPA at the Frankfort retirement office no later than November 30 of the year prior to the expiration of a term of office.
3. The names and social security numbers on all petitions received will be verified by designated KPPA staff and certified by a representative from the KPPA Division of Internal Audit. The

Commented [EB4]: This isn't necessarily what the statute says. It only says "not less than four months" before the expiration of the term.

Commented [EB5]: This is broader than the statute. The statute only requires it to be made not less than four months of the end of the term.

certification of additional candidates shall become part of the official minutes of the Board.

4. If a member submitting a petition is currently employed or holds any other office, the member's personal information will be forwarded to the Office of the Attorney General of Kentucky to determine whether the member is a constitutionally eligible individual.
 - a. If the member is not a constitutionally eligible individual, the member shall be notified of his or her ineligibility, and that he or she does not qualify as a potential candidate for nomination by petition, unless the member agrees to resign from the position causing the constitutional ineligibility. This resignation would only be required if the member were to be declared a winner of the election.
 - b. The Board also shall be notified if the member seeking to qualify as a potential candidate for nomination by petition is determined not to be a constitutionally eligible individual.

~~Any information requested by a potential candidate and approved by designated KPPA staff to be provided to the potential candidate shall be forwarded to all other potential candidates, providing the information does not violate the confidentiality requirements specified in KRS 61.661 or any other binding law.~~

Commented [EB6]: I don't see why we need this.

VI. Election by the Membership

1. An Official Ballot, complying with the requirements as set out in the definitions above, shall be prepared no later than three (3) months prior to the expiration of the term of office in question.
 - a. Electronic ballots shall include instructions on voting for a candidate, including write-in candidates. The deadline by which electronic votes must be cast shall be included on the electronic ballots.
 - b. Paper ballots shall include instructions for voting for a candidate, including write-in candidates, and for marking and returning the ballots. The postmark deadline for the paper ballots shall be printed on the ballots. Paper ballots shall be addressed to the System in care of a predetermined post office box number at a United States Post Office.
2. The KPPA Executive Director or designee shall initiate a bid for a contracted firm to administer the election (hereafter referred to as the "Election Services Vendor") using the procurement procedures then in place. The bid shall outline vendor security requirements, the technical requirements for both electronic and paper ballots (including paper ballot printing specifications), and the required election timeline.
3. The Election Services Vendor shall obtain the post office box for receipt of paper ballots. Access to this post office box shall be limited to the Election Services Vendor. An agreement shall be made between KPPA and the Election Services Vendor concerning the location of the postal box and the Business Reply Permit Number that shall be used.
4. All eligible voters will be provided with an electronic ballot or mailed a paper ballot on or before January 20.
5. Only one (1) ballot will be provided to an eligible voter. Ballots will be distributed as follows:
 - a. Electronic ballots for the election of Trustees shall be distributed via email addresses on file at KPPA.
 - b. Paper ballots for the election of Trustees shall be distributed via the United States Postal Service to each voter that does not have a valid email address on file at KPPA or to each eligible voter that requests a paper ballot by November 30 of the year prior to the expiration of a term of office.

Commented [EB7]: I know this is lifted from the reg, but I wonder if it conflicts with the "within four months of the nominations" language in the statute. I realize it is attempting to get around the timing problem the statute creates though.

Commented [EB8]: I think all the elected trustees have terms that expire March 31, but the statute suggests that that might not always be the case if there is a delay in someone starting for some reason. It might be better to reframe things in terms of "X months before the expiration of a term."

6. Duplicate ballots will not be produced.
 - a. If an eligible voter fails to receive a ballot (paper or electronic) because of an act or omission of the System or the KPPA and makes the System or the KPPA aware of this before the voting has closed, a representative from the KPPA Division of Internal Audit shall work with the Election Services Vendor to provide a replacement ballot. If the System or the KPPA is made aware of the situation on or before one (1) week prior to the postmark deadline, the eligible voter may request either a paper or electronic ballot. If the System or the KPPA is made aware of the situation with less than a week before for the postmark deadline, only an electronic ballot will be provided to the eligible voter.
 - b. If a paper ballot is returned to the Election Services Vendor, the System, or KPPA with an invalid address, but a corrected address is received from the United States Postal Service on or before one (1) week prior to the postmark deadline, a representative from the KPPA Division of Internal Audit may work with the Election Services Vendor to mail a subsequent paper ballot to the eligible voter at the corrected address.
7. The Election Services Vendor shall count each ballot. In so doing, the Election Services Vendor shall review the validity of the ballot in accordance with the definition above. All votes via valid ballots shall be counted for the candidate(s) marked. During the process of the count, all ballots shall be in the exclusive control of the Election Services Vendor, with proper security to ensure that no one other than the Election Services Vendor has access to the ballots.
8. Official ballots returned to the System or KPPA will be processed in accordance with 105 KAR 1:445 Sections 4, 6.
9. After counting all valid ballots, the Election Services Vendor shall certify in writing the results of the election to the Chair of the Board in care of the System's Chief Executive Officer and the KPPA Executive Director on or before March 15 of the year in which a term of office expires.
10. The two (2) candidates with a majority of service in a non-hazardous duty position and the one (1) candidate with a majority of service in a hazardous position receiving a plurality of the votes shall be designated as the winners. Winning candidates shall begin their term of office as Trustee on April 1 and shall be sworn in at the annual meeting of the Board.
11. Once ballots have been counted and the election is deemed final, the Election Services Vendor shall destroy all ballots and provide a certificate to that effect to the System's Chief Executive Officer and the KPPA Executive Director.

VII. Filling a Vacancy

1. Any vacancy that may occur in a Trustee position other than an elected Trustee position, except by the expiration of the term, shall be filled in the same manner that provides for the selection of that non-elected Trustee position under KRS 78.782.
2. Any vacancy, which may occur in an elected position, other than by the expiration of the term, shall be filled within ninety (90) days by appointment by a majority vote of the remaining elected Trustees.
 - a. The KPPA shall notify the membership that applications are being accepted from members who would like to be considered for appointed to the position of Trustee.
 - b. A member seeking appointment by the Board must submit a completed application, cover letter, résumé, picture, and release for criminal background check to the KPPA at the Frankfort retirement office no later than sixty (60) days after the vacancy occurs. The

- specific due date will be listed in the provided notice.
- c. If the member requesting appointment by the Board is currently employed or holds any other office, the member's personal information will be forwarded to the Office of the Attorney General of Kentucky to determine whether the member is a constitutionally eligible individual.
 - i. If a member is not a constitutionally eligible individual, the member shall be notified of ineligibility, and that he or she will not be considered for appointment to the vacant position, unless the member agrees to resign from the position causing the constitutional ineligibility. This resignation would only be required if the member were appointed to the position of Trustee.
 - ii. The Board shall also be notified if a member seeking appointment is determined not to be a constitutionally eligible individual.
 3. Each current elected Trustee may make one (1) nomination for the vacancy of the elected position, which will allow for a maximum of two nominees.
 4. All individuals nominated by the current elected Trustees shall meet the requirements of a potential candidate as defined above.
 5. The remaining elected Trustees shall then vote on a nominee to fill the vacancy using the voting procedure set forth above in Nomination by the Board section, paragraphs 3, 4, 5, and 6.
 6. Any such vacancies shall only be filled for the expiration of the unexpired term.

VIII. Procurement of the Election Services Vendor

1. When procuring an Election Services Vendor, the request for proposal (RFP) shall indicate that the selected vendor will sign the KPPA's Business Associate and Confidentiality Agreements as well as provide a summary of security policies and standard security procedures related to ensuring election integrity. The RFP must include specific security details to which the vendor must adhere. The security details should include, but not be limited to, the following topics:
 - a. Technology systems, network, and application software used to process sensitive information.
 - b. Vendor risk and threat management responsibilities.
 - c. Software License Agreements.
 - d. Service Level Agreement and Support.
2. The team that drafts the RFP and evaluates the bid proposals should include KPPA employees from the Divisions of ~~Internal Audit~~, Communications and Enterprise and Technology Services. [A representative from the Division of Internal Audit may serve as a Technical Advisor to the evaluation team.](#) The KPPA Executive Management team and Office of Legal Services as well as the System's Chief Executive Officer and General Counsel should be consulted as needed.

IX. ETHICS

Ethics in the election process shall conform to the Executive Branch Code of Ethics as set forth in KRS Chapter 11A.

X. CERTIFICATION

We, the Chair of the County Employees Retirement System Board, the Chief Executive Officer of the County Employees Retirement System, and the Executive Director of KPPA do hereby certify that this Board Election Policy was adopted by the Board on this the 11th day of March, 2024.

Betty Pendergrass, Board Chair
County Employees Retirement System Board of Trustees

Date

Edward Owens III, Chief Executive Officer
County Employees Retirement System

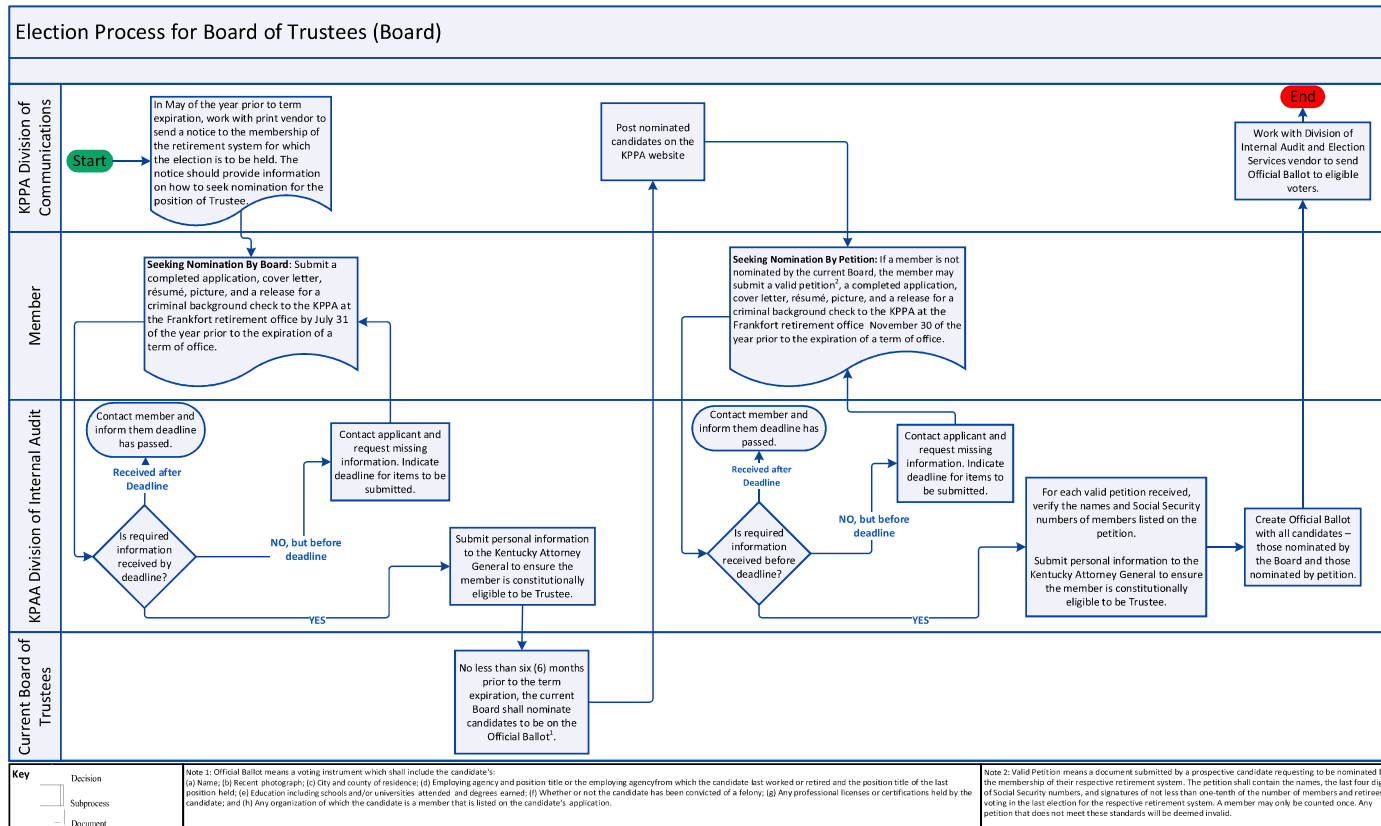
Date

David Eager, Executive Director
Kentucky Public Pensions Authority

Date

History: Original Approval Date: March 16, 2022
 Amended: March 11, 2024

Exhibit A



MEMORANDUM

TO: Ed Owens, CEO County Employees Retirement System

FROM: Jillian Hall, Staff Attorney III, Non-Advocacy Division, Office of Legal Services
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: February 14, 2024

RE: Board of Trustees of the County Employees Retirement System (“Board”) approval for KPPA staff to file an amended administrative regulation, 105 KAR 1:120, Participation of County Employees Retirement System Employers, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Purpose of amended administrative regulation:

This memo is informational only and does not contain any legal advice.

Kentucky Revised Statutes 78.782(9)(d) authorizes the Board to promulgate and amend administrative regulations “not inconsistent with the provisions of KRS 78.510 to 78.852” that are “necessary or proper in order to carry out the provisions of KRS 78.510 to 78.852.” 105 KAR 1:120, Participation of County Employees Retirement System Employers, is consistent with and necessary to carry out these provisions of the Kentucky Revised Statutes.

This administrative regulation establishes the procedures and requirements for employer participation in the County Employees Retirement System (CERS). This amendment:

- Updates the language throughout the regulation to be consistent with the language used in all Kentucky Public Pensions Authority, County Employees Retirement System, and Kentucky Retirement Systems regulations, and the definitions found in 105 KAR 1:001.
- Details have been added about existing requirements for prospective employers, inactive employers, and employers who are splitting, separating, forming a new entity, or merging.
- Incorporates by reference several required forms.

Staff Recommendation:

The Office of Legal Services requests that the Board review the attached materials and recommend filing 105 KAR 1:120, Participation of County Employees Retirement System Employers, with the Regulations Compiler.

List of attached materials:

1. 105 KAR 1:120, Participation of County Employees Retirement System Employers.
2. 105 KAR 1:001, Definitions for 105 KAR Chapter 1 (This is a draft amendment that KPPA anticipates filing alongside 105 KAR 1:120).
3. Form 2010, Election or Rejection of Participation.
4. Form 7071, Employer Self Service Employer Administrator Account Creation Request.
5. Form 7075, Employer Contact.

6. Form 7250, Verification of Payments Outside Regular Wages.
7. Form 7280, Employer Certification of Installment Purchase of Service.
8. Form 7851, Data Use and Reporting Agreement.

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 County Employees Retirement System

4 (Amendment)

5 105 KAR 1:120. Participation of County Employees Retirement System employers~~[agencies]~~.

6 RELATES TO: KRS ~~78.510–78.990~~[78.510(3), 78.530, 78.532, 78.535, 78.780], 26 USC
7 414(d), 29 USC 1002(32)

8 STATUTORY AUTHORITY: KRS ~~[61.645(9)(e)]~~, 78.510(3), 78.782~~[78.780]~~

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS~~[61.645(9)(g)]~~ ~~authorizes the Board of~~
10 ~~Trustees of Kentucky Retirement Systems to promulgate administrative regulations necessary~~
11 ~~or proper in order to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and~~
12 ~~78.520 to 78.852. KRS]~~ 78.510(3) authorizes the Board of Trustees of the County Employees
13 Retirement System~~[board]~~ to determine the eligibility of a prospective employer~~[agency]~~ to
14 participate in the County Employees Retirement System (CERS)~~[, or CERS]~~. KRS
15 78.782~~[78.780]~~ authorizes the Board of Trustees of the County Employees Retirement System
16 to promulgate administrative regulations not inconsistent with the provisions of KRS 78.510 to
17 78.852 that are necessary or proper to carry out the provisions of KRS 78.510 to 78.852.~~[board~~
18 ~~to govern and control CERS in the same manner in which it administers the Kentucky Employee~~
19 ~~Retirement System]~~ This administrative regulation establishes the procedures and requirements
20 for employer participation in CERS.

Section 1. Definitions.

~~(1) ["Alternate plan" means the plan under which an employer purchases service credit for its employees by paying an actuarial cost of the service in a lump sum or by annual installments.~~

~~(2)] "Board" is defined by KRS 78.510(2).~~

(2) "Inactive employer" means a participating employer that ceases to have any employees in a regular full-time position participating in the system.

(3) "Merged employer" means one or more participating employers that have merged with one or more participating or non-participating employers into a new single entity or operating under the name of one of the participating or non-participating employers that are part of the merger.

(4) "New or separate employer" means:

(a) A participating employer that forms, becomes, or is bought out by a non-participating employer; or

(b) A participating employer that dissolves or becomes an inactive employer, and another distinct entity is formed and assumes responsibility for a portion or all of the business.

(5) "Non-participating employer" means:

(a) An entity that does not participate in the system; or

(b) An entity that applied for participation in the system and:

1. Is pending a determination of participation;

2. Withdrew its application; or

3. Was denied or failed to complete the requirements to be approved for participation.

(6) "Split or separated employer" means a participating employer that divides into two (2) or more distinct entities.

1 ~~(7)~~~~(3)~~ ~~“CERS” or “system”~~ “System” is defined by KRS 78.510(1).

2 Section 2. Participation in the system.

3 (1) For a prospective employer to participate in the system, the prospective employer
4 shall~~[An agency may participate in CERS if the board determines that the agency]:~~

5 (a) Meet~~[Meets]~~ the definition of county in KRS 78.510~~(3)~~;

6 (b) Be~~[Is]~~ qualified to establish and maintain a governmental plan as defined in 26 USC
7 414(d) and 29 USC 1002(32);

8 (c) Have an irrevocable contract with the Kentucky Personnel Cabinet for health insurance
9 coverage for its employees in accordance with KRS 78.530(1)(b)~~;~~~~[Satisfactorily completes the~~
10 ~~trial period established in subsection (2) of this section; (d) Submits all forms and documents~~
11 ~~necessary for participation in CERS by day fifteen (15) of the month prior to the effective date of~~
12 ~~participation; and]~~

13 (d) Comply~~[Complies]~~ with:

14 1. KRS 78.510 through 78.852; and

15 2. Title 105 of the Kentucky Administrative Regulations;

16 (e) Complete the requirements of Sections 3–5 of this administrative regulation; and

17 (f) Receive board approval in accordance with Section 6 of this administrative regulation.

18 Section 3. Determining prospective employer’s qualification to participate.

19 (1) A prospective employer shall submit a resolution or ordinance by its controlling board
20 authorizing participation in the system as provided by KRS 78.530(1) within twelve (12) months
21 of the date the resolution or ordinance was passed.

1 (2) No later than the end of day ninety (90) calendar days from the date the resolution or
2 ordinance indicated in subsection (1) of this section is submitted, the prospective employer shall
3 submit:

4 (a) Its Articles of Incorporation, bylaws, ordinance, or other document establishing or
5 creating the prospective employer;

6 (b) Its current fiscal year budget;

7 (c) Its health insurance contract as described in Section 2(1)(c) of this administrative
8 regulation;

9 (d) A valid Form 2010, Election or Rejection of Participation, completed by all current
10 employees;

11 (e) A valid Form 7075, Employer Contact Information;

12 (f) A valid Form 7250, Verification of Payments Outside Regular Wages;

13 (g) A valid Form 7280, Employer Certification of Installment Purchase of Service;

14 (h) A valid Form 7851, Data Use Agreement;

15 (i) A valid Form 7071, Employer Self Service Employer Administrator Account Creation
16 Request; and

17 (j) If requested by the agency, a letter from the U.S. Internal Revenue Service or U.S.
18 Department of Labor that states the entity sufficiently meets the governmental requirements to
19 participate in a qualified governmental retirement plan.

20 (3)(a) Once the requirements of subsections (1)–(2) of this section are received by the
21 agency, the agency shall review the documentation and determine if the prospective employer
22 meets the requirements for participation in the system.

(b) If a prospective employer meets the requirements for participation in the system, the agency shall initiate a trial period of participation for the prospective employer in accordance with Section 4 of this administrative regulation.

Section 4. Trial period.

(1) The prospective employer~~[(2) Prior to board approval of an agency that has elected to participate in CERS, the agency]~~ shall serve a three (3) month trial period which shall begin on the first day of the month following the completion to the requirements as provided in Sections 2-3 of this administrative regulation.

(2) During the trial period, the prospective employer~~[- during which it]~~ shall:

(a) Submit all reports required by KRS 78.625 in accordance with 105 KAR 1:140;

(b) Remit applicable employer, employee, and health insurance contributions in accordance with 105 KAR 1:140; and

(c) Require employee participation in accordance with KRS 78.530, 78.531, 78.535, and 78.540. ~~[(a) Report contributions; and (b) Comply with the provisions of applicable statutes and administrative regulations governing: 1. Employee participation; and 2. Reporting of contributions.]~~

Section 5. Submission to the board. Once the requirements of Sections 2-4 of this administrative regulation are complete, the agency shall provide the board the prospective employer's:

(1) Trial period results;

(2) Current fiscal year's budget; and

(3) Resolution or ordinance authorizing participation in the system.

Section 6. Board review.

(1) The prospective employer shall obtain authorization to participate from the board as provided by KRS 78.510(3).

~~(2)(3)~~ The board may deny participation if it determines that a prospective employer~~[(a) An agency]~~ has failed to comply with the provisions of Sections 2-4 of this administrative regulation~~[subsection (1) of this section;]~~ or if the prospective employer's~~[(b) Its]~~ participation will have:

1. An adverse impact on the tax qualification of the system~~[CERS]~~, pursuant to 26 USC 414(d) or any other applicable federal law and administrative regulation; or

2. A significant adverse impact on the actuarial soundness of the system~~[CERS]~~.

~~(4)(a)(3)(a)~~ If the board denies a prospective employer's~~[an agency's]~~ request to participate in the system~~[CERS]~~, it shall refund to the prospective employer~~[agency]~~ and its employees the contributions paid by them to the system~~[CERS]~~ during the prospective employer's~~[agency's]~~ trial period.

(b) If the board approves the prospective employer's request to participate in the system, the~~[Section 3. The]~~ effective date of participation shall be the first day of the trial period as indicated in Section 4 of this administrative regulation.~~[(1) The month during which the order required by KRS 78.530(1) is adopted; or (2) Any month subsequent to the month during which the order required by KRS 78.530(1) was adopted.]~~

Section 7. Alternate participation plan.~~[Section 4.]~~

(1) If a prospective employer~~[an agency]~~ wishes to participate under the alternate participation plan pursuant to KRS 78.530(3), it shall request the board~~[Kentucky Retirement Systems]~~ to conduct an actuarial study to determine the cost of purchasing past service for eligible employees prior to adoption of a resolution or ordinance by its controlling board

~~authorizing participation in the system[an order to participate. Section 5. An agency shall designate a person to be responsible for compliance with applicable statutes and the reporting requirements established in: (1) 105 KAR 1:130; (2) 105 KAR 1:140; (3) 105 KAR 1:150; (4) 105 KAR 1:160; (5) 105 KAR 1:170; (6) 105 KAR 1:210; and (7) 105 KAR 1:250. Section 6].~~

(2) The annual installment to amortize the cost of the employees' service under the alternate participation plan shall not be less than ten (10) percent of the total annual payroll for nonhazardous employees and fifteen (15) percent of the total annual payroll for hazardous employees included in the alternate participation plan. The payment shall be due each year on the first day of the month in which participation began.

Section 8. Continued participation. Pursuant to KRS 78.530(2), once an employer begins participating in the system, the employer shall continue to participate as long as it remains qualified unless:

(1) The board requires the employer to involuntarily cease participation in accordance with KRS 78.535(2)(b); or

(2) A voluntary cessation is allowed pursuant to KRS 78.535(2)(a).

Section 9. Split, separated, or new entity.

(1) Prior to beginning the formal process and not less than six (6) months prior to the effective date of splitting, separating, or becoming a new entity, a participating employer shall submit a written notification of its intended split, separation, or formation of a new entity. The written notification shall be submitted on the participating employer's official letterhead.

(2) Once the agency is notified of the split, separation, or formation of a new entity, or becomes aware through any means, the agency shall determine whether:

(a) A new or separate employer has been created; or

1 (b) Split or separated employers have been created.

2 (3)(a) A split, separated, or new employer shall participate in the system if, by the end of
3 day fifteen (15) calendar days from the date of the split, separation, or formation of a new entity,
4 all the requirements prescribed in Section 3(2) of this administrative regulation are submitted.

5 (b) The participation date shall be:

6 1. The first day of the month following the date all the required documentation was received,
7 if received by the fifteenth day of the month; or

8 2. The first day of the month following the month after the date all the required
9 documentation was received, if received after the fifteenth day of the month.

10 (c) The split, separated, or new employer shall comply with KRS 78.510 through 78.852
11 and Title 105 of the Kentucky Administrative Regulations as of the participation date.

12 (d) If the split, separated, or new employer fails to complete the requirements of paragraph
13 (a) of this subsection, then the split, separated, or new employer shall only participate if it takes
14 all steps to participate in the system in accordance with KRS 78.530 and this administrative
15 regulation.

16 (4) If there is a lapse in participation between the date the employer split, separated, or
17 became a new entity and when it began participating, an employee who worked during the
18 lapsed time may purchase service credit for that time by paying a delayed contribution payment
19 if he or she elected to participate on a valid Form 2010, Election or Rejection of Participation, at
20 the time the split, separated, or new entity began participating. The service shall not be included:

21 (a) In the member's total service for purposes of determining benefits under KRS 78.5536;
22 or

1 (b) Toward retirement eligibility for members with a participation date on or after August 1,
2 2004, in accordance with KRS 61.552(10)(c), and 78.545.

3 Section 10. Merged employer.

4 (1) Prior to beginning the formal process and not less than six (6) months prior to the
5 effective date of merging, a participating employer shall submit a written notification of its
6 intended merger. The written notification shall be submitted on the participating employer's
7 official letterhead.

8 (2) Once the agency is notified of the merger, or becomes aware by other means, the
9 agency shall determine whether two (2) or more participating employers, or one (1) or more
10 participating employer and one (1) or more non-participating employer have become a merged
11 employer.

12 (3) Once the merger is complete, the merged employer shall comply with KRS 78.510
13 through 78.852 and Title 105 of the Kentucky Administrative Regulations.

14 Section 11. Inactive Employers.

15 (1)(a)1. If an employer becomes an inactive employer, the employer shall submit a written
16 notification on its official letterhead stating that the employer is an inactive employer.

17 2. Each year by the end of day on the last day of the month of the fiscal year, an inactive
18 employer shall submit a written notification on its official letterhead stating that it remains an
19 inactive employer, or stating that the employer is no longer an inactive employer as applicable.

20 (b) If an employer ceases to become an inactive employer, the employer shall:

21 1. Submit a written notification on its official letterhead stating that the employer is no longer
22 an inactive employer by the end of day thirty (30) calendar days from having a participating
23 employee; and

1 2. Begin reporting a participating employee the month after he or she becomes a
2 participating employee.

3 (d) The agency shall determine whether a participating employer is an inactive employer.

4 (2) Employers shall comply with KRS 78.510 through 78.852 and Title 105 of the Kentucky
5 Administrative Regulations, regardless of the employer's status as an inactive employer.

6 (3) The agency shall periodically audit inactive employers to determine if they remain
7 inactive employers.

8 Section 12. Incorporation by Reference.

9 (1) The following forms are incorporated by reference:

10 (a) Form 2010, "Election or Rejection of Participation", updated March 2024;

11 (b) Form 7071, "Employer Self Service Employer Administrator Account Creation
12 Request", updated March 2024;

13 (c) Form 7075, "Employer Contact Information", updated March 2024;

14 (d) Form 7250, "Verification of Payments Outside Regular Wages", updated March 2024;

15 (e) Form 7280, "Employer Certification of Installment Purchase of Service", updated
16 March 2024; and

17 (f) Form 7851, "Data Use Agreement", updated March 2024.

18 (2) This material may be inspected, copied, or obtained, subject to applicable copyright law,
19 at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601,
20 Monday through Friday, from 8 a.m. to 4:30 p.m. This material is also available on the Kentucky
21 Public Pensions Authority's Web site at kyret.ky.gov.

22 (18 Ky.R. 920; 1320; eff. 11-8-1991; 19 Ky.R. 2087; 2399; eff. 5-10-1993; 21 Ky.R. 1516;
23 eff. 2-8-1995; 29 Ky.R. 757; 1244; eff. 11-12-2002; TAm eff. 3-4-2019; Crt eff. 3-5-2019.)

APPROVED:

Ed Owens, CEO
County Employees Retirement System

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on Tuesday, June 25, 2024, at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until June 30, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:120

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures and requirements for employer participation in CERS.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to allow the Kentucky Public Pensions Authority to effectively administer KRS 78.510 to 78.852.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the County Employees Retirement System that are consistent with KRS 78.510 to 78.852. KRS 78.510(3) authorizes the Board of Trustees of the County Employees Retirement System to determine the eligibility of an employer to participate in the County Employees Retirement System (CERS). KRS 78.782 authorizes the Board of Trustees of the County Employees Retirement System necessary or proper in order to carry out the provisions of 78.510 to 78.852.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists with the effective administration of the statutes by establishing the procedures and requirements for employer participation in CERS.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment adds details of the employer procedures and requirements for participation in CERS.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to effectively determine the eligibility of an employer to participate in the County Employees Retirement System (CERS) and to ensure the employer is fully aware of the procedures and requirements to participate.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the County Employees Retirement System that are consistent with KRS 78.510 to 78.852. KRS 78.510(3) authorizes the Board of Trustees of the County Employees Retirement System to determine the eligibility of an employer to participate in the County Employees Retirement System (CERS). KRS 78.782 authorizes the Board of Trustees of the County Employees Retirement System necessary or proper in order to carry out the provisions of 78.510 to 78.852.

(d) How the amendment will assist in the effective administration of the statutes: This amendment assists with the effective administration of the statutes by adding needed details about the procedures and requirements for participation in CERS.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: One (1) entity that provides day-to-day operations for the County Employees Retirement System: Kentucky Public Pensions Authority. It is unknown how many new employers will go through the process to participate in the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The Kentucky Public Pensions Authority must administer the process and approval of employees to participate in the County Employees Retirement System. The Board of Trustees for the County Employees Retirement System must approve employer participation in the County Employees Retirement System. Potential employers seeking to participate in the County Employees Retirement System must comply with the steps outlines in this regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The cost of compliance with this administrative regulation for the Kentucky Public Pensions Authority, the County Employees Retirement System and the Board of Trustees for the County Employees Retirement System should be negligible, as this administrative regulation is already being administered as written.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The benefits for the entities identified should be negligible, as this administrative regulation is already being administered as written.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The costs associated with the implementation of this amendment should be negligible.

(b) On a continuing basis: The continuing costs associated with this amendment should be negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All entities are subject to the same processes and procedures.

FISCAL NOTE

Regulation number: 105 KAR 1:120
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? This administrative regulation impacts the Kentucky Public Pensions Authority and the County Employees Retirement System. It may also impact local government employers seeking to participate in the County Employees Retirement System.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g), 78.510(3), and 78.782.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. This administrative regulation will not affect revenues of a state or local government agency.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? The cost to Kentucky Public Pensions Authority to administer this administrative regulation should be negligible because this administrative regulation is already being administered as written.

(d) How much will it cost to administer this program for subsequent years? The cost to Kentucky Public Pensions Authority to administer this administrative regulation should be negligible because this administrative regulation is already being administered as written.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): None.

Expenditures (+/-): Negligible.

Other Explanation: The fiscal impact of this administrative regulation should be negligible because this administrative regulation is already being administered as written.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? None.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? None.

(c) How much will it cost the regulated entities for the first year? Negligible.

(d) How much will it cost the regulated entities for subsequent years? Negligible.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-): None.

Expenditures (+/-):Negligible.

Other Explanation: The fiscal impact of this administrative regulation should be negligible because this administrative regulation is already being administered as written.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)]. This administrative regulation will not have a "major economic impact" because this administrative regulation is already being administered as written.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

Form 2010, Election or Rejection of Participation is a 1-page form that was updated to add a statutory reference and a legal certification statement.

Form 7071, Employer Self Service Employer Administrator Account Creation Request is a 1-page form that has updated language to clarify the details of what the Employer Administrator can do and not do within the Employer Self Service Web site.

Form 7075, Employer Contact Information is a 1-page form that was updated to add a statutory reference and a legal certification statement and signature line.

Form 7250, Verification of Payments Outside Regular Wages is a 1-page form that was updated to add a legal certification statement.

Form 7280, Employer Certification of Installment Purchase of Service is a 1-page form that was updated to correct statutory references and add a legal certification statement.

Form 7851, Data Use Agreement is a 4-page form that was updated to modernize the language and uses of the agreement. References to this regulation and the applicable statutes have replaced previous duplicated language, and language that was originally intended as introducing employers to the Employer Self Service Web site has been removed.

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amendment)

4 105 KAR 1:001. Definitions for 105 KAR Chapter 1.

5 RELATES TO: KRS 16.505-16.652, 61.510-61.705, 78.510-78.852

6 STATUTORY AUTHORITY: KRS 61.505(1)(g)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the
8 Kentucky Public Pension Authority on behalf of the Kentucky Retirement Systems and the
9 County Employees Retirement System to promulgate administrative regulations that are
10 consistent with the provisions of KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510
11 to 78.852. This administrative regulation establishes definitions for 105 KAR Chapter 1.

12 Section 1. Definitions. The following definitions shall apply to 105 KAR Chapter 1 unless
13 otherwise required by context or otherwise defined in a specific administrative regulation:

14 (1) "AAC" means:

15 (a) Prior to April 1, 2021, the Administrative Appeals Committee of the Board of Trustees
16 of the Kentucky Retirement Systems.

17 (b) Beginning April 1, 2021, the separate or joint Administrative Appeals Committees of
18 the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the
19 County Employees Retirement System in accordance with KRS 61.645(16) and 78.782(16).

20 (2) "Accumulated account balance" is defined by KRS 16.505(40), 61.510(41), and
21 78.510(38).

22 (3) "Accumulated contributions" is defined by KRS 16.505(7), 61.510(12), and 78.510(12).

(4) "Accumulated employer credit" is defined by KRS 16.505(39), 61.510(40), and 78.510(37).

(5) "Act in line of duty" or "in line of duty" is defined by KRS 16.505(19) and 78.510(48).

(6) "Active member" means a member who is participating in the systems.

(7) "Actuarial equivalent" is defined by KRS 16.505(13), 61.510(17), and 78.510(17).

(8) "Agency" means:

(a) Prior to April 1, 2021, the Kentucky Retirement Systems, which administered the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System; and

(b) Beginning April 1, 2021, the Kentucky Public Pensions Authority, which is authorized to carry out the day-to-day administrative needs of the Kentucky Retirement Systems (comprised of the State Police Retirement System and the Kentucky Employees Retirement System) and the County Employees Retirement System.

(9) "Agency reporting official" is defined by KRS 78.510(20).

(10) "Alternate payee" is defined by KRS 16.505(38), 61.510(39), and 78.510(36).

(11) "Authorized leave of absence" is defined by KRS 16.505(14).

(12) "Beneficiary" is defined by KRS 16.505(25), 61.510(26), and 78.510(25).

(13) "Boards" means the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System.

(14) "Bona fide promotion or career advancement" is defined by KRS 61.598(1) and 78.545(22).

(15) "Career threshold" is defined by KRS 61.702(4)(e).9.a. and 78.5536(4)(e)9.a.

(16) "County" is defined by KRS 78.510(3).

(17) "Creditable compensation" is defined by KRS 16.505(8), 61.510(13), and 78.510(13).

(18) "Current rate of pay" is defined by KRS 16.505(24), 61.510(25), and 78.510(24).

(19) "Current service" is defined by KRS 16.505(4), 61.510(10), and 78.510(10).

(20) "DAC" means:

(a) Prior to April 1, 2021, the Disability Appeals Committee of the Board of Trustees of the Kentucky Retirement Systems.

(b) Beginning April 1, 2021, the separate or joint Disability Appeals Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System in accordance with KRS 61.665(4) and 78.545(11).

(21) "Department" is defined by KRS 61.510(3).

(22) "Dependent child" is defined by KRS 16.505(17) and 78.510(49).

(23) "Disability retirement date" is defined by KRS 16.505(16), 61.590(5)(b), and 78.510(51).

(24) "Duty-related injury" is defined by KRS 61.621(2) and 78.545(20).

(25) "Early retirement date" is defined by KRS 16.505(20), 61.590(5)(c), and 78.545(4).

(26) "Employee" is defined by KRS 61.510(5) and 78.510(6).

(27) "Employer" is defined by KRS 16.505(3), 61.510(6), and 78.510(7).

(28) "Employer's effective cessation date" is defined by KRS 61.522(1)(c) and 78.535(1)(c).

(29) "End of day" means:

(a) 11:59 p.m. Eastern Time, on the date referenced; and

(b) If the date referenced falls on a Saturday, Sunday, a public holiday listed in KRS 2.110, a day on which the retirement office is actually and legally closed, or any other state or federal holiday that disrupts mail service, then the time period shall be met if the application, documentation, form, notice, or other requested or required information is filed or submitted no

1 later than 11:59 p.m. Eastern Time on the next business day following the weekend, holiday,
 2 or date of closure.

3 (30) "Examiner" means the medical examiners as provided in KRS 61.665 and
 4 78.545(11).

5 (31) "File" means a form or document has been received at the retirement office by mail,
 6 fax, secure email, in-person delivery, or via Self Service on the Web site maintained by the
 7 agency (if available).

8 (32) "Final compensation" is defined by KRS 16.505(9), 61.510(14), and 78.510(14).

9 (33) "Final rate of pay" is defined by KRS 16.505(10), 61.510(15), and 78.510(15).

10 (34) "Fiscal year" is defined by KRS 16.505(32), 61.510(19), and 78.510(19).

11 (35) "Full-time student" means a person:

12 (a) Enrolled in a postsecondary program of study that meets the full-time student
 13 requirements of the institution in which he or she is enrolled;

14 (b) Enrolled in a continuing education or training program that meets the full-time
 15 requirements of the program or institution in which he or she is enrolled; or

16 (c) Enrolled in high school or a GED program that meets the full-time student requirements
 17 of the program or institution in which he or she is enrolled.

18 ~~(36)~~[35] "Gainful employment" means work in any capacity that is, or may be, performed
 19 with regularity and is, or may be, usually done for pay, whether or not pay is received,
 20 including seasonal, volunteer, part-time, and on-call work.

21 ~~(37)~~[36] "Grandfathered service" is defined by KRS 61.552(9)(b) and 78.545(7).

22 ~~(38)~~[37] "Hazardous disability" is defined by KRS 16.505(23) and 78.510(47).

23 ~~(39)~~[38] "Hazardous position" means a regular full-time officer as defined by 16.505(22),
 24 or a "hazardous position" as defined by 61.592(1)(a), 78.510(42), and 78.5520(1).

(40) "Hazardous service" means the number of years and months of employment as an employee in a hazardous position.

(41)[39] "Hospital and medical insurance plan" is defined by KRS 61.702(1)(a) and 78.5536(1)(a).

(42)[40] "In line of duty" or "act in line of duty" is defined by KRS 16.505(19) and 78.510(48).

(43)[41] "Inactive member" means a member who is not participating in the system.

(44)[42] "Increment" is defined by KRS 61.510(29) and 78.510(44).

(45)[43] "Instructional staff" is defined by KRS 61.510(48).

(46)[44] "Invalid," if used in reference to a form, means that the form does not meet the requirements to be valid, and shall not be processed by the agency.

(47)[45] "Last day of paid employment" is defined by KRS 16.505(30), 61.510(32), and 78.510(45).

(48)[46] "Level percentage of payroll amortization method" is defined by KRS 61.510(28) and 78.510(43).

(49)[47] "Medical information" as used in KRS 61.610, 61.615, 61.665, 78.5526 and 78.5528:

(a) Means reports of examinations or treatments; medical signs that are anatomical, physiological, or psychological abnormalities that can be observed; psychiatric signs that are medically demonstrable phenomena indicating specific abnormalities of behavior, affect, thought, memory, orientation, or contact with reality; or laboratory findings that are anatomical, physiological, or psychological phenomena that can be shown by medically acceptable laboratory diagnostic techniques, including chemical tests, electrocardiograms, electroencephalograms, X-rays, and psychological tests; and

(b) Does not mean written statements from medical providers alone unless accompanied by supporting contemporaneous records as established in paragraph (a) of this subsection.

(50)[48] "Member" is defined by KRS 16.505(21), 61.510(8), and 78.510(8).

(51)[49] "Membership date" is defined by KRS 16.505(35), 61.510(36), and 78.510(33).

(52)[50] "Month" is defined by KRS 16.505(34), 61.510(35), and 78.510(32).

(53)[54] "Monthly average pay" is defined by KRS 16.505(41), 61.510(45), and 78.510(52).

(54)[52] "Monthly contribution rate" means the maximum contribution the systems will pay toward the premium of a retired member based on:

(a) The amount determined by the boards as provided in KRS 61.702(1)(b), 61.702(4)(b)-(d), 78.5536(1)(b), and 78.5536(4)(b)-(d) for a retired member who began participating in the systems on or before June 30, 2003; or

(b) The amount per month earned by the retired member based on years of service as provided in KRS 61.702(4)(e) and 78.5536(4)(e) for a retired member who began participating in the systems on or after July 1, 2003.~~[is defined by KRS 61.702(1)(b) and 78.5536(1)(b)].~~

(55)[53] "Nominal fee" is defined by KRS 61.510(43) and 78.510(40).

(56)[54] "Non-core services independent contractor" is defined by KRS 61.5991(9).

(57)[55] "Nonhazardous position" is defined by KRS 61.510(44) and 78.510(41).

(58) "Nonparticipating position" means any position of employment with a participating employer other than a regular full-time position or a regular full-time officer position.

(59)[56] "Normal retirement age" means the age at which the member meets the requirements for his or her normal retirement date.

(60)[57] "Normal retirement date" is defined by KRS 16.505(15), 61.510(18), 61.590(5)(a), and 78.510(18).

1 (61)~~[58]~~ "Objective medical evidence" is defined by KRS 16.505(31), 61.510(33), and
2 78.510(46).

3 (62)~~[59]~~ "Officers and employees of the General Assembly" is defined by KRS
4 61.510(20).

5 (63)~~[60]~~ "Optional allowance" is defined by KRS 16.505(18).

6 (64)~~[64]~~ "Participant" is defined by KRS 16.505(36), 61.510(37), and 78.510(34).

7 (65)~~[62]~~ "Participating" is defined by KRS 16.505(33), 61.510(34), and 78.510(31).

8 (66)~~[63]~~ "Participating employer" means any employer that participates in one (1) of the
9 systems operated by the agency.

10 (67) "Participating position" means a regular full-time position, a regular full-time officer
11 position, or other positions that meet the requirements of KRS 61.680(6)(a) and 78.545.

12 (68)~~[64]~~ "Participation date" means the earlier of "membership date" as defined in this
13 section or the date on which the member began participating in another state-administered
14 retirement system if the member has not retired or taken a refund from the other state-
15 administered retirement system.

16 (69)~~[65]~~ "Past service" is defined by KRS 61.552(5)(a) and 78.545(7).

17 (70)~~[66]~~ "Person" means a natural person.

18 (71)~~[67]~~ "Premium" means the monthly dollar cost required to provide hospital and
19 medical insurance plan coverage for a recipient, a recipient's spouse, or a disabled or
20 dependent child.

21 (72)~~[68]~~ "Prior service" is defined by KRS 16.505(5), 61.510(11), and 78.510(11).

22 (73)~~[69]~~ "Provide," if used in reference to a form or other document, means the agency
23 makes a form or document available on its Web site (if appropriate) or by mail, fax, secure
24 email, or via Self Service on the Web site maintained by the agency (if available).

(74)[70] "Qualified domestic relations order" is defined by KRS 16.505(37), 61.510(38), and 78.510(35).

(75)[74] "Recipient" is defined by KRS 16.505(26), 61.510(27), and 78.510(26).

(76)[72] "Reemployment" means the retired member's first date of employment with a participating employer following his or her most recent retirement date.

(77)[73] "Regular full-time officers" is defined by KRS 16.505(22).

(78)[74] "Regular full-time position" is defined by KRS 61.510(21) and 78.510(21).

(79)[75] "Retired member" is defined by KRS 16.505(11), 61.510(24), and 78.510(23).

(80)[76] "Retirement allowance" is defined by KRS 16.505(12), 61.510(16), and 78.510(16).

(81) "Retirement date" means a member's effective retirement date as described in KRS 61.590(5) and 78.545(4).

(82)[77] "Retirement office" is defined by KRS 16.505(28), 61.510(31), and 78.510(29).

(83)[78] "School board" is defined by KRS 78.510(4).

(84)[79] "School term or year" is defined by KRS 78.510(28).

(85) "Self-Service Web site" means the secure Member Self-Service or Retiree Self-Service agency Web site.

(86)[80] "Service" is defined by KRS 16.505(6), 61.510(9), and 78.510(9).

(87)[84] "State" means the Commonwealth of Kentucky.

(88) "State-administered retirement system" means the retirement systems with reciprocity as described in KRS 61.680.

(89) "Submit" means the required form, documentation, report, or payment has been received by the retirement office via mail, fax, electronic mail, the Self-Service Web site, the

1 Employer Self-Service Web site, or other mode specifically detailed in an administrative
2 regulation.

3 (90)[82] "Systems" means the State Police Retirement System (KRS 16.505 to 16.652),
4 the Kentucky Employees Retirement System (KRS 61.510 to 61.705), and the County
5 Employees Retirement System (KRS 78.510 to 78.852).

6 (91)[83] "Total and permanent disability" is defined by KRS 16.582(1)(a) and
7 78.5524(1)(a)1.

8 (92)[84] "Valid," if used in reference to a form, means that all required sections of a form
9 are filled out, the form has been fully executed by the required person or the person's legal
10 representative, and all supporting documentation required by the form is included with the
11 form.

12 (93)[85] "Volunteer" is defined by KRS 61.510(42) and 78.510(39).

13 (18 Ky.R. 1692; 2195; eff. 1-10-1992; 22 Ky.R. 1325; 3-7-1996; 31 Ky.R. 785; 1049; eff.
14 1-4-2005; 33 Ky.R. 2-2-2007; 44 Ky.R. 258; eff. 11-3-2017; 49 Ky.R. 1535, 1899; eff. 7-5-
15 2023.)

APPROVED:

DAVID L. EAGER,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on Tuesday, June 25, 2024, at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until June 30, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:001
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes definitions for Title 105 of the Kentucky Administrative Regulations.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the definitions for Title 105 of the Kentucky Administrative Regulations.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the authorizing statute by establishing definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of the statutes by establishing definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment adds several new definitions.

(b) The necessity of the amendment to this administrative regulation: These additional definitions are needed to assist in the effective administration of statutes by establishing them as definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment conforms to the authorizing statute by adding definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How the amendment will assist in the effective administration of the statutes: This amendment will assist in the effective administration of the statutes by adding definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation may affect over 420,000 members of the systems for which the Kentucky Public Pensions Authority provides operations as well as their spouses, dependent children, and beneficiaries. Additionally, this administrative regulation may affect 1,452 employers that participate in the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System. Finally, this administrative regulation will affect the Kentucky Public Pensions Authority and the three (3) systems for which it provides operations, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: None.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): This regulation will not cost any additional funds.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This administrative regulation will assist all entities identified in question (3) with understanding the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: None.

(b) On a continuing basis: None.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: There is no funding needed.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All entities have the same requirements.

FISCAL NOTE

Regulation number: 105 KAR 1:001

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? 1,452 employers that participate in the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System may be impacted by this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. None.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? None.

(d) How much will it cost to administer this program for subsequent years? None.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): None.

Expenditures (+/-): None.

Other Explanation: There is no fiscal impact associated with this administrative regulation.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? None.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? None.

(c) How much will it cost the regulated entities for the first year? None.

(d) How much will it cost the regulated entities for subsequent years? None.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-): None.

Expenditures (+/-): None.

Other Explanation: There is no fiscal impact associated with this administrative regulation.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This administrative regulation will not have a major economic impact.



105 KAR 1:120

Participation of County Employees Retirement System Employers

Terminology

- Language throughout the regulation has been updated to be consistent with the language used in all Kentucky Public Pensions Authority, County Employees Retirement System, and Kentucky Employee Retirement Systems regulations, and the definitions found in 105 KAR 1:001.
- Words defined in Section 1 of this regulation are specific to this regulation.

Terminology (cont'd)

○ Important distinctions for this regulation:

- **Agency** means the Kentucky Public Pensions Authority (KPPA).
 - Previously, “agency” was used in 105 KAR 1:120 to refer to a prospective employer or CERS participating employer.
 - In the amended version of 105 KAR 1:120, “prospective employer” or “employer” are used to indicate an entity that is interested in participating in or does participate in CERS; “agency” is used to refer to the KPPA.
- **Board** means the Board of Trustees of the County Employees Retirement System.
 - Previously, “board” was used in 105 KAR 1:120 in reference to the Board of Trustees of the Kentucky Retirement Systems.
 - In the amended version of 105 KAR 1:120, “board” is used to refer to the Board of Trustees of the County Employees Retirement System.
- **System** means the County Employees Retirement System (CERS).
 - “Systems” is used throughout the amended version of 105 KAR 1:120 to describe the retirement system in which the prospective employer has applied to participate or in which the employer already participates.

Amendments

Specifics about the existing requirements for a prospective employer to participate in the system have been added.

Existing requirements for an employer who is splitting, separating, forming a new entity, or merging have been added.

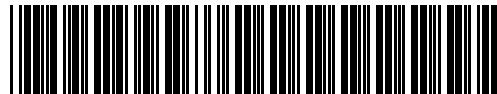
Details about the existing requirements for an inactive employer have been added. Additionally, there is a new requirement for inactive employers to annually notify the KPPA whether they remain inactive.

Added several forms incorporated by reference to allow enforcement of the use of these forms.



Thank You

Perimeter Park West • 1260 Louisville Rd. • Frankfort KY 40601-6124
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Form 2010
Revised 03/2024

Employee Information

Social Security Number:

I, _____, occupying a regular full-time position with _____

Name _____

as a

Employer Name

Position Title

☐ Elect

☐ **Reject**

membership in the County Employees Retirement System pursuant to the provisions of KRS 78.540(1).

Notice: Persons who elect to participate under this subsection may purchase service credit for any prior months by paying a delayed contribution payment. The service shall not be included in the member's total service for purposes of determining benefits under KRS 61.702 and 78.5536.

I hereby certify that the information provided on this form is correct and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

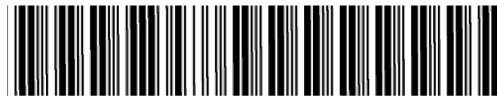
Signed: _____

Date: _____

Witness: _____

Date: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov


Print Form

Form 7071

03/2024

**Employer Self Service Employer Administrator
Account Creation Request**

This form must be fully completed. Failure to provide all information may cause a delay in processing and/or rejection of your request. If you have any questions regarding this form, please contact our office at (888) 696-8810.

Employer Information

Employer:	Employer Code:
-----------	----------------

Employer Administrator Information

Please provide the following information for the individual who will act as an Employer Administrator for Kentucky Public Pensions Authority's Employer Self Service (ESS) site. The Employer Administrator is the individual selected by each employer to administer the users of the ESS site for that particular employer. This person is responsible for setting up new users and maintaining those user accounts, including the assignment of security roles which control access to information from KPPA.

Name:	Phone:
E-mail Address:	

Certification

We acknowledge that this request will establish an Employer Administrator, and will allow the Employer Administrator to:

- Set up new users for the Employer Self Service site,
- Manage those users by assigning or changing security roles,
- Delete users,
- Reset PINs and reset passwords,
- Perform other duties as assigned by the employer, and
- Have unrestricted access to all employer information on the Employer Self Service site.

The designated Employer Administrator will not:

- Share his or her password,
- Allow another person to access his or her account, or
- Use another person's account.

We understand that the unauthorized or improper use of this system may subject us personally and/or our employer to one or more of the following: account cancellation, civil penalties, or criminal penalties.

Employer Administrator Signature: _____

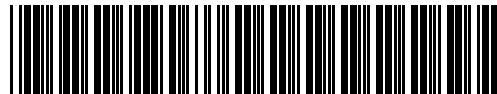
Date: _____

Agency Head Signature: _____

Date: _____

**Kentucky Public Pensions Authority**

Perimeter Park West • 1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov


[Print Form](#)

Form 7075
 Revised 03/2024

Employer Contact Information

Please complete the following information and fax this form to KPPA at (502) 696-8822.

Employer Information

Employer Name:		Employer Code:	
Mailing Address:	City:	State:	Zip Code:
If the mailing address is a PO Box, please provide the physical location address below.			
Address:	City:	State:	Zip Code:

Agency Head

Name:		
Phone (with extension):	Fax:	E-mail:

Agency Reporting Official as defined by KRS 78.510(20)

The individual named as reporting official for the agency is responsible for completing the monthly report.

Name:		
Phone (with extension):	Fax:	E-mail:

Certification

I hereby certify that the information provided on this form is correct and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq.

Signed: _____

Date: _____

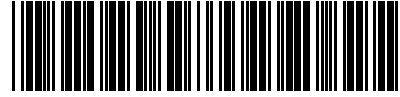
Printed Name: _____

Title: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Print Form


FORM 7250
 Revised 03/2024

Verification of Payments Outside Regular Wages
Employer Information

Employer Name:		Employer Code:	
Address:	City:	State:	Zip Code:
Reporting Official:			

Please complete the following questions regarding the payment of wages outside regular earnings.

 Does your agency pay employees any monies outside their regular salary, excluding overtime (i.e., Christmas bonus, incentive pays, profit sharing, etc.)? ☐ Yes ☐ No

If yes, please provide further information about these payments below.

What is the exact name of the payment? _____

Is this payment guaranteed in an employee's regular salary? _____

When are the payments awarded? _____

Are the payments built into personnel policy, or are they at the discretion of the employer? _____

Are these payments currently reported to Kentucky Public Pensions Authority? _____

If yes, what Payment Reason have you been designating for these funds? _____

Please attach any available documentation regarding these payments including any applicable personnel policies. Please contact your Employer Reporting, Compliance and Education representative with any questions at 1-888-696-8810.

Certification

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Printed Name: _____

Title: _____

Signature: _____

Date: _____

**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 7280
 Revised 03/2024

Employer Certification for Installment Purchase of Service**Employer Information**

Employer Name:	KRS Employer Code:
----------------	--------------------

Certification and Acknowledgment

The undersigned hereby certifies that the agency shall comply with the contribution reporting requirements of KRS 16.645, 61.552(9), 78.545, 105 KAR 1:150, and applicable federal law concerning any agency employee purchasing service credit under an installment purchase of service agreement with Kentucky Public Pensions Authority.

The undersigned acknowledges that the agency's failure to comply with the contribution reporting requirements of KRS 16.645, 61.552(9), 78.545, 105 KAR 1:150, and applicable federal law may result in the agency's termination from participation in the retirement systems administered by Kentucky Public Pensions Authority.

The undersigned hereby certifies that the agency has authorized all of its employees participating with Kentucky Public Pensions Authority to participate in the installment purchase of service program administered by Kentucky Public Pensions Authority.

The undersigned acknowledges a full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq.

Printed Name: _____

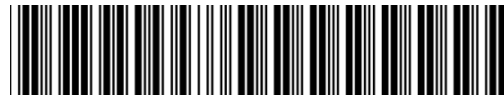
Title: _____

Signature: _____

Date: _____



KENTUCKY PUBLIC PENSIONS AUTHORITY
 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Form 7851
 January 2024

Data Use and Reporting Agreement

Pursuant to 105 KAR 1:140, _____ (“Employer”) is required to
Employer Name

submit reports and other information electronically to the Kentucky Public Pensions Authority (“KPPA”) using the secure KPPA Employer Self Service website (“Website”) or through the KPPA Secure Email Portal (“Portal”). Employer is also required to submit contributions and other payments. Reports, information, and payments must be submitted in accordance with this Agreement and Applicable Law.

Employer will be submitting certain Personal Information (PI) through the Website or Portal that should be transmitted securely in order to protect the privacy and security of the PI. Such PI must only be transmitted through the Website or Portal in accordance with this Agreement and Applicable Law.

Article I - Definitions

Employer agrees that the following terms when used in this document shall have the meaning stated below:

- (a) **Agency Head** shall mean the chief executive, official, or administrative officer with whom the ultimate legal authority of the Employer is vested.
- (b) **Applicable Law** shall mean applicable federal, state, and local statutes; court opinions and orders; regulations; local rules; and policy requirements.
- (c) **Creditable Compensation** shall have the same meaning as the definition of creditable compensation in KRS 61.510 and 78.510.
- (d) **Employer** shall mean the organization listed in the blank space provided at the top of this document.
- (e) **Individual** shall mean a natural person.
- (f) **KAR** shall mean the Kentucky Administrative Regulations.
- (g) **KRS** shall mean the Kentucky Revised Statutes.
- (h) **Personal Information (PI)** means an Individual’s first name or first initial and last name in combination with the Individual’s:
 - (1) social security number;
 - (2) driver’s license number;
 - (3) personal identification number permitting access to the Individual’s account; or
 - (4) medical information.

- (i) **Portal** means the KPPA Secure Email Portal.
- (j) **Reporting Official** shall mean the person designated by the participating employer who shall be responsible for forwarding all employer and employee contributions and a record of the contributions to the system and for performing other administrative duties pursuant to the provisions of KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852.
- (k) **Systems** shall mean the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System.
- (l) **Website** means the Kentucky Public Pensions Authority's Employer Self Service Website.

Article II - General Terms

2.1. Interpretation of Provisions. In the event of an inconsistency between the provisions of this Agreement and state or federal law, the state or federal law shall prevail. In the event of inconsistency between the provision of this Agreement and the terms of 105 KAR 1:140, 105 KAR 1:140 shall prevail.

2.2. Incorporation by Reference. The provisions of 105 KAR 1:140 and the Employer Reporting Manual are incorporated herein by reference. By signing this Agreement, Employer acknowledges that the Reporting Official, Agency Head, and all other employees with any responsibility for reporting of retirement contributions and payments have read and understood 105 KAR 1:140 and the Employer Reporting Manual.

Article III - Obligations and Activities of Employer

Employer agrees to and acknowledges the following:

3.1. Employer Acknowledgement of Understanding. The Reporting Official, Agency Head, and all other employees with any responsibility for reporting of retirement contributions and payments have read and understood 105 KAR 1:140 and the Employer Reporting Manual.

3.2. Employer Obligation to Securely Transmit and Receive PI. Employer shall submit PI through the Website or Portal in order to protect the privacy and security of the PI, and shall handle all PI received from KPPA in accordance with this Agreement and Applicable Law. KPPA is not responsible for the failure of Employer's employees, representatives, agents, contractors, or subcontractors to comply with Applicable Law in accessing, transmitting, receiving, or maintaining PI, including PI received from KPPA.

3.3. Employer's Responsibility for Authorized Users. Employer shall be solely responsible for ensuring that only authorized users access the Website, the Portal, or PI either through the Employer or by use of any password, identifier or log-on received obtained, directly or indirectly, lawfully or unlawfully, from Employer or any of Employer's employees, representatives, agents, contractors, or subcontractors, and all such acts and omissions shall be deemed to be the acts and omissions of the Employer. KPPA shall not be responsible for the failure of Employer's employees, representatives, agents, contractors, or subcontractors to comply with this Agreement and Applicable Law in accessing, transmitting, receiving, or maintaining PI, including PI received from KPPA.

Each Employer shall certify:

- (a) That its authorized users shall only access the Website and the Portal and use, disclose, and transmit PI for purposes that are consistent with this Agreement and Applicable Law;
- (b) That its authorized users have agreed to hold any passwords, or other means for accessing the Website and the Portal in a confidential manner and to release them to no other individual; and
- (c) That it has restricted access to the Website, the Portal, and PI and PHI only to the authorized users that Employer's Employer Administrator has identified pursuant to this Agreement and 105 KAR 1:140.

3.4. Agents, Contractors, and Subcontractors. Employer agrees to ensure that any agent, including a contractor or subcontractor, to whom it provides access to PI received from KPPA, agrees in writing to the same restrictions and conditions that apply through this Agreement to Employer with respect to such PI. Such written agreement shall also require the agent to implement reasonable and appropriate administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of PI received from KPPA in accordance with this Agreement and Applicable Law.

3.5. Training. Employer shall provide appropriate training to its employees, representatives, agents, contractors, or subcontractors in security, privacy, and confidentiality requirements and prohibitions relating to PI under this Agreement.

3.6. Timely Submission of Reports, Contributions, and Payments. Employer shall timely submit all reports, contributions, and payments required by KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852 and 105 KAR 1:140.

3.7. Effect of Failure to Timely Submit Reports, Contributions, and Payments. If Employer refuses or fails to timely submit all reports, contributions, and payments required by KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852 and 105 KAR 1:140. KPPA may use any legal remedy available to it to compel Employer to submit such reports, contributions, and payments and may apply interest and penalties to the untimely reports, contributions, and payments to the extent authorized by Applicable Law.

3.8. Availability of Records or Information. Employer shall make records or information available to KPPA in accordance with KRS 16.645, 61.505, 61.675, 61.685, 78.545, and 78.625, in a time and manner designated by KPPA, for purposes of determining Employer's compliance with this Agreement and Applicable Law.

3.9. Effect of Refusal to Provide Required Information. If Employer refuses to provide the KPPA access to records or information requested in accordance with KRS 16.645, 61.505, 61.675, 61.685, 78.545, and 78.625 or does not respond to a request for information or records by the KPPA made in accordance with in accordance with KRS 16.645, 61.505, 61.675, 61.685, 78.545, and 78.625, KPPA may use any legal remedy available to KPPA to enforce KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852 and 105 KAR 1:140.

3.10. Notification of Claims. Employer shall notify KPPA within forty-eight (48) hours upon notification or receipt of any civil or criminal claims, demands, causes of action, lawsuits, or governmental enforcement actions arising out of or related to this Agreement or the PI received from

KPPA, regardless of whether KPPA and/or Employer are named as parties in such claims, demands, causes of action, lawsuits, or enforcement actions.

3.11. Assistance in Litigation or Administrative Proceedings. Employer shall make its employees, representatives, agents, contractors, or subcontractors, available to KPPA to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against KPPA or its trustees, officers, or employees based upon a claimed violation of Applicable Law, except where Employer or its employee, representative, agent, contractor, or subcontractor is named as an adverse party.

Article IV - KPPA Obligations

4.1. Indemnification. To the extent allowed by law, Employer shall reimburse KPPA for any expenses, losses, damages, legal fees, attorney fees, or costs arising out of or related to any civil or criminal claims, demands, causes of action, lawsuits, or governmental enforcement actions, whether brought by a third party or asserted by Employer, arising out of or related to Employer's actual or alleged acts and omissions (or those of its employees, representatives, agents, contractors, or subcontractors) associated with Employer under this Agreement.

5.1. Notice to Employer. KPPA shall notify Employer of the web address of the Website and shall notify Employer if the web address changes.

5.2. Invoices. KPPA shall submit an invoice to Employer for any contributions, other payments, interest, or penalties owed to KPPA that were not submitted contemporaneously with the monthly detail and summary reports. KPPA may offset funds owed by the Employer to the systems with funds owed to Employer by the systems.

Employer Signature

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

Name of Employer: _____

Agency Head or Reporting Official Signature: _____

Print Name: _____

Title: _____

Date: _____



MIKE O'CONNELL
JEFFERSON COUNTY ATTORNEY

CIVIL DIVISION
200 S. FIFTH STREET, 300N
FIRST TRUST CENTRE
LOUISVILLE, KY 40202

(502) 574-6333

Jeff Derouen
First Assistant

Sarah J. Martin
Director

December 20, 2023

Betty Pendergrass, Chair
CERS Board
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY 40601

RE: Waiver of Penalties for Louisville/Jefferson County Metro Government (Reporting Months
November 2022-July 2023)

Chair Pendergrass:

Louisville/Jefferson County Metro Government ("Metro") requests the CERS Board to waive the late reporting penalties for the reporting months November 2022-July 2023 based on the following grounds:

- (1) The initial delay in reporting was outside of Metro's control, as there were implementation problems with the new KPPA integration. The integration was necessitated due to the fact that Metro switched from using Oracle and PeopleSoft to Workday for finance, HR, planning and spending-related tasks. The implementation problem was exacerbated by the fact that KPPA could not accept historical data in order to test the integration. For example, the file for December 2021 could not be run in August 2022, as the system compares what is submitted to the most recent month. As a result, such a historical comparison would generate numerous errors due solely to the passage of time between the two reporting months, rather than a true error. That meant that Metro could only start testing the KPPA integration in September 2022 once the data from August 2022 was compiled in the new file. Further, KPPA's testing system was not always available for testing during September 2022, which delayed Metro's ability to test and adjust the new file.
- (2) Metro did not have reporting delays prior to the new KPPA integration being implemented and has not had reporting delays since the reporting was caught up. Metro is still trying to work with KPPA to have the reporting become more of an automated process going forward.
- (3) Metro was in constant communication and cooperation with D'Juan Surratt, Director, Employer Reporting, Compliance and Education and his division, both on the front end in advising him of Metro's intent to migrate to a new system and sending test files and during this whole process of resolving the reporting issues.
- (4) Part of the delay in catching up was a result of an alleged KPPA policy or practice where only one reporting month was allowed to be filed per month, which created a situation where Metro was never going to catch up on its reporting as long as that practice continued. Only after Mr. Surratt allowed multiple months to be filed in August, 2023 was Metro able to catch back up, evidencing that the enforcement of the policy or practice was arbitrary and unreasonable under the circumstances.

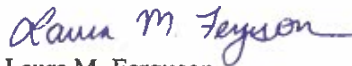
- (5) The amount of the fines imposed, more than \$760,000, is excessive, an unreasonable and disproportionate penalty and arbitrary, especially given the other factors mentioned above.

Metro appreciates Mr. Surratt and his office's cooperation with Metro in helping Metro get caught up in the reporting. Metro also appreciates that office previously waiving the penalty for Reporting Month October 2022.

However, Mr. Surratt has informed Metro that no other late reporting penalties will be waived. As a result, Metro asks that its request for a waiver be presented to the CERS Board for a decision, as that body has authority to take action pursuant to KRS 78.782(9)(d). Metro is prepared to attend a meeting on that request, so that Metro representatives can answer any questions the Board members may have. Please advise us of the date Metro's request will be considered by the CERS Board.

Please let me know if you have any questions.

Respectfully,



Laura M. Ferguson
Assistant County Attorney – Civil Division
**Office of Mike O'Connell - Jefferson County
Attorney**
First Trust Centre
200 S. Fifth Street, Suite 300N
Louisville, KY 40202

cc: David Eager, Executive Director
Michael W. Board, Executive Director, Office of Legal Services
Ed Owens III, CEO, CERS
D'Juan Surratt, Director, Employer Reporting, Compliance and Education
Angela Dunn, Chief Financial Office, OMB



February 6, 2024

Laura M. Ferguson
Assistant County Attorney – Civil Division
Office of Mike O’Connell – Jefferson County Attorney
First Trust Centre
200 S. Fifth Street, Suite 300N
Louisville, KY 40202

RE: Request to Waive Penalties for Louisville/Jefferson County Metro Government (Reporting Months November 2022 – July 2023)

Dear Ms. Ferguson:

The County Employees Retirement System (CERS) Board of Trustees is in receipt of your letter dated December 20, 2023, requesting a waiver of the late reporting penalties incurred by Louisville/Jefferson County Metro Government. The CERS Chair, Ms. Betty Pendergrass, has recused from this matter as a former employee of Louisville/Jefferson County Metro Government. This matter will be introduced to the Board by the CERS Vice Chair, Lisle Cheatham, at the next regularly scheduled CERS Board meeting on March 11, 2024, at 2 PM ET.

At that meeting, your letter of December 20, 2023, will be addressed as an agenda item for Board consideration. A formal response to the merits of your letter will follow the March 11, 2024, CERS Board meeting. Currently, the CERS Board is not requesting your presence at the March 11, 2024, meeting. However, as it is a public meeting you may attend at Building A at 1260 Louisville Road, Frankfort, Kentucky 40601, or you may view the meeting on the Kentucky Public Pensions Authority Facebook page.

Please do not hesitate to contact me with any questions. I can be reached at 502-696-8642 or at Ed.Owens@kyret.ky.gov.

Sincerely,

Ed Owens, III
Chief Executive Officer
County Employees Retirement System

County Employees Retirement System
1270 Louisville Road
Frankfort, KY 40601

Betty A Pendergrass, Chair
Lisle Cheatham, Vice-Chair
Ed Owens, CEO

JOHNSON BRANCO & BRENNAN, LLP

PERSONAL SERVICE CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____ 2024, by and between Johnson Branco & Brennan, LLP, 326 West Main Street, Frankfort, Kentucky 40601, (“Contractor”), and the County Employees Retirement System Board of Trustees (“CERS Board”), located at 1260 Louisville Road, Frankfort, Kentucky 40601, for general counsel legal services as more particularly described as follows:

1. Scope of Work:

Contractor will provide general counsel legal services when needed and determined by the CERS Board, as set forth in Kentucky Revised Statute 78.782.

2. Relationship of Parties:

Contractor warrants that all work performed by Contractor under this personal service contract shall be performed as an independent contractor.

3. Fees:

For the services rendered by the Contractor, the CERS Board shall pay the rates set forth in the “Fee Schedule” attached to this personal service contract. The CERS Board understands and agrees that all time spent will be billed by Contractor including, but not limited to, office meetings, court appearances, travel, telephone calls, e-mails, research, pleadings, letters, file maintenance, reviewing documents and file, and preparing exhibits. Contractor shall invoice the CERS Board at the beginning of each month for work done in the prior month. The invoice shall itemize the number of hours worked, in 1/10ths of an hour increments, and a brief description of each task performed. Contractor will be reimbursed for all necessary and reasonable out-of-pocket expenses, including travel expenses.

4. Duration and Termination:

The duration of this personal service contract shall run from July 1, 2024, through June 30, 2025. At expiration, this personal service contract may be renewed by negotiation for further periods. Termination or cancelation of this personal service contract may occur by Contractor or the CERS Board upon thirty days advance written notice provided by certified or registered mail.

5. Conflicts of Interest:

Contractor certifies that it has not and will not pay or cause to be paid, any money, fees, political contributions, or other things of value to any third party as a result of or in relation to legal advice provided to the CERS Board, without the prior informed written consent of the CERS Board.

Contractor certifies that it has not and will not accept any money, fees, or other things of value from any third party as a result of or in relation to legal advice provided to CERS Board, without the prior informed written consent of the CERS Board.

The Contractor agrees it shall not engage, directly or indirectly, in any financial or other transaction with a trustee or employee of the CERS Board which would violate standards of the Executive Branch Ethics provisions. Contractor further certifies that neither the firm, nor its employees, have knowingly violated any of the Executive Branch Ethics provisions or the campaign finance laws of the Commonwealth.

Contractor will not accept any new cases or matters in its practice which will create a conflict of interest with CERS Board and will institute “ethical walls” to protect against conflict of interests between Contractor, existing clients, and the CERS Board.

6. Confidential Information:

Contractor may have certain access to confidential information maintained by the CERS Board to the extent necessary to carry out its responsibilities and shall presume that all information received pursuant to this contract is confidential. Confidential information shall remain the property of the CERS Board at all times. No confidential information collected, maintained, or used in the course of the contract shall be disseminated except as authorized by law and with the written consent of CERS Board.

7. Information Requests and Disclosures:

In the event that a subpoena or other legal process is served upon Contractor for records containing confidential information, the Contractor shall promptly notify the CERS Board and cooperate with CERS Board in any lawful effort to protect the confidential information, at CERS Board’s expense. Contractor shall promptly report an unauthorized disclosure of confidential information to the CERS Board.

8. Assignment and Amendments:

This contract may not be assigned by Contractor without the written consent of the CERS Board. Modifications, amendments, or additions to this contract shall only be effective when made in writing and signed by both parties.

9. Entire Agreement:

This personal service contract contains the entire agreement between the parties. There are no other understandings, representations, or inducements being relied upon by either party except those expressly set forth in this personal service contract or other writing which shall be signed by the parties and attached hereto. The parties further acknowledge that they have read and understand this personal service contract and have received a copy of the same.

10. Severability:

The provisions of this contract shall be severable, and the unenforceability of one or more provisions shall not affect the enforceability of any of the other provisions. Additionally, if any provision of the contract, for any reason, is declared to be unenforceable, the parties shall substitute an enforceable provision that, to the maximum extent possible, preserves the original intention and economic positions of the parties.

11. Controlling Law:

All questions as to the execution, validity, interpretation, construction, and performance of this contract shall be construed in accordance with the laws of the Commonwealth of Kentucky. Contractor consents to the jurisdiction of the Franklin Circuit Court located in Franklin County, Kentucky.

 AUTHORIZED AGENT
 CERS BOARD

 DATE


 AUTHORIZED AGENT
 W. ERIC BRANCO
 JOHNSON BRANCO & BRENNAN, LLP

03/26/2024

 DATE

FEE SCHEDULE

Description of Service	Amount
Attorney's Fees:	\$175.00/hour
Paralegal and Legal Assistant Fees:	\$50.00/hour
Postage:	Actual Cost
Copying:	\$0.15/page + Time for copying
Mileage (outside of Franklin County):	Current IRS mileage rate
Advanced Expenses:	Actual expenditures by firm.



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



TO: County Employees Retirement System (CERS) Board of Trustees
Kentucky Retirement Systems (KRS) Board of Trustees
Kentucky Public Pensions Authority (KPPA) Board

FROM: Michael Lamb, KPPA, Chief Financial Officer *M. Lamb 4/1/2024*

CC: David Eager, KPPA, Executive Director; Rebecca Adkins, KPPA Deputy Executive Director;
Michael Board, KPPA Executive Director, Office of Legal Services; Ed Owens III, CERS
Chief Executive Officer; John Chilton, KRS Chief Executive Officer

DATE(S): April 8, 2024; CERS Annual Board Meeting
April 9, 2024; KRS Annual Board Meeting
April 25, 2024; KPPA Annual Board Meeting

RE: Annual Comprehensive Financial Report (ACFR) presentation

SUMMARY:

During the November 28, 2022, CERS and KRS Joint Audit Committee meeting, a discussion ensued regarding the presentation of the financial statements in the June 30, 2022, ACFR. This discussion included the relevance of a KPPA total in the financial statements as well as the potential for separate CERS and KRS audit opinions and separate CERS and KRS ACFRs. During that meeting it was agreed that further research needed to be conducted, and during the February 28, 2023, CERS and KRS Joint Audit Committee meeting, a timeline for that research was presented.

Having completed this research it has been concluded that there are multiple options available on how to present the audited financial statements of CERS, KRS, or KPPA that are appropriate and allowable, and ultimately the decision is at the discretion of the board(s) of trustees and KPPA management.

RECOMMENDATION:

Beginning with fiscal year ended June 30, 2024, I recommend that KPPA contract with an outside certified public accountant to perform two separate financial statement audits and have KPPA publish two separate Annual Comprehensive Financial Reports:

- One ACFR for the County Employees Retirement System, and their related pension and insurance trust plans.
- and
- One ACFR for the Kentucky Retirement Systems, inclusive of the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), and their related pension and insurance trust plans.

APPENDIX OF RESEARCH

BACKGROUND

The Kentucky Employees Retirement System (KERS) was established by the State Legislature on July 1, 1956. The State Police Retirement System (SPRS) and the County Employees Retirement System (CERS) were established by the State Legislature on July 1, 1958.

Prior to 2021 all three systems were governed by a single board of trustees. This board of trustees, management and staff were all referred to as the Kentucky Retirement Systems (KRS). Under this single board of trustees KRS issued one ACFR, including all three systems and their related pension plans and the insurance trust plans (the last ACFR issued under this governance structure was for the fiscal year ended 6/30/2020).

Effective April 1, 2021, the KRS Board of Trustees was replaced by three boards:

- A new 9-member board of trustees to oversee CERS (CERS Board). Three trustees are elected by CERS membership, and six are appointed by the Governor from a list of applicants submitted by the Kentucky League of Cities, the Kentucky Association of Counties, and the Kentucky School Boards Association.
- A reconstituted 9-member board of trustees, retaining the KRS name, to oversee KERS and SPRS (KRS Board). Two trustees are elected by KERS membership, one is elected by SPRS membership, and six are appointed by the Governor.
- A new 8-member board, to oversee the professional employees who provide administrative support, investment management and conduct other activities on behalf of the CERS and KRS Boards. These employees are part of the agency now called Kentucky Public Pensions Authority (KPPA) and the board is referred to as the KPPA Board.
 - The KPPA Board is composed of four trustees from the CERS Board and four trustees from the KRS Board as follows:
 - The chair of KRS and the chair of CERS,
 - The KRS investment committee chair and the CERS investment committee chair,
 - Two KRS trustees selected by the KRS chair, one who was elected and one who was appointed, and
 - Two CERS trustees selected by the CERS chair, one who was elected and one who was appointed.

This new structure was in place for the fiscal year ended June 30, 2021, and has been in place ever since, including fiscal years ended June 30, 2022, and June 30, 2023.

For these past three fiscal years KPPA has continued to issue one ACFR including all three systems and their related pension plans and the insurance trust plans. The external audits and related opinions for these years were on the total of all three systems and the insurance trust plan (the KPPA total). This was due to KPPA management concluding that KPPA met the definition of a Public Employees Retirement System (PERS) under GASB. However, the appropriateness of that conclusion and subsequent presentation of the financial statements was questioned prompting research to clarify how the financial statements of these retirement systems and the insurance trust plan should be presented going forward.

GASB AUTHORITATIVE GUIDANCE:

GASB 67, paragraph 51 defines a public employee retirement system (PERS) as

“A **special-purpose government** that **administers** one or more **pension plans**; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.”

Special-purpose government: GASB 34 paragraph 134 discusses special-purpose governments but does not offer a definition of the term. However, through the literature, we conclude that a special-purpose government: is not a **general-purpose government**, that provides a single or limited set of services or programs; has **separate legal status**; may be a **component unit** or **other stand-alone government**; and can either be **fiscally independent** or **fiscally dependent**.

General-purpose government: Entities such as states, cities, counties, towns, and villages (GASB 34 paragraph 134). These governments provide multiple services, such as public safety, roads, fire protection, and record keeping.

Separate legal status – a legally recognized organization with its own rights and obligations.

Component unit (GASB 14 paragraph 20): Legally separate organizations for which the elected officials of the primary government are financially accountable.

Other stand-alone government (GASB 14 paragraph 66): Legally separate organizations that (a) do not have a separately elected governing body and (b) do not meet the definition of a component unit as discussed in paragraph 20. Other stand-alone governments include some special-purpose governments, joint ventures, jointly governed organizations, and pools.

Fiscally independent or fiscally dependent (GASB 14 Paragraph 16):

A special-purpose government is fiscally independent if it has the authority to do all three of the following:

- a) Determine its budget without another government's having the authority to approve and modify that budget.
- b) Levy taxes or set rates or charges without approval by another government.
- c) Issue bonded debt without approval by another government.

A special-purpose government that is not fiscally independent is fiscally dependent on the primary government that holds one or more of those powers. A special-purpose government may be fiscally dependent on another state or local government regardless of whether it receives financial assistance from that state or local government; fiscal dependency does not necessarily imply that a financial benefit or burden relationship exists.

Administers: The term is not defined in the GASB literature. Through our technical inquiry with GASB we asked them to provide a definition, but they would not do so because the literature does not do so.

There has been significant discussion between KPPA management and our external audit firm regarding this definition and whether administer could also mean “govern”, as GASB would not confer with that assumption, KPPA management does not interpret this definition to incorporate the term govern.

Merriam-Webster defines administers as: “to manage or supervise the execution, use, or conduct of.”

Pension plan: (GASB 67 paragraph 51): arrangement through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

Public employee retirement system (PERS)	CERS	KRS	KPPA	Comments
Special-purpose government	Yes	Yes	Yes	
Not a general-purpose government	Yes	Yes	Yes	
Provides single or limited services	Yes	Yes	Yes	
Separate legal status	Yes	Yes	Yes	
Component unit or other stand-alone government.	Yes	Yes	Yes	CERS & KRS = Component Units; KPPA = other stand-alone government (as KPPA Board is not separately elected)
Fiscally independent	No	No	No	KPPA Budget approved by the State
Fiscally dependent	Yes	Yes	Yes	CERS & KRS do not have budgets.
Administers	Yes	Yes	Yes	
One or more pension plans	Yes	Yes	Yes	KRS 78.782(1) The County Employees Retirement System shall be administered by the board of trustees... KRS 61.645(1) The Kentucky Employees Retirement System and State Police Retirement System shall be administered by the board of trustees of the Kentucky Retirement Systems... KRS 16.640 The government and control of the system [SPRS] is hereby vested in the board of trustees of the Kentucky Retirement Systems KRS 61.505 KPPA is charged with administering day to day needs of CERS and KRS including the three components of a pension plan (determination, accumulation, payment). KRS 78.782(9a) & KRS 61.645(9a) – establishes the executive director of KPPA as the chief administrative officer of the CERS and KRS Boards.
Other types of employee benefit plans	Yes	Yes	Yes	
Meets GASB definition of a PERS	YES	YES	YES	

The GASB guidance requires the following:

GASB Codification (Sp20 .117):

“...A PERS that administers more than one defined benefit pension plan that is administered through a trust that meets the criteria in paragraph .101 of Section Pe5 or OPEB plan that is administered through a trust that meets the criteria in paragraph .101 of Section Po50 **[which the CERS, KERS, and SPRS pension and insurance trust plans do]** is required to present in its financial report combining financial statements for all plans administered by the system and, if applicable, required schedules for each plan. A PERS should meet this financial statement requirement by (a) presenting a separate column for each plan administered on the statement of fiduciary net position and the statement of changes in fiduciary net position or (b) presenting combining statements for those plans as part of the basic financial statements. [GASBS 34, ¶140, as amended by GASBS 63, ¶8, GASBS 67, ¶5 and ¶11, and GASBS 73, ¶5, ¶7, ¶115, and ¶116 and GASBS 74, ¶3, ¶5, and ¶18].

For the past three years, KPPA has met this GASB requirement in their Annual Comprehensive Financial Report (ACFR) by presenting combining statements (as allowed by (b) above) for all the pension and insurance plans that KPPA administered (all CERS and KRS plans), with a KPPA total (not a separate CERS or KRS total).

GASB CONCLUSIONS

KPPA management has concluded that both CERS and KRS, meet the definition of a PERS, as both these systems (which include pension plans and other types of employee benefit plans) are administered by their respective boards (statutorily). However, KRS 61.505 also grants the 8 member KPPA board administrative duties related to the pension plans and other plans of both CERS and KRS, and KRS 78.782(9)(a) and KRS 61.645(9)(a) both designate the KPPA executive director as the chief administrative officer for both the CERS Board and the KRS Board. As such, KPPA management can conclude that KPPA also meets the definition of a PERS under GASB.

However, it does not seem likely that two special-purpose governments can both administer the same pension plans at the same time. Therefore, concluding on who is administering the “one or more pension plans” and is therefore defined as the PERS under GASB is ultimately the decision of the board(s) of Trustees and KPPA management.

Based on the statutes granting KPPA most of the administrative duties of the pension plans, and the fact that the statutes designate the KPPA executive director as the chief administrative officer for both the CERS Board and the KRS Board, KPPA management concludes that KPPA shall be designated as the PERS under GASB.

INDUSTRY EXAMPLES:

Having reviewed all 50 State Pension System ACFRS we have noted three examples of ACFR presentations.

Example 1: Closely “mimics” current KPPA ACFR presentation, administration, and governance.

Alabama – The Retirement Systems of Alabama’s (RSA) ACFR indicates that RSA includes the Teachers Retirement System (TRS), the Employees Retirement System (ERS), and the Judicial Retirement Fund (JRF). TRS and ERS are governed by two separate Boards of Control, yet RSA issues one combined ACFR, and the independent auditor’s report’s opinion is on the total “Retirement Systems of Alabama” (not the individual systems).

Wyoming – The Wyoming Retirement System (WRS) includes a wide variety of plans, and the responsibility for the administration and operation of most plans is vested in the Wyoming Retirement Board. However, the Volunteer Firefighter, Emergency Medical Technicians (EMT) and Search & Rescue Pension Plan is controlled by a separate board and administered by the Executive Director of the Wyoming Retirement System. Despite this separate administration WRS issues one combined ACFR, and the independent auditor’s report’s opinion is on the total “Wyoming Retirement System” (not the individual plans or systems).

Example 2: Multiple audit opinions within one ACFR

Rhode Island – The Employees Retirement System of Rhode Island is responsible for administering 7 defined benefit plans, and 1 defined contribution plan. They have only one governing body, the State of Rhode Island Retirement Board, which governs all eight of these plans. The Basic Financial Statements show eight columns (one for each plan). In addition, there is a separate “Memorandum Total” column showing the sum of these eight plans. The independent auditor’s report’s opinion states “...the auditor audited the accompanying financial statements of the plans...” (Individual plans are audited and opined upon)

Washington –The Washington State Department of Retirement Systems (DRS) administers 8 statewide retirement systems composed of 15 defined benefit plans. They have a state investment board (for all systems/plans), but some systems have separate governing boards. The financial statements show all 15 of these plans separately and a total column. The independent auditor’s report’s opinion states “...we audited the accompanying financial statements (including the individual fund financial statements) of the Washington State Department of Retirement Systems (DRS)...” (Individual plans are audited and opined upon)

Example 3: Produce separate and distinct ACFRs.

Alaska - The Alaska Retirement Management Board governs two retirement systems: The Alaska Public Employees Retirement Systems and the Alaska Teachers’ Retirement System. Both systems’ administration is performed by the Division of Retirement and Benefits (DRB), and DRB publishes two separate ACFRs, one for each system.

Michigan - Michigan has one administrative agency; that administers several retirement systems, some of which are governed by separate boards, and each system issues a separate ACFR.

INDUSTRY EXAMPLES CONCLUSIONS:

KPPA management presented and discussed these example ACFR presentations during our GASB inquiry and were told that GASB could not argue against the presentation of any of the examples provided.

KPPA management has concluded that the current presentation of one ACFR with a "KPPA total" is compliant with GASB standards and can continue with the current practice if we choose to.

KPPA management has also investigated the possibility of producing one ACFR with multiple audit opinions as presented in Example 2 and has concluded that this presentation would be compliant with GASB standards as well.

Furthermore, producing two separate audit opinions and two separate ACFRs would also be compliant with GASB standards.

KPPA management has discussed the various options with users of the financial statements, mainly the Office of the Controller, within the Finance and Administration Cabinet, of the Commonwealth of Kentucky. KPPA management has consulted our own external audit firm, and a non-related external audit firm. KPPA management has discussed these examples with the KPPA audit committee, various trustees of both the CERS Board and KRS Board, as well as the CEOs of CERS and KRS. Furthermore, there have been multiple internal discussions among KPPA management and staff as to the practicality and appropriateness of all three examples presented above.

KPPA management concludes that there are multiple options available on how to present the audited financial statements of CERS, KRS, or KPPA that are appropriate and allowable, and ultimately the decision is at the discretion of the board(s) of trustees and KPPA management.

However, we understand that the presentation and "audit" of a "KPPA total" has little relevance to the health and stability of the specific individual retirement systems, whereas a more stringent materiality at a CERS and KRS level would bring more transparency to the health and stability of the specific retirement systems, and therefore be more relevant.

Therefore, KPPA management recommends separate presentations of the CERS and the KRS in their own freestanding ACFR.

STATUTES APPLICABLE TO ACFR PRESENTATION(S)

BOLD and [] are emphasis added by KPPA management.

ITEM	CERS	KERS	SPRS	KPPA
Establishment	<p>KRS 78.520 Retirement system established -- Fund created.</p> <p>There is hereby created and established:</p> <p>(1) A retirement system for employees to be known as the "County Employees Retirement System" by and in which name it shall, pursuant to the provisions of KRS 78.510 to 78.852, transact all of its business and shall have the powers and privileges of a corporation; and</p> <p>(2) (a) A fund, called the "County Employees Retirement Fund," which shall consist of all the assets of the system as set forth in KRS 78.510 to 78.852.</p> <p>(b) All assets received in the fund shall be deemed trust funds to be held and applied solely as provided in KRS 78.510 to KRS 78.852.</p>	<p>KRS 61.515 Retirement system established -- Fund created.</p> <p>There is hereby created and established:</p> <p>(1) A retirement system for employees to be known as the "Kentucky Employees Retirement System" by and in which name it shall, pursuant to the provisions of KRS 61.510 to 61.705, transact all its business and shall have the powers and privileges of a corporation; and</p> <p>(2) (a) A fund, called the "Kentucky Employees Retirement Fund," which shall consist of all the assets of the system as set forth in KRS 61.570 to 61.585.</p> <p>(b) All assets received in the fund shall be deemed trust funds to be held and applied solely as provided in KRS 61.510 to 61.705.</p>	<p>KRS 16.510 Retirement system established -- Fund created.</p> <p>There is hereby created and established:</p> <p>(1) A retirement system for state police to be known as the "State Police Retirement System" by and in which name it shall, pursuant to the provisions of KRS 16.510 to 16.652, transact all of its business, and shall have the powers and privileges of a corporation; and</p> <p>(2) A fund, to be known as the "State Police Retirement Fund," which shall consist of all the assets of the system as set forth in KRS 16.555. All assets received in the fund shall be deemed trust funds to be held and applied solely as provided in KRS 16.505 to KRS 16.652.</p>	<p>KRS 61.505 - Kentucky Public Pensions Authority -- Purpose -- Membership, vacancies, compensation, and meetings -- Authority granted powers and privileges of corporation -- Executive director, internal auditor, and employees -- Expenses -- Authorization of administrative expenses -- Duties of members.</p> <p>(1) There is created an eight (8) member Kentucky Public Pensions Authority</p>

ITEM	CERS	KERS	SPRS	KPPA
Assets	<p>KRS 78.630 System's assets.</p> <p>Except as provided by KRS 61.701, all of the assets of the system shall be held in the county employees' retirement fund and credited, according to the purpose for which they are held, to one (1) of three (3) accounts...</p>	<p>KRS 61.570 Fund assets.</p> <p>All of the assets of the system shall be held and invested in the Kentucky employees retirement fund and credited, according to the purpose for which they are held, to one (1) of three (3) accounts...</p>	<p>KRS 16.555 Assets of the system -- Accounts.</p> <p>All the assets of the system shall be held and invested in the State Police Retirement Fund and credited, according to the purpose for which they are held, to one (1) of three (3) accounts...</p>	<p>KRS 61.505 - Kentucky Public Pensions Authority...</p> <p>(1) There is created an eight (8) member Kentucky Public Pensions Authority whose purpose shall be to administer and operate...</p> <p>(d) Any jointly held assets used for the administration of the Kentucky Retirement Systems and the County Employees Retirement System, including but not limited to real estate, office space, equipment, and supplies;</p>
Administration	<p>KRS 78.782 County Employees Retirement System board of trustees...</p> <p>(1) The County Employees Retirement System shall be administered by the board of trustees...</p> <p>(9)(a) " ... The executive director of the Kentucky Public Pensions Authority shall be the chief administrative officer of the [CERS] board."</p> <p>(9)(c) The board shall have a system of accounting</p>	<p>KRS 61.645 Board of trustees...</p> <p>(1) The Kentucky Employees Retirement System and State Police Retirement System shall be administered by the board of trustees of the Kentucky Retirement Systems...</p> <p>(9)(a) " ... The executive director of the Kentucky Public Pensions Authority shall be the chief administrative officer of the [KRS] board."</p>	<p>KRS 16.640 Administration of system.</p> <p>The government and control of the system is hereby vested in the board of trustees of the Kentucky Retirement Systems. The board shall carry out the provisions of KRS 16.510 to 16.652 in the same manner in which it administers the Kentucky Employees Retirement System. In all matters concerning the administration of KRS 16.510 to 16.652, the same rights, duties, and obligations shall apply to the board, as now</p>	<p>KRS 61.505 - Kentucky Public Pensions Authority...</p> <p>(1) There is created an eight (8) member Kentucky Public Pensions Authority whose purpose shall be to administer and operate...</p> <p>(a) A single personnel system for the staffing needs of the Kentucky Retirement Systems and the County Employees Retirement System;</p> <p>(b) A system of accounting that is developed by the Authority for the Kentucky Retirement Systems and the County Employees Retirement System;</p>

ITEM	CERS	KERS	SPRS	KPPA
	<p>established by the Kentucky Public Pensions Authority.</p> <p>(12) (a) The Kentucky Public Pensions Authority shall publish an annual financial report showing all receipts, disbursements, assets, and liabilities for the systems.</p> <p>[Plural in the C Statute?][CERS] The annual report shall include a copy of an audit conducted in accordance with generally accepted auditing standards... the board may select the independent certified public accountant hired by the Kentucky Public Pensions Authority or the Auditor of Public Accounts to perform the audit....The Kentucky Public Pensions Authority shall make copies of the audit...available for examination by any member, retiree, or beneficiary...A copy of the annual audit shall be sent electronically to the Legislative Research Commission no later than ten (10) days after receipt by the [CERS] board.</p>	<p>(9) (d) The board shall have a system of accounting established by the Kentucky Public Pensions Authority.</p> <p>(12) (a) The Kentucky Public Pensions Authority shall publish an annual financial report showing all receipts, disbursements, assets, and liabilities for the systems.[KERS & SPRS] The annual report shall include a copy of an audit conducted in accordance with generally accepted auditing standards... the board may select the independent certified public accountant hired by the Kentucky Public Pensions Authority or the Auditor of Public Accounts to perform the audit...The Kentucky Public Pensions Authority shall make copies of the audit... available for examination by any member, retiree, or beneficiary...A copy of the annual audit shall be sent to the Legislative Research Commission no later than ten (10) days after receipt by the [KERS] board.</p>	<p>apply under the provisions of KRS 61.510 to 61.692, except that members of the board, when acting for the State Police Retirement System, shall be paid a per diem of thirty dollars (\$30) plus actual expenses.</p>	<p>(c) Day-to-day administrative needs of the Kentucky Retirement Systems and the County Employees Retirement System, including but not limited to:</p> <ol style="list-style-type: none"> 1. Benefit counseling and administration; 2. Information technology and services, including a centralized website for the Authority, the Kentucky Retirement Systems, and the County Employees Retirement System; 3. Legal services; 4. Employer reporting and compliance; 5. Processing and distribution of benefit payments, and other financial, investment administration, and accounting duties as directed by the Kentucky Retirement Systems board of trustees or the County Employees Retirement System board of trustees; 6. All administrative actions, orders, decisions, and determinations necessary to carry out benefit functions required by the Kentucky Retirement Systems and the County Employment Retirement System

ITEM	CERS	KERS	SPRS	KPPA
				<p>statutes, including but not limited to administration of reduced and unreduced retirement benefits, disability retirement, reemployment after retirement, service purchases, computation of sick-leave credit costs, correction of system records, qualified domestic relations orders, and pension spiking determinations; and</p> <p>7. Completing and compiling financial data and reports;</p> <p>(d) Any jointly held assets used for the administration of the Kentucky Retirement Systems and the County Employees Retirement System, including but not limited to real estate, office space, equipment and supplies;</p> <p>(e) The hiring of a single actuarial consulting firm who shall serve both the Kentucky Retirement Systems and the County Employees Retirement System;</p> <p>(f) The hiring of a single external certified public accountant who shall perform audits for both the Kentucky Retirement Systems and the County Employees Retirement System;</p>

ITEM	CERS	KERS	SPRS	KPPA
				<p>(g) The promulgation of administrative regulations as an authority or on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively, provided such regulations are not inconsistent with the provisions of this section and KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852, necessary or proper in order to carry out the provisions of this section and duties authorized by KRS 16.505 to 16.652 and 61.510 to 61.705;</p> <p>(h) A system of contracting management for administrative services; and</p> <p>(i) Other tasks or duties as directed solely or jointly by the boards of the Kentucky Retirement Systems or the County Employees Retirement System.</p>
Board Powers & Privileges	<p>KRS 78.782 County Employees Retirement System board of trustees...</p> <p>... (2) The [CERS] board is hereby granted the powers and privileges of a corporation, including but not limited to the following powers:</p>	<p>KRS 61.645 Board of trustees...</p> <p>... (2) The [KRS] board is hereby granted the powers and privileges of a corporation, including but not limited to the following powers:</p>		<p>KRS 61.505 - Kentucky Public Pensions Authority...</p> <p>... (3) The Kentucky Public Pensions Authority is hereby granted the powers and privileges of a corporation, including but not limited to the following powers:</p>

ITEM	CERS	KERS	SPRS	KPPA
	<p>(a) To sue and be sued in its corporate name;</p> <p>(b) To make bylaws not inconsistent with the law;</p> <p>(c) To conduct the business and promote the purposes for which it was formed;</p> <p>(d) Except as provided in KRS 78.790(6), to contract for investment counseling, auditing, medical, and other professional or technical services as required to carry out the obligations of the board subject to the provisions of KRS Chapters 45, 45A, 56, and 57. Actuarial consulting services shall be provided by a firm hired by the Kentucky Public Pensions Authority; ...</p>	<p>(a) To sue and be sued in its corporate name;</p> <p>(b) To make bylaws not inconsistent with the law;</p> <p>(c) To conduct the business and promote the purposes for which it was formed;</p> <p>(d) Except as provided in KRS 61.650(6), to contract for investment counseling, auditing, medical, and other professional or technical services as required to carry out the obligations of the board subject to KRS Chapters 45, 45A, 56, and 57. Actuarial consulting services shall be provided by a firm hired by the Kentucky Public Pensions Authority; ...</p>		<p>(a) To sue and be sued in its corporate name;</p> <p>(b) To make bylaws not inconsistent with the law and in accordance with its duties as provided by this section;</p> <p>(c) To conduct the business and promote the purposes for which it was formed;</p> <p>(d) To carry out the obligations of the Authority subject to KRS Chapters 45, 45A, 56, and 57;</p>
Financial Reports	<p>KRS 78.782 County Employees Retirement System board of trustees...</p> <p>(18) In order to improve public transparency regarding the administration of the</p>	<p>KRS 61.645 Board of trustees...</p> <p>(19) In order to improve public transparency regarding the administration of the systems, the board of</p>		<p>KRS 78.782 (12) (a) and KRS 61.645 (12) (a). They both read the same.</p> <p>The Kentucky Public Pensions Authority shall publish an annual financial report showing all receipts, disbursements, assets, and liabilities</p>

ITEM	CERS	KERS	SPRS	KPPA
	<p>system, the board of trustees shall adopt a best practices model by posting the following information to the Kentucky Public Pensions Authority's website and shall make available to the public:</p> <p>b) The Annual Comprehensive Financial Report with the information as follows:</p> <ol style="list-style-type: none"> 1. A general overview and update on the system [CERS] by the executive director; 5. Financial information, including a statement of plan net assets, a statement of changes in plan net assets, an actuarial value of assets, a schedule of investments, a statement of funded status and funding progress, and other supporting data; 6. Investment information, including a general overview, a list of the system's professional consultants, a total net of fees return on system investments over a 	<p>trustees shall adopt a best practices model by posting the following information to the Kentucky Public Pensions Authority's website and shall make available to the public:</p> <p>(b) The Annual Comprehensive Financial Report with the information as follows:</p> <ol style="list-style-type: none"> 1. A general overview and update on the retirement systems [KRS] by the executive director; 5. Financial information, including a statement of plan net assets, a statement of changes in plan net assets, an actuarial value of assets, a schedule of investments, a statement of funded status and funding progress, and other supporting data; 6. Investment information, including a general overview, a list of the retirement system's professional consultants, a total net of fees return on retirement 		<p>for the systems. The annual report shall include a copy of an audit conducted in accordance with generally accepted auditing standards....</p> <p>KRS 61.505(1) (b) A system of accounting that is developed by the Authority for the Kentucky Retirement Systems and the County Employees Retirement System;</p>

ITEM	CERS	KERS	SPRS	KPPA
	<p>historical period, an investment summary, contracted investment management expenses, transaction commissions, and a schedule of investments;</p> <p>7. The annual actuarial valuation report on the pension benefit and the medical insurance benefit; and</p> <p>8. A general statistical section, including information on contributions, benefit payouts, and retirement system demographic data;</p> <p>(c) All external audits;</p>	<p>systems investments over a historical period, an investment summary, contracted investment management expenses, transaction commissions, and a schedule of investments;</p> <p>7. The annual actuarial valuation report on the pension benefit and the medical insurance benefit; and</p> <p>8. A general statistical section, including information on contributions, benefit payouts, and retirement systems' demographic data;</p> <p>(c) All external audits;</p>		

STATUTORY CONCLUSIONS:

KRS 78.782, Stipulates that CERS shall be administered by the CERS board of trustees, KRS 61.645 Stipulates that KERS and SPRS shall be administered by the KRS board of trustees, and KRS 61.505 Charges KPPA with administering day to day needs of CERS and KRS including the three components of a pension plan (determination, accumulation, payment), and KRS 78.782(9a) & KRS 61.645(9a) – establishes the executive director of KPPA as the chief administrative officer of both the CERS and KRS Boards

Therefore, KPPA management concludes that under GASB CERS, KRS, and KPPA all meet the definition of a PERS.

However, it does not seem likely that two special-purpose governments can both administer the same pension plans at the same time. Therefore, concluding on who is administering the “one or more pension plans” and is therefore defined as the PERS under GASB is ultimately the decision of the board(s) of Trustees and KPPA management.

Based on the statutes granting KPPA most of the administrative duties of the pension plans, and the fact that the statutes designate the KPPA executive director as the chief administrative officer for both the CERS Board and the KRS Board, KPPA management concludes that KPPA shall be designated as the PERS under GASB.

KRS 78.782 (12) (a): Requires KPPA to publish an annual financial report showing all receipts, disbursements, assets, and liabilities of the systems. As this is a CERS statute, we interpret this to be an annual report for CERS. The annual report shall include a copy of an audit conducted in accordance with generally accepted auditing standards, and the CERS board of trustees must select either the independent certified public accountant hired by KPPA or the Auditor of Public Accounts to perform the audit.

KRS 61.645 (12)(a): Requires KPPA to publish an annual financial report showing all receipts, disbursements, assets, and liabilities of the systems. As this is a KRS statute, we interpret this to be an annual report for KERS and SPRS. The annual report shall include a copy of an audit conducted in accordance with generally accepted auditing standards, and the KRS board of trustees must select either the independent certified public accountant hired by KPPA or the Auditor of Public Accounts to perform the audit.

These statutes are, at a minimum, vague regarding whether there should be a separate ACFR for the CERS and KRS systems. KPPA management has concluded that these statutes allow for the board(s) of Trustees and KPPA management to decide on how to produce the ACFR for the systems.

KPPA management recommends separate presentations of the CERS and the KRS in their own freestanding ACFR.

KRS 61.505 (1)(e) Directs KPPA to hire a single external certified public accountant who shall perform audits for both the [KRS and the CERS]. While KRS 78.782(2)(d) and KRS 61.645(2)(d) – Allows both the CERS and the KRS boards “to contract for investment counseling, **auditing**, medical, and other professional or technical services as required to carry out the obligations of the board subject to the provisions of KRS Chapters 45, 45A, 56, and 57.”

KPPA management concludes that KRS 78.782(2)(d) and KRS 61.645(2)(d) allows the board(s) to hire their own auditor for other audits such as forensic, internal control, other agreed upon procedures, etc.; however, for the ACFR and related audit, KPPA management has interpreted KRS 78.782 (12) (a) and KRS 61.645 (12)(a) to require CERS and KRS to use the KPPA hired certified public accountant or the Auditor of Public Accounts.

CERS Investment Portfolio Model
Investment Committee 02/28/2024

Asset Class	Current ITD Yields* (12/31/2023)	Current Allocation*	Current Target	Optimization Constraints	Lower Risk A	Optimization Constraints	Lower Risk B	Wilshire 30-yr Yield Projections
Public Equity	10.25%	51.30%	50.00%	45% - 80%	45.00%	40% - 80%	40.00%	7.15%
Private Equity	11.68%	7.00%	10.00%	0% - 10%	8.00%	0% - 10%	7.50%	9.95%
Total Equity		58.30%	60.00%		53.00%		47.50%	
Core Fixed Income	2.79%	10.10%	10.00%	10% - 50%	10.00%	10% - 50%	15.50%	4.80%
Specialty Credit	6.23%	20.20%	10.00%	0% - 25%	23.00%	0% - 20%	20.00%	7.40%
Cash	3.34%	1.60%	0.00%	2% - 5%	2.00%	2% - 5%	2.00%	3.55%
Total Fixed Income		31.90%	20.00%		35.00%		37.50%	
Real Estate	6.42%	5.70%	7.00%	5% - 10%	5.00%	5% - 10%	5.00%	6.95%
Real Return	5.14%	4.00%	13.00%	0% - 10%	7.00%	0% - 10%	10.00%	7.35%
Total Inflation Protected		9.70%	20.00%		12.00%		15.00%	
Total Assets	8.88%	99.90%	100.00%		100.00%		100.00%	
Total Illiquid Assets		24.80%	28.50%	0% - 35%	28.00%	0% - 35%	27.50%	
Expected Return - 10 years* (%)		6.90	6.95		6.95		6.86	
Expected Return - 30 years* (%)		7.79	7.65		7.53		7.4	
Standard Deviation of Return (%)		9.51	12.82		11.73		10.88	
+ / (-) in Expected Return - 10 years (bps)					0		(9)	
+ / (-) in Expected Return - 30 years (bps)					(12)		(25)	
+ / (-) in SD Return (bps)					(109)		(194)	
Sharpe Ratio**		0.72	0.24		0.26		0.28	

* Current allocation reflects actual returns as of December 31, 2023

** Standard deviation & Sharpe ratio for current allocation is only 5 years



Investment Office Update

April 8, 2024



Asset Allocation Recommendation Executive Summary

Asset Allocation Approved by the Investment Committee

- The CERS Investment Committee approved Staff and Wilshire's recommendation to revise the Asset Allocation Targets of the CERS Investment Policy Statement
 - The asset allocation decision is the most important decision for a Pension Plan, driving 90% of return variability among portfolios
 - Capital Market Assumptions have changed materially since the last allocation modeling work was performed in November 2021
 - Prior market environment forced Plans including CERS to shift out the risk spectrum in an effort to achieve assumed rates of return

<u>Asset Class</u>	<u>Revised Target Approved by the IC</u>	<u>Current Target</u>	<u>Current Actual Allocation+</u>
Equity			
Public Equity	45%	50%	52.4%
Private Equity	8%	10%	7.0%
Fixed Income			
Core Fixed Income	10%	10%	9.6%
Specialty Credit*	23%	10%	19.5%
Cash	2%	0%	2.3%
Inflation Protected			
Real Estate	5%	7%	5.3%
Real Return	7%	13%	3.9%**

*Includes High Yield Fixed Income

+Aggregate Pension and Insurance allocations as of 03/22/24

**Pro Forma 5.8%

Pro forma weights reflect Ceres, Maritime Partners fully invested and Arctos II 90% called



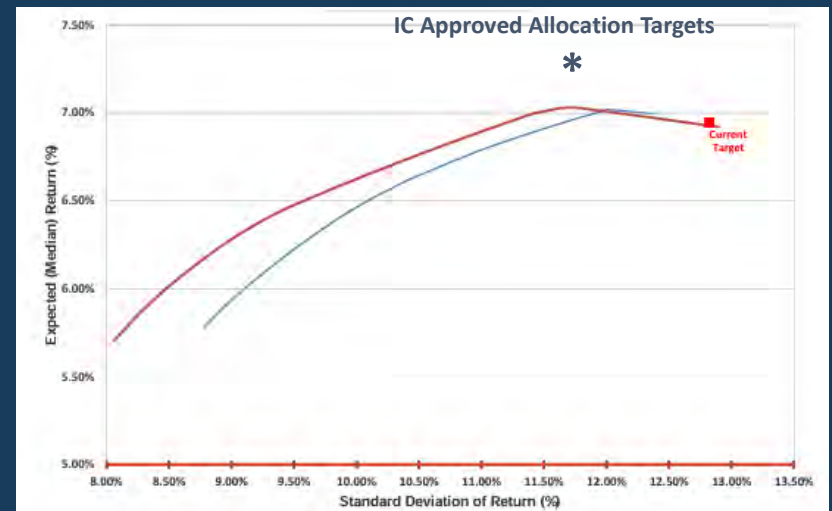
Asset Allocation Approved by the Investment Committee

Similar Returns with Much Lower Risk

➤ The current market environment, largely driven by a regime shift that has resulted in significantly higher interest rates and equity risk premiums nearing all-time lows affords an opportunity to construct more efficient portfolios

- Meaningfully lower expected risk levels – 9% lower than the current portfolio
- Similar levels of expected returns
- Higher cash yields, increased liquidity and higher expected Sharpe ratios
- More diversified, balanced portfolios with less dependency on economic growth
- Lower risk and magnitude of significant drawdowns

Asset Only Efficient Frontier



Asset Allocation Approved by the Investment Committee

Wilshire' Capital Market Assumptions used for Current Modeling

Asset Classes	Expected Return 10 Years	Expected Return 30 Years	Risk	Cash Yield	Factor Exposure Growth	Factor Exposure Inflation	Liquidity Market Level	Liquidity Stressed Metric
Public Equity	6.15	7.15	17.10	2.05	8.00	-1.30	90	0
Private Equity	9.15	9.95	27.80	0.00	13.35	-3.80	0	0
Core Fixed Income	4.85	4.80	4.70	4.95	-0.95	-2.50	100	85
Specialty Credit	7.40	7.40	9.05	9.70	3.50	-0.50	30	0
Cash	3.85	3.55	0.75	3.85	0.00	0.00	100	100
Real Estate	6.00	6.95	13.95	2.30	3.70	1.00	0	0
Real Return	6.85	7.35	10.65	3.60	2.15	5.80	0	0

Wilshire' Capital Market Assumptions used for November 2021 Modeling

10 Year Asset Class Assumptions

	Public Equity	Private Equity	Core Fixed Income	Specialty Credit	Cash	Real Estate	Real Return
Return	5.65	8.41	1.85	4.50	1.55	6.34	5.90
Risk	17.15	27.78	4.30	8.16	0.75	13.93	11.44
Yield	1.75	0.00	3.00	7.15	1.55	2.29	2.12

1 Total Illiquid Assets are constrained to not exceed 35%. Illiquid Assets are defined as total of Private Equity, 50% of Specialty Credit, Real Estate and 50% of Real Return.



Asset Allocation Approved by the Investment Committee

Asset Class	Current Target	Optimization Constraints	Allocation Approved by the IC
Public Equity	50.00%	45% - 80%	45.00%
Private Equity	10.00%	0% - 10% ¹	8.00%
Total Equity	60.00%		53.00%
Core Fixed Income	10.00%	10% - 50%	10.00%
Specialty Credit	10.00%	0% - 25% ¹	23.00%
Cash	0.00%	2% - 5%	2.00%
Total Fixed Income	20.00%		35.00%
Real Estate	7.00%	5% - 10% ¹	5.00%
Real Return	13.00%	0% - 10% ¹	7.00%
Total Inflation Protected	20.00%		12.00%
Total Assets	100.0%		100.0%
Total Illiquid Assets¹	28.50%	0% - 35%	28.00%
Expected Return - 10 Years (%)	6.95		6.95
Expected Return - 30 Years (%)	7.65		7.53
Standard Deviation of Return (%)	12.82		11.73
+ / (-) in Expected Return - 10 Years (bps)			0
+ / (-) in Expected Return - 30 Years (bps)			(12)
+ / (-) in SD of Return (bps)			(109)
Sharpe Ratio	0.24		0.26
Contribution to Asset Volatility (%):			
Equity	82.8		78.9
Fixed Income	5.5		13.3
Inflation Protected	11.7		7.8
Cash Yield	3.1		4.1
Growth Factor	6.1		5.7
Inflation Factor	-0.5		-0.8
Liquidity			
Market	58.0		59.4
Stressed	8.5		10.5

Asset Class	Current Target	Optimization Constraints	Allocation Approved by the IC
Public Equity	50.00%	45% - 80%	45.00%
Private Equity	10.00%	0% - 10% ¹	8.00%
Total Growth Assets	60.00%		53.00%
Specialty Credit	10.00%	0% - 25% ¹	23.00%
Total Defensive Growth Assets	10.00%		23.00%
Core Fixed Income	10.00%	10% - 50%	10.00%
Cash	0.00%	2% - 5%	2.00%
Total Defensive / Rate Sensitive Assets	10.00%		12.00%
Real Estate	7.00%	5% - 10% ¹	5.00%
Real Return	13.00%	0% - 10% ¹	7.00%
Total RA / Inflation Sensitive Assets	20.00%		12.00%
Total Assets	100.0%		100.0%
Total Illiquid Assets¹	28.50%	0% - 35%	28.00%
Expected Return - 10 Years (%)	6.95		6.95
Expected Return - 30 Years (%)	7.65		7.53
Standard Deviation of Return (%)	12.82		11.73
+ / (-) in Expected Return - 10 Years (bps)			0
+ / (-) in Expected Return - 30 Years (bps)			(12)
+ / (-) in SD of Return (bps)			(109)
Sharpe Ratio	0.24		0.26
Contribution to Asset Volatility (%):			
Growth	82.8		78.9
Defensive Growth	4.5		12.2
Defensive/Rate Sensitive	1.0		1.1
RA/Inflation Sensitive	11.7		7.8
Cash Yield	3.1		4.1
Growth Factor	6.1		5.7
Inflation Factor	-0.5		-0.8
Liquidity			
Market	58.0		59.4
Stressed	8.5		10.5

¹ Total Illiquid Assets are constrained to not exceed 35%. Illiquid Assets are defined as total of Private Equity, 50% of Specialty Credit, Real Estate and 50% of Real Return.



Asset Allocation – Historical Perspective

<u>Asset Class</u>	<u>IPS Target</u> 1/1/2021++	<u>Actual Allocation</u> 1/1/2021+	<u>Asset Class</u>	<u>IPS Target</u> 11/1/2021	<u>Actual Allocation</u> 11/1/2021	<u>Current Actual</u> <u>Allocation+</u>	<u>IC Approved</u> <u>Revised</u> <u>Allocation</u>
Growth			Equity				
US Public Equity	21.75%	23.0%	Public Equity	50%	46.0%	52.4%	45.0%
Non US Public Equity	21.75%	23.0%	Private Equity	10%	8.4%	7.0%	8.0%
Private Equity	10.00%	8.5%					
High Yield/Specialty Credit	15.00%	16.5%	Fixed Income				
Fixed Income			Core Fixed Income	10%	12.1%	9.6%	10.0%
Core Fixed Income	10.00%	13.7%	Specialty Credit*	10%	19.2%	19.5%	23.0%
Cash	1.50%	1.5%	Cash	0%	2.7%	2.3%	2.0%
Diversifying			Inflation Protected				
Real Estate	10.00%	3.9%	Real Estate	7%	5.4%	5.3%	5.0%
Real Return	10.00%	6.9%	Real Return	13%	6.2%	3.9%**	7.0%
Opportunistic	0%	3.0%					

++KRS IPS
+Aggregate Pension and Insurance allocations
*Includes High Yield Fixed Income
+Aggregate Pension and Insurance allocations as of 03/22/24
**Pro Forma 5.8%

Effective November 1, 2021, the inaugural standalone CERS asset allocation revised Asset Classes and Allocation Targets

- **Specialty Credit:** Reduced allocation target from 15% to 10% (~\$850 million reduction)
- **Opportunistic:** Eliminated asset class, with the 3% investment in that allocation reclassified as Specialty Credit

- These 2 changes pushed the Specialty Credit allocation above the revised IPS range limit of 13%
- No new managers have been added to Specialty Credit since the 2021 IPS revision*

Pro forma weights reflect Ceres, Maritime Partners fully invested and Arctos II 90% called

*A re-up was approved for an existing manager but no new capital was committed

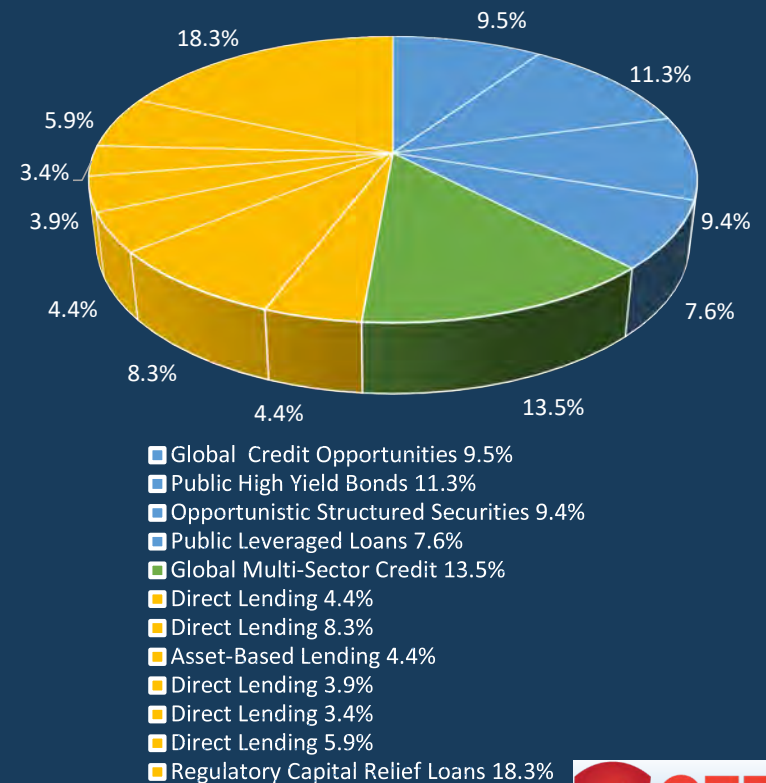


Composition of Specialty Credit Allocation

➤ Current CERS aggregate allocation to Specialty Credit is 19.5%, with individual plan allocations ranging from 19.2% to 19.6%

- 49% is *Private Credit*
 - ✓ Investing primarily in lending strategies, with a focus on Senior Secured Debt backed by assets
 - ✓ Receiving payback first as a result of our senior position in the capital structure
 - ✓ Earning higher yields than public credit, with added downside protection from debt covenants
- 38% is *Public High Yield* (bonds and loans)
- 14% is *Global Multi-Sector Credit* that invests in both public and private securities

Specialty Credit Allocation by Strategy



Specialty Credit Example: Blue Torch

Due Diligence completed, IC and Board approved, and funded in 2019-2020

1 Structure and Liquidity

- ✓ KPPA-only separate account
- ✓ Receive quarterly distributions of interest and principal repayment if desired
- ✓ KPPA can terminate investment with 150 days' written notice

2 Underlying Investment Characteristics

- ✓ 3-to-5-year floating rate loans
- ✓ 12-15% unlevered returns (SOFR + 650 and above)
- ✓ 1-3% upfront fees paid by borrower
- ✓ All deals must have financial covenants (e.g. maximum leverage, minimum liquidity)

3 Capital Calls / Distributions

- ✓ Capital calls: Typically 1-2 per year, often to repay subscription line used to fund deals
- ✓ Distributions: Target 6% annual, with quarterly distributions (Note: KPPA elects to reinvest distributions)

4 Fees and Expenses

- ✓ Management fee: 0.75% (vs 1.5-2% for private equity and real return strategies)
- ✓ Performance fee: 15% over an 8% hurdle (vs 20% over a 6-8% hurdle)
- ✓ Expenses are up sharply due to higher interest rates. However, the additional interest income received has outpaced the growth in interest expense

Blue Torch	2021	2022	2023
Interest income	\$ 18.6	\$ 35.2	\$ 42.8
Interest expense	\$ 2.5	\$ 7.9	\$ 12.5
Net interest income	\$ 16.1	\$ 27.3	\$ 30.2



Capital Calls and Distributions Reported Quarterly

Kentucky Public Pensions Authority Capital Calls and Distributions For the period October 1, 2023 thru December 31, 2023 County Employees Retirement System

Pension Funds Managers	Total Pension Fund Commitment	CERS Commitment	CERS Beginning Valuation	CERS Period Contributions	CERS Period Distributions	CERS Ending Valuation	CERS Haz Commitment	CERS Haz Beginning Valuation	CERS Haz Period Contributions	CERS Haz Period Distributions	CERS Haz Ending Valuation
Adams Street SPC II A1	175,000,000	97,124,912	81,091,109	2,402,341	5,240,262	78,253,188	32,749,407	27,342,993	810,042	1,766,956	26,386,078
Adams Street SPC II B1	175,000,000	97,124,911	79,261,788	3,123,735	2,814,696	79,570,827	32,749,407	26,726,167	1,053,288	949,083	26,830,371
AMERRA Agri Fund II, LP	40,100,000	27,641,371	15,957,868	0	2,992,668	12,965,200	8,727,285	5,038,421	0	944,883	4,093,538
AMERRA-KRS Agri Holding Company, LP	65,000,000	44,805,214	23,073,804	0	1,497,738	21,576,065	14,146,472	7,285,155	0	472,885	6,812,270
Arcane KRS Fund I, L.P.	36,000,000	15,587,717	7,543,455	0	1,714,649	5,828,806	4,852,329	2,348,216	0	533,756	1,814,460
Arctos Sports Partners Fund II	85,000,000	42,000,000	10,803,748	1,354,503	0	12,158,251	18,000,000	4,630,178	580,501	0	5,210,679
Ares Special Situations Fund IV, L.P.	26,192,000	17,935,797	12,901,084	0	0	12,901,084	6,121,833	4,403,389	0	0	4,403,389
Barrings Euro Real Estate II	164,316,688	92,444,570	13,024,116	3,888,015	0	17,606,239	29,231,933	4,118,361	1,229,431	0	5,567,275
Barrings Real Estate European Value Add I SCSp	115,988,250	65,254,991	8,671,638	1,415,260	0	10,683,066	20,634,305	2,805,304	447,520	0	3,378,097
Bay Hills Capital I, L.P.	67,500,000	29,226,970	2,253,720	0	0	2,253,720	9,098,116	701,565	0	0	701,565
Bay Hills Capital III, L.P.	51,250,000	35,095,051	36,158,030	0	0	36,158,030	11,978,618	12,341,433	0	0	12,341,433
Bay Hills Emerging Partners II LP	45,000,000	19,484,647	42,509,357	0	0	42,509,357	6,065,411	13,232,815	0	0	13,232,815
Bay Hills Emerging Partners II-B LP	45,000,000	19,484,647	28,358,486	0	0	28,358,486	6,065,411	8,627,764	0	0	8,627,764
BDCM Opportunity Fund IV, L.P.	35,580,000	24,364,524	42,283,616	0	2,179,696	40,103,920	8,316,082	14,432,713	0	743,972	13,688,741
Blackstone Capital Partners V, L.P.	47,174,735	20,426,290	10,362	0	0	10,362	6,358,537	3,226	0	0	3,226
Blackstone Capital Partners VI, L.P.	60,000,000	38,220,311	12,820,730	0	1,561,177	11,259,553	18,479,695	6,198,881	0	754,836	5,444,045
Blue Torch Credit Opportunities Fund II LP	140,000,000	77,659,705	74,905,957	8,229,610	0	83,135,567	26,221,374	25,291,586	2,778,683	0	28,070,268
BSP Co-Invest Vehicle K LP	37,262,028	21,962,420	22,958,894	0	617,365	22,341,529	7,274,035	7,604,072	0	204,474	7,399,598
BSP Private Credit Fund	100,000,000	58,940,485	54,954,054	0	1,803,973	53,150,081	19,521,309	18,200,988	0	597,482	17,603,505
B7G Pactual Brazil Timberland Fund I	34,500,000	23,847,150	19,775,272	0	3,653,973	16,121,300	7,642,335	6,337,414	0	1,170,995	5,166,420
Camelot Opportunities Fund, L.P.	23,400,000	10,132,036	2,919,833	0	0	2,919,833	3,154,014	908,920	0	0	908,920
Cerberus KRS Levered Loan Opportunities Fund, L.P.	140,000,000	82,516,679	111,656,721	0	0	112,927,969	27,329,832	36,981,123	0	0	37,402,165
Ceres Farms	100,000,000										
Columbia Capital Equity Partners IV, L.P.	27,000,000	11,690,788	1,594,119	0	0	1,594,119	3,639,247	496,236	0	0	496,236
Crestview Partners II, L.P.	67,500,000	29,226,970	12,668,086	0	2,037,511	10,630,575	9,098,116	3,943,471	0	634,260	3,309,211
Crestview Partners III, L.P.	39,000,000	26,706,479	20,002,945	3,391,998	233,022	23,161,921	9,115,436	6,827,391	1,157,754	79,535	7,905,610
CS Adjacent Investment Partners Parallel LP	140,000,000	82,516,679	44,075,471	24,449,248	2,419,963	66,104,755	27,329,832	14,597,960	8,097,682	801,503	21,894,142
CVC European Equity Partners VI, L.P.	24,214,778	16,581,832	14,339,155	158,345	317,876	14,793,552	5,659,699	4,894,230	54,046	108,497	5,049,325



KENTUCKY COUNTY EMPLOYEES' RETIREMENT SYSTEM STRATEGIC PLAN 2024-2028



**KENTUCKY COUNTY EMPLOYEES’ RETIREMENT SYSTEM
STRATEGIC PLAN 2024-2028**

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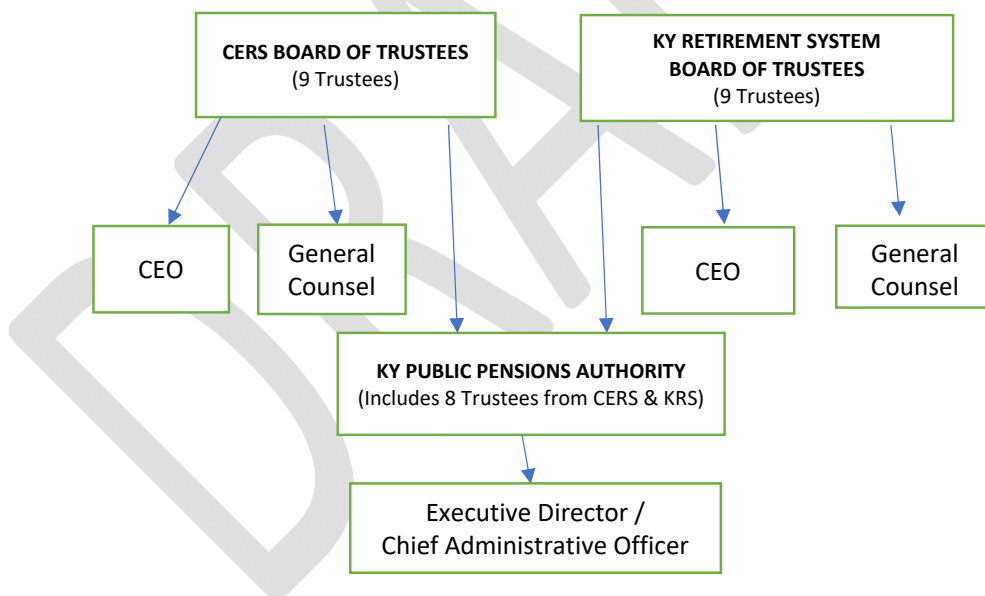
DRAFT

EXECUTIVE SUMMARY

INTRODUCTION

The Kentucky County Employees Retirement System (CERS) was established July 1, 1958, by the Kentucky General Assembly. Guidance for CERS is found in Chapter 78 of the Kentucky Revised Statutes (KRS). Chapter 78 outlines the governing board structure, postretirement plan design, membership, and authority for employee and employer contributions for both a Non-Hazardous plan and a Hazardous plan. In 2020, the Kentucky General Assembly created a separate governing board for CERS and effective April 1, 2021, the new governance structure was initiated.

Administrative support is provided by the Kentucky Public Pensions Authority (KPPA), also created effective April 1, 2021 (KRS 61.505). CERS is represented by four Trustees on the KPPA governing board along with four Trustees from the Kentucky Retirement Systems (Ky Retirement). Ky Retirement is the governing board for the Kentucky Employees Retirement Systems (KERS—hazardous and nonhazardous) and the State Police Retirement System (SPRS). The relationship among the three board is illustrated below.



Employees of cities, counties, and special purpose governments are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. In addition, employees of Kentucky school districts whose positions do not require a degree beyond a high school diploma also participate in CERS. As of April 1, 2021, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit

*2024 – 2028 CERS Strategic Plan
Executive Summary (continued)*

administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions.

CERS, KERS, and SPRS all provide defined benefit pension and other post-employment benefits for public employees. Retirement benefits to these retirees adds over \$2 billion to the Commonwealth's economy across 120 counties.

This inaugural Strategic Plan outlines the key goals and objectives that the CERS Board of Trustees hopes will provide a sustainable governing structure in compliance with the organizational guidance in Kentucky Revised Statutes, Chapter 78. The CERS Board of Trustees recognizes the importance of a partnership with key stakeholders in the Commonwealth, including public employees, employers, professional associations, and the citizens of the Commonwealth. These goals are focused on supporting the CERS organization, investment management, and support services to our membership. Postretirement benefits for both pension income and postretirement healthcare are critical for supporting all the public services to the citizens and the public employees who provide those services. These benefits provide financial security to CERS members and return an economic benefit to the citizens we serve.

The CERS Board of Trustees takes its fiduciary role very seriously. Governing statutes include specific guidance about our fiduciary roles and compliance with both the Kentucky Executive Branch Ethics Code and the CFA Pension Trustee Code of Conduct. In addition, Chapter 78 outlines the basic structures for investment management, Trustee education, as well as accountability and transparency. Goals in this Strategic Plan were selected based on the underlying guidance in Chapter 78 and the expectations of our stakeholders and the citizens of the Commonwealth.

MISSION

To deliver governance for the postretirement plans that support the financial security of our membership.

VISION

Provide a sustainable funding structure with an approach that is viable for all stakeholders.

CORE VALUES

We focus on supporting the KPPA delivery of quality customer service, providing a sound investment strategy, and communicating with our stakeholders to demonstrate transparency and accountability.

Our efforts will adhere to basic principles for quality customer service, ethical conduct, excellence, fiduciary duty, and ongoing operational improvement. We also commit to collaboration with the Kentucky Retirement System Board of Trustees to enhance the retirement programs for KERS and SPRS, as well as CERS.

STRATEGIC GOALS

Now that CERS has completed its organizational first year and adopted Board administrative and governance policies, the focus of the 2024 – 2028 Strategic Plan includes the following goals to strengthen the CERS retirement plans.

- Goal 1** *Actuarial* **Strengthen actuarial administration to achieve full funding of the CERS plans.**
- Goal 2** *Investment* **Enhance investment management to support prudent portfolio performance and compliance oversight.**
- Goal 3** *Finance* **Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies.**
- Goal 4** *Administrative* **Provide structure to support efficient governance for CERS post-retirement plans.**

The Strategic Goals section outlines the goals, expands the discussion of objectives for each goal, including targets and measurement principles, and describes how the CERS Board will identify success. The last section of the Plan summarizes a proposed timeline for working on the goals and objectives.

FUTURE PLANNING

The CERS Board of Trustees has developed this first five-year strategic plan to set the stage for future improvements in managing the postretirement benefit plans for local government employees. We also plan to update this strategic plan in the future to maintain a dynamic governance and management structure for the CERS plans, members, stakeholders, and citizens.

GOALS, OBJECTIVES, MEASURES AND TARGETS
--

Goal 1 *Actuarial* **Strengthen actuarial administration to achieve full funding of the CERS plans. (Approved by Actuarial Committee on November 2, 2022.)**

Objective A. Actuarial assumptions reflect actual trends.	
1)	<p>Measure: The CERS Board will require the actuary to use industry prevalent practices and methods for the analysis and recommendation of actuarial assumptions (economic and demographic) for use in the actuarial valuation.</p> <p>Target: Annually in April.</p>
Objective B. Avoid Negative Amortization.	
1)	<p>Measure: The CERS Board will work with the legislators on possible future changes to the funding policy that is in Statute such that any changes will not result in actuarial back loading (i.e. negative amortization of the unfunded actuarial accrued liability).</p> <p>Target: Ongoing.</p>
Objective C. Attain 100% funded status in reasonable period.	
1)	<p>Measure: The financial goal is for the Systems to attain a 100% funded ratio in a reasonable time period with the CERS Board-adopted contributions increasing or decreasing as appropriate.</p> <p>Target: January 2038.</p>
Objective D. Monitor financial and economic risks to plan.	
1)	<p>Measure: The CERS Board will request the actuary to perform a risk analysis or stress test from time to time to understand and quantify possible financial risks due to possible changing economic conditions or risks associated possible legislation that would result in materially lower contributions.</p> <p>Target: January 2025.</p>

Goal 1. How Will the CERS Board Evaluate Success

- | | |
|----|--|
| 1) | Employer contributions are consistent across the five years 2024 – 2028. |
| 2) | Actuarial assumptions are consistent with actual experience. |
| 3) | Funded status continues to improve. |

2024 – 2028 CERS Strategic Plan
Goals, Objectives, Measures, & Targets (continued)

Goal 2 *Investment Enhance investment management to support prudent portfolio performance and compliance oversight. (Investment Committee discussion scheduled for May 2024.)*

Objective A. Define timeline for asset-liability studies and development of asset allocation goals.	
1)	Measure: . Target: .
2)	Measure: . Target: .
Objective B. Define policy for use of investment income for paying benefits.	
1)	Measure: How much should be allocated to Tier 1 members? Target:
2)	Measure: How much should be allocated to Tier 2 members? Target:
3)	Measure: How should earnings on Tier 3 be allocated to member accounts and benefits? Target:
Objective C. Outline benchmarks to evaluate investment performance versus actuarial analysis.	
1)	Measure: Do investment gains exceed or fall below actuarial assumptions? Target:
2)	Measure: How does asset allocation affect investment performance? Target:

Goal 2. How Will the CERS Board Evaluate Success	
1)	Performance and compliance reports provide key information for CERS Investment Committee and Board of Trustees oversight.
2)	Performance and compliance reports are readily available to stakeholders on the KPPA website.

2024 – 2028 CERS Strategic Plan

Goals, Objectives, Measures, & Targets (continued)

Goal 3 *Finance Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies. (Finance Committee approved objectives 2/19/2024.)*

Objective A. Work with Office of the CFO on CERS specific Annual Comprehensive Financial Report (ACFR) issues.	
1)	Measure: . Target:
2)	Measure: . Target:
Objective B. Ensure CERS specific policies and procedures surrounding financial reporting are adequate.	
1)	Measure: . Target:
2)	Measure: . Target:
Objective C. Establish an Escalation Policy for the Office of the CFO regarding policy decisions for the Committee	
1)	Measure: . Target:
2)	Measure: . Target:
Objective D. Ensure that all regulations related to Participation of CERS Employers and Employer duties are updated and codified	
3)	Measure: . Target:
4)	Measure: . Target:
Goal 4. How Will the CERS Board Evaluate Success	
1)	KPPA approves administrative budget prior to submission to Governor's State Budget Director.
2)	CERS provides input for managing administrative costs.

2024 – 2028 CERS Strategic Plan

Goals, Objectives, Measures, & Targets (continued)

Goal 4 *Administrative* **Finalize structure to support efficient governance for CERS retirement plans.**

Objective A. Enhance Personnel Committee framework for CERS staff evaluations, professional development, and succession planning.	
1)	Measure: Adopt CEO Performance Plan. Target: Annually in January
2)	Measure: Evaluate CEO annually. Target: Annually in June
3)	Measure: Recruit Trustees for elected and appointed positions. Target: July 2024 (Elected Trustees) & 2025 (Appointed Trustees)
Objective B. Enhance communications with stakeholders.	
1)	Measure: Periodic articles in association newsletters. Target: Ongoing
2)	Measure: Host webinars to highlight key retirement management issues. Target: September 2024
3)	Measure: Periodic testimony to Public Pension Oversight Board to highlight CERS performance and governance. Target: Ongoing
Objective C. Formalize annual planning for Trustee Education.	
1)	Measure: Educational sessions (January, July, & October) to provide a minimum of 6 hours of CERS-sponsored education. Target: Ongoing
2)	Measure: Education catalog of videos provide Trustees with additional resources for training hours, including specific training for New Trustee Orientation sessions. Target: July 2024
3)	Measure: All Trustees meet the statutory requirements for 12 hours of annual training. Target: Ongoing
Objective D. Risk Management	
1)	Measure: Establish methodology to evaluate effectiveness of Board governance with an independent analysis of CERS Board governance. Target: September 2024 and ongoing

2024 – 2028 CERS Strategic Plan

Goals, Objectives, Measures, & Targets (continued)

Objective E. Evaluate CERS By-Laws and administrative policies to improve Board's effectiveness and enhance transparency.	
1)	Measure: By-laws updated to incorporate recommendations from governance evaluation consultant. Target: 2025
2)	Measure: Administrative policies updated to incorporate recommendations from governance evaluation consultant. Target: 2025
Objective F. Initiate planning process to update CERS Strategic Plan.	
1)	Measure: Ad-Hoc Committee appointed to review and update Strategic Plan. Target: 2028
Goal 6. How Will the CERS Board Evaluate Success	
1)	Timetable and criteria are established for CEO evaluation.
2)	Stakeholders' feedback provides insights for additional improvements for system governance.
3)	Annual Trustee Education classes scheduled each year.
4)	Timetable and criteria are outlined for evaluation of CERS Board governance.
5)	By-laws and administrative policies are updated or confirmed as effective guidance for governance and accountability.
6)	Process established for updating the CERS Strategic Plan.

2024 – 2028 CERS STRATEGIC PLAN TIMETABLE
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This section outlines a proposed timetable for implementation activities for each Goal and Objective of the Strategic Plan. This timing establishes a proposed schedule for activities that will contribute toward the goals and objectives. Activities may be assigned to CERS Executive Staff, the CERS Board and its Committees, with requests for assistance as needed from the KPPA administrative staff.

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 1. Actuarial Strengthen the actuarial administration to achieve full funding of the CERS plans.					
1) Actuarial assumptions reflect actual trends					
2) Avoid negative amortization.					
3) Attain 100% funded status (2040).					
4) Monitor economic & financial risks.					

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 2. Investment Enhance investment management to support prudent portfolio performance and compliance oversight.					
1) Asset Liability study policies.					
2) Investment earnings allocation policies					
3) Benchmarks for actuarial results					
4)					

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 4. Finance Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies.					
1) Annual Comprehensive Financial Report					
2) CERS reporting policies					
3) Escalation policy					
4) Employer participation policies					

2024 – 2028 CERS Strategic Plan
 Timetable (continued)

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 6. Administrative Finalize structure to support efficient governance for CERS post-retirement plans.					
1) CERS staff evaluations, professional development, and succession planning.					
2) Enhance communications with stakeholders.					
3) Formalize annual planning for Trustee education.					
4) Risk Management.					
5) Evaluate CERS By-Laws and administrative policies to improve Board's effectiveness and enhance transparency.					
6) Initiate planning process to update CERS Strategic Plan.					



MEMORANDUM

DATE: April 8, 2024

TO: CERS Board of Trustees

FROM: Ed Owens, III
CEO

SUBJECT: CEO Quarterly Report

.....

A few of the issues I worked on during the first quarter are as follows:

- 1. Strategic Planning.** The CERS Board has deemed it important that we move forward with a 3-year strategic plan for each CERS committee that will roll into a strategic plan for the CERS Board. At the same time, KPPA has undertaken a strategic planning process for their organization. KPPA has hired a consultant, Provaliant, to lead them to establish strategic initiatives important for all KPPA over the next five (5) years. It will be important to CERS that we are able to identify synergies with the KPPA plan and incorporate our plan/objectives into the broader KPPA initiative. Rebecca Adkins has been identified by KPPA as their strategic planning champion. She will be responsible for coordinating all their strategic initiatives. I have had preliminary conversations with Rebecca concerning our desire to implement CERS-focused strategic initiatives within their overall plan. Once the CERS committees have finalized their plan, and those plans have been collectively ratified by the CERS Board, I will start to schedule regular meetings with Rebecca to ensure that our strategic plan can be implemented.
- 2. State Treasurer.** The newly elected State Treasurer, Mark Metcalf, reached out to me to schedule a meeting. I met with the Treasurer, and his entire senior management team, to discuss a wide range of issues. The Treasurer wanted to ensure that our Board was focused on the fiduciary responsibility to providing the best returns possible for CERS members and that our Board was not focused on or interested in social investing that would be embodied by ESG investing. I assured the Treasurer that our Board, as evidenced by our current investments, were not engaged in any ESG investing and in fact we had been able to rework/re-negotiate our contracts with equity Investment Managers to ensure all proxy votes were voted in accordance with our already established CERS Proxy Voting policy. Further, I communicated to the Treasurer that we were already posting the results of any proxy votes to our website at a time when some other pension plans in the state were still in the RFP phase of figuring out how to comply with HB 236.

The Treasurer and I agreed that we would meet on a semi-regular basis to discuss issues of the day and to ensure that his Office has a sense of the strategic direction of the CERS Board. I agreed to share with his office the quarterly investment results for our plan. All this information is otherwise readily available on the KPPA website. I am aware that the Treasurer had a similar meeting with John Chilton from KERS and a representative of TRS.

3. **Kentucky Legislative Session.** The 2024 legislative session was filled with legislation that potentially would impact the CERS pension system. There were bills that would have directly impacted CERS. Neither of those bills passed the legislature. There was legislation that would have provided a 13th check for KERS and SPRS retirees that ultimately did not pass the legislature. The legislature did; however, provide K Non-HAZ with additional funding of \$600 million over the biennium to pay down the unfunded liability of their system.

The KPPA Housekeeping Bill was passed by the General Assembly and sent to the Governor for his signature. One of the most impactful sections of the housekeeping bill would allow KPPA to send initial disability claims to one doctor instead of three. The hope is that the system will save money at the same time it speeds up the disability hearing process.

4. **Asset Allocation.** Continued to work with the Investment Committee, the KPPA Investment Office, and Wilshire to finalize the asset allocation for CERS. The committee has recommended an asset allocation for potential ratification by the CERS Board which would bring every asset class into range while maintaining the return expectation of the portfolio (6.96%) and taking over 100 basis points of risk out of the portfolio. Thereby placing the risk adjusted return of the CERS portfolio in the top five percent in the public pension fund industry. The committee, the investment office and Wilshire have all spent considerable energy to come up with an asset allocation that will give the appropriate direction to the investment office while maintaining investment upside potential.
5. **Investment Policy Statement Revision.** I continue to work with Wilshire to mockup a draft IPS revision for consideration by the Investment Committee and ultimately the CERS Board. Revisions to the IPS will be dependent on the final asset allocation ratified by the CERS Board. Accordingly, the sooner the asset allocation is finalized, the sooner a draft of changes to the IPS can be considered by the investment committee. It is the hope of the committee that all changes to the IPS can be ratified before the end of Fiscal Year 2024.
6. **Louisville Metro.** I was initially asked to coordinate the CERS Board's response to a letter received from Louisville Metro government concerning penalty fee waivers. I had several meetings with Rebecca Adkins, members of ERCE and CERS Trustees who had been assigned the task of providing a response. The responsibility to respond to Louisville Metro has seemingly been transferred to CERS legal counsel.
7. **Annual Comprehensive Financial Report.** I had the opportunity to meet with the KPPA CFO, Mike Lamb, to discuss the potential recommendation of two ACFRs for the C and K systems. Mike was very gracious to seek input on a decision that was his to make. I had the opportunity to put forth the reasons I thought separate ACFRs for C and K would be the best result for the systems.

CERS Trustee Education Hours Summary 2023-2024			
Name	Current Hours	Hours Needed	Due Date
Merl Hackbart	12	0	3/31/2024
George Cheatham	16	0	3/31/2024
William O'Mara	18	0	3/31/2024
Jerry Wayne Powell	12	0	3/31/2024
Betty Pendergrass	23	0	3/31/2024
Patricia P. Carver	18.5	0	3/31/2024
J. Michael Foster	8	4	7/1/2024
J.T. Fulkerson	6	6	7/1/2024
Martin Milkman	6.5	5.5	7/1/2024



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



Kentucky Public
Pensions Authority

To: County Employees Retirement System Board

From: David Eager, Executive Director

Date: April 8, 2024

Subject: KPPA Update

I. STAFFING: We currently have a staff of 258 which is below our cap of 270. We requested an increase in the cap to 284 over the next two years. However, the increase has been struck from the budget bill. We are trying to get those put back in.

II. RETIREMENTS: Below represents the historical data regarding the membership numbers:

	Membership as of June 30, 2018	Membership as of June 30, 2023
CERS	242,185	277,371
KRS	134,477	141,386
SPRS	<u>2,626</u>	<u>2,852</u>
Total	379,288	421,609

In comparison to the 11% increase in membership, KPPA staff numbers remained relatively flat only increasing approximately 1% from 247 as of June 30, 2018 to 250 as of June 30, 2023.

KERS retirements have decreased from 1,761 in 2019 to 1,254 in 2024. CERS retirements have decreased from 3,805 in 2019 to 3,261 in 2024. There was also a decrease SPRS retirements from 60 in 2019 to 11 in 2024.

III. LOUISVILLE OFFICE: On January 18th, KPPA Executive Staff met with leadership from the Finance and Administration Cabinet, including Secretary Johnson, to discuss options for the lease of office space in Louisville for KPPA Investments Staff. We are no longer pursuing a legislative fix to the issue; however, we are continuing to work with the Finance and Administration Cabinet to issue an "invitation" (RFP) for potential property. Finance staff have been responsive, and they now have the available staff to address our needs. Between January 31st and February 23rd, KPPA and Finance staff met several times to finalize our Agency Request. The request is for approximately 3,500 square feet and will include a conference room in addition to offices and workstations. Finance is finalizing the invitation (the "property RFP"). We anticipate that the invitation will be issued in the coming weeks.

IV. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) and SUMMARY ANNUAL FINANCIAL REPORT (SAFR): The [ACFR](#) was published to the KPPA website on December 8, 2024, and the [SAFR](#) was published to the KPPA website on January 10, 2024. Below are additional details regarding the distribution of the SAFR.

Print Distribution:

- 4,000 print copies were ordered
- Copies were mailed to 1,420 participating employers the week of February 19th
- Copies were provided to the Legislative Research Commission (LRC) on February 19th for distribution to legislators
- Two (2) copies were provided to all Trustees via U.S. Mail
- Copies are available onsite at KPPA

Currently, the ACFR is available in electronic form only.

LEGISLATIVE UPDATE: Kentucky General Assembly 2024 Regular Session Update

Several retirement-related bills have passed both chambers of the General Assembly and are currently under review by the Governor.

[House Bill 99](#) (Rep DJ Johnson), the KPPA Housekeeping bill, amends various sections of KRS Chapters 16, 61, and 78 to make technical and housekeeping changes relating to KPPA's administration of the systems. Of particular note, the bill changes the disability application review process to permit one medical examiner to review initial applications and approve a member for disability with no additional reviews required. If disability is denied, up to two more examiners will review the application to achieve majority consensus for approval or disapproval of disability. This change is expected to speed up the review process and provide cost savings to KPPA's administrative expenses while maintaining the applicant's right to a thorough review of their application.

House Bill 99 was sent to the Governor on March 28 for his review and consideration.

[House Bill 1](#) (Rep Jason Petrie, *et al*) allocates money from the Budget Reserve Trust Fund Account, commonly known as the state's "Rainy Day Fund," to be applied to the unfunded liability of the KERS Nonhazardous pension fund and the SPRS pension fund (\$50 million and \$25 million each fiscal year, respectively). The Senate's version of the bill included money to pay for a one-time "13th Check" for some KERS and SPRS retirees but that allocation was removed from the final version of the bill.

[House Bill 6](#) (Rep Jason Petrie, *et al*) is the State/Executive Branch budget bill for the biennium beginning July 1, 2024, through June 30, 2026. The budget includes the full actuarially determined employer contribution rate for the KERS and SPRS plans, and it allocates an additional \$250 million in each fiscal year to be paid toward the unfunded liability of the KERS Nonhazardous pension fund. The budget includes a 3% raise for state employees in each year of the biennium, and it restores some, but not all, of the money KPPA requested to spend from our restricted

funds toward our administrative budget (no General Fund monies are used for this purpose: this is pension fund money but the General Assembly grants KPPA permission to use it). House Bill 6 does not contain a COLA or other form of supplemental payment (such as a “13th check”) for retirees. This means there are no budget bills that contain a COLA or other form of supplemental payment for retirees in any of the systems administered by KPPA.

[House Bill 277](#) (Rep Jason Nemes) transfers employees of the Louisville and Jefferson County Public Defender Corporation to the Department of Public Advocacy in the state personnel system to provide employment and retirement benefits based on their service with the Corporation. It is estimated that 95 current employees would be affected by this transfer. No more than 25 of these 95 employees might be eligible to receive an earlier participation date based on their employment date with the Corporation, which means those employees may receive higher benefit payments than if they had received benefits under Tier 3. However, due to the limited number of individuals who might qualify for an earlier participation date, GRS does not expect this bill to have a material financial impact on any of the systems. The bill has an Emergency clause, and the transfer would take effect on July 1, 2024.

[House Bill 354](#) (Rep DJ Johnson) requires the Department of Education to pay to KPPA the health insurance premium reimbursements required for retirees who participated in a hazardous position prior to July 1, 2003, and are reemployed by a local school board. It also provides that local school board employees who are retirees who participated in a hazardous position prior to July 1, 2003, shall have the cost of their retiree health insurance reimbursed to KPPA.

[House Bill 635](#) (Rep David Meade) implements additional reporting requirements for actuarial analyses and expands the required supporting documentation and explanations of findings for fiscal and corrections impact statements. In pertinent part to KPPA, the bill amends KRS 6.350 to require an actuary performing an actuarial analysis to clearly note and describe a new assumption or method and the basis for selecting the assumption or method, including any documentation, studies, written opinions, calculations, or citations in support of their choice. It also requires the actuary to certify that the information provided in the analysis is accurate. House Bill 635 was delivered to the Governor for his consideration on March 28.

The General Assembly is currently scheduled to return to Frankfort on Friday, April 12 for Legislative Day 59 of the 2024 Regular Session, and will adjourn *Sine Die* on Monday, April 15, 2024.

V. ACTUARIAL ANALYSIS STATEMENTS: Staff has prepared 75 Actuarial Analysis Statements during the 2024 Regular Legislative Session to date.

VI. NEWSLETTERS: 2023 was the first time since 2008 that KPPA issued three Member and Retiree Newsletters in a single year. We are continuing this practice in 2024 as our newsletter metrics continue their upward trend. The KPPA Division of Communications emailed the [2024 Winter Edition of Pension Insights](#) to 213,369 members on February 26, 2024. As of March 1st, that newsletter had a 50% open rate. The 2023 Fall Edition's 53% open rate is the highest that

KPPA has experienced since our ability to accurately track newsletter performance began in May of 2019. During the past five years, the open rate has ranged from 39% to 53%.

VII. ALL EMPLOYEE MEETINGS: Our most recent All Employee Meetings were held onsite in the Building C Boardroom and virtually on March 26th and 27th .