

**Kentucky Retirement Systems Board of Trustees
Quarterly Board Meeting
September 9, 2021, 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|--|---------------------------------|
| 1. Call to Order | Keith Peercy |
| 2. Legal Public Statement | Office of Legal Services |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes – May 20, 2021* | Keith Peercy |
| 6. KERS Trustee Nominations and Election* | Kristen Coffey |
| 7. Ratification of Investments Recommendations* | Steven Herbert |
| 8. Ratification of Retiree Health Plan Committee Reports and Recommendations* | Connie Pettyjohn |
| 9. Ratification of Joint Audit Committee Reports and Recommendations* | Kristen Coffey |
| 10. Hazardous Duty Position Requests* | D’Juan Surratt |
| 11. Quarterly Financial Reports | Rebecca Adkins |
| a. FYE Financial Statements | Connie Davis |
| b. Contribution Report | |
| c. FYE Administrative Expenses to Budget | |
| d. Outstanding Invoices | |
| e. Penalty Waiver | |
| 12. Legislative Updates | David Eager |
| a. House Bill 8 Appeals Process Update | Rebecca Adkins |
| 13. Executive Director’s Report | John Chilton |
| 14. New Business | Keith Peercy |
| 15. Closed Session** | Keith Peercy |
| 16. Adjourn* | Keith Peercy |

**Board Action Required*

***Board Action May Be Required*

**MINUTES OF MEETING
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED MEETING MAY 20, 2021 AT 10:00A.M.
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF EMERGENCY
EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the meeting of the Kentucky Retirement Systems Board of Trustees held on May 20, 2021 the following members were present: Keith Peercy (Chair), John Cheshire, John Chilton, Raymond Connell, Kelly Downard, Joseph Grossman, and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Ann Case, Connie Pettyjohn, Connie Davis, D’Juan Surratt, Shaun Case, Phillip Cook, and Alane Foley.

Mr. Peercy called the meeting to order.

Ms. Kathy Rupinen read the Legal Public Statement.

Ms. Alane Foley called roll.

There being one *Public Comment*. Ms. Alane Foley read the following, “I am Jim Carroll, president of Kentucky Government Retirees. Through a court filing, we learned that one or before May 13, the Calcaterra Pollack investigation report was submitted to the Attorney General. On behalf of KPPA stakeholders, we request the prompt public release of the full Calcaterra Pollack investigation report. We recognize that portions of the report must be redacted to preserve attorney-client privilege. We believe it is critically important that the public learn the investigations scope, areas of inquiry and finding of facts. This can only be accomplished through release of the full redacted report, rather than a summary.”

Mr. Peercy introduced agenda item *Approval of Minutes – April 15, 2021*. Mr. Grossman made a motion and Mr. Connell seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *Ratification of Adjournment Motions (4/19/21 & 5/10/21)*. There was no longer a quorum when we adjourned from a closed session in these meetings. Mr. Connell indicated that the May 17, 2021 also ended without a quorum and asked that this also be added to the list. Mr. Connell made the motion and Mr. Grossman seconded to ratify the adjournment motions for the meetings held on April 19, 2021, May 10, 2021 and May 17, 2021. The motion passed unanimously.

Mr. Peercy introduced agenda item *Trustee Vacancies*. Mr. Peercy reported that we are still waiting to receive an appointment from the Governor's office to take the lone appointed vacancy. As far as the elected position, he has had conversations with Mr. Connell, but that they are in a holding pattern on this position as well. This position has to be filled within 90 days and we are currently about 45 days into that period, and feel a special called meeting may have to occur since we are not meeting prior to the lapse of time to fill the position.

Mr. Peercy introduced agenda item *KRS Bylaws*. Ms. Kathy Rupinen indicated that she made changes to the Bylaws based on the comments made at the last board meeting, but that she also has received additional changes recently from a board member. The specific changes made were to clearly indicate that the Board must ratify the Investment actions. These changes can be found on pages 5, 10 and 11 of the red lined copy of the Bylaws. Page 10 of the Bylaws was amended to reflect that the board oversees Investment manager terminations. On page 7, changes were made to reflect that the reference to General Counsel has been replaced with legal services will be provided by KPPA legal staff. Also on page 7, there was amendment to reflect that the CEO will work with the Executive Director to request actuarial analysis for legislation affecting KRS. On page 5, a change was made to reflect that the financial statements and external audits would be reviewed by the Board as a whole, as there is not a KRS Audit Committee. Finally, on page 14, a change was made reflecting a 15 calendar day notice to any change in the Bylaws. A motion was made by Mr. Grossman and seconded by Mr. Lane to adopt the Bylaws as presented. A question was asked by Mr. John Chilton regarding how these Bylaws compare to the Bylaws of the CERS. Ms. Rupinen indicated that there are some differences, but they are similar. The motion passed unanimously.

Mr. Peercy introduced agenda item *CEO Position Description Approval*. Ms. Vicki Hale presented an amended draft of the CEO Position Description including the changes that were suggested at the last meeting. Mr. Prewitt Lane questioned the portion under essential duties where the CEO would “act as the Board’s primary adviser” and sought clarification. Mr. Campbell Connell suggested a change to the statement to read as “act as an adviser”. Mr. Kelly Downard made a motion to accept the CEO Position Description with the modification and Mr. Campbell Connell seconded. The motion passed unanimously.

Mr. Peercy introduced agenda item *Quarterly Financial Reports*. Ms. Rebecca Adkins began by indicating that since there is not a KRS Finance Committee, that these reports will be given to the Board as a whole. Ms. Adkins indicated that the reports given today also have the information for County Employees Retirement System, but that future reports will just show the data for the Kentucky Employees Retirement System and State Police System. Ms. Adkins reviewed the Fiduciary Net Position and Net Changes for the Pension and Insurance Funds through March 31, 2021. Ms. Adkins then reviewed the Administrative Expense Third Quarter Budget to Actual Analysis Report. Ms. Adkins indicated that going forward this report will reflect only the expenses for the KRS systems. Mr. Grossman asked a question if the percentages are broken down based on a head count. Ms. Adkins responded that it is based on the head count numbers as of June 30, 2020 and includes active, inactive and retired members. She further stated that the KPPA board will make a decision on whether to keep this methodology that has been in place in the past. Mr. Grossman asked a question that as we get a few years into this split, would we be able to get a report that shows how we fair from year to year. Ms. Adkins agreed that a report of this nature would be possible. Ms. Adkins presented the Contribution Report for the Pension and Insurance Funds. Mr. Peercy asked a question about the State Police Retirement System and why the employer contributions is about \$3 million below from last year. Ms. Ann Case responded that it is a combination of the reduction of salaries and a drop in the portion that is going to insurance. Ms. Adkins presented the Outstanding Invoices Report. Ms. Adkins then presented the Penalty Waivers Report. These reports were for informational purposes only.

Mr. Peercy introduced agenda item *Hazardous Duty Position Requests*. Mr. D’Juan Surratt presented that there are two agencies that are requesting hazardous duty coverage, being an

Investigator – AG with the Attorney General’s office and an Investigator III with the Kentucky State Police. Both of these positions require Peace Officer Professional Standards and Certification, which allow them authority to make arrests and to carry a firearm, thus placing them in the hazardous duty position status per statute. Request was made of the KRS Board of Trustee’s to approve these positions for hazardous duty coverage. Mr. Peercy wanted clarification that the Kentucky State Police position is a Kentucky Employees Retirement Systems hazardous position and not one under State Police Retirement Systems. Mr. Surratt verified that this statement is correct. Mr. Prewitt Lane made a motion and Mr. Joe Grossman seconded to approve these positions for hazardous duty coverage. The motion passed unanimously.

Mr. Peercy introduced agenda item *Investment Committee Report and Recommendations*. Mr. Prewitt Lane and Mr. Steven Herbert reported that with the investment committee approval, additional funds were allocated to the Harrison Street Fund. Mr. Herbert reviewed the KRS Trust Performance Reports through March 31, 2021. These reports were for informational purposes only.

Mr. Peercy introduced agenda item *Retiree Health Care Committee Report*. Mr. Joe Grossman gave a report regarding the Joint CERS and KRS Retiree Health Plan Committee. Mr. Grossman reviewed the performance of the Humana 2020 Plan, factors expected to impact the 2022 rates and the enhanced customer service model of the Humana Custom Care. These items were for informational purposes only.

Mr. Peercy introduced agenda item *Kentucky Housing Corporation Cessation Approval*. Ms. Erin Surratt began by referencing a memorandum she presented at the February 2021 meeting regarding Northern Kentucky University cessation, which was approved. All universities and community colleges had a deadline of December 31, 2020 to submit their application for cessation in accordance with House Bill 1 that was passed in the 2019 Special Session. All other KERS employers had until April 30, 2021 to submit their application. One timely application from the Kentucky Housing Corporation was received, along with their resolution from their Board and the required \$10,000 filing fee. In addition, they elected a hard freeze for their employees, meaning their active employees will not earn any additional service credit or benefits as long as they remain

with employed with Kentucky Housing Corporation after June 30, 2021. In addition, under House Bill 1, the ceasing employer may elect to pay the cost by a lump sum or in installments. Kentucky Housing Corporation has chosen the lump-sum option, allowing them a 4.5% discount rate when calculating the final cessation cost. There are no pending litigation matters against Kentucky Retirement Systems and no delinquent invoices. Therefore, pursuant to KRS 61.522(8)(a), the Board shall accept any election to cease participation on or before June 30, 2021. Mr. Peercy asked a question about the changes shown in the tables versus what was listed in the memo. Mr. Grossman questioned unfunded is the past cost, or does it include through June 30, 2021. Mr. John Chilton asked if the calculations would be computed again after June 30, 2021. The answer is yes, it will be ran again. Mr. Grossman made a motion and Mr. Lane seconded to approve the cessation of Kentucky Housing Corporation. The motion passed unanimously.

Mr. Peercy introduced agenda item *KRS/KPPA Update*. Mr. David Eager expressed his thankfulness to the Trustees for their willingness to serve. In the month of May, we held 13 board and committee meetings. Work is continuing on House Bill 8 and the liability calculations, attempting to provide information to those employers regarding the liability assessed to them, and more appeals are expected. We recently had a meeting with approximately 50 health departments. House Bill 1, we have had 2 (two) agencies that have been approved cessation. All areas are picking up with the legal department, communication, executive staff and investments to name a few. Regarding House Bill 484 tasks, we are about 87% complete as a whole. Regarding staffing issues, we are at 246 total employees and 2 interns. We currently have 18 vacancies and 4 upcoming retirements. Some of the more noted open positions include the Executive Director of Legal Services, Staff Attorney III, Investment Division Director, and Information Systems Director. Work from home is about the same, nothing much has changed here. Ms. Erin Surratt indicates that there has been an increase in the number of members taking advantage of the virtual appointments. We are transitioning from Work From Home to Return To The Office. We are currently awaiting directives from the Governor's Office for opening our doors back to the public and to our employees. We will follow the mandates set forth. A second survey was given to employee's regarding their preferences, and we gave them 5 options. Out of 236 responses, only 10% prefer all at home or all at office, while 72% chose to work full time at home with an occasional time in the office. We will be working with the supervisors to finalize options and we

have a tentative target date set for September 7, 2021. We have a Public Pensions Oversight Board presentation set for May 24, 2021, and they have requested a cash flow and investment report. Mr. Downard asked about what the plans are regarding board meetings. Mr. Eager indicated that we can have board meetings on site and that he has asked the two chairs for their preferences regarding in office meetings. They have indicated that they would like to keep those going through zoom. Mr. Percy indicated that due to the number of the recent required meetings, it seemed much easier to do it online. The mandates also require that the public would not be allowed to attend and we would still need to broadcast the meeting. Therefore, it seemed more logical to keep them running on zoom until things get back to normal, if it ever gets back to normal.

A motion was made by Mr. Cheshire and Mr. Connell seconded to go in to closed session. The motion passed unanimously.

Mr. Chilton stated that he would need to recuse himself from the closed session. Mr. Connell requested Mr. Chilton be in the closed session portion to answer a question and then he could leave. Mr. Chilton agreed.

Mr. Percy read the following statement and the meeting moved into closed session: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider the appointment (discipline/dismissal) and member account information of an employee, pursuant to KRS 61.810(1)(f) and KRS 61.810(1)(k). It is necessary to enter closed session because of the sensitive nature of the material to be considered regarding this employee, and the requirement of KRS 61.661(1) that each member's account be administered in a confidential manner. All public attendees exited the meeting.

Mr. Percy called the meeting back to open session. Mr. Downard made a motion that we hire Mr. John Chilton as the CEO of KRS as of July 1, 2021, for a one year term, with a salary of \$40,000 per year, and that he resign from his position prior to taking office and Mr. Prewitt Lane seconded the motion. Mr. Chilton announced that he is abstaining from this vote. The motion passed unanimously.

Mr. Grossman made a motion and Mr. Connell seconded 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 May 20, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

**The remainder of this page was intentionally left blank*

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Directors 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

We, the Chair of the Board of Directors of the Kentucky Retirement Systems and Chief Administrative Officer of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on May 20, 2021 were approved on September 9, 2021.

Chair of the Board of Directors

Chief Administrative Officer

I have reviewed the Minutes of the May 20, 2021 Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services



Kentucky Public Pensions Authority

Internal Audit Administration



Kentucky Public
Pensions Authority

To: Members of the Kentucky Retirement Systems Board of Trustees

From: Kristen N. Coffey, CICA *KNC*
Division Director, Internal Audit Administration

Date: September 9, 2021

Subject: Approval of the Kentucky Employees Retirement System (KERS) Ballot

As stated in the Kentucky Retirement Systems (KRS) Board of Trustees (Board) Election Policy, Section IV Nomination by the Board, Section V, "The Board shall nominate no more than three (3) candidates for each position to be elected...In the case of KERS, the ballot shall contain no more than six names." The following are the candidates for the upcoming KERS election.

- | | |
|-------------------|---------------------|
| 1. David Adkins | 2. Campbell Connell |
| 3. Crystal Miller | 4. Teudis Perez |
| 5. Robert Ramsey | 6. Steve Shannon |
| 7. Larry Totten | 8. Jack Wright |

From the list provided, each current KRS 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 nominations. The potential candidates that receive the highest number of votes will be placed on the Official Ballot. No more than six candidates will be placed on the Official Ballot.

After the first round of voting, if multiple potential candidates receive the same number of votes resulting in more than six nominated candidates, another roll call 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.

Action Needed: We request the KRS Board elect up to six candidates to be placed on the KERS election ballot.

Raymond Campbell Connell


Kentucky Public Pensions Authority
c/o Division of Internal Audit
1260 Louisville Road
Frankfort, Kentucky 40601

RE: Application for Trustee Position on Kentucky Employees Retirement System Board

Dear Sir or Madam:

Enclosed is my application for a Trustee Position on the Kentucky Employees Retirement System (KERS) Board with a term beginning in 2022. I have been a Trustee for since 2018. My sole priority as a Trustee has been and will be the soundness of the system and securing the maximum possible funding for it. I am not interested in other state government spending issues, and I have no loyalties to any other institution or groups. As a current Kentucky state government employee, I want to ensure that KERS is there to fully do its job for both current and future retirees.

Our pension system's precarious financial status was created by years of deliberate neglect by former Governors and legislators. The most important development for the Kentucky pension system during my term as Trustee was the enactment of House Bill 8 during the 2021 Regular Session of the Kentucky Legislature. This was accomplished in large part due to the personal advocacy of Kentucky Retirement Systems CEO David Eager, who I fully supported in this. House Bill 8 mandates annual additional funding of KERS's unfunded liability, with the goal to restore the system to fully funded status. Of course, what is done today may be undone tomorrow, so continued vigilance is required. Also, the KERS has to be managed with caution so as not to undue the benefits of the additional funding. I am prepared to work diligently for both of these goals.

Apart from serving as a Trustee, I have been an attorney with the Department of Revenue for almost fifteen years. I grew up in Kentucky and was an economics major at Williams College. After receiving my law degree from the University Of Kentucky College Of Law, I moved to Washington, DC, where I worked as an attorney for the Internal Revenue Service and several large law firms. Currently, I reside in Lexington with my two young children.

I know no one is really happy with the state of Kentucky's pension system, and I am not either. The situation is getting better though, I would be honored by a vote for my reelection.

Sincerely,

A solid black rectangular box used to redact the signature of Raymond Campbell Connell.

Raymond Campbell Connell



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124

Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov

Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

Today's Date (mm/dd/yyyy) 07/29/2021		Date of Birth (mm/dd/yyyy) For identification purposes only [REDACTED]	
Phone (select type) <input checked="" type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No. [REDACTED]	
Connell	Raymond	Campbell	Work ext. [REDACTED]
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input checked="" type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system:			
Staff Attorney III			

Background

☐ Yes ☒ No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

☒ Yes ☐ No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed officer of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

☐ Yes ☒ No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Name: Raymond Campbell Connell

Date 7/29/2021

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency
Kentucky Bar Association member 85323	Oct. 1994	NA	Kentucky Bar Association, 514 W. Main St. Frankfort, KY 40601

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date 7/29/2021

Signature: 

RAYMOND CAMPBELL CONNELL

Lexington, Kentucky

EXPERIENCE

Kentucky Department of Revenue, Staff Attorney III, Frankfort, KY, January 2007-Present

- Represent the state of Kentucky in ongoing court cases regarding a variety of substantive and collection tax matters and manage all aspects of such litigation including conducting discovery, drafting court documents, trying cases, and presenting motions
- Argued case before the United States Court of Appeals for the 7th Circuit
- Sole drafter of United States Supreme Court Petition for Certiorari •Advise the Department of Revenue on the merits of taxpayer protests •Review legislation and recommend changes •Draft administrative rulings, legislation and tax regulations •Tax Executives Institute Speaker

Kentucky Employees Retirement System, Trustee, Frankfort, KY, March 2018 - Present

- Trustee of the Board of Trustees of the Kentucky Employees Retirement System (KERS, formerly the Kentucky Retirement Systems (KRS)), elected by active and retired employees of Kentucky State Government.
- Selected by the KERS Board to be a Trustee on the Board of the Kentucky Public Pensions Authority (KPPA) beginning Spring 2021
- Responsible for Voting on Governing Policies and Investment Policies for the Kentucky Retirement Systems
- Member of the Disability Appeals Committee with responsibility to review video records of disability benefits appeals hearings, health records and other case related documents and to render a judgment on any appeal
- Member of the KERS Actuarial Committee and formerly a member of the KRS Audit Committee.

Mayer, Brown, Rowe & Maw, LLP, Tax Associate, Washington, DC, July 2002-February 2005

- Senior Tax Associate with responsibilities including: (1) planning for tax minimization; (2) assessing the tax implications of corporate and partnership transactions; (3) communicating with clients; and (4) supervising junior associates •Analyzed a wide variety of international and domestic tax issues •A principal author of three tax opinions concerning major corporate restructuring/disposition transactions and two IRS Private Letter Ruling requests •Speaker at Tax Symposiums and Co-Author of international tax articles

Cadwalader, Wickersham & Taft, Tax Associate, Washington, DC, August 2000-July 2002

- Analyzed issues relating to: (1) foreign tax credits; (2) CFCs & PFICs; (3) international restructurings; (4) financial product taxation; and (5) foreign investments in U.S. real property •Drafted disclosure language for use in transaction documents •A principal author of two IRS Private Letter Ruling Requests

Baker & McKenzie, Tax Associate, Washington, DC, July 1998-July 2000

- Researched and drafted documents related to corporate reorganizations, tax litigation and IRS audits
- Wrote analytical memoranda on issues involving: (1) debt instrument taxation; (2) U.S. withholding tax; (3) foreign corporations doing business in the U.S.; and (4) general tax issues •Drafted IRS Private Letter Ruling Request •Spoke at Private Banking Conference in Montreux, Switzerland

IRS Office of Chief Counsel, Attorney Advisor, Washington, DC, May 1995-June 1998

- Assigned to the Office of the Assistant Chief Counsel (Financial Institutions & Products)
- Performed duties in a variety of capacities involving: (1) Drafting revenue rulings, technical advice memoranda and ruling letters; (2) Briefing senior Chief Counsel and Treasury Personnel; (3) Assisting with preparation of final regulations under § 953; and (4) Aiding potential and ongoing litigation •Received "Special Act Award" for excellence relating to Rev. Rul. 97-46 & TAM 9807001

U.S. Securities & Exchange Commission, Clerk, Summer Honors Program, Washington, DC, 1993

- Clerked for the Division of Enforcement and the Office of the General Counsel

EDUCATION

University of Kentucky College of Law, Lexington, KY

•J.D., May 1994 •Kentucky Law Journal •Publication: *Howing Co. v. Nationwide Corp.*, 82 Ky. L.J. 285 (1993) (Winner: Award for Best Law Journal Note by Member of the 1994 Graduating Class)

Williams College, Williamstown, MA

•Graduated with B.A. *magna cum laude* in Economics, June 1990 •Phi Beta Kappa

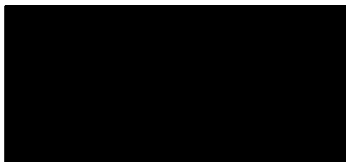
•Post-Graduate Year: **University of Edinburgh**, Scotland 1990-1991 (Studied International Law)

GENERAL

•Member: Kentucky Bar Association •Admitted to U.S. Supreme Court and U.S. Tax Court

CHARLES J. WRIGHT, P.E.

RECEIVED MAY 12 2021



May 5, 2021

Kentucky Public Pensions Authority
c/o Division of Internal Audit
1260 Louisville Road
Frankfort, Kentucky 40601

KRS Board of Trustees,

The attached application packet is enclosed for your consideration of my request to be considered for filling the vacancy for an elected position with a term that expires on March 31, 2022 as well as the election for the Trustee with a term that ends March 31, 2026.

Included in my qualifications for this position is my KERS experience with Ky Department of Highways, my small business background, and my active involvement in various community organizations.

I have been and am currently responsible for the finances for various organizations. This experience, while a significantly smaller scale, requires the same basic management principal of accountability while managing other people's money.

Sincerely,

A black rectangular redaction box covering the signature of Charles J. Wright.

Charles J. (Jack) Wright, PE



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov
 Deaf/Hard of Hearing TTY (502)564-4306

RECEIVED MAY 12 2021

Trustee Information

Today's Date (mm/dd/yyyy) 05/04/2019		Date of Birth (mm/dd/yyyy) [REDACTED] <i>For identification purposes only</i>	
Phone (select type) <input checked="" type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No. n/a	
Wright	Charles	Jackson	
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input checked="" type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Pos Mr. Wright has a majority of service in CERS, but he is also a member of KERS.			
n/a			

Background

- ☐ Yes ☒ No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

- ☒ Yes ☐ No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

- ☐ Yes ☒ No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

- ☐ Yes ☒ No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

- ☐ Yes ☒ No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Name: Charles J Wright

Date 04-May-21

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency
Professional Engineer ` 13072	07/82	06/22	Ky Board of Lisc. 160 Democrat Drive Frankfort Ky

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES
Bowling Green Noon Lions Club	Secretary, Past President and Treasurer	06/30/2021
Mammoth Cave KSPE	Member	06/30/2021

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

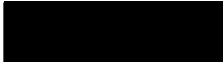
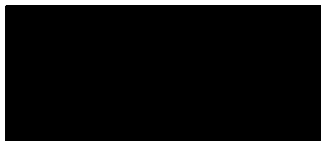
I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date May 04, 2021

Signature: 

CHARLES J (JACK) WRIGHT

R E T I R E D

RESIDENCE**CONTACT****LICENSE**

Professional Engineer:
KY #13072

OTHER ACTIVITIES

- **Secretary** Bowling Green Noon Lions Club, 2014-15, 2021
- **Candidate** Kentucky Retirement System (KRS) Board of Trustees 2021
- **Treasurer** Woodburn Baptist Church 2015-21
- **Member** Mammoth Cave KSPE, 1985-2021
- **Former Treasurer** Woodburn Community Fire Department, Inc 1991-2021
- **Official** SKY Football Officials, 2009-21
- **Former Treasurer** Bowling Green Noon Lions Club, 2015-17
- **Former President** Bowling Green Noon Lions Club, 2013-14

EDUCATION**Western Kentucky University**

Bowling Green, Ky Anticipate May 2022 Graduation
Bachelor of Science, Accounting
Accounting GPA: 3.24
160 hours completed upon graduation

Accounting Classes Completed to Date
Acct 200, 201, 300, 301, 310, 312, and Mgt 200
08/19 – Currently Enrolled

To Be Completed:
Acct, 303, 430, and 450

Western Kentucky University

Bachelor of Science, Civil Engineering Technology
05/76

WORK EXPERIENCE

Manager, Warren County Fiscal Court, Stormwater Manager Warren County Kentucky 04/93–07/19

- Managed federally mandated program including budgeting, project selection, and staffing needed to implement the Stormwater program.
- Briefly responsible for oversight of the Warren County Road Department.

Co-Owner, Project Manager, and Treasurer Beacon Construction Inc, Bowling Green, Kentucky 04/85–03/93

- Managed various construction projects in Kentucky
- Responsible for all financial reports for the company.

Project Manager, Jones Nance and Steinman, Inc. Bowling Green, Kentucky 10/81–03/85

- Managed various construction projects in Kentucky
- Managed various construction projects in Texas

Project Engineer, West Point Construction, Bowling Green, Kentucky 08/79–09/81

- Assisted various superintendents with site engineering and layout in Alabama
- Assisted various superintendents with site engineering and layout in Georgia

Engineering Assistant, Ky Department of Highways, Glasgow, Frankfort, and Louisville Kentucky 06/72–07/79

- Assisted various Sections within the Department of Highways

CRYSTAL A. MILLER

May 6, 2021

Kentucky Public Pension Authority
1260 Louisville Road
Frankfort, KY 40601-6124

Re: Application for Trustee

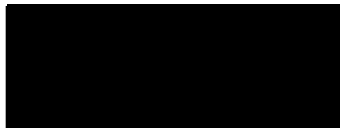
To Whom It May Concern:

I am a thirteen year quasi-state employee and have paid into the KERS pension system during that time. I am interested in serving in the role of Trustee to better my understanding of the challenges with the pension system, utilize my skillset to assist the Kentucky Public Pension Authority, and offer support to a valued system that so many people have paid into and depend on. I am one of the last groups to fall into Tier 1 of this system which was one of the reasons I was excited to accept my position as Public Health Director. The promise of a pension was a valued piece of the puzzle. I also have felt the stress associated with the complexities of sustaining the system and worked closely with legislators on this issue on the public health side.

I believe that my professional experience and educational background coupled with my high levels of motivation, enthusiasm, and dedication to this system would be an asset to the Kentucky Retirement Board of Trustees and its progressive needs. I am interested in serving in both positions that are vacant.

Thank you very much for your time and consideration. I look forward to speaking with you soon.

Sincerely,



Crystal Miller, DrPH





APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124

Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov

Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

Today's Date (mm/dd/yyyy) 05/06/2021		Date of Birth (mm/dd/yyyy) <i>For identification purposes only</i> [REDACTED]	
Phone (select type) <input checked="" type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No. [REDACTED]	
Miller	Crystal	Ann	
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input checked="" type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system:			
Public Health Director			

Background

- ☐ Yes ☒ No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

- ☐ Yes ☒ No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

- ☐ Yes ☒ No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

- ☐ Yes ☒ No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

- ☐ Yes ☒ No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

KPPA staff followed up with Ms. Miller on May 10, 2021. The answer to this question should be Yes. There was a misunderstanding of the wording.

Name: Crystal Miller

Date 05/06/2021

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES
NACCHO	Member	2022
KHDA	Member	2022

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

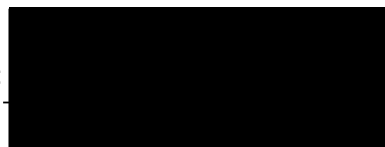
Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date 5/6/2021

Signature:



CRYSTAL A. MILLER



EDUCATION

2006 – 2015	Doctor of Public Health (Dr.P.H.)	University of Kentucky
2004 – 2006	Master of Public Health (MPH) ▪ Concentration in Health Services Management	University of Kentucky
1999 – 2003	Bachelor of Arts (B.A.) Education	University of Kentucky
1996 – 1999	Associate of Arts (A.A.)	University of Kentucky Lexington Community College

PROFESSIONAL EXPERIENCE

Wedco District Health Department

Public Health Director

2007- Present

- Administrator for a multi-county health department
- Represent and serve at the direction of the governing board of health, comprised of politicians and local business leaders within each of the communities
- Represent and provide reporting to three local boards of health
- Provide oversight and direction of a 14 million dollar budget
- Research, assess and prioritize community health needs of each county
- Collaborate with the district board of health and community partners to implement effective programs and policies that will positively impact the health of the community.
- Develop, implement and evaluate over 40 community-based health promotion programs
- Promote the services of the health department within the communities
- Responsible for recruitment, hiring and managing 100 employees
- Interprets various laws, administrative regulations and policies to ensure conformance and efficient operation
- Attend regional, state and national meetings to analyze and implement effective strategies to improve programs and financial well being of health district
- Develop and implement strategic planning for the agency in an effort to move toward accreditation
- Serve as liaison for the Commissioner of Public Health in reaching health outcomes for 4 counties within the state

University of Kentucky, College of Public Health, Center for Prevention Research

Research Administrator

2005 – 2007

- Administrator and coordinator of two transdisciplinary research networks
- Managed over 40 senior scientists on the research networks
- Interviewed applicants for subcontractor positions

- Liaison for grants/contracts in excess of \$10 million
- Presented scientific data
- Liaison between research network and other diverse scientists
- Wrote and managed grant budgets in excess of \$10 million
- Coordinated with research foundations and granting agencies on meeting deadlines for grants
- Responsible for knowledge of policy and guidelines for federal, state, local and private organizations from whom funding is sought/obtained
- Developed research tools, coordinated and implemented research ideas and projects to assist Warden's with implementing tobacco free policies in state prisons
- Administration of public relations communications
- Created and maintained technical databases
- Developed publication policies and network mandates
- Responsible for development of reports (narrative and budget) to granting agencies
- Coordinated network meetings, dinners, social events
- Developed meeting strategies
- Supervised, delegated and provided leadership to research assistants
- Coordinated research team for grant entitled "Drug Use in Rural Kentucky"

University of Kentucky Colleges of Medicine and Pharmacy

Senior Program Coordinator

2005

- Managed 100 plus programs for continuing education opportunities for physicians, pharmacists, nurses, and other health professionals
- Developed and maintained client base with pharmaceutical companies as well as joint sponsors of medical and other continuing education activities
- Developed and maintained working relationships with physicians and other health care professionals
- Developed promotional materials for continuing education programs
- Assisted Associate Director in developing new sources of revenue for continuing education programs
- Ensured all programs followed Accreditation Council on Continuing Medical Education (ACCME) and Accreditation on Continuing Pharmacy Education (ACPE) accreditation guidelines

University of Kentucky, College of Public Health, Center for Prevention Research

Research Administrative Coordinator

2002 – 2004

- Assisted with administering and coordinating a transdisciplinary research network
- Liaison between research network and other diverse scientists
- Management of FRS and HRS accounting and payroll
- Created and managed grant budgets in excess of \$10 million
- Reported to granting agencies on status of subcontracts and grants
- Coordinated with research foundations and granting agencies
- Responsible for knowledge of policy and guidelines for federal, state, local and private organizations from which funding is sought/obtained.
- Development of publication policies and network mandates

- Wrote reports (narrative and budget) to granting agencies
- Coordinated major research projects
- Disseminated research findings
- Created and maintained technical databases
- Developed research policies and subgroup mandates
- Coordinated network subgroup meetings, dinners, and events
- Supervised research assistants

University of Kentucky, College of Public Health, Center for Prevention Research

Data Coordinator

2001 - 2002

- Wrote and managed grant budgets for over \$2 million within the Center
- Managed all FRS and HRS accounting and payroll
- Coordinated meetings/travel arrangements
- Reported to funding agencies on status of subcontracts and grants
- Coordinated meeting logistics for research network
- Designed and formatted of measurement instruments
- Developed research strategies
- Managed databases and statistical reports
- Performed data entry and revised data on grants
- Coded instruments for data and coordination of large mailings
- Served as liaison between office and prison industry settings where data entry is performed

Research Assistant

1998 – 2000

- Coordinated meeting logistics for research network
- Designed and formatted measurement instruments
- Developed research strategies
- Processed financial documents
- Managed databases and statistical reports

ADDITIONAL MEMBERSHIPS/PROFESSIONAL ACTIVITIES

- | | |
|---|----------------|
| ▪ Member of Kentucky Health Department Association | 2007 - present |
| ▪ Treasurer | 2011 - present |
| ▪ Executive Committee Member | 2011 - present |
| ▪ Member of Kentucky Public Health Association | 2007 - present |
| ▪ Nomination Committee | 2009 - present |
| ▪ Advisory board member for Kentucky Appalachian Public Health Training Center | 2010 - present |
| ▪ Member of American Public Health Association | 2007 - present |
| ▪ Member of National Association of County and City Health Officials | 2007 - present |
| ▪ Invitation and acceptance of a Project Public Health Ready Reviewer | 2011 - 2012 |
| ▪ Member of National Association for Local Boards of Health | 2007 - present |
| ▪ Member of Kentucky Association for Local Boards of Health | 2007- present |
| ▪ Advisory board member for the Harrison Memorial Employee Advisory Committee | 2007- present |
| ▪ Chair, University of Kentucky, College of Public Health Staff Council | 2006 - 2007 |
| ▪ Coordinator, University of Kentucky, College of Public Health Research Committee | 2005 - 2006 |
| ▪ Tobacco Etiology Research Network Meeting; Substance Abuse Research, Santa Fe, NM | 2006 |

- Improving Outcomes in Osteoporosis: Importance of Adherence & Practical Approaches 2005
New York, NY
- Tobacco Etiology Research Network Meeting; Substance Abuse Research, 2004
Lexington, KY

WORKSHOPS/TRAININGS ATTENDED OR CONDUCTED

- National Public Health Leadership Institute** 2011
 - Graduate
- Taking A Prison Tobacco Free: Inmates' Behaviors, Beliefs and Attitudes** 2006
 - Presented to UK College of Public Health faculty, staff and students, Lexington, KY
- Kentucky Council on Crime and Delinquency, 47th Annual Training Conference** 2006
 - Presented session entitled "Taking A Prison Tobacco Free: No Butts on the Yard",
Louisville, KY
- Tobacco Research Network on Disparities** 2006
 - Participant, Washington, DC
- University of Kentucky, College of Public Health 3rd Annual Research Day** 2006
 - Organized, set up, and attended event, Lexington, KY
- Tobacco Research Network on Disparities** 2006
 - Participant, San Francisco, CA
- Assessing & Treating Childhood, Adolescent, & Adult Trauma 3rd Annual Conference** 2006
 - Attended, Honolulu, Hawaii
- Lexington-Fayette County Health Department Disaster Preparedness Exercise** 2006
 - Attended, Lexington, KY
- Tobacco Research Network on Disparities** 2006
 - Participant, Oklahoma City, OK
- Tobacco Research Network on Disparities** 2005
 - Participant, Austin, TX
- American Public Health Association, 133rd Annual Meeting** 2005
 - Attended, Philadelphia, PA
- University of Kentucky, College of Public Health 2nd Annual Research Day** 2005
 - Presented session entitled: "Tobacco Use Following Forced Abstinence in Basic Training:
Selection and Socialization Processes within Navy and Air Force Personnel",
Lexington, KY

INTERNSHIP/VOLUNTEER EXPERIENCE

- National Public Health Leadership Institute** 2011
 - Intense year long leadership training focusing on personal development
 - Weekly conference calls with team members to discuss challenges
 - Weekly webinars focusing on leadership challenges
 - 360 assessments compiled and rated
 - Created development plan on discrepancies between self-assessment ratings and others ratings
- E&I Associates** 2010 - 2011
 - Leadership training where I completed self-assessment on my leadership attributes
 - 360 assessments compiled and rated
 - Created development plan on discrepancies between self-assessment ratings and others ratings
 - Received personal coaching to strengthen and hone my leadership abilities
 - Received personal coaching to assist with creating most effective communication throughout a large organization.

Kentucky State Reformatory

2006

- Assisted Warden in taking Kentucky State Reformatory tobacco free
- Conducted research on 1000 inmates to determine attitudes, beliefs and behaviors toward a smoking ban
- Researched offenders charts on criminal background activity
- Observed Court Call to view how policy and procedures are carried out on inmates offenses inside prison
- Attended Grievance Committee meetings that assisted prisoners with problems they face inside prison
- Observed visits between inmates and psychologists on staff
- Visited Kentucky State Penitentiary to see the dynamics of a maximum security prison

RESEARCH EXPERIENCE

-
- | | |
|---|-------------|
| ▪ Research Network Administrator. Tobacco Research Network on Health Disparities | 2005 - 2007 |
| ▪ Research Network Administrator. Tobacco Etiology Research Network | 2005 - 2007 |
| ▪ Masters of Public Health Capstone
"Taking A Prison Tobacco Free: Inmates' Behaviors, Beliefs, and Attitudes." | 2005 - 2006 |
| ▪ Kentucky Council on Crime and Delinquency,
"Taking A Prison Tobacco Free: No Butts on the Yard" | 2006 |
| ▪ Drug Use in Rural Kentucky (University of Kentucky)
Coordination of major research projects, organize and establish research agendas | 1998 - 2006 |
| ▪ Research Network Administrator. Tobacco Etiology Research Network
Coordination of major research projects, organize and establish research agendas | 2002 - 2005 |
| ▪ Data Coordinator. Tobacco Etiology Research Network
Coordination of major research projects, organize and establish research agendas | 2001 - 2002 |

PUBLICATIONS AND PRESENTATIONS

The American Psychiatric Publishing Textbook of Substance Abuse Treatment, Fourth Edition (Marc Galanter and Herbert D. Kleber, eds.).

Caudill, Crystal A., Clayton, Richard R., Chandler, Larry, Nolley, John, & Prestigiacomo, Gary (2007).
 "Taking A Prison Tobacco Free: No Butts on the Yard." Panel presentation at the Correctional Accreditation Managers Association Presentation, Covington, KY.

Caudill, Crystal A. & Clayton, Richard R. (2006). "Taking A Prison Tobacco Free: Inmates' Behaviors, Beliefs, and Attitudes." Presentation at University of Kentucky, College of Public Health, Lexington, KY.

Caudill, Crystal A., Clayton, Richard R., Chandler, Larry, Nolley, John, & Prestigiacomo, Gary (2006).
 "Taking A Prison Tobacco Free: No Butts on the Yard." Panel presentation at the Kentucky Council on Crime and Delinquency (KCCD), Louisville, KY

Clayton, Richard, Segress, Melissa, & Caudill, Crystal. (in press). Sensation Seeking: A Commentary. Addiction.

AWARDS

Kentucky Colonel, presented by Governor Ernie Fletcher	2007
Scott County Chamber of Commerce Member	2007 – present
Recipient of the National Public Health Leadership Institute Training	2011 – 2012

REFERENCES

Upon Request



**The Council
of State
Governments**

May 1, 2021

Kentucky Public Pensions Authority
Director Kristen N. Coffey, CICA
Division of Internal Audit
1260 Louisville Road
Frankfort, KY 40601

Dear Ms. Coffey:

I am writing to submit my application to join the Kentucky Retirement Systems Board of Trustees. Please consider this an application for both the unexpired term ending March 21, 2022 and the four-year term beginning April 1, 2022.

Enclosed with this letter you will find my Application for Trustee Form, a detailed resume and a signed release for a criminal background check. I have emailed a photo to trustee.election@kyret.ky.gov. Please let me know if you need any additional information.

164 years ago, in 1857, New York City created the first public pension plan in the country. It was not until President Franklin Roosevelt signed the Social Security Act of 1935 that local and state governments began offering public pension en masse for their employees. What was true then, remains true today: to recruit and retain a talented and motivated workforce in the public sector, the employee benefit of retirement security provides a competitive advantage. Likewise, retirement security enhances the quality of life for beneficiaries during their senior years. This makes state government better and makes the lives of those who dedicated their careers to public service better.

I am seeking a position on the board of trustees with no specific agenda, no axes to grind.

As a trustee, I would develop collaborative and trusted relationships with other board members and with KPPA staff with the goal of helping deliver solid results for members.

I would be committed to accountability, transparency, and open communication during my service on the board. I would also strive to make sure KPPA is a great place to work.

Since 2009, I have served as the executive director of The Council of State Governments, a nonpartisan organization of all U.S. state governments that works with elected and appointed officials in all three branches of state government. As a result of this work, I have a solid understanding of the challenges facing many public pension systems today. I approach my current role in a strictly nonpartisan way. Our focus is to help state leaders solve problems. We use a data driven, consensus based approach to public policy to help discover what

works to advance the common good. We believe trust in government and democracy grows when government solves problems. We are a national enterprise with a \$54 million annual budget and nearly 250 employees. Our national headquarters has been located in Lexington, KY since 1969. Former Kentucky Senate President David Williams and current Kentucky Senate President Robert Stivers have served as the CSG national chair during my tenure as CEO. In my current position I work with the Government Finance Officers Association as well as the Financial Accounting Standards Board and the Governmental Accounting Standards Board which provides me with valuable insights into public finance.

I know that as a participating employer, CSG has to offer competitive retirement benefits. KPPA helps us do just that. Members should expect a system that is financially sound, protects their personal information and offers exceptional customer service and member support. Every member deserves a system they can trust to deliver the benefits they have earned and a governing board that is responsive to their concerns and works to advance their interests.

During my service in both the House and Senate in Kansas, I chaired the House Appropriations Committee and was vice chair of the Senate Ways and Means Committee. This experience ,and my current work with legislatures from all 50 states, provides me with a solid working knowledge of the budget process in state government.

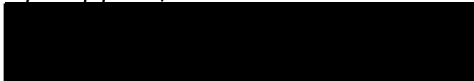
I would be a conscientious consensus builder as a board member. I would work diligently to be a knowledgeable and prepared board member. I would have an open ear for member concerns. I have no interest in micromanaging employees of the system and I understand the proper role of a board member. I would adhere to the highest of ethical standards and honor my duties as a board member. As an attorney, I keep confidences and, in my role as a trustee, I would likewise honor confidences entrusted to me.

I am interested in giving back to the Commonwealth and I believe my service on the board of trustees would provide me an excellent opportunity to apply my experience and expertise to help guide KERS.

A rock solid retirement system is good for our state, good for the participating employers and good for the members. The citizens of Kentucky deserve nothing less.

I appreciate your consideration of my application. I hope you will reach out if I can provide any additional information.

Very truly yours,



David Adkins, Executive Director/CEO
The Council of State Governments

Attachments: Application for Trustee
Resume
Release for Criminal Background Check



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov
 Deaf/Hard of Hearing TTY (502) 564-4306

Trustee Information			
Today's Date (mm/dd/yyyy) 05/01/2021		Date of Birth (mm/dd/yyyy) [REDACTED] <i>For identification purposes only</i>	
Phone (select type) <input checked="" type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No. [REDACTED]	
Adkins	David	Jay	
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input checked="" type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system:			
Executive Director, The Council of State Governments			

Background	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.
<hr/> <hr/>	

Conflict of Interest	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?
<p>The following are examples of positions that may be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. <u>This list is not all inclusive.</u> Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.</p>	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.
<hr/> <hr/>	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.
<hr/> <hr/>	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.
<hr/> <hr/>	

Name: David Adkins

Date 05/01/2021

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency
Attorney	10/1/1986	Ongoing	Attorney Registration,
			301 SW 10th Ave, Topeka, KS 66612
			(785) 296-8409

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES
Univ. of KY Martin School of	Executive Committee, Board of Visitors	Ongoing
Public Policy and Administration		

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

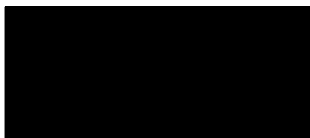
I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date 05/01/2021

Signature: 

David J. Adkins, J.D.

Residence



Office

**The Council of State Governments
1776 Avenue of the States
Lexington, KY 40511**



EMPLOYMENT

Executive Director and CEO, The Council of State Governments (CSG), Lexington, KY (2008-present)

Leads a national, non-partisan, organization of the states, founded in 1933, whose mission is to advance the common good by championing excellence in state governments. The Council provides its members with the tools, technology, training and insights necessary to empower state leaders to enact sound, data-driven public policy. CSG's members are the states and territories of the U.S. and six affiliated Canadian provinces. State officials of both parties, from all three branches of government, govern CSG and participate in its programs. Private sector and non-profit entities partner with CSG through its Associates Program.

Achieving impressive growth in CSG's size and influence. CSG now has nearly 250 employees and an annual enterprise-wide operating budget exceeding \$54 million, an increase of over 100% since 2008.

Directs operations at CSG national headquarters in Lexington, KY and at additional CSG offices in Atlanta, New York City, Washington D.C., Chicago, Sacramento, Seattle and Austin, TX .

Secured funding for and guided a \$6 million total renovation of the CSG national headquarters building (completed in August of 2015) and oversaw the acquisition of significant new space to house CSG's New York City based staff and programs (completed in March of 2015).

Reports to the CSG leadership council, executive committee and governing board made up of elected and appointed state officials. The president of CSG is a current governor and the CSG national chair is a current state legislator.

Coordinates the work of CSG's four regional offices which include the Midwestern Legislative Conference, Southern Legislative Conference, Eastern Regional Conference and CSG West.

Advocates for the states and helps state leaders navigate federal laws, regulations, agencies and Congress through CSG's federal affairs office in Washington, D.C.

Served as chair of the "Big 7," a consortium of the seven largest national associations of local and state government officials, the first time a CSG CEO has been elected to the position.

Reimagined CSG's product line which now includes the CSG National Center for Interstate Compacts, the CSG Justice Center, the CSG Center of Innovation.

Serves as publisher of the national award-winning magazine, "Capitol Ideas," and CSG's annual encyclopedia of fifty state data, The Book of the States.

Oversees CSG staff at 11 affiliated national organizations including, among others, the American Probation and Parole Association, the National Conference of Hispanic State Legislators, Women in Government, the National Association of State Personnel Executives and the National Emergency Management Association.

Serves as president of the 21st Century Foundation, a public/private partnership which invests “venture capital” in promising and innovative initiatives designed to identify, study and address emerging public policy trends and challenges.

Achieved significant growth in and record levels of private sector support for CSG by successfully cultivating positive relationships and forging meaningful partnerships with a broad cross section of private sector investors including corporations, trade associations and foundations.

Serves as the primary facilitator for CSG’s Henry Toll Fellowship Program, an annual, intensive, week-long, leadership development program for 48, competitively selected, state leaders from throughout the U.S.

Led international missions of state officials to Canada, England, China, Brazil, Switzerland, India, the Czech Republic, the United Arab Emirates, Cuba and Germany since 2008.

Successfully advocated for federal funding to assist states in promoting exports to global markets.

Vice Chancellor for External Affairs, University of Kansas Medical Center, Kansas City, KS (2004-2008)

Led the advancement and outreach efforts of the University of Kansas Medical Center by creating and then guiding a diverse team of dedicated professionals committed to enhancing the health of the citizens of the Heartland. As Vice Chancellor, led a team of over 100 employees in alumni relations, community, government and university relations, telemedicine and telehealth, the Children’s Miracle Network, continuing education, outreach aircraft and the three area health education centers located throughout Kansas.

Originated a major community event to recognize distinguished alumni and launched a signature publication, “39th & Rainbow”. In conjunction with the KU Endowment Association, created and recruited an advancement board of community leaders to serve as ambassadors and advisors and grow charitable giving in support of research, education and patient care at the medical center. Completed a university-wide, comprehensive, integrated branding strategy to enhance the impact of the university’s visual identity.

Helped conceive and carry out the successful campaign for voter approval of an ongoing, local sales tax in Johnson County, Kansas to provide financial support for the KU Cancer Center as part of a larger, successful initiative to achieve national cancer center designation from the National Institutes of Health. Helped secure significant additional state appropriations for the KU Cancer Center.

Served as senior advisor to the Chancellor and Executive Vice Chancellor and represented the university locally, and at state and national organizations and governmental entities.

Attorney, Lathrop & Gage (now, Lathrop GPM) Law Firm, Overland Park, KS (2001-2004)

Engaged in the private practice of civil law at a national, Kansas City, MO based law firm in their Overland Park, KS office. Represented governmental entities including municipalities, public schools, a university and community college, as well as an array of individual and corporate clients.

Executive Director, Community Foundation of Johnson County, Overland Park, KS (1999-2001)

Led a strategic initiative to create and launch a regional affiliate of the Greater Kansas City Community Foundation. Prepared the incorporation documents, recruited the governing board, oversaw the design and construction of the office and hired initial staff. Created a high performance organization with a strategic plan, vision and values and clear success measures for all team members. Led engagement and outreach efforts with key constituencies and diverse stakeholders to successfully guide the organization and grow charitable giving.

Special Counsel, Greater Kansas City Community Foundation, Kansas City, MO (1998-2001)

Helped lead development efforts for one of the most successful community foundations in the nation. Consistently achieved record annual levels of charitable contributions and grantmaking to support community causes and non-profit organizations.

Attorney and Partner, Bennett, Lytle, Wetzler, Winn & Martin Law Firm, Prairie Village, KS (1986-98)

Engaged in the general practice of law in one of Johnson County's most prominent law firms. Represented corporations, individuals and governmental entities at the firm founded by Kansas Governor Robert F. Bennett. Named a partner in the firm in 1992. Recognized by the Kansas Bar Association with its 1996 Outstanding Young Lawyer Award. Frequent presenter at continuing legal education programs.

EDUCATION

University of Kansas School of Law, Juris Doctor, 1986

Research Assistant to the Dean
National Moot Court Team School and Regional Champion
Foulston & Siefkin Prize for Excellence in Appellate Advocacy
Payne & Jones Prize for Excellence in Appellate Advocacy
President, Kansas Memorial Union Corporation Board of Directors

University of Kansas, Bachelor of Arts, Political Science, 1983

Student Body President
Harry S. Truman Scholar
College Honors Program
Agnes Wright Strickland Outstanding Senior Award
Freshman Class President
Chairman, Kansas Board of Regents Student Advisory Committee
Member, Kansas University Athletic Corporation Board
Toll Collector, Kansas Turnpike
Pearson Scholarship Hall

Seaman High School, Topeka, Kansas, Class of 1979

Student Body President
Kansas Boys State Governor
Salutatorian
Eagle Scout
Century III Leaders Scholar, National Assn. of Secondary School Principals top ten scholar in the U.S.

PUBLIC SERVICE

State Senator, Northeast Johnson County, KS 2001-2005

Chair, Reapportionment Committee
Vice Chair, Ways and Means Committee
Chair, Joint Committee on Corrections and Juvenile Justice
Chair, Strategic Planning Committee, Council of State Governments
Member, Kansas Children's Cabinet
Member, Kansas Sentencing Commission

State Representative, Leawood, KS 1993-2001

Chair, Midwestern Legislative Conference
Henry Toll Fellow, Council of State Governments
Chair, Appropriations Committee
Chair, Taxation Committee
Chair, Select Committee on Juvenile Crime
Chair, Select Committee on Higher Education
Chair, Select Committee on Tobacco Settlement Funds
Chair, Joint Committee on Arts and Cultural Resources
Chair, Joint Legislative Budget Committee
Vice-Chair, Judiciary Committee
Member, Kansas Film Commission

Gubernatorial Appointments, 1995-2004

Chairman, Kansas Youth Authority
Chairman, Kansas Advisory Group on Juvenile Justice and Delinquency Prevention
Delegate, Presidents' Summit on America's Future
Member, Governor's Task Force on Higher Education
Chairman, Kansas Inaugural Ceremony, 1995 & 1999

AWARDS AND RECOGNITIONS

Honorary Doctor of Humane Letters, Kansas City University of Medicine and Biosciences

Elmer B. Staats Distinguished Public Service Award, the highest honor bestowed by the Harry S. Truman Scholarship Foundation Board of Directors in recognition of outstanding public service by a Truman Scholar.

Judge Joseph Stevens Legal Services Award (First Recipient) presented at the US Supreme Court by the Harry S. Truman Scholarship Foundation Board of Directors recognizing outstanding public service as a lawyer.

Leadership Kansas Alumnus of the Year 2011.

Kansas City Tomorrow, Class XXVII, Kansas City Civic Council.

Mel Carnahan Good Guy Award, Kansas City Women's Political Caucus.

Dr. Robert H. Meneilly Stand Up and Speak Out Award, MAINstream Coalition.

Clodfelter Award, Kansas Alumni Association, in recognition of service as a cofounder of The Rock Chalk Ball.

Howard Moses Public Service Rainbow Award, Kansas Unity & Pride Alliance.

Kansas Health Foundation Fellow (Fellows are asked to examine, expand and apply their capacities to exercise leadership in ways that promote the health of all citizens in the organizations and communities they serve).

Paul Harris Fellow, Overland Park Rotary Club, Rotary International.

Up and Comer Award, Kansas City Business Journal and Kansas City Junior Achievement.

District Award of Merit, Santa Fe Trail District, Boy Scouts of America.

University Honors for Public Service and Higher Education, Baker University, Baldwin City, KS.

Distinguished Public Service Award, United Community Services of Johnson County, KS.

Honor Roll for Children, Greater Kansas City Partnership for Children.

Outstanding Advocate Award, Kansas Coalition Against Sexual and Domestic Violence.

Friend of Education Award, Blue Valley Public School District, Overland Park, KS.

COMMUNITY LEADERSHIP

Board of Visitors, Martin School of Public Policy & Administration, University of Kentucky.

Previous Service:

Board of Visitors, School of Public Affairs, Morehead (KY) State University.

Board of Trustees, William Jewell College, Liberty, MO.

Board of Governors, University of Kansas School of Law.

Board of Directors, Blue Valley School District, Business and Education for Schools of Tomorrow (BEST).

Board of Directors, Johnson County Community College Foundation.

Board of Advisors, Kansas City Free Health Clinic (Kansas City CARE Clinic).

Board of Advisors, Safehome, Johnson County, KS Domestic Violence Shelter.

Board of Advisors, United Community Services of Johnson County, KS.

Chairman, Board of Directors, Theatre in Shawnee Mission Park.

District Vice Chairman, Boy Scouts of America, Johnson County, KS.

Co-Chair, Bacchus Charitable Foundation of Kansas City .

Larry P. [REDACTED] Totten

April 23, 2021

Kentucky Public Pensions Authority
c/o Division of Internal Audit
1260 Louisville Road
Frankfort, Kentucky 40601

Sirs:

Please accept these documents as my applications for both the vacant KERS Trustee position with the term ending March 31, 2022, as well as that for a KERS Trustee four-year term beginning April 1, 2022.

The included resume details my work history over a 36-year career with the Kentucky Department of Parks, highlighting a career beginning as a Park Chef in 1975 and culminating in the position of Deputy Commissioner in 2010. After retirement, I was provided an opportunity in 2011 to return for a total of 13 months on an interim basis working first as an Area Supervisor for all of the western Kentucky parks then again as a Resort Park Manager.

I have been a member of Kentucky Public Retirees (KPR) since 2012. This group was founded in 1983 to support and defend the pension benefits for retired and active employees within the Kentucky Retirement Systems. I was invited to attend my first KRS Board Meeting by a then-current elected Trustee and it was there that I first became aware of the dire situation facing our pension plans. My first official work for KPR began in 2014 in dual positions as both KRS Liaison and State Legislative Liaison, reporting to our members on pension matters that affected them emanating from both groups. Since then, I have attended countless KRS Board and Committee Meetings. I have been honored to have been elected as President of this group three times since mid-2016, with my current term expiring in June, 2022, while continuing in the previously mentioned roles.

Besides keeping members aware, representing KPR involves advocacy for the pensions we retirees earned, and currently active employees expect, while serving the Commonwealth. I have testified before legislative committees and met with legislators personally. Our group acknowledges the fiscal realities our pension plans face but, at the same time, expect those responsible both for pension funding and pension management to live up to their part of the "bargain."

For many years now, I have worked from the outside looking in which has been much appreciated by our members. I have learned a great deal in my current role but now is the time for me to become more strategically involved as an elected Trustee. These positions provide that "get your hands dirty" opportunity. I appreciate your consideration of my application.

[REDACTED]
Larry P. Totten
[REDACTED]



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124

Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov

Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

Today's Date (mm/dd/yyyy) 04/23/2021		Date of Birth (mm/dd/yyyy) <i>For identification purposes only</i> [REDACTED]	
Phone (select type) <input checked="" type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No. ---	
Totten	Larry	Parker	
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input checked="" type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system:			
Deputy Commissioner; Resort Park Manager III/II; Fiscal Officer; Park Business Manager; Food Operations Manager; more			

Background

- ☐ Yes ☒ No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

- ☒ Yes ☐ No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

- ☐ Yes ☒ No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

- ☐ Yes ☒ No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

- ☐ Yes ☒ No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Name: Larry Parker TottenDate 04/23/2021**Licenses or Certificates: Please list any professional licenses or certifications you currently hold.**

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency
Certified Public Manager	December 1993	NA	Governmental Services Center, CoK
			Frankfort KY 502-564-8170
Certified Hotel Administrator	November, 1995	NA	American Hotel & Lodging Educational Institute
			Orlando FL 800-349-0299

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES
Kentucky Public Retirees	President, KRS Liaison, Legislative Liaison	12/31/2021
Kentucky Society of Certified Public Mgrs	Member, Past President	NA
American Society of Certified Public Mgrs	Member, Past President	2022

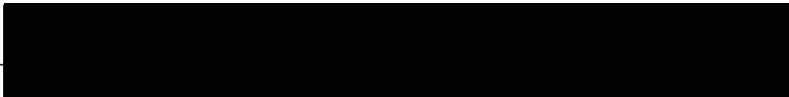
In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date 4/23/2021Signature: 

Larry P. Totten

Education:

Lindsey Wilson College, Columbia KY

Bachelor of Science, Business Administration.

Murray State University, Murray KY

Significant coursework toward Master's Degree in Public Administration.

Work Experience:

Kentucky Department of Parks, Frankfort KY; and various statewide locations (36 years)

Deputy Commissioner (2008 - 2010)

- Worked with Commissioner and Cabinet Secretary to establish and implement goals, objectives, and policies for the agency.
- Supervised administrative and operational areas within Frankfort office.
- Analyzed and interpreted financial and programmatic data relating to operational efficiencies.
- Conducted research projects and special studies, primarily financial.

Resort Park Manager III/II (1993 - 2008)

- Oversaw the overall functioning of two state-operated resort facilities.
- Provided leadership and supervision for park staff, including training, policy/procedure interpretation, and enforcement.
- Directed programs and services toward positive guest experiences and service.
- Managed the total care of facilities, land, and features of the parks.

Fiscal Officer/Park Business Manager (1983 - 1993)

- Directed administrative and financial functions of three state-operated resort facilities.
- Lead in the preparation of all reporting for park activities.

Administrative Assistant, Food Service Ops Manager, Chief Storekeeper, Park Chef (1975 - 1983).

Interim service as Regional Supervisor and Resort Park Manager (13 months) following retirement.

Skills/Certifications:

- Adept at analyzing operational detail and financial performance.
- Clear and concise communication, written and verbal.
- Ability to coordinate activities of a diverse work group.
- Extensive agency-specific experience with computer-based systems.
- Certified Public Manager®, Governmental Services Center, Kentucky State University (1993).
- Certified Hotel Administrator, American Hotel & Lodging Association (1995).

Professional Organizations:

- Kentucky Public Retirees (8 years); KRS Liaison, Legislative Liaison, President 2015-2022.
- Kentucky Society of Certified Public Managers® (28 years); member, Past President.
- American Academy of Certified Public Managers® (22 years); member, Past President.

07 May 2021

Kentucky Public Pensions Authority

1260 Louisville Road

Frankfort, KY 40601

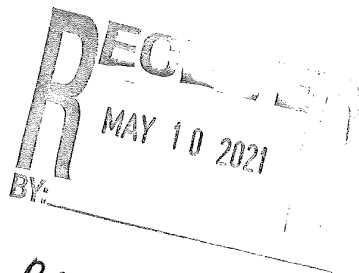
Greetings:

I consider myself more than qualified to fill the current vacant position on the Kentucky Retirement Systems (KRS) Board of Trustees which ends March 31, 2022. Prior to my retirement from the Federal Government, I was the Chief, NAF Personnel Services Division. As such, I had Fiduciary responsibility for managing and administering the defined benefit/contribution programs, Medical and Life Insurance Programs, etc.

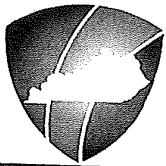
I ask that you please review my resume which outlines in more detail my qualifications for filling this vacant position. Thanking you in advance for taking the time to consider me for this position.

Sincerely,


Robert Ramsey Sr.



*Rcvd 2 sets from
MR. Ramsey. @*



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov
 Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

Today's Date (mm/dd/yyyy) 05/06/2021		Date of Birth (mm/dd/yyyy) For identification purposes only [REDACTED]	
Phone (select type) <input checked="" type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No.	
Ramsey	Robert		
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input checked="" type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system: Commissioner, Department of General Services			

Background

☐ Yes ☒ No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

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The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

☐ Yes ☒ No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Mr. Ramsey is not currently employed, so he will not have an issue with constitutional eligibility.

Name: Robert Ramsey, Sr.

Date May 06, 2021

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES

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3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

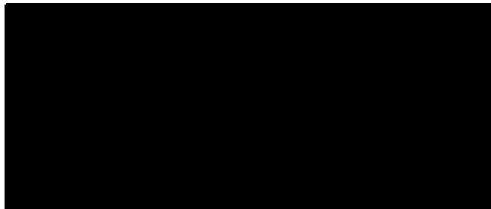
Date

May 6, 2021

Signature:



Robert Ramsey Sr.



OBJECTIVE:

Seeking an elected position on The Kentucky Retirement Systems (KRS) Board of Trustees.

PERSONAL:

Veteran - U.S. Air Force

Rank: LtColonel (Retired)

Work Experience:

- **Chief, NAF Personnel Services Division, US Army** **Aug 10-Nov 14**
 - Managed Army Non-Appropriated Fund (NAF) civilian personnel policy and guidance worldwide. This policy/guidance was executed and implemented for 20,000 fulltime, 12,,000 part time, and 4,000 seasonal civilian employees.
 - Led and managed a work force of 65 employees.
 - Responsible for establishing policy and guidance for the hiring, training, recruiting, promoting, disciplining, personnel record keeping, and relocation services for Army NAF civilian employees worldwide.
 - Fiduciary for all Benefit Program funds as well as managing and administering all NAF Employee Benefit programs. These programs included managing and administering the defined benefit program (pension plan); defined contribution program (401K); Medical and Life Insurance programs; Long Term Care program; and Flexible Spending program.
 - Provided management oversight for more than \$1.5B in assets.
- **Secretary of Personnel Cabinet and Director of Bluegrass Station** **Dec 03-Jan 08**
 - By virtue of the Authority of the Governor of Kentucky I was appointed Secretary of Personnel Cabinet under Executive Order 2004-833.
 - Established policy and implemented personnel guidance and procedures for the Commonwealth of Kentucky as outlined in the Kentucky Revised Statutes.
 - As Director of Bluegrass I ensured that the 36 tenant companies (which generated more than \$80 million in annual revenues) leasing, construction, maintenance, security, and telecommunications needs were met. Major tenants included SOFSA and the Field Logistics Readiness Center.
 - Constructed a \$6.5MM aircraft hangar, \$5.6MM aircraft parts warehouse, \$1.1MM remodeling of Bluegrass Station Headquarters Building, constructed the fire station, and extended the aircraft runway and helipad.
- **Exec. Vice Pres.-Community Ventures Corp (CVC)** **Jan 03-Dec 03**
 - Established and executed programs (developed through partnerships between CVC, Federal Government, KY Housing Corporation, SBA and local Banks) that provided funds for first time homeowners and small business owners.
- **Commissioner, General Services and Dir. of BM&C - LFUCG** **Oct 96-Dec 02**

- Set Policy and provided direction and guidance to the divisions of Parks and Recreation, Building Maintenance and Construction, Fleet Services (Transportation Division), and Property Management.
- Responsible for leading a dept. of 280 fulltime and 600 seasonal, part-time and temporary employees.
- Procured, repaired, and sold (auctioned) all LFUCG vehicles to include specialized vehicles for fire, police, and solid waste. Also responsible for purchasing all furnishings, office equipment, supplies, utility service, and telecommunication services for the LFUCG.
- During tenure successfully purchased Picadome Golf Course, built the Parkers Mill Road Baseball Complex, renovated Lakeside Golf Course, completed RFP for HVAC system in Government Center, Renovated Kearney Hills Golf Course, etc.
- Responsible for managing, planning, and directing divisional activities for the construction, repair, renovation and maintenance of all 80 plus LFUCG buildings and properties.
- **Executive Director, NCAA Marketing - Host Communications** **Sep 94-Sep 96**
 - Provided oversight and management of the NCAA Corporate Partner Program whose annual budget exceeded \$30MM.
 - Managed the creation and execution of media plans for corporate partners and negotiated corporate partner's radio, TV and print advertising.
- **Chief, Facility Construction and Community Support (USAF)** **1993-1994**
 - Developed policy, formulated plans, executed facility construction and provided oversight for outdoor recreation centers and daycare centers for over 267,000 people at 26 locations.
- **Deputy Base Commander (USAF)** **1992-1993**
 - Provided base support for two F15 fighter squadrons.
 - Base support entailed managing assets of \$500MM and 1300 personnel providing operational leadership in the areas of security, housing, food service, base communications, command and control systems, military and civilian personnel, administration, social actions (EEO), education, air base operability, fire protection, and civil engineering.
- **Deputy Director, Housing Services (USAF)** **1989-1992**
 - Developed policies and procedures for the management of 31,000 base family housing units, 30,700 dormitory spaces, 4,700 hotel rooms, and 198 food service facilities located in 10 states.
- **Squadron Commander** **1987-1989**
 - Provided leadership and guidance to 300 personnel ensuring their welfare, morale, health, and safety and preparing them for their wartime mission.
- **Various Management Assignments (USAF)** **1974-1987**
 - US Air Force Academy
 - USAF Inspector General Team Member
 - USAF Recruiting Squadron

EDUCATION:

Florida A&M University, Bachelor of Science Degree

Webster University, Master of Arts Degree

REFERENCES AVAILABLE UPON REQUEST

May 7, 2021

Kentucky Public Pension Authority
1260 Louisville Road
Frankfort, KY 40601

trustee.election@kyret.ky.gov

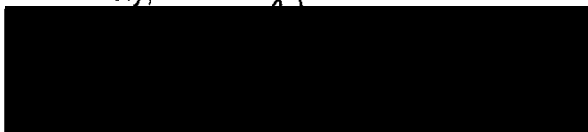
To Whom It May Concern:

I am submitting my name for nomination to be a trustee of the Kentucky Public Pension Authority. I am currently employed by participating quasi-governmental organization and have over twenty-three (23) years of service credit in Kentucky Employee Retirement System – Non-Hazardous.

I am submitting my nomination for the current KRS trustee vacancy from a KERS member with the term ending March 21, 2022. In addition, I am formally submitting my name to be included on the ballot for the KERS election that be held for a four year term beginning April 1, 2022.

I appreciate the opportunity to be considered for the position of KRS trustee. I have and will continue to be actively involved on policy issues pertaining to KPPA and public pension in the Commonwealth and believe I would be an asset to the KRS Board of Trustees.

Sincerely,

A large black rectangular redaction box covering the signature area.

Steve Shannon



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov
 Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

Today's Date (mm/dd/yyyy) 05/07/2021		Date of Birth (mm/dd/yyyy) For identification purposes only [REDACTED]	
Phone (select type) <input checked="" type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No. [REDACTED]	
Shannon	Steve	Joseph	
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input checked="" type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system:			
Executive Director of KARP, Inc., Deputy Commissioner of DBHDID			

Background

☐ Yes ☒ No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

☒ Yes ☐ No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

☐ Yes ☒ No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Name: Steve Shannon

Date May 7, 2021

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES
ARC of KY	Board Member	2023
KMHC Coalition	Past President	2022
KY-ASAP	Member	2024

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

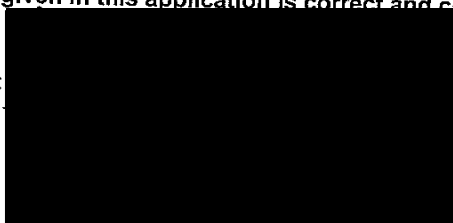
Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date May 7, 2021

Signature:



STEVE SHANNON



EDUCATION

Eastern KY University
Master of Public Administration
December 1999

Muhlenberg College
Bachelor of Arts in Psychology
May 1982

SKILL SET

- Can lead and work with diverse groups
- Lead groups to develop a finished product
- Articulate complicated issues to wide range of audiences
- Develop clear, concise, and complete presentations
- Willing to address difficult topics
- Committed to excellent services and supports
- Strong written and verbal communication skills
- Focused upon meeting the needs of individuals with disabilities
- Board of Directors participation as both a Board Member and reporting to a Board

WORK EXPERIENCE

KY ASSOCIATION OF REGIONAL PROGRAMS, INC.

3459 Buckhorn Drive, Suite 100
Lexington, KY 40515
859-272-6700

Executive Director
August 2006 to present

Primary Job Duties

- Advocate with and represent to the General Assembly on behalf of the Community Mental Health Centers (CMHCs)
- Advocate with and represent to the Cabinet of Health and Family Services (CHFS), including the Department of Medicaid Services and the Department for Behavioral Health, Developmental and Intellectual Disabilities (BHDID) (formerly the Department of Mental Health and Mental Retardation Services) on behalf of the Community Mental Health Centers (CMHCs)

- Interface with the five Medicaid managed care organizations managing the KY Medicaid program since November 1, 2011
- Serve as an intermediary between the CMHCs and the Department for Medicaid Services to address implementation of waivers, covered services provided by CMHCs, provider relationships and implementation of a State Plan Amendment
- Inform the CMHCs of proposed changes to the KY Employees Retirement System
- Develop the legislative and budgetary strategy of the CMHCs for the Biennium Budget sessions of the KY General Assembly
- Review pertinent legislation and proposed regulation changes impacting the CMHCs
- Collaborate with the Mental Health, Intellectual and Developmental Disabilities and Substance Abuse statewide advocacy community
- Manage the day-to-day operation of KARP, interact with the Board of Directors of KARP and, as necessary, any of the Boards of Directors of the CMHCs
- Serve as a liaison to the CMHCs on Healthcare reform

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION SERVICES

- Currently, the Department Behavioral Health, Developmental and Intellectual Disabilities Services

Deputy Commissioner

Director of Division of Mental Health and Substance Abuse

November 2004 thru July 2006

Primary Job Duties

- The Cabinet for Health and Family Services point person for the Communities at Oakwood in Somerset, KY. This required frequent contacts with the U.S. Department of Justice, Court-Appointed Monitor, the Center for Medicare, and Medicaid Services and the KY Office of Inspector General.
- Provided updates to PROOF, parents, and relatives of Oakwood Facility. PROOF is the family group of Oakwood.
- In addition, this entailed regular contact with a variety of media KY media outlets.
- Accountable for the implementation of the U.S. DOJ approved Strategic Action Plan for the Communities at Oakwood.
- Member of the negotiation team for the contract to operate the Communities at Oakwood.
- Lead the implementation by DMHMRS of performance-based contracting with the 14 CMHCs
- Implemented the merger of the Division of Substance Abuse and the Division of Mental Health into the Division of Mental Health and Substance Abuse
- Served on the Advisory Board of Western State Hospital, Central State Hospital and KY Correctional Psychiatric Center
- Lead the implementation of the KEYS (Kentucky Encouraging Youth to Succeed) System of Care grant in Northern KY
- Served as a Board liaison to two CMHCs

- Member of the DMHMRS Executive Management Team
- Day to day management accountability for the Division of Mental Health and Substance

KY ASSOCIATION OF REGIONAL PROGRAMS, INC.

Senior Policy Analyst

December 1997 to November 2004

ARC OF THE BLUEGRASS, INC.

Executive Director

December 1996 to December 1997

KY DISABILITIES COALITION, INC.

Health Care Advocate

December 1995 to December 1996

Goodwill Industries of KY

September 1991 to December 1995

Goodwill Industries of Middle TN, Inc.

September 1987 to September 1991

STATEWIDE ADVOCACY

- President of the Arc of Kentucky, 1998 to 2004
- ARC of Kentucky Board, 2010 to 2014
- Chair of the Kentucky Mental Health Coalition, 2003 to 2004 and 2006 to 2008
- Member of the Kentucky Mental Health Coalition, 2009 to present
- Behavioral Health Planning and Advisory Committee
- Stakeholder member of Kentucky Voices for Health
- 874K Coalition
- Member of the HB 144 Commission on Services and Supports to Individuals with Intellectual and Developmental Disabilities
- Behavioral Subcommittee of the KY Health Exchange
- Behavioral Health Technical Advisory Committee
- KY Agency on Substance Abuse Policy Advisory Board
- New Beginnings, Bluegrass Board of Directors
- Voices of Hope – Lexington, Inc., Past Board Chair
- Child Fatality & Near Fatality External Review Panel
- Member of the Exceptional Support Waiver Task Force, 2020
- Member of the Jail and Corrections Reform Task Force, 2020



TEUDIS PEREZ

Home Health Administrator

Kentucky Public Pensions Authority

KPPA

1260 Louisville Road

Frankfort, Kentucky 40601

Dear KPPA,

I have pleasure in attaching my resume to apply as a Board Trustee for the Kentucky Public Pensions Authority.

I have followed your organization and admired your work for several years now. I was motivated to apply for this trustee role because it will allow me to make a meaningfully contribute to serve in a great organization such this and help carry out its mission. But to open up the conversation and encourage consideration among my peers, I'd like to examine the decision to serve from another perspective. I enjoy networking and I realized how much more awareness was needed amongst the general public to understand how public pension work and what to watch out for. I would therefore love to apply my skills, expertise and passion towards Kentucky Public Pensions Authority and help to steer it towards even greater success.

I have served for the past 3 years as a Board of Director member with the Kentucky Home Care Association which I found extremely rewarding notably in helping to extend their membership base. I am committed to ensuring that I give the best I can to any organization I get involved with. I believe I am well-suited to the role as I have significant experience in my current role as the Home Health Administrator at the Green River District Health Department.

CONTACT

PHONE:

[REDACTED]

EMAIL:

[REDACTED]

[REDACTED]

Teudis B. Perez

Enclosure



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov
 Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

Today's Date (mm/dd/yyyy) 05/05/2021		Date of Birth (mm/dd/yyyy) For identification purposes only [REDACTED]	
Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home [REDACTED]		Work Phone No. [REDACTED]	
Perez	Teudis	B	
Last Name	First Name	Middle Name	Other Name (if any)
Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS			
Position(s) held in above selected system:			
Administrative Services Manager			

Background

☒ Yes ☐ No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

None KPPA staff followed up with Mr. Perez on May 10, 2021. This was a typo. This question should be marked as No. Mr. Perez has never been convicted of or plead guilty to a felony.

Conflict of Interest

☒ Yes ☐ No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

☐ Yes ☒ No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

☐ Yes ☒ No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Name: Teudis B. Perez

Date 05/05/2021

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

License or Certification Title & Number	Original Issue Date	Current Expiration Date	Name, Address & Phone of Licensing Agency

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

ORGANIZATION	TITLE	DATE MEMBERSHIP EXPIRES
Kentucky Home Care Association	Board of Directors member	06/2021
KY PUBLIC HOME HEALTH ALLIANCE	Member	No Expiration

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date May 05, 2021

Signature: 

Teudis B. Perez

Professional Profile

Well-trained healthcare administrator offering vast experience in medical operations, excellent interpersonal communication skills and the organizational savvy to run a healthcare organization smoothly. More than ten years of customer service experience, with two years focused in the field of information technology. Several years of managerial experience through a local non-profit agency with emphasis in Home Health, Billing and Family Support, and policies and procedures. Exceptional written and oral communication skills in both Spanish and English. Areas of expertise include:

- Customer Service & Relations
- Talented Interviewer
- Computer Operations
- Promotes Positive Behavior
- Problem Solving
- Effective staff coach
- Knowledge of Medicaid and Managed Care Organization (MCO)
- Independent Judgment & Decision Making

Education	MHA, Master of Health Administration, University of Southern Indiana	2020
	B.A., Computer Engineering Technology, SUNY Polytechnic Institute	2009
	A.A.S, Computer Information System, SUNY Sullivan	1999
Certification	Bridging the Gap – Medical Interpreter Certification	2016
	Kentucky Cabinet for Health and Family Services - Qualified Spanish Interpreter	2008
	Kentucky Educational Television – School Based Decision Making (SBDM)	2020
Volunteer	Minority Parent Representative at Highland Elementary school	2020

Professional Experience

Home Health Administrator – *Green River District Health Dept., Owensboro, KY* 03/15 - Present

- Manager of the Home Health, EPSDT Special Services, and the Adult Daycare programs, performs duties related to supervising the daily administration of health programs which include supervising program staff, provided monthly billing report, implement corrective actions, and training.
- Directs the work of employees to ensure best use of time and resources.
- Interpret agency policies, goals and procedures for staff, conduct staff meeting as deemed necessary. Interview prospective employees and makes recommendation on hiring.

Eligibility Specialist – *Department Of Family Resources, Rockport, IN* 08/14 – 03/15

- Determined each client's eligibility for public assistance and medical insurances based on state guidelines.
- Corresponded with clients to discuss their participation in each program, along with their rights and responsibilities.

Tax Professional Assistant – *He&R Block, Owensboro, KY* 02/12 – 03/14

- Utilized exceptional math skills, proficiency with computer applications, and thorough knowledge of current tax laws to ensure customer satisfaction.
- Performed detailed oriented tasks quickly and efficiently to meet deadlines and exceed customer expectations.

Escrow Representative – *US Bank Home Mortgage, Owensboro, KY* 09/11 – 08/14

- Analyzed information and evaluated results to choose the best solution and solve problems.
- Used relevant information and individual judgment to determine whether events or processes complied with laws, regulations, or standards.

Family Support Specialist II - *Cabinet for Health and Family Service, Owensboro, KY* 04/07 - 09/11

- Determined each client's eligibility for public assistance and medical insurances based on state guidelines.
- Provided advanced and technical interpreting services in Spanish which included translation of new documents, review of previously translated documents for accuracy, and verbal communication.

Family Advocate/Local Area Manager – *Migrant Head Start, Owensboro, KY* 03/05 – 04/07

- Supervised over twenty five staff in two different Head Start Centers; responsible for hiring, scheduling, and managing day to day activities, including all paper work.
- Worked collaboratively with school districts and community agencies to support the needs of families and children.
- Provided training and resource materials to support the needs of families.



**EXTERNAL MANAGER
SEARCH AND
SELECTION REPORT:
NON-US SMALL CAP
EQUITY**

**IN CONJUNCTION WITH
WILSHIRE ASSOCIATES**

Recommendation

Kentucky Public Pensions Authority (KPPA) Staff and Wilshire recommend the Investment Committee fund an actively managed Non-U.S. Small Cap Equity mandate to be managed by Axiom Investors pending successful investment management agreement negotiations.

No placement agents have been involved or will be compensated as a result of this recommendation.

Introduction

In a continued effort to create greater efficiencies within the structure of the public equity allocation, staff and consultant have worked together to study how KPPA accesses different segments of the market. The team completed this exercise with not only an eye towards efficient market access, but also to an efficient allocation of fee dollars. The focus of this process is to spend fee dollars where the chances of outperforming the market are greatest, and conserve, if not eliminate, fees in those areas where more difficult to add value. Non-U.S. developed markets are less efficient than their U.S. counterparts, and therefore warrant a greater degree of active management within the portfolio, particularly within the small cap and emerging market segments.

This report serves as a review of the competitive, open search process in accordance with the Investment Policy Statement and the Investment Procurement Policy, and serves as a recommendation to the Investment Committee to fund the strategy within the Non-U.S. public equity allocation.

Established Criteria

The initial screening was established through collaboration with our independent investment consultant, Wilshire. The criteria was designed to capture as many strategies as possible, while at the same time ensuring they meet certain minimum qualifications. The initial screening criteria was as follows:

- Benchmark: MSCI ACWI-Ex US, MSCI World-Ex US, or MSCI EAFE-Ex US
- Active Management: majority of holdings must be Non-US small cap stocks as defined by the investment manager
- Firm AUM: greater than \$1billion
- Strategy AUM: greater than \$200million
- Minimum five year track record
- Firm/Team ranked by Wilshire's Manager Research Team fourth decile or better (qualitative)
- Separate Account Offering
- Relative Returns (1,3,&5Years): Excess of 2% or greater versus benchmark
- Tracking Error (1,3,&5Year Periods): Above 3%
- Information Ratios (1,3,&5Year Periods): Above 0.50
- Up/Down Capture Ratios (1,3,&5Year Periods): Above 1.0/Below 1.0
- Relative Correlation With Existing Mandates: 0.60 or less (closer to zero/negative preferred)

Candidate Pool

Preliminary screening from the Wilshire Investment Management database provided a candidate broad list of 83 potential strategies. Additional screening and staff input culled this list down to 11 firms. These firms were provided a Request For Information (RFI), and from those responses, a short list was created for further interview.

The short list consisted of the following five firms/strategies:

- American Century Investment Management: Non-U.S. Small
- Axiom Investors: Axiom International Small-Cap Equity Strategy
- Kayne Anderson Rudnick Investment Management: International Small Cap
- WCM Investment Management: International Small Cap Growth
- William Blair: International Small Cap Growth



General Process

Staff and consultant employed the same systematic process used in prior searches to narrow the potential candidates down to the finalist. The Wilshire Investment Management database, which consists over 12,000 strategies, is the starting point for setting the universe of potential ideas. This database is self-populated by external managers and contains a significant amount of information regarding their specific firm and its product(s). Minimum criteria are set in order to cull the potential candidate list down to a more manageable size, regarded as the short list. This criteria includes, but is not limited to qualitative assessments of the firm and portfolio management team, firm / product asset under management, available capacity, demonstrated ability to add value over varying periods, length of track record, etc. Staff may add managers to the list that may not have either made it through the initial screen or who may not participate in the database. From this point, an additional cut is made based on additional quantitative evaluation including, but not limited to, capture ratios, risk/return profiles, active share, etc. Staff then sent a Request For Information (RFI) to the remaining candidates (11) designed to generate insight into the firm's structure, staffing, product stability, investment team/philosophy/process, and other meaningful data points. Staff and consultant having read the RFI responses narrowed down the candidate list further for presentations and discussions (5) via the internet in response to the Covid-19 virus. An additional discussion was held with the perceived frontrunner prior to making the final decision to bring the finalist for presentation to the Investment Committee.

Organization Structure and Stability

Axiom Investors was established in 1998 and is headquartered in Greenwich, Connecticut. The firm is 100% employee owned and consists of approximately 50 employees, with its primary focus on global, international, and emerging market equity strategies. The firm managed approximately \$19.8 billion as of close 06/30/21. The international small cap strategy had roughly \$1.1 billion invested at the end of the quarter, with a capacity estimation of \$2.0 billion.

Investment Team

The investment team consists of two portfolio managers who also serve as senior generalist researchers, a dedicated research associate, and is supported by a team of seven global sector/industry research analysts. The portfolio managers have over 26 years of industry experience and average a 14-year tenure with the firm. The team has been very stable, with no portfolio manager turnover, and minimal research analyst turnover.

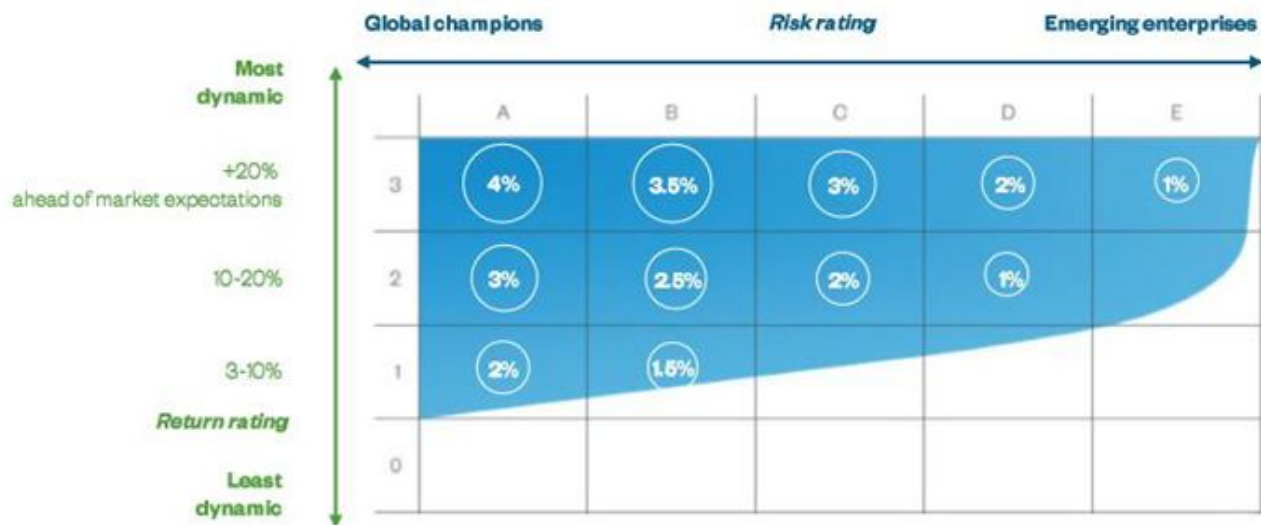
Investment Philosophy and Process

Axiom strives to invest in companies that are dynamically growing and experiencing positive change more rapidly than generally expected, and where those positive changes have not yet been reflected in the stock's expectations and valuations. The strategy seeks to outperform the MSCI ACWI Ex US Small Cap Index by 200-300 bps over a market cycle with an expected tracking error of 5-7%.

Axiom's dynamic growth philosophy can be described by the intersection of three key elements. The process is forward-looking, and strives to find potential inflections in a business's key operational catalysts that could ultimately affect its earnings projections. The most attractive candidate for the portfolio will have positive fundamental changes that manifest in sustainable earnings, and an attractive valuation. A critical point to the strategy's alpha generation relies on exceeding investor consensus growth expectations, and the ability to quantify that gap. In summary, those holdings with the highest conviction will have forward looking key business drivers that are changing for the better, at a rate faster than expected by the consensus, and where those changes have not yet been reflected in their valuation.

The strategy employs a repeatable process to narrow the universe down to a portfolio of 60-100 names weighted by conviction level. First, the team collects, scores, and monitors forward looking operational data related to specific companies, industries, and sectors. This information is contained in a proprietary database, which helps to identify quantifiable accelerations in a specific area. When a positive acceleration is found, the team assesses the key company, industry, secular, macro and country drivers. These assessments are weighed against the market's consensus. Companies likely to exceed consensus expectations become the focus of the team.

Once a potential candidate for inclusion is identified, the team assigns the company a risk/return rating. Valuations play an important role in the investment decision; they are made relative to peers, to the company's historical valuation, and on an absolute basis versus peers both from a sector perspective and globally. This assessment helps the team confirm that the potential growth prospects have not already been factored into the share price. The perceived risk/return of company is assigned on two intersecting axis's (think X, Y). From a risk rating perspective companies are labeled as A through E. A's and B's are large, well-capitalized, profitable, less volatile global companies. C's a solid businesses that lead in a particular region or sub-sector. D's and E's are either emerging companies in developed markets or established companies in emerging markets. From a return perspective, companies are assigned a rating from 0-3 based on how the security is tracking relative to market expectations (ie: a rating of 2 means the company's business drivers are tracking 10-20% ahead of market expectations). The manager uses the intersection of the two rating scales to help determine the sizing of the positions within the portfolio.



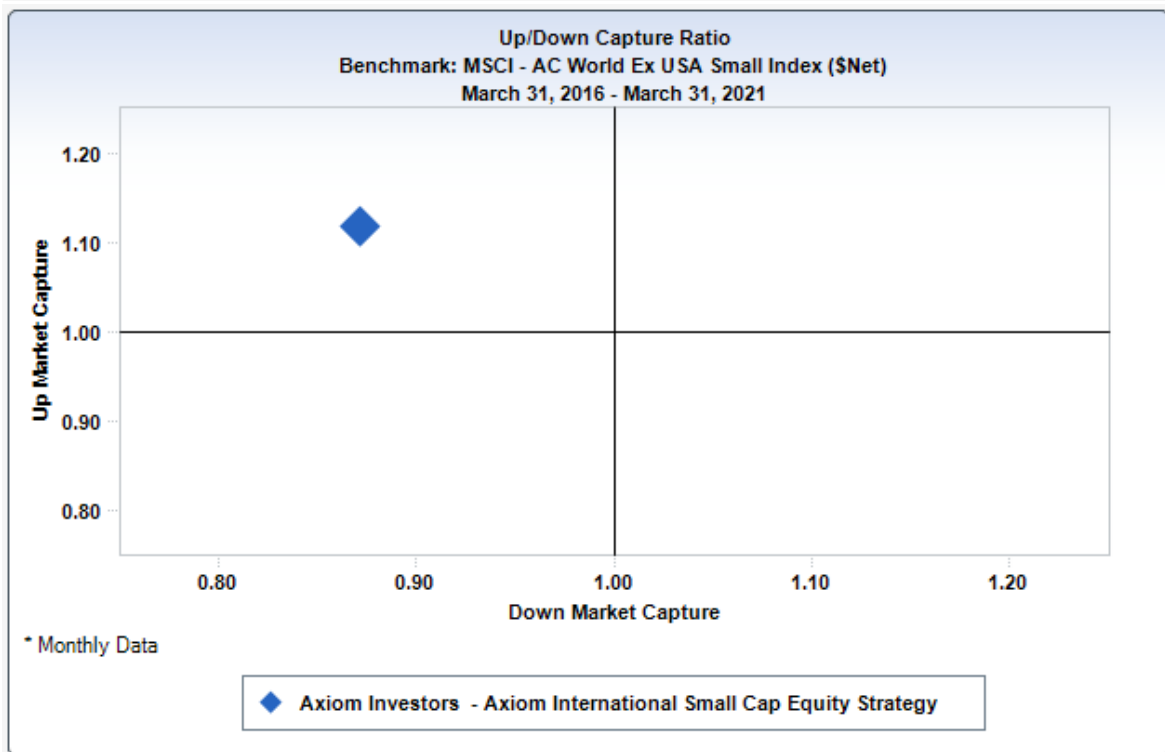
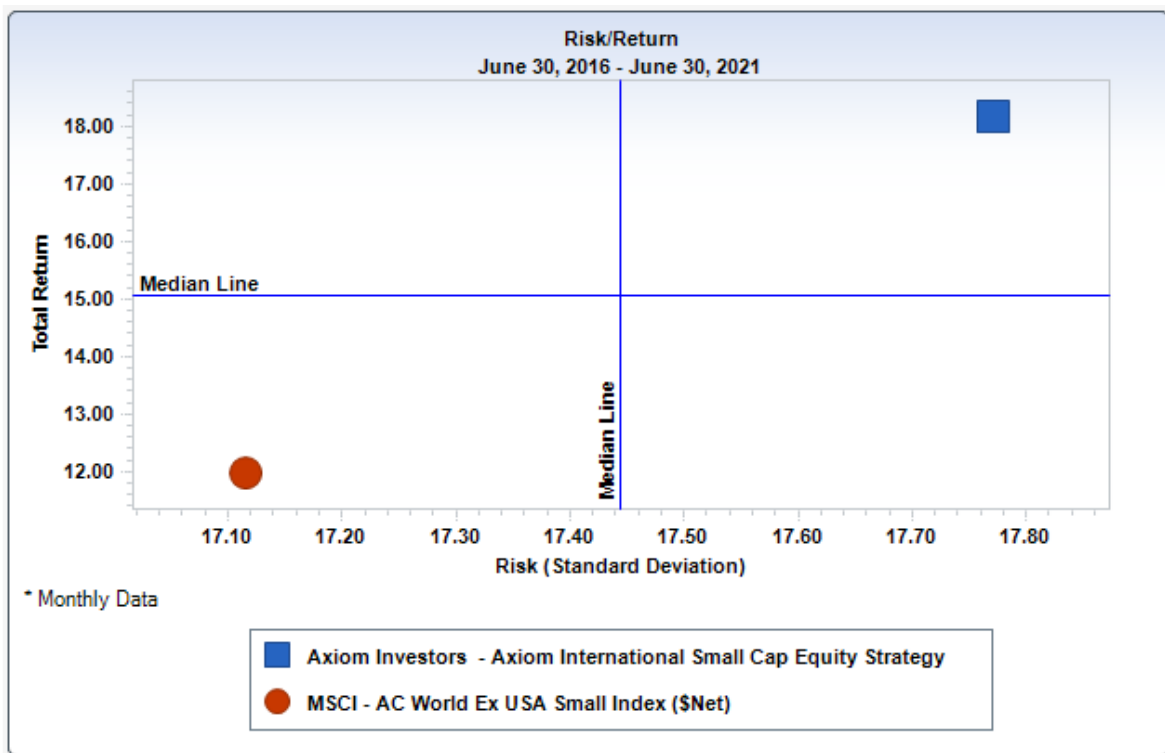
The process is fundamental in nature and repeatable. The risk reward matrix helps to ensure the manager's level of conviction is consistently informed through defined position sizing. This helps to ensure a well diversified portfolio in terms of sources of alpha.

Client Stability

Axiom Investors International Small Cap strategy has steadily gained assets for the last several years. The strategy has added approximately 45 clients amounting to over \$900 million in net asset inflows.

Performance

Axiom Investors					
As of: 06/30/21	1 YR	3 YRS	5 YRS	7YRS	SI
Axiom International Small Cap - Gross	44.06	16.92	18.19	15.89	15.56
MSCI ACWI ex US Small Cap Index Net	47.04	9.78	11.97	7.07	7.58
Relative Performance (+/-)	-2.98	7.14	6.22	8.82	7.98
*Inception Date: 01/01/14					





Implementation and Portfolio Sizing

As of close June 30, 2021, KPPA invested approximately \$159.2 million in dedicated Non-U.S. small cap strategies, which equates to roughly 3.2% of the Non-U.S. equity portfolio. Given the premise of Non-U.S. small cap being a moderately inefficient market segment, staff and consultant would recommend funding the Axiom investment from the international small cap investment dollars invested in other vehicles within the portfolio. Specifically, funding will come from the existing, and less active, Northern Trust (Pension) and BlackRock (Insurance) Non-U.S. small cap mandates. Staff will target initial funding at current corresponding levels, and is seeking approval of up to 5.0% to allow for future growth or rebalancing as opportunity allows.

Approximate Plan Participation based on 06/30/21 Allocations				
KERS	16,000,000.00	KERS INS	10,300,000.00	26,300,000.00
KERS - H	6,300,000.00	KERS - H INS	4,400,000.00	10,700,000.00
CERS	64,100,000.00	CERS INS	21,700,000.00	85,800,000.00
CERS - H	21,500,000.00	CERS - H INS	11,100,000.00	32,600,000.00
SPRS	2,100,000.00	SPRS INS	1,700,000.00	3,800,000.00
	110,000,000.00		49,200,000.00	159,200,000.00

Management Fees

The manager has proposed an annual fee for the strategy of 68 bps based on an allocation size of \$159.2 million across both the pension and insurance funds. This would appear to be a competitive rate based on the universe data supplied by Wilshire for similar strategies of like sizes. The proposed rate ranks in the 5th percentile among the 61 managers in the universe data.

Third-Party Provider and Placement Agent Disclosure

In accordance with KRS' & CERS' gating practices, staff has requested the finalist to acknowledge transparency requirements, and to complete a conflict of interest statement and placement agent form. No placement agents have been



involved or will be compensated as a result of this recommendation. A copy of the manager's Statement of Conflict of Interest and Placement Agent questionnaire have been attached to this recommendation.

Recommendation

As previously stated, staff and consultant are working to create greater efficiencies within the public equity allocation. This requires determining the optimal method for structuring the portfolio and accessing different segments of the market. In an effort to do this while being mindful of fee dollar expense, those market segments that are less efficient provide greater opportunity for outperformance, such as in the international small cap market space.

Staff and consultant believe Axiom's International Small Cap strategy will be a positive addition to the KPPA investment program. The philosophy of investing in those companies with positive change in the context of sustainable earnings growth at attractive valuations married with a systematic portfolio construction process demonstrates a repeatable process for developing an investment portfolio. The result being a concentrated, high active share, high quality portfolio that has demonstrated its ability to add value in both up and down markets.

Because of the above viewpoint and the search process completed, KPPA Staff and Wilshire put forth the following recommendation for the Investment Committee's consideration:

Axiom Investors – International Small Cap Equity Strategy

Initial Funding of approximately \$159.2 million (3.2%) with the option to grow/add to total 5.0% of the Non-U.S. Equity allocation. Primary funding to come from the existing Northern Trust (Pension) and BlackRock (Insurance) Non-U.S. small cap mandates.

We welcome any comments or questions by the Committee.

Appendix

- Wilshire: International Small Cap Manager Search Packet (Contains Short-list Candidate Pool – 5 managers)
- Wilshire Recommendation Memo
- Axiom Conflict of Interest and Placement Agent Disclosure

International Small Cap Manager Search

July 2021

Wilshire

INTERNATIONAL SMALL CAP MANAGER SEARCH

Firm and Product Comparison

Firm Name	Established	Firm Assets (\$MM)
American Century Investment Management, Inc.	1958	\$ 235,127
Axiom Investors	1998	\$ 19,836
Kayne Anderson Rudnick Investment Mgmt, LLC	1984	\$ 61,161
WCM Investment Management	1976	\$ 98,048
William Blair	1935	\$ 73,962

Firm Name	Product Name	Product AUM (\$MM)	Mandate Size (\$100 MM) vs. Product Assets
American Century Investment Management, Inc.	Non-U.S. Small Cap	\$ 1,864	5.4%
Axiom Investors	International Small-Cap Equity Strategy	\$ 1,136	8.8%
Kayne Anderson Rudnick Investment Mgmt, LLC	International Small Cap	\$ 3,577	2.8%
WCM Investment Management	International Small Cap Growth	\$ 1,798	5.6%
William Blair	International Small Cap Growth	\$ 3,259	3.1%

*Firm Assets and Product AUM as of 6/30/21

INTERNATIONAL SMALL CAP MANAGER SEARCH

Qualitative Scores by Wilshire's Manager Research on Candidates

(In Deciles)	Overall Rating	Organization	Information	Forecasting	Portfolio Construction	Implementation	Attribution
	(20%)	(20%)	(20%)	(20%)	(20%)	(10%)	(10%)
American Century Investment Management, Inc. - Non-U.S. Small Cap	3rd	3rd	3rd	2nd	3rd	3rd	3rd
Axiom Investors - International Small-Cap Equity Strategy	1st	1st	1st	1st	3rd	1st	1st
Kayne Anderson Rudnick Investment Mgmt, LLC - International Small Cap	3rd	4th	3rd	1st	3rd	4th	4th
WCM Investment Management - International Small Cap Growth	1st	1st	1st	1st	2nd	3rd	1st
William Blair - International Small Cap Growth	2nd	1st	1st	2nd	3rd	2nd	1st

Decile	Rating Scale									
	1	2	3	4	5	6	7	8	9	10
	A		B		C		D		E	

- **Organization:** Scores organizational structure and stability
- **Information:** Scores the ability to gather and process unique sources of information
- **Forecasting:** Scores the discipline and consistency of a forecasting process
- **Portfolio Construction:** Scores portfolio construction and risk management
- **Implementation:** Scores a manager's ability to transact in the market
- **Attribution:** Scores the use of attribution information and portfolio feedback
- **Overall Rating =** Weighted sum product of the individual criteria

Performance Analysis

Wilshire

INTERNATIONAL SMALL CAP MANAGER SEARCH

Performance Comparison – Calendar Year

<i>Absolute</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Axiom Investors - International Small-Cap Equity Strategy	38.87	34.82	-18.59	41.39	-0.83	29.59	-1.48	-	-	-	-
Kayne Anderson Rudnick Investment Mgmt, LLC - International Small Ca	25.96	29.49	-5.32	30.30	22.81	-0.28	-1.92	32.42	24.87		
WCM Investment Management - International Small Cap Growth	58.55	45.72	-10.12	43.98	0.93	26.41	-	-	-	-	-
William Blair - International Small Cap Growth	30.95	35.87	-23.27	34.21	-3.00	10.95	-6.62	28.85	21.70	-10.44	27.61
MSCI AC World ex US Small Index	14.24	22.42	-18.20	31.64	3.91	2.60	-4.03	19.73	18.52	-18.50	25.21

<i>Absolute</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
American Century Investment Management, Inc. - Non-U.S. Small Cap	32.55	30.50	-21.02	46.65	-4.68	12.24	-5.61	33.23	26.58	-13.73	24.55
MSCI ACWI ex US Small Growth IMI Index	23.69	24.62	-18.28	33.63	-0.28	6.49	-3.59	18.52	16.87	-17.86	27.30

<i>Value Added (vs. MSCI AC World ex US Small Index)</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Axiom Investors - International Small-Cap Equity Strategy	24.63	12.40	-0.39	9.76	-4.74	26.98	2.55	-	-	-	-
Kayne Anderson Rudnick Investment Mgmt, LLC - International Small Ca	11.72	7.07	12.88	-1.34	18.90	-2.88	2.12	12.69	6.35	-	-
WCM Investment Management - International Small Cap Growth	44.31	23.30	8.08	12.34	-2.98	23.80	-	-	-	-	-
William Blair - International Small Cap Growth	16.71	13.45	-5.07	2.57	-6.91	8.34	-2.59	9.12	3.19	8.06	2.41

<i>Value Added (vs. MSCI ACWI ex US Small Growth IMI Index)</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
American Century Investment Management, Inc. - Non-U.S. Small Cap	8.86	5.89	-2.75	13.02	-4.40	5.74	-2.03	14.71	9.71	4.13	-2.76

*Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index.

INTERNATIONAL SMALL CAP MANAGER SEARCH

Performance Comparison – As of June 30, 2021

<i>Absolute</i>	Quarter	Year-to-date	One Year	Three Years	Five Years	Seven Years	Ten Years
Axiom Investors - International Small-Cap Equity Strategy	9.92	8.26	44.05	16.92	18.15	15.87	-
Kayne Anderson Rudnick Investment Mgmt, LLC - International Small Cap	7.22	7.91	47.34	15.33	20.10	13.17	-
WCM Investment Management - International Small Cap Growth	11.92	11.95	56.04	27.54	26.85	-	-
William Blair - International Small Cap Growth	10.14	8.11	44.89	15.11	14.84	10.04	10.15
MSCI AC World ex US Small Index	6.35	12.24	47.04	9.78	11.97	7.07	7.02

<i>Absolute</i>	Quarter	Year-to-date	One Year	Three Years	Five Years	Seven Years	Ten Years
American Century Investment Management, Inc. - Non-U.S. Small Cap	5.62	6.08	37.98	12.18	16.14	10.80	11.56
MSCI ACWI ex US Small Growth IMI Index	6.75	10.32	44.91	11.91	13.29	8.59	7.89

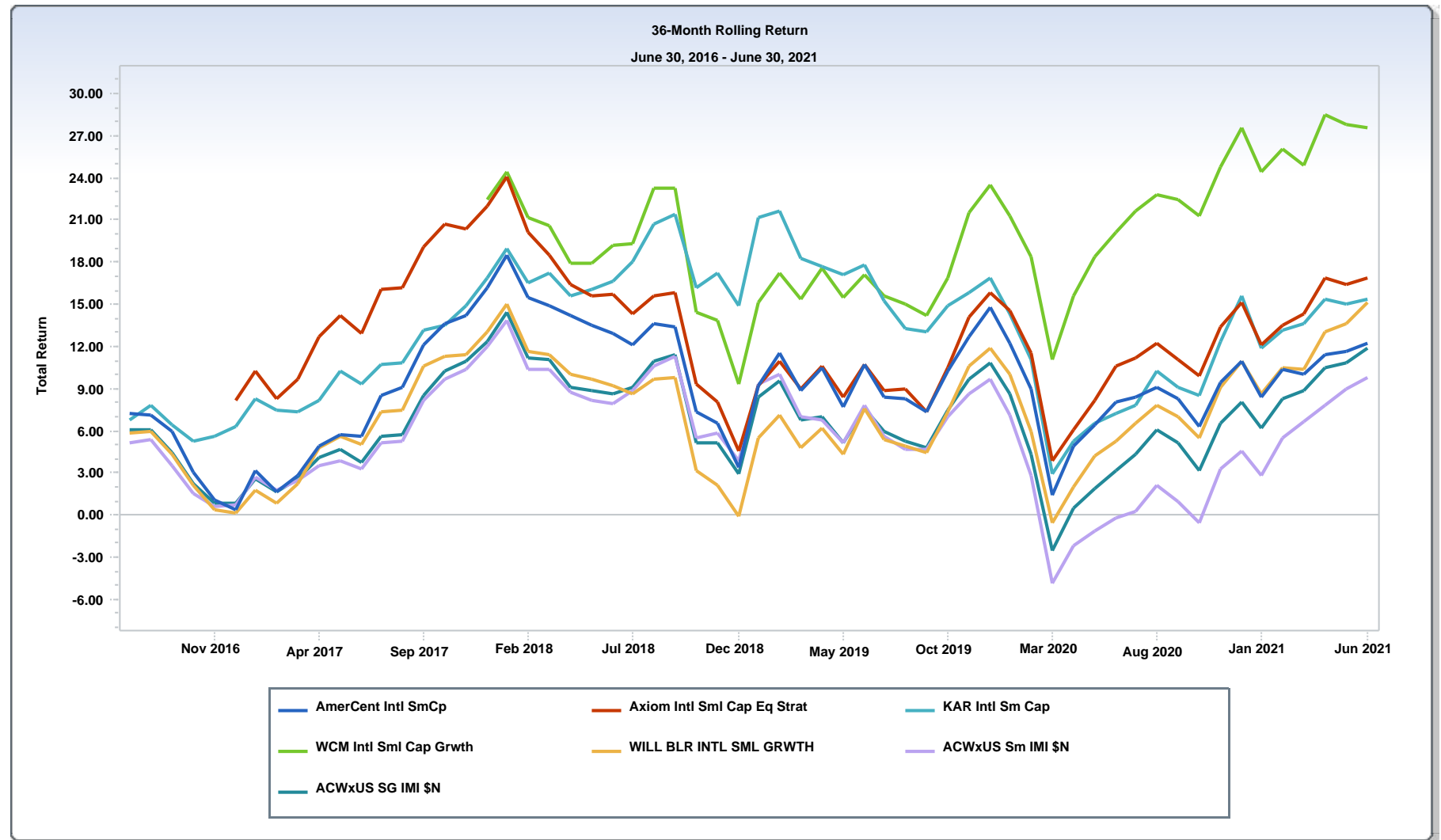
<i>Value Added (vs. MSCI AC World ex US Small Index)</i>	Quarter	Year-to-date	One Year	Three Years	Five Years	Seven Years	Ten Years
Axiom Investors - International Small-Cap Equity Strategy	3.57	(3.98)	(2.99)	7.14	6.18	8.80	-
Kayne Anderson Rudnick Investment Mgmt, LLC - International Small Cap	0.87	(4.33)	0.30	5.56	8.14	6.11	-
WCM Investment Management - International Small Cap Growth	5.57	(0.29)	9.00	17.76	14.89	-	-
William Blair - International Small Cap Growth	3.79	(4.13)	(2.15)	5.34	2.88	2.98	3.13

<i>Value Added (vs. MSCI ACWI ex US Small Growth IMI Index)</i>	Quarter	Year-to-date	One Year	Three Years	Five Years	Seven Years	Ten Years
American Century Investment Management, Inc. - Non-U.S. Small Cap	(1.13)	(4.24)	(6.93)	0.27	2.84	2.20	3.66

*Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index.

INTERNATIONAL SMALL CAP MANAGER SEARCH

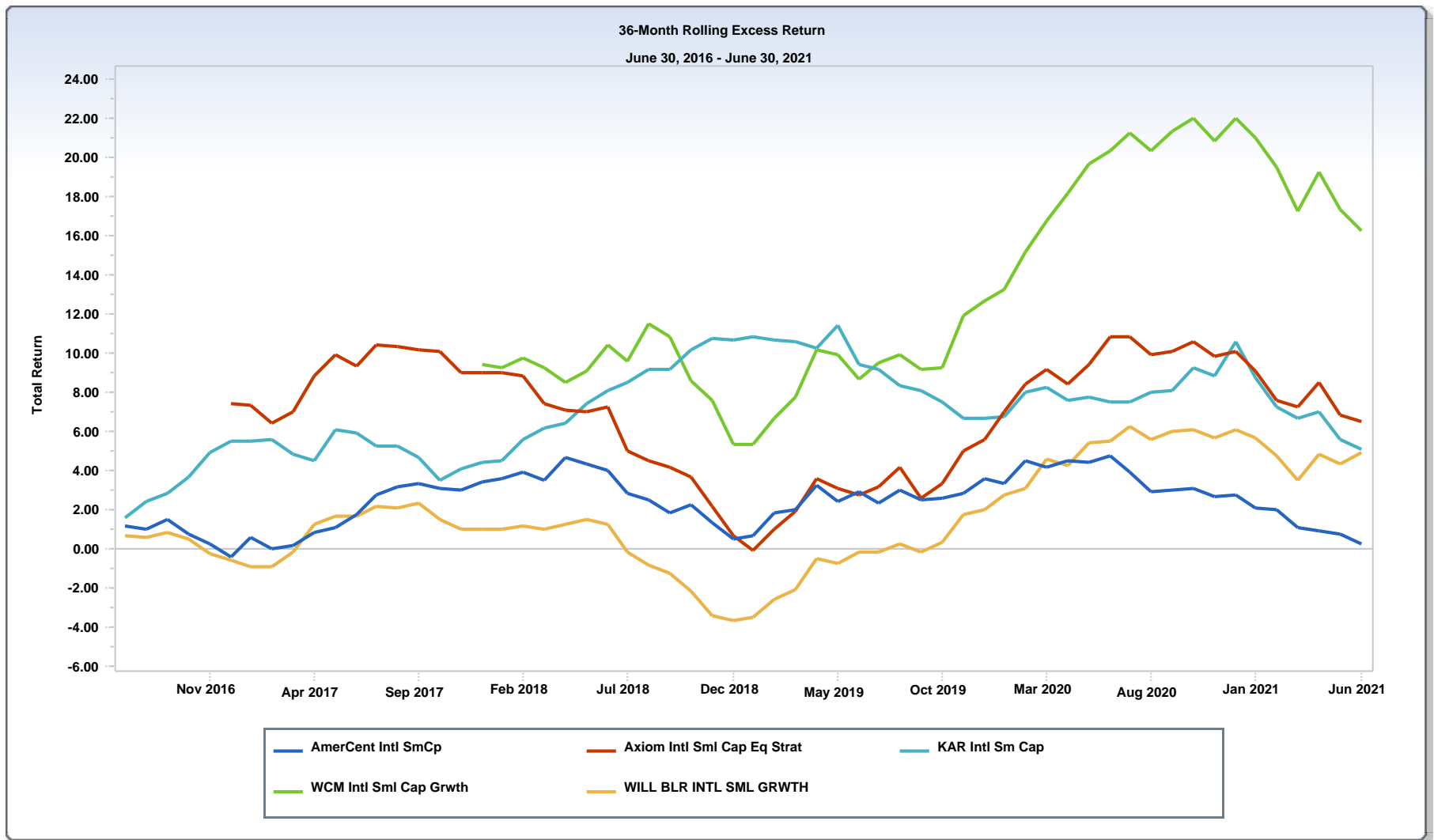
Rolling Absolute Performance



*Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index. All funds and indices are shown.

INTERNATIONAL SMALL CAP MANAGER SEARCH

Rolling Excess Performance

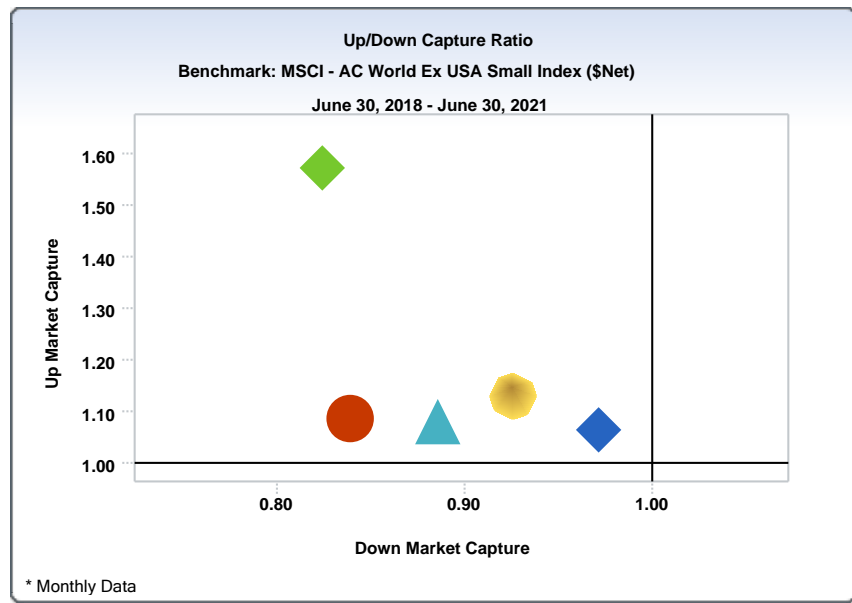


* Excess performance calculated using manager defined benchmark. Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index.

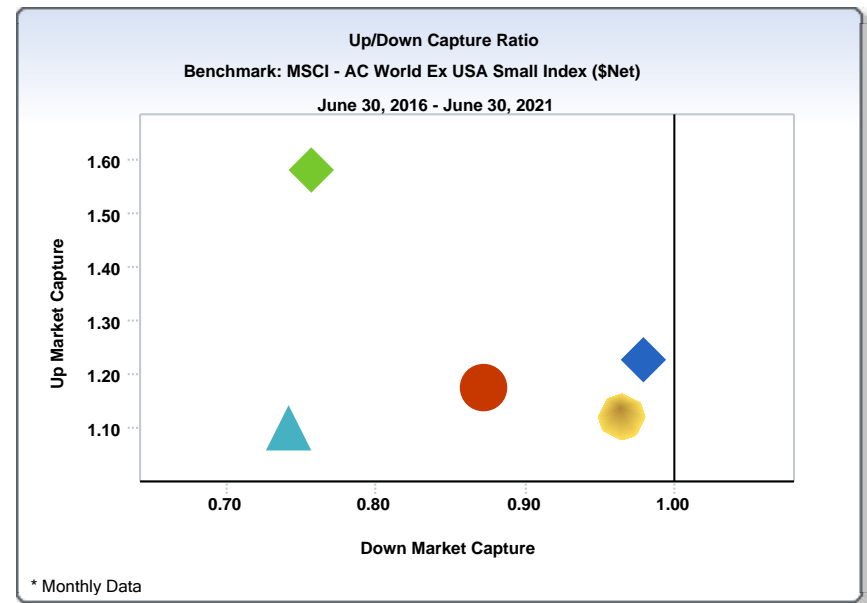
INTERNATIONAL SMALL CAP MANAGER SEARCH

Up/Down Capture Ratio Analysis

Three Year



Five Year

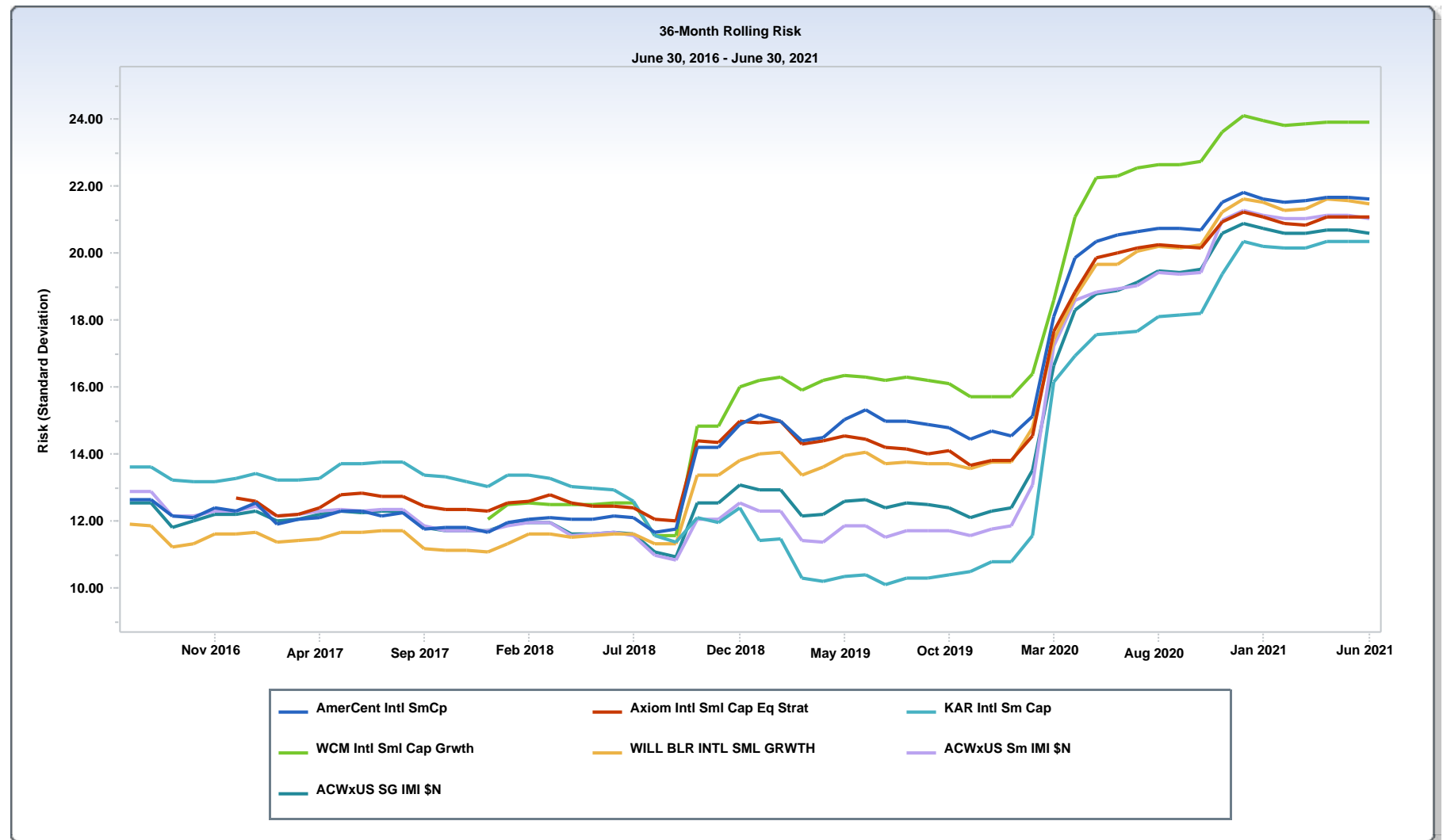


- ◆ American Century Investment Management, Inc. - Non-U.S. Small Cap
 ● Axiom Investors - Axiom International Small Cap Equity Strategy
 ▲ Kayne Anderson Rudnick Investment Mgmt, LLC - International Small Cap
- ◆ WCM Investment Management - International Small Cap Growth
 ● William Blair - International Small Cap Growth

* Up/Down Capture Ratio calculated using manager defined benchmark. Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index.

INTERNATIONAL SMALL CAP MANAGER SEARCH

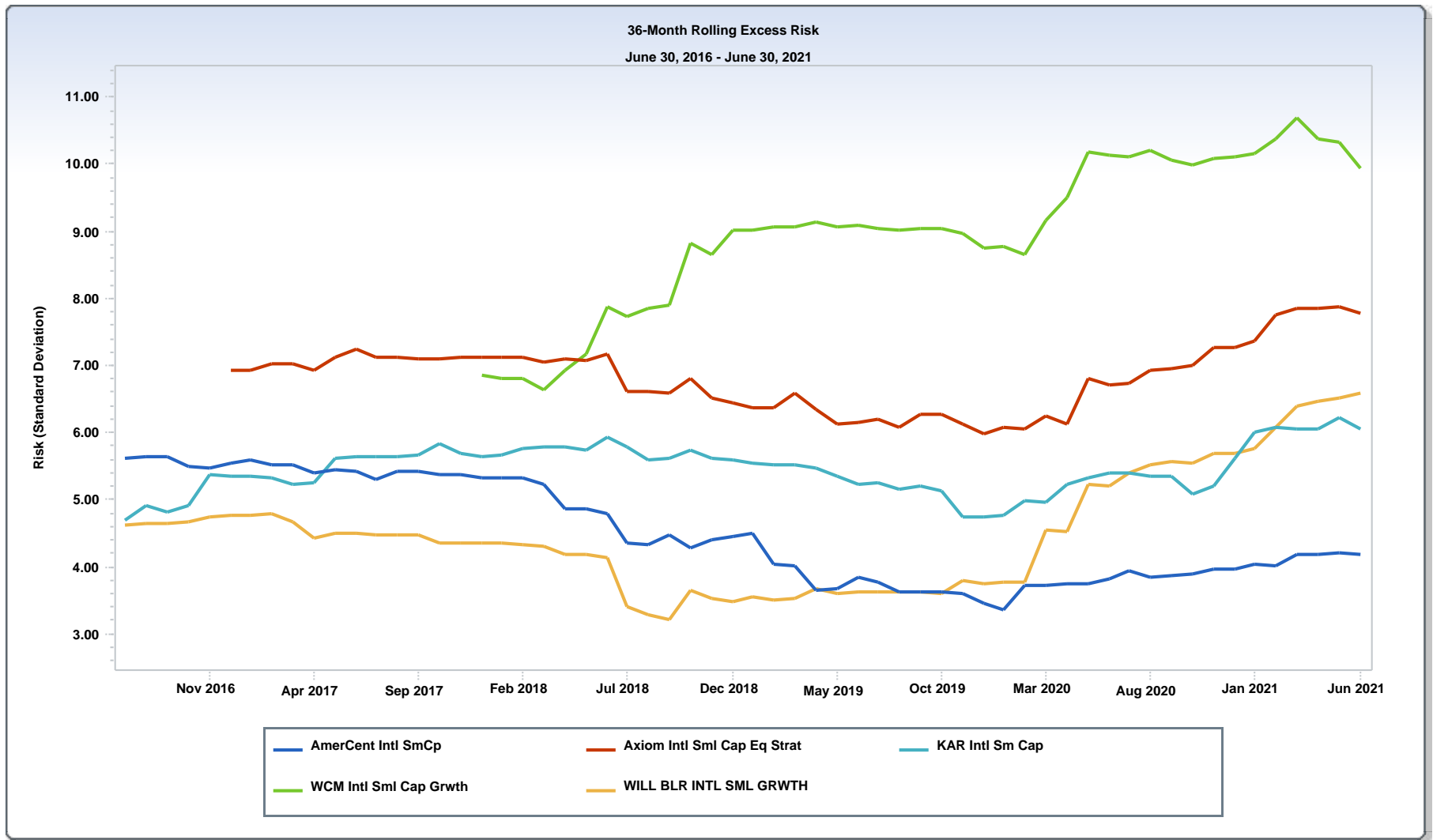
Rolling Absolute Risk



*Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index. All funds and indices are shown.

INTERNATIONAL SMALL CAP MANAGER SEARCH

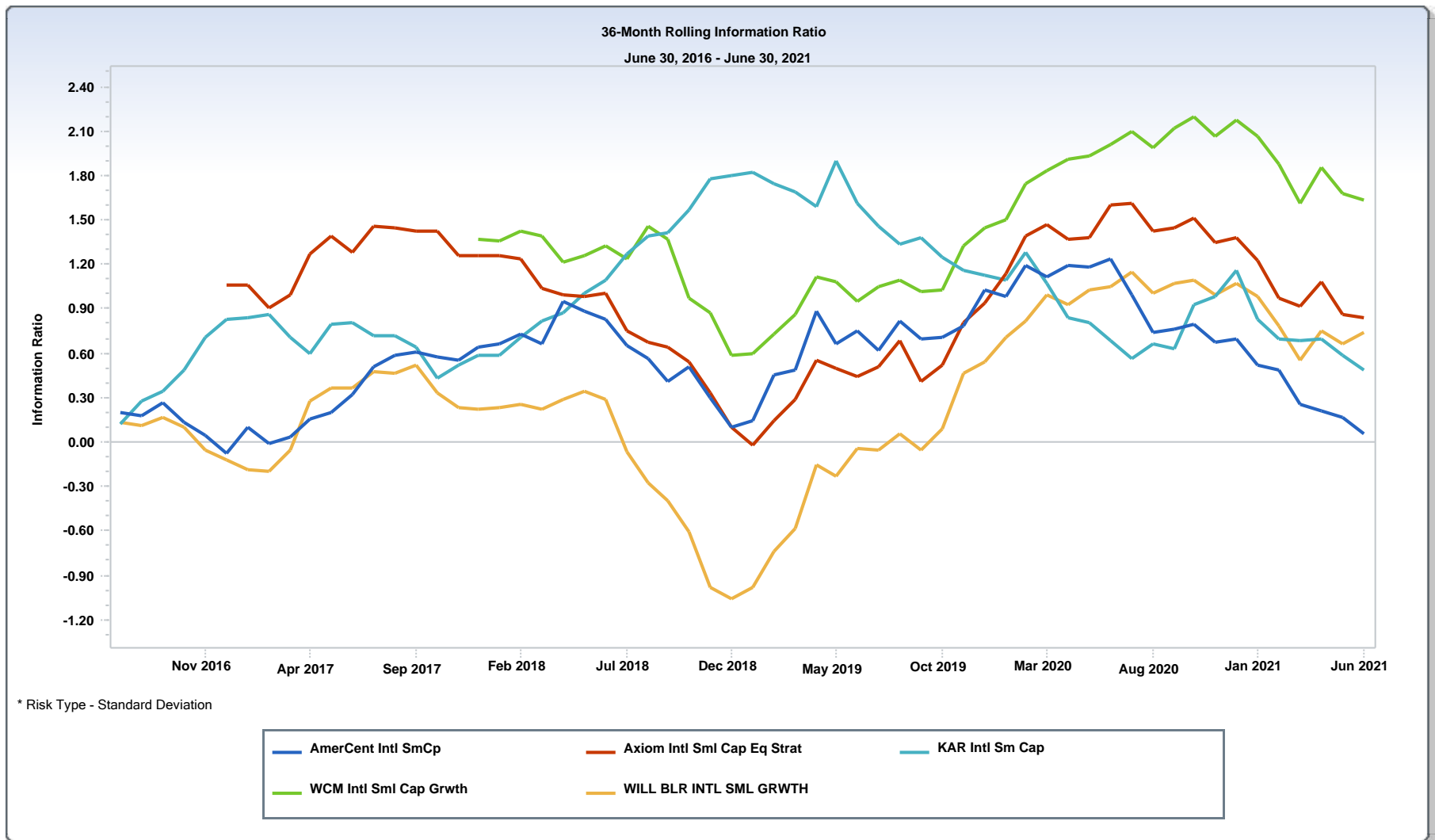
Rolling Excess Risk



* Excess risk calculated using manager defined benchmark. Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index.

INTERNATIONAL SMALL CAP MANAGER SEARCH

Rolling Information Ratio

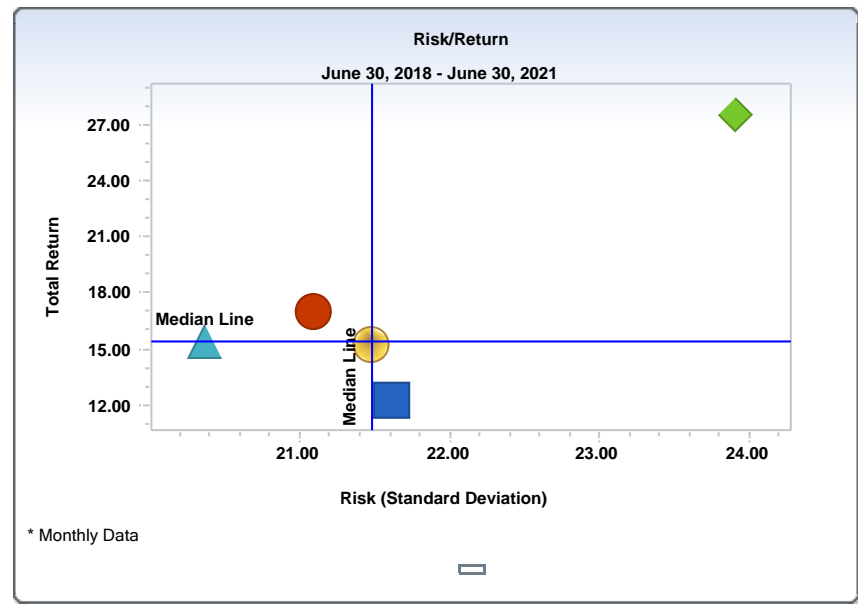


* Information Ratio calculated using manager defined benchmark. Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index.

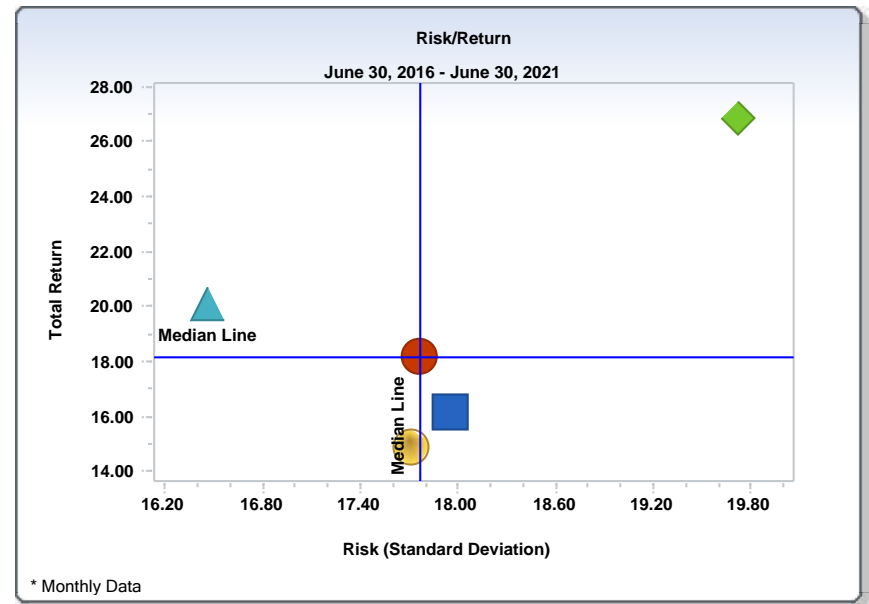
INTERNATIONAL SMALL CAP MANAGER SEARCH

Risk/Return Analysis

Three Year



Five Year



■ American Century Investment Management, Inc. - Non-U.S. Small Cap	● Axiom Investors - Axiom International Small Cap Equity Strategy	▲ Kayne Anderson Rudnick Investment Mgmt, LLC - International Small Cap
◆ WCM Investment Management - International Small Cap Growth	● William Blair - International Small Cap Growth	— MSCI - AC World Ex USA Small Index (\$Net)
 MSCI - AC World Ex USA Small Growth Index (\$Net)		

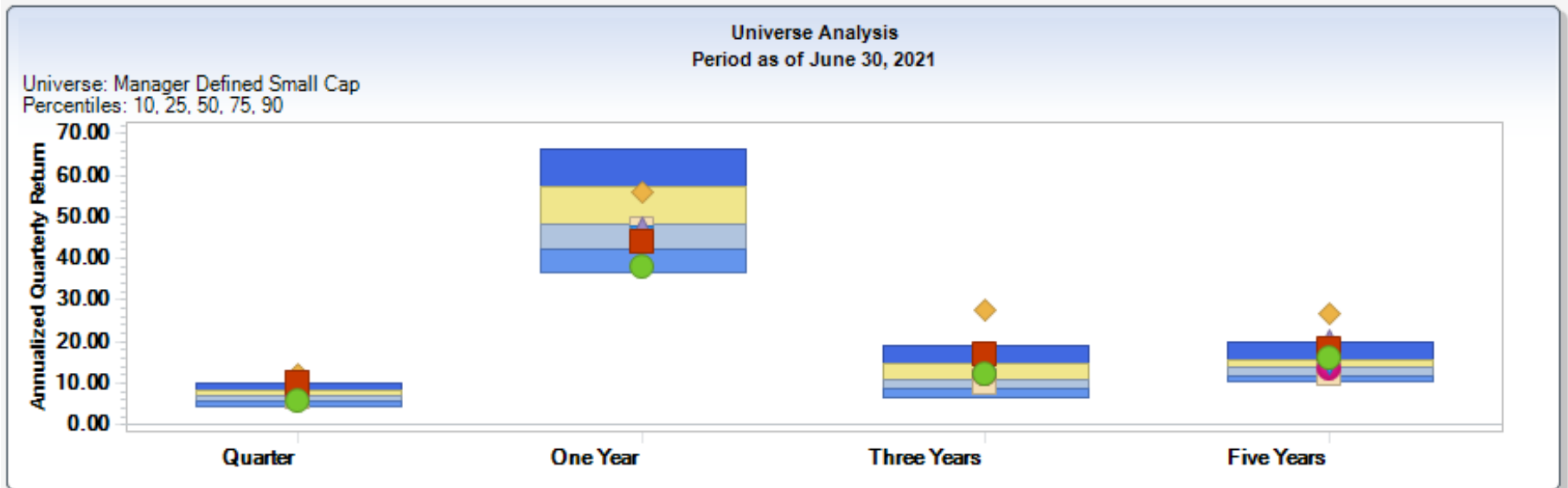
*Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index. All funds and indices are shown.

Universe Analysis

Wilshire

INTERNATIONAL SMALL CAP MANAGER SEARCH

Universe Ranking - Performance

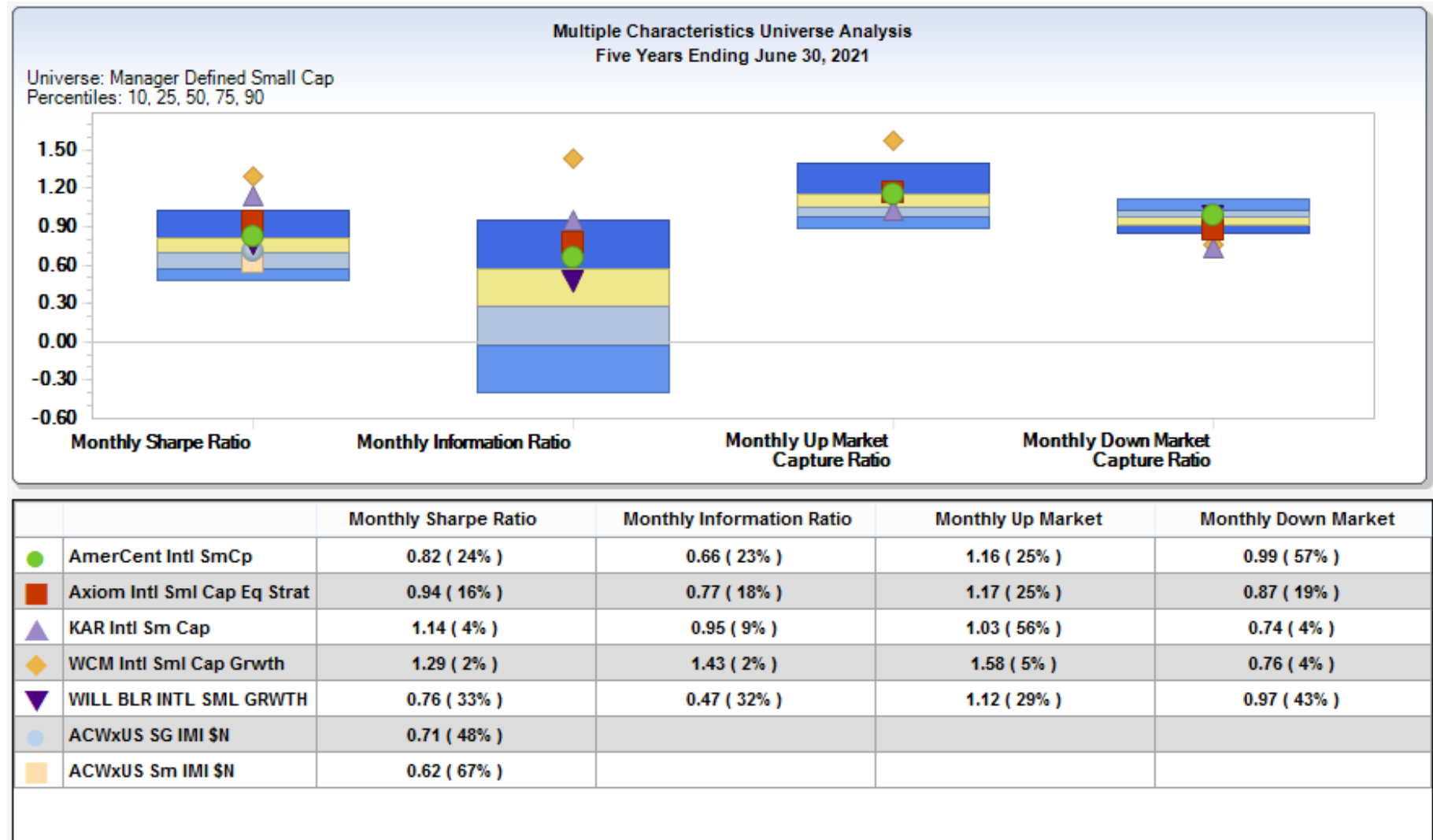


		Quarter	One Year	Three Years	Five Years
●	AmerCent Intl SmCp	5.62 (72%)	37.98 (85%)	12.18 (39%)	16.14 (22%)
■	Axiom Intl Sml Cap Eq Strat	9.92 (12%)	44.05 (65%)	16.92 (15%)	18.15 (14%)
▲	KAR Intl Sm Cap	7.22 (43%)	47.34 (54%)	15.33 (21%)	20.10 (10%)
◆	WCM Intl Sml Cap Grwth	11.92 (3%)	56.04 (28%)	27.54 (2%)	26.85 (1%)
▼	WILL BLR INTL SML GRWTH	10.14 (11%)	44.89 (63%)	15.11 (22%)	14.84 (34%)
●	ACWxUS SG IMI \$N	6.75 (52%)	44.91 (63%)	11.91 (41%)	13.29 (63%)
■	ACWxUS Sm IMI \$N	6.35 (61%)	47.04 (56%)	9.78 (63%)	11.97 (74%)
	# of Products	165	164	152	135

*Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index. All funds and indices are shown.

INTERNATIONAL SMALL CAP MANAGER SEARCH

Universe Ranking - Statistics



*Statistics calculated using manager defined benchmark. Axiom, KAR, WCM, and William Blair are benchmarked to the MSCI AC World ex US Small Index. American Century is benchmarked to the MSCI ACWI ex US Small Growth IMI Index.

Appendix

Wilshire

INTERNATIONAL SMALL CAP MANAGER SEARCH

Disclosures

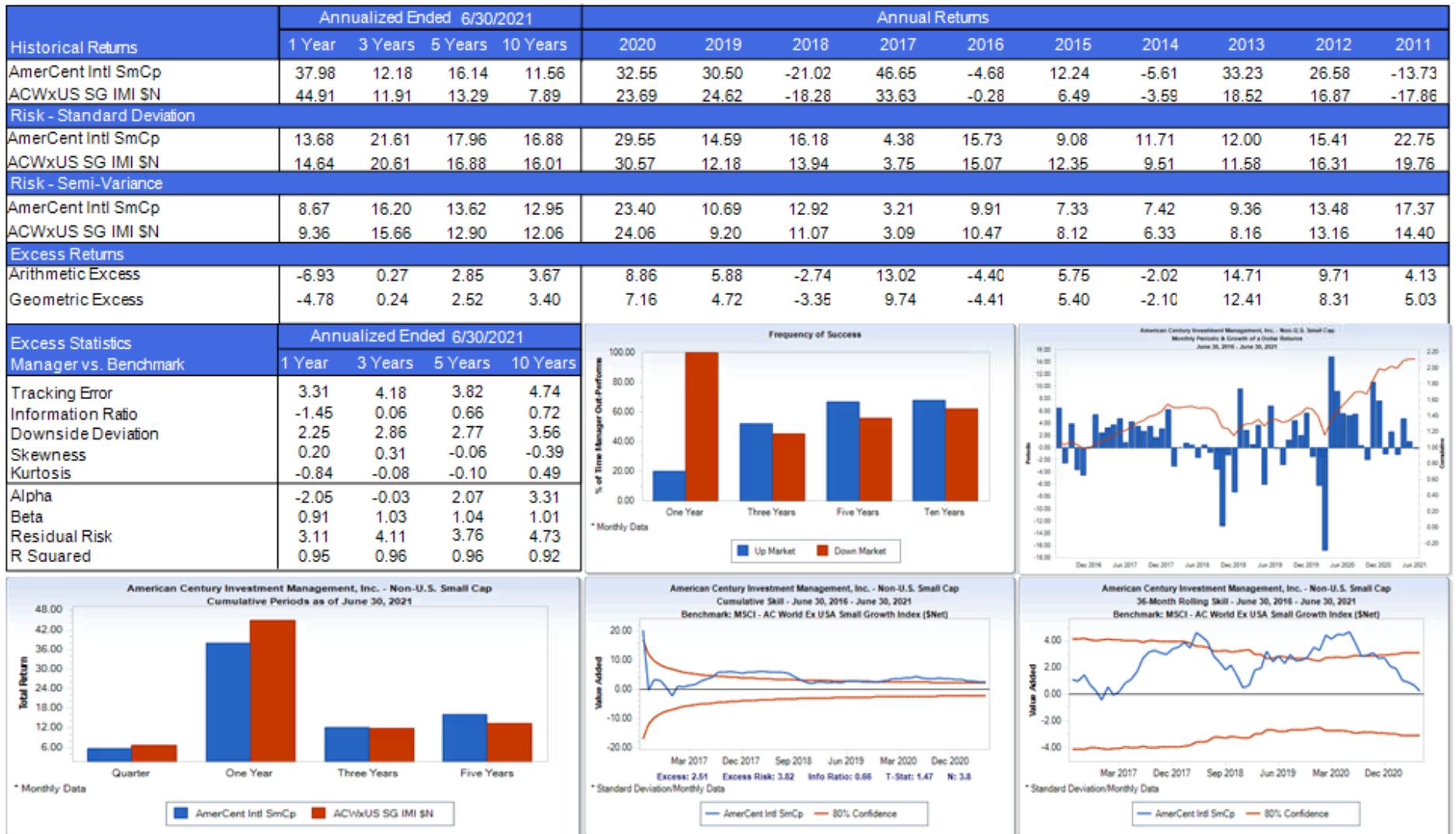
Firm	Date of Review	ADV Part I		ADV Part IIA		
		Item 11: Disclosure Information		Item 9: Disciplinary Information		Item 19 (D): Requirements for State-Registered Advisors
		Form ADV Part I Date	Disclosure (Yes/No)	Form ADV Part IIA Date	Disclosure (Yes/No)	Disclosure (Yes/No)
American Century Investment Management, Inc.	10/16/2020	10/2/2020	No	3/16/2020	No	N/A
Axiom Investors	10/16/2020	3/27/2020	No	3/27/2020	No	N/A
Kayne Anderson Rudnick Investment Mgmt, LLC	10/16/2020	6/26/2020	No	6/26/2020	Yes	N/A
WCM Investment Management	10/16/2020	5/29/2020	No	3/20/2020	No	N/A
William Blair	10/16/2020	10/5/2020	Yes	3/27/2020	Yes	N/A

Performance Review

Wilshire

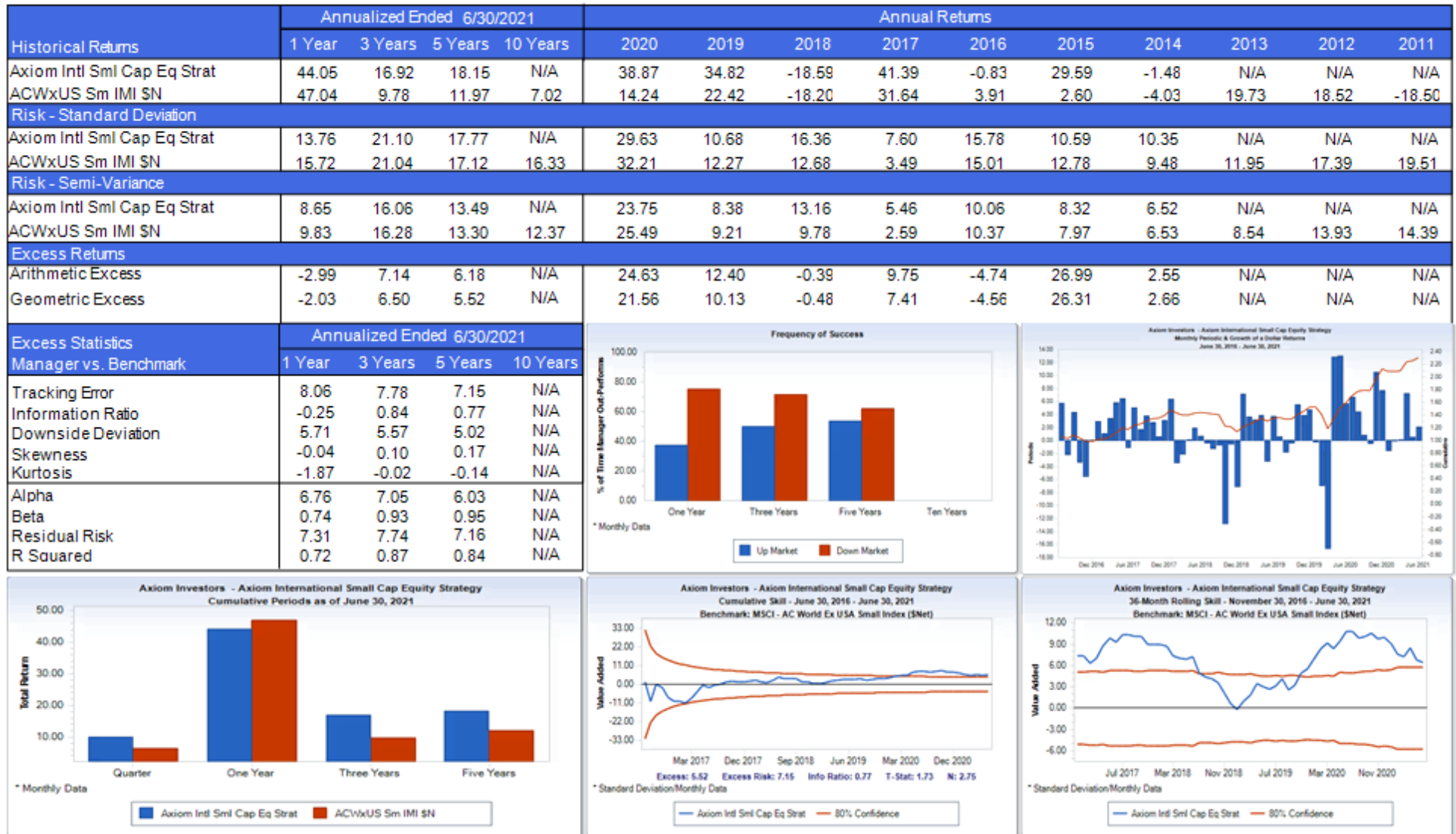
INTERNATIONAL SMALL CAP MANAGER SEARCH

Performance Review



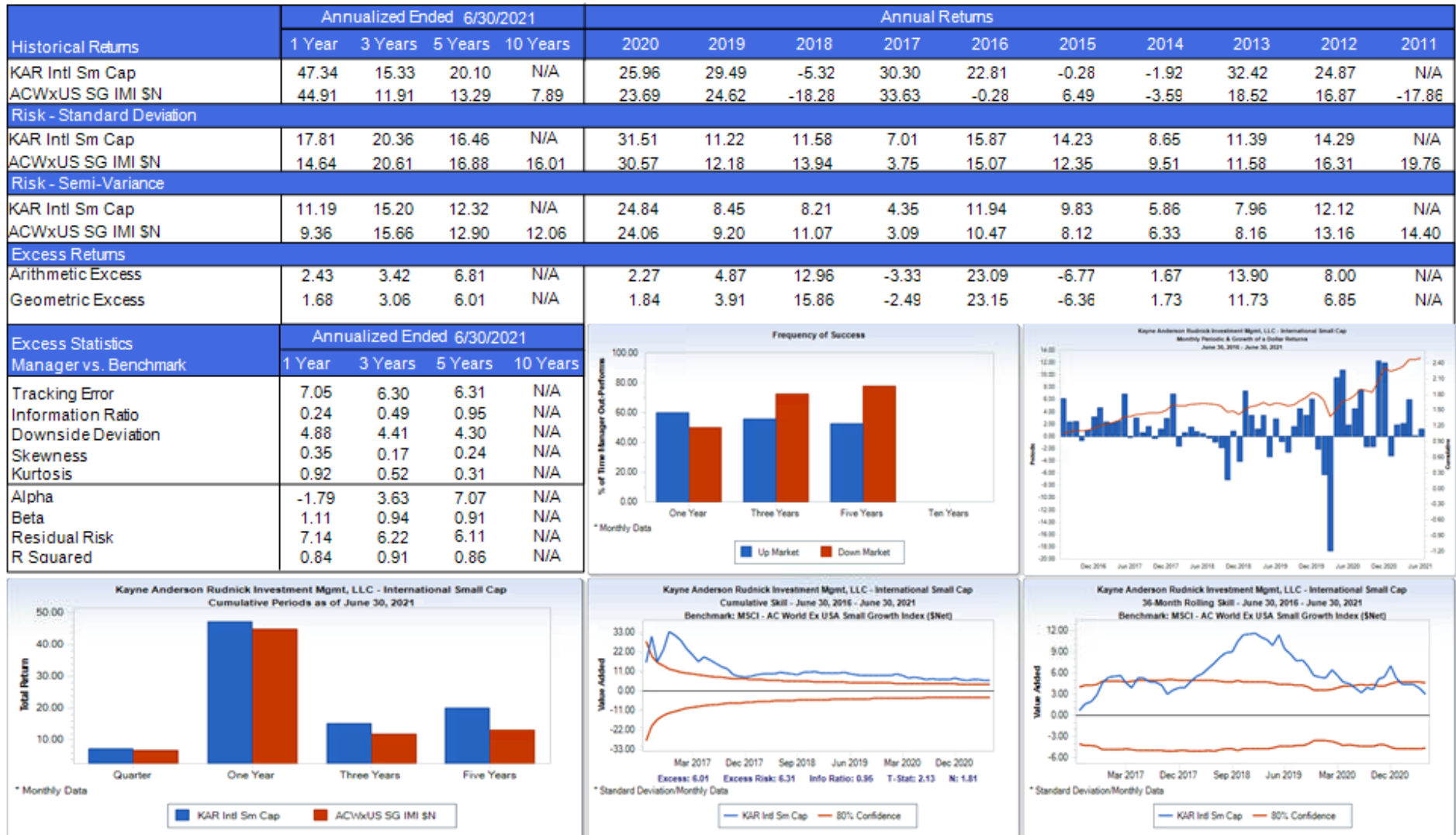
INTERNATIONAL SMALL CAP MANAGER SEARCH

Performance Review



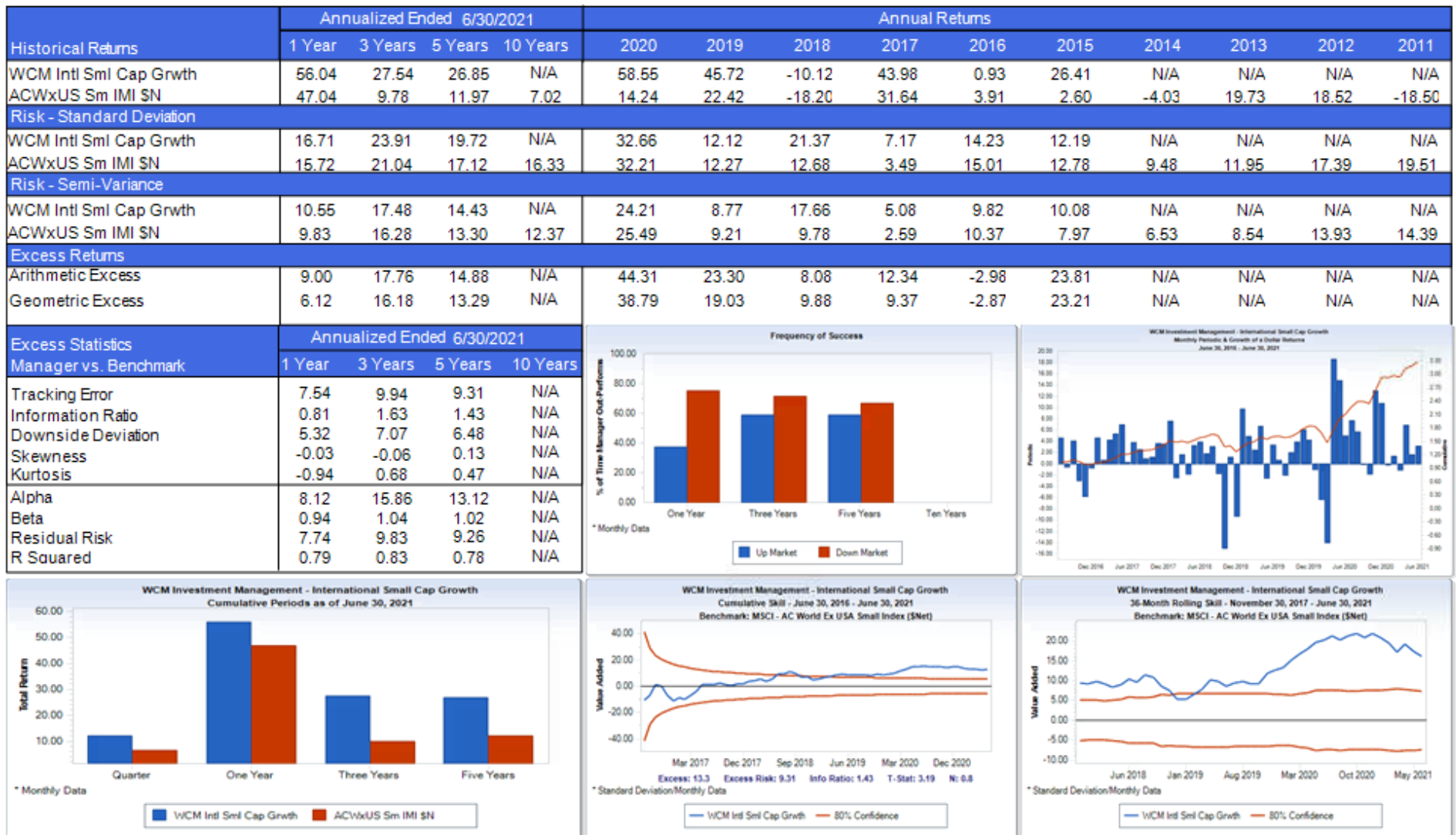
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Performance Review



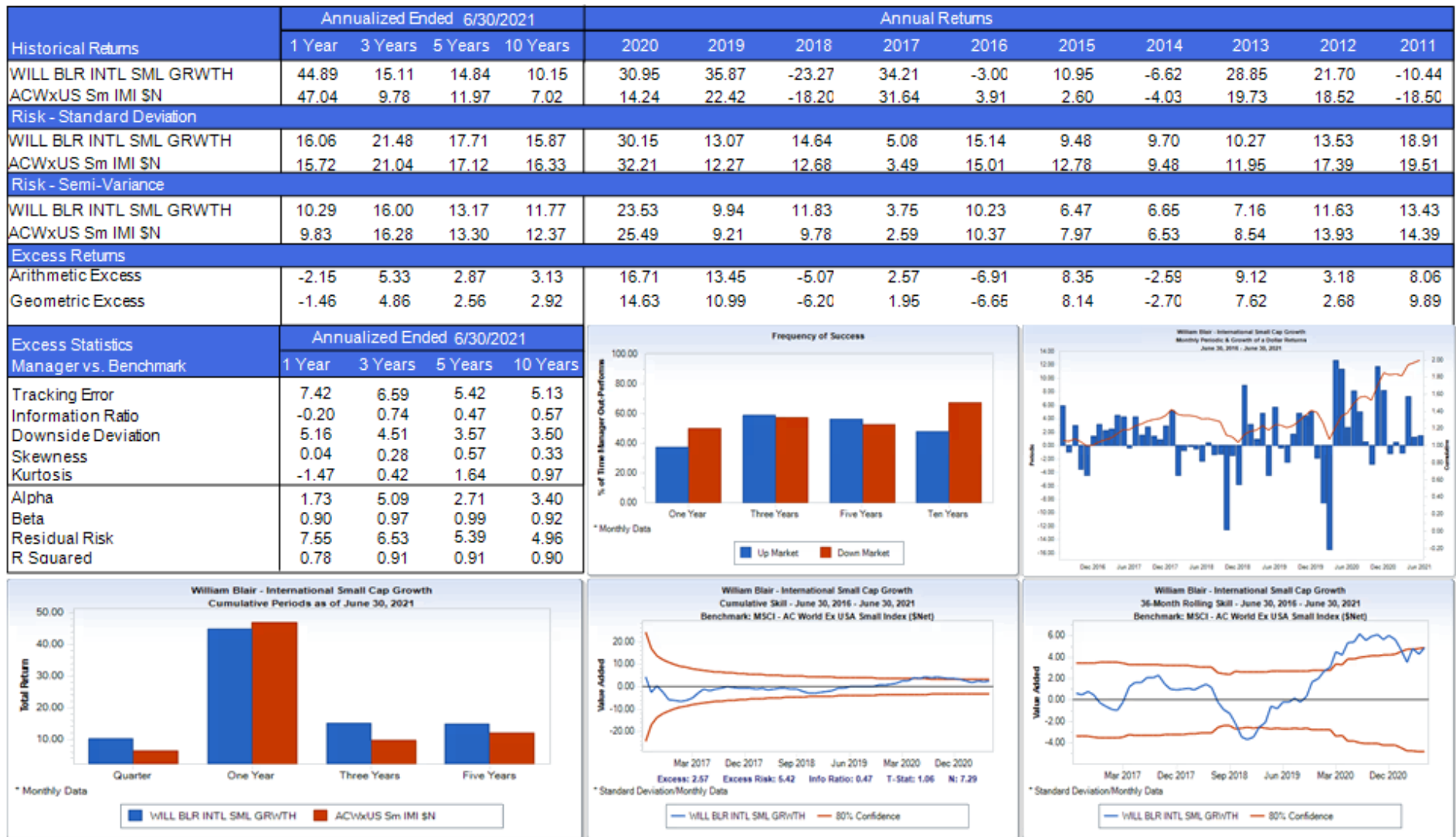
INTERNATIONAL SMALL CAP MANAGER SEARCH

Performance Review



INTERNATIONAL SMALL CAP MANAGER SEARCH

Performance Review



Manager Evaluations

Wilshire

January 27, 2021



Manager Research

American Century Investment Management, Inc.

Non-U.S. Small Cap

Summary

American Century's Non-U.S. Small Cap ex-EM strategy is based on fundamental, bottom-up investing to target quality growth companies experiencing a sustainable earnings growth. The approach focuses on identifying inflection points in a company's earnings profile rather than emphasizing its absolute level of growth for stock selection. The strategy is led by seasoned investors Trevor Gurwich, Federico Laffan, and Pratik Patel who are supported by a team of eight analysts. This process results in a diversified growth portfolio consisting of approximately 100-135 names with an intended alpha target of 3-4% amid a tracking error range of 6-8% relative to the MSCI EAFE Small Cap Index. The portfolio is expected to exhibit high turnover of between 100-150% per year as the manager is nimble in re-orienting the portfolio in favor of areas experiencing a sustainable change in earnings growth.

In early 2019, the firm rolled up the Non-US Small-Mid strategy into this strategy after a review of their product suites. The Small-Mid strategy no longer exists, but the same process and philosophy are used in managing this Non-US Small Cap strategy.

Rating Decile	Weight
3rd	100%

	Rating Decile	Weight
I. Organization	3rd	20%
<i>Firm</i>	3rd	50%
<i>Team</i>	3rd	50%

American Century Investment Management, Inc. (ACIM) was founded in 1958 in Kansas City, MO, and originally operated under the name Twentieth Century Investors. The original founder, James Stowers, Jr., unfortunately passed away in 1Q14 and his family along with the Stowers Institute of Research (focused on cancer and gene-based diseases research), maintains a 44% equity stake and 70% of the voting rights. The firm pays out more than 40% of its dividends to the Stowers Institute. The next largest owner is Nomura Holdings Inc., with 40% economic interest and 10% of the voting stock. This stake was previously owned by CIBC, a leading Canadian financial institution, which had originally purchased its stake from JPM in August 2011. However, CIBC sold its stake to Nomura in 4Q15 for \$1B after unsuccessful attempts to acquire more ownership. The transaction closed in May 2016. Employees hold the remaining percentages.

Based in the firm's New York office, the Non-U.S. Small Cap team is led by portfolio managers Trevor Gurwich, Federico Laffan, and Pratik Patel. All three individuals are experienced investors on the team and in the asset class, and are supported by eight dedicated non-U.S. small analysts who have coverage divided by region. The team is also able to leverage the insights of the roughly 20 other investors in the New York office who manage the firm's Global Growth, Non-U.S. Growth (large cap), and Emerging Markets strategies under the same process. This strategy and the others mentioned are all under the oversight of Keith Creveling, CIO of Global & Non-U.S. Equity and lead PM of Global Growth.

From 2014 until April 2018, the strategy was co-managed by lead/Senior PM Brian Brady and Mr. Patel, as PM. However, Mr. Brady who had been with the firm since 1994 was unexpectedly asked to leave the firm after it performed a review of its investment team. A previously existing Non-US SMID strategy (co-managed by Messrs. Brady and Patel) was rolled up into the Non-US Small Cap strategy and it was at this time that the strategy changed to a three PM structure, with Messrs. Gurwich and Laffan joining Mr. Patel as named PMs. The team has seen muted turnover at the analyst level in recent years, with the most recent departure occurring in March 2019 and the replacement joining at the end of the year. The turnover has hampered the team rating, but the team is well resourced and led by an experienced PM team that has added value over the long term, resulting in an above-average rating.

Manager Research

American Century Investment Management, Inc.

Non-U.S. Small Cap

	Rating Decile	Weight
II. Information	3rd	20%
<p>The team follows a fundamental, bottom-up approach to information gathering with small caps defined as the smallest 15% of companies per country. The team is looking for companies with accelerating earnings trends, revenue growth, and sufficient liquidity. With these companies, the team employs in-depth fundamental research, which incorporates financial statement analysis and meetings with management. American Century's global and non-U.S. teams, combined, conduct approximately 2,000 management visits annually. The teams will also meet with competitors, suppliers, and customers to provide comparative insights with industries. Roughly 85% of research is generated internally by the team's analysts located in New York. The remainder of the research is complemented by third-party research from bulge bracket firms and data sources such as Bloomberg. The team's information gathering effort is well resourced in the Non-U.S. Small Cap space, resulting in an above-average rating.</p>		
III. Forecasting	2nd	20%
<p>The Non-U.S. Small Cap ex-EM strategy uses a traditional growth process intended to identify companies with sustainable acceleration in revenues and earnings. As such, the process begins with a proprietary initial screen designed to identify acceleration within companies in the bottom 15% market capitalization by country. The team builds out earnings models for stocks deemed to have sustainable growth potential, with analyst recommendations based on four attributes: inflection, sustainability (12-18 month time horizon), gap (in earnings estimates vs. market expectation), and valuation. Ultimately, the team arrives at a portfolio list of between 100-135 stocks and each analyst maintains a follow list of around 50-75 companies. Additionally, there are around 50 names that are debated continuously for inclusion, though this number fluctuates as the opportunity set changes.</p> <p>The team's forecasting approach exhibits consistency and repeatability, especially in a market segment that is relatively inefficient and allows for value to be added from security selection. The portfolio typically exhibits a larger-cap bias relative to the MSCI EAFE Small Cap Index and a universe analysis shows top performance over longer time periods. Forecasting receives an above average rating.</p>		
IV. Portfolio Construction	3rd	20%
<p>The portfolio is constructed from the bottom-up to hold approximately 100-135 securities. Weightings of individual securities in the portfolio are as a result of conviction, with maximum positions constrained to an active weight of +3% over the benchmark. Additionally, regional (excluding EM) and sector exposures are constrained to +/-10% over the benchmark weight. Tracking error is expected to range between 6-8% and out-of-benchmark names typically make up roughly 20% of the portfolio. The team employs FactSet and the BARRA GEM-2 model for risk analysis and attribution. Sell decisions are made by the portfolio managers and primarily driven by a change in investment thesis with risk considerations playing a secondary role.</p> <p>Overall, the portfolio construction process is fairly subjective, with the final decision up to the portfolio managers. By way of the process, the portfolio exhibits a growth orientation and has traditionally exhibited a lower weighted average market cap than peers. Portfolio construction receives an above-average rating.</p>		

Manager Research

American Century Investment Management, Inc.

Non-U.S. Small Cap

Rating Decile	Weight
3rd	10%

V. Implementation

American Century's international trading desk and four international traders are based in the firm's New York office. The trading team is led by Chris Spurlock and, relative to peers, is very experienced with each trader possessing over 20 years of experience. This team is not dedicated to the Non-U.S. Small Cap strategy, but instead is responsible for trading each of the strategies managed out of the New York office.

The firm has an integrated trading platform, giving it the ability to measure best execution and trading efficiency on both a trade-by-trade basis and from a holistic standpoint. The firm uses a proprietary order management system which connects it to most brokers and alternative trading platforms via a variety of financial information exchange connections. Through its alternative trading systems and ECNs, the firm has access to numerous trading options allowing them to execute the best trades available. Trading costs are monitored and analyzed using proprietary systems and compared to analysis done by Virtu, a third-party TCA consultant. Compliance, both pre- and post-trade, is monitored and ensured by the Fidessa Sentinel system, and soft-dollar arrangements are used by the firm. Annual dollar turnover is expected to average between 100-150%, and capacity for the strategy is estimated to be \$2.5 billion by the team. The firm has adequate trading systems in place to manage a product that navigates in a less liquid market segment, resulting in an above-average rating for implementation.

Rating Decile	Weight
3rd	10%

VI. Attribution

The benchmark used for the Non-U.S. Small Cap strategy is the MSCI EAFE Small Cap Index. Relative to this benchmark, the team aims to provide 3-4% in excess returns annually over a full market cycle. The firm uses FactSet as its primary performance attribution tool, and in review of the attribution the team focuses on the contributions to performance from security, industry, and sector decisions. The team also employs the use of the BARRA GEM-2 model for risk analysis and attribution, and spends a considerable portion of time reviewing its risk budget. Attribution efforts by the team receive an above-average rating.

	Rating									
Decile	1	2	3	4	5	6	7	8	9	10
Corresponding Grade	A		B		C		D		F	

Manager Research

American Century Investment Management, Inc.

Non-U.S. Small Cap

Firm Information**American Century Investment Management, Inc.**

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Manager Research

Axiom Investors

Axiom International Small Cap Equity Strategy

Summary

Rating Decile	Weight
1st	100%

Axiom's International Small Cap Equity strategy offers an attractive growth-oriented approach to investing in ex-U.S. small cap markets. The strategy is managed by lead portfolio manager Matt Franco and co-portfolio manager Yogesh Borkar, who are supported on the strategy by the firm's 15-person equity analyst and research associate pool. Mr. Franco has been with the firm since inception in 1998 and Mr. Borkar most recently served as an associate portfolio manager on similar products at Pyramis (Fidelity) before joining Axiom in 2013. Both PMs are owners of the firm and average nearly 25 years of investment experience in the asset class.

The investment process, used on all strategies at the firm, focuses on identifying key business drivers for each company. Since these drivers can vary from stock to stock, the team collects volumes of pointed data and spends much of its time on this phase of the process. The eventual application of the data is not systematic in nature, but rather is based on bottom-up fundamentals with the goal of identifying what specifically will drive each business over the next 12-18 months. The resulting portfolio will hold between 60 and 100 stocks that are conviction-weighted based on a rating matrix used in the process. The goal of the portfolio is to add 300 bps over the MSCI ACWI ex-U.S. Small Cap Index over a full market cycle. Tracking error is not targeted in the process, and specific portfolio construction guidelines relative to the benchmark are fairly loose relative to peers. As a result, tracking error has ranged between 6-7% per year but the strategy has also shown notable downside protection in past. The team's focus on data monitoring and analysis enables quick movements in and out of securities that leads to an expected turnover of roughly 100% per year.

Despite the short track record of the strategy since inception in 2014, Wilshire has high conviction in the firm and investment process employed through our due diligence on this and other Axiom strategies. To this point, Wilshire has high conviction opinions of several other strategies managed by the firm. The International Small Cap Equity strategy is a logical extension of the process to capitalize on the vast opportunity set in ex-U.S. small cap markets. Assets in the strategy as of June 2017 are roughly \$270 million, making capacity constraints a non-issue for clients today.

	Rating Decile	Weight
I. Organization	1st	20%
<i>Firm</i>	<i>1st</i>	<i>50%</i>
<i>Team</i>	<i>1st</i>	<i>50%</i>

Established in Greenwich, CT in 1998, Axiom International Investors is an independent investment advisor specializing primarily in global, international, and emerging markets equity strategies. The firm also offers several long-short investment strategies as well as a long-only US Small Cap Equity strategy. Firm ownership is held in its entirety by current employees, with the largest shareholder being founder and CIO Andrew Jacobson. The remaining ownership stake is distributed across approximately 20 of the firm's employees, with intentions to continue broadening employee equity participation. Employee compensation is a function of base salary, semi-annual bonus, profit-sharing plan, and equity ownership. All Axiom strategies are uniformly managed by the same process with \$14.6 billion in firm-wide assets as of June 2020.

The International Small Cap strategy is led by lead portfolio manager Matt Franco and co-portfolio manager Yogesh Borkar. Both PMs are owners of the firm and average nearly 25 years of experience. Mr. Franco was one of the founding members of the firm in 1998 and launched this strategy in 2014. He has also led the firm's International Micro Cap Fund (long/short) and Global Micro Cap Fund (long/short) since inceptions in 2004 and 2008, respectively, as well as co-managed the U.S. Equity Small Cap strategy since inception in 2007. Conversely, Mr. Borkar joined the firm in 2013 after most recently serving as associate PM for eight years at Pyramis (Fidelity) and devotes 100% of his time to this strategy. The two portfolio managers have ultimate decision-making authority and act as senior generalist researchers who are expected to generate roughly 50% of the new investment ideas for the strategy.

The PMs are supported by the firm's experienced team of seven global sector analysts and six junior, generalist research associates. The analysts are tasked with contributing new ideas within their sectors for all strategies firm-wide. While some analyst turnover has occurred in the past, the majority of the turnover took place in 2012-2013 when the firm purposely restructured the team to create the career-oriented global sector analyst roles in place today. Going forward, the stability of these seven global sector analysts is very important due to their contributions across all strategies. However, any potential turnover at the research associate level is less meaningful as these individuals typically do not possess prior investment experience and do not have specific sector coverage. Positively, the firm continues to attract talented investors to build the team, as recently seen with the hire of experienced health care analyst Carl Brown from Royce & Associates in 2016 to be a global sector analyst on the team.

Overall, the investment team for the International Small Cap strategy is viewed very highly. The PMs have spent the majority of their careers focused on the asset class, and they are supported by a team of veteran sector analysts. It's worth noting that the PMs represent some key-person risk, but their ownership stakes in the firm, among other reasons, should act as powerful retention tools. The organization receives a high rating.

	Rating Decile	Weight
II. Information	1st	20%

Axiom employs a growth-oriented, fundamental, bottom-up approach across its investment strategies. The application of the process is reliant on the collection and parsing of data that contributes to what Axiom calls "key business drivers." Key business drivers are defined as the company-specific, industry, macro, and political factors expected to have a substantial impact on future financial performance. External data represents a portion of the information processed by the analysts, with sell-side research playing an important role. Sell-side research can be used to generate ideas and is used to establish benchmarks against which the analysts can measure their own expectations in determining whether stocks are attractive.

Idea generation is sourced, in roughly equal parts, from meetings with company management, sell-side research, and internal data collection. New ideas developed internally often come through Axware, the firm's proprietary SQL database. Axware tracks, stores, and displays data points relevant to portfolio and universe securities, and much of this Axware data is manually added by team members. For example, a team member may add information, such as strong new product sales, that was alerted to them through brokerage research, meetings with company management, suppliers, vendors, or industry experts. Analysts, portfolio managers, and traders add 50-100 data points per week that they must also rank by relevance upon submission. As data points are added, the ranking of the relevant stock must be verified to ensure a full and proper reflection of the available information. In doing so, the database can be used to observe trends in data and its effects on the related stocks.

The goal of the information gathering effort is to use the vast amount of data available to identify companies showing positive growth that is not yet reflected in expectations or valuations. Through the use of the Axware system, the incorporation of this systematically gathered data with the fundamental insights from the analysts is viewed very positively relative to peers. For this reason, the strategy receives a high rating for information gathering.

	Rating									
Decile	1	2	3	4	5	6	7	8	9	10
Corresponding Grade	A		B		C		D		F	

Manager Research

Axiom Investors

Axiom International Small Cap Equity Strategy

	Rating Decile	Weight
III. Forecasting	1st	20%

The process begins with an investable universe of non-U.S. equities with market caps typically between \$100 million and \$3 billion with coverage by at least one brokerage. The strategy uses the MSCI AWC ex-U.S. Small Cap Index for performance purposes, but roughly 50% of the investment universe lies outside of this index. The goal of the process is to identify the dozen or so key business drivers critical to each company for analysis; however, these drivers are not standardized and may be company-specific. The present condition of the drivers is then compared to consensus expectations in order to determine growth prospects.

The process targets stocks that have key drivers tracking ahead of expectations and attractive valuations relative to historical levels and peers. Quality is a significant component as well; the portfolio managers prefer companies with histories of strong corporate governance and a high level of managerial control. Inputs into the key driver analysis are comprehensive of a company's operating environment, including not only company-specific and industry factors, but also exchange rate, inflation, and other impactful information.

The key business drivers are analyzed in order to assign an alphanumeric rating to securities. The first part, a letter on a scale of A through E, assesses a firm's industry presence from Established (A) to Emerging (E). Factors involved in this component of the ratings include profitability, country rating, balance sheet, market cap, and competitive position. The second part, a number from -3 to +3, assesses the dynamism of a firm's aggregate business drivers from most dynamic (+3) to most disappointing (-3). Dynamism captures a company's ability to outperform expectations and is determined through factors such as leading indicators, earnings revisions, valuation, and earnings growth. The ideal portfolio holding is rated A3, though these are incredibly rare. More often than not, the portfolio invests in C2 and D2 rated stocks. In recommending stocks, analysts will create a summary model demonstrating a firm's key business drivers relative to consensus expectations and a ranking worksheet that compares the stock to alternative portfolio holdings. Stocks are evaluated on a 12-18 month time horizon.

While the visible track record only dates back to 2014, the robust process is expected to be driven by stock selection over time. Forecasting rates highly relative to peers.

	Rating Decile	Weight
IV. Portfolio Construction	3rd	20%

The International Small Cap portfolio is comprised of 60-100 conviction-weighted securities. Using the ranking grid described in the process so as to reflect conviction, positions are sized based on the alphanumeric rating assigned to each company. This results in positions that are generally less than 3%, with a maximum limit at 5%. New positions are typically initiated at less than 1% and are built methodically by adding 10-15 bps every two to three days. Sector and industry allocations are constrained to 40%, while individual countries and emerging markets (in aggregate) are constrained to 30%. The exceptions to this are Japan and the U.K., which are allowed up to 45% of the portfolio. All holdings must be covered by at least one sell-side analyst and have an average daily trading value of roughly \$2 million, both of which help to keep the historical non-benchmark exposure low at roughly 20%. Currency exposure is explicitly considered in the research process and, as such, is not hedged at the portfolio level.

As a result of the team's emphasis on constant data collection and monitoring, risk is keenly monitored in the portfolio by way of changing company fundamentals and through the use of Bloomberg Alpha. However, Bloomberg Alpha is not a driver in the portfolio construction process, but instead is used for monitoring of VaR, tracking error, performing stress testing, and the like. The strategy does not specify a tracking error target and the portfolio seeks to add 300 bps over the MSCI ACWI ex-U.S. Small Cap Index over a full market cycle.

Overall, the portfolio is constructed in a benchmark-agnostic approach to reflect the best ideas of the team from the bottom-up. This process affords the team wider portfolio construction guidelines compared to most peers. In addition, while risk is closely managed from a stock fundamentals perspective, specific tools and risk management processes are slightly lacking compared to similar peers. Portfolio construction efforts by the team still rate above-average, but our rating is mitigated for these reasons.

Manager Research

Axiom Investors

Axiom International Small Cap Equity Strategy

	Rating Decile	Weight
V. Implementation	1st	10%

Trading is performed by a 24-hour desk of four experienced traders at the firm. This trading team is led by head trader Melinda Luc, and individual trading responsibilities on the desk are arranged by region. Relative to peers, this team is very experienced and tenured, averaging 20 years of trading experience and 13 years of tenure at the firm. In February 2017, the firm reduced the trading staff from five to four individuals when it let go of trader Sal LoCascio. Mr. LoCascio shared responsibility for trading Asia and Japan with trader Michael DeCarlo. This reduction was due to new technology added by the firm that increased automation on the desk, making the dual-coverage of Messrs. LoCascio and DeCarlo unnecessary. As a result, the firm decided to retain Mr. DeCarlo who possesses over 25 years of experience, compared to the 10 years of experience of Mr. LoCascio.

Traders manage order flow and work trades through the Eze Castle Traders Console. Traders Console enables a fully automated trading process complete with internal pre- and post-trade compliance capabilities. Trades are typically executed with traditional brokers, in dark pools, or in crossing networks such as Liquidnet. While Axiom does not contract with any third parties to monitor trade efficiency, Ms. Luc is charged with doing so internally by examining daily trade blotters and comparing execution prices versus VWAP. Soft dollar transactions are used and typically represent a small percentage of all commissions. Relative to peers, turnover in the strategy is higher at roughly 100% per year. However, this is not a concern for Wilshire as it is a result of the team's process of continually adding/trimming names to reflect conviction. Capacity for the strategy is estimated to be around \$2 billion, which at assets of roughly \$490 million as of September 2018, is not a concern for clients today.

The implementation efforts at the firm are deep and experienced relative to international small cap peers. Wilshire views this favorably as trading, by way of the higher turnover investment approach, is integral to the process used across the firm. While some international small cap peers possess dedicated traders for their strategy, Axiom's focus on improving the trading efforts as a whole and the experience of the team makes up for this fact. Furthermore, three of the four traders are owners of the firm, which should provide stability to this team going forward. Implementation receives a high rating.

	Rating Decile	Weight
VI. Attribution	1st	10%

Attribution analysis is performed using Bloomberg and FactSet. Typically run on a monthly and quarterly basis, the analysis is primarily used to identify any key market changes the team may have missed that could lead to changes on the margin. Beyond traditional attribution analysis, formal investment meetings are held twice daily: once for the product and once for the firm-wide team. In addition, the team has a formal weekly portfolio review where they reassess portfolio positioning and analyze potential holdings. Lastly, the team examines its stock ratings by reviewing up-down revisions on a quarterly basis to assess the accuracy and quality of its analytical work.

Attribution is also used for individual performance evaluation on a bi-annual basis. While the majority of an individual's bonus is tied to firm-wide performance, roughly 25% of the sector analysts' bonuses are tied to the performance of their ideas for alignment with clients.

Attribution efforts at the firm receive a high rating. Individuals on the team are monitored regularly and rewarded for their contributions, and the attribution itself is discussed by the team to identify any shortcomings of the process or decisions made in order to avoid similar mistakes in the future.

	Rating									
Decile	1	2	3	4	5	6	7	8	9	10
Corresponding Grade	A		B		C		D		F	

Manager Research

Axiom Investors

Axiom International Small Cap Equity Strategy

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Manager Research

Kayne Anderson Rudnick Investment Mgmt, LLC

International Small Cap

Summary

The KAR International Small Cap strategy was inception beginning in 2012 and takes a concentrated, benchmark-agnostic approach to investing in the space with a focus on high quality stocks with strong business models. The final portfolio typically holds between 40 - 50 stocks and tracking error has fallen between 5 - 7% historically. A team of four individuals is tasked with managing the strategy and takes a generalist approach to coverage. Prior to any valuation work, the team assesses the quality of the business from both a financial and competitive perspective, favoring companies in predictable industries that are experiencing tailwinds. The team takes a mosaic approach to valuation and uses relative and absolute metrics. Consensus is generally reached when adding a name to the portfolio, but Craig Thrasher holds decision making authority in the rare instances where the team does not reach consensus. The strategy tends to hold companies for at least three years and turnover is consistently below the peer average, with 10 - 15 new ideas being added to the portfolio on an annual basis. Overall, the strategy is viewed favorably within the international small cap space.

Rating Decile	Weight
3rd	100%

I. Organization

	Rating Decile	Weight
<i>Firm</i>	4th	20%
<i>Team</i>	4th	50%

Kayne Anderson Rudnick Investment Management (KAR) was founded in 1984 by Richard Kayne and John Anderson. The traditional investment-management business began in 1989 when Allan Rudnick joined the firm. In 2000, the name of the firm officially changed from Kayne Anderson Investment Management to KAR. Today the firm includes both investment management and wealth management businesses. The firm offers a variety of investment strategies primarily focused on small & mid-cap solutions across styles and geographies. KAR has also experienced notable asset growth with total firm AUM increasing from \$9B at the end of 2014 to ~\$56B as of 1Q21. Firm assets are broadly diversified across institutional (approximately 42%), retail/model portfolio (approximately 40%), and high net worth (approximately 18%) clients.

KAR is a wholly owned subsidiary of Virtus Investment Partners (NASDAQ: VRTS). In 2002, the firm sold a majority ownership to VRTS (aka Phoenix Investment Partners, Ltd) with the balance being sold to VRTS in 2005. VRTS completed its spin-off from The Phoenix Companies Inc. at the end of 2008, and it is currently an independent, publicly traded asset management firm. It should be noted that KAR operates under a revenue-sharing agreement with the parent company and largely functions as an autonomous investment boutique with control over its own operating expenses, opening/closing strategies, and personnel decisions.

Investment professionals are compensated with competitive base salaries and bonus potential. The overall bonus pool for the firm is determined by the profitability of KAR with bonuses for portfolio managers directly tied to 1-, 3-, and 5-year performance of managed strategies relative to both the benchmark and peer group. Additionally, 15% of the bonus for portfolio managers is paid in VRTS stock which vests over a 3-year period. However, starting in 2018, portfolio managers will have the opportunity to take VRTS stock or invest this portion of the bonus in their own investment strategies. While there have been some concerns in the past regarding KAR's autonomy and retail-oriented client base, the firm has made positive strides over the past 5 years to grow the firm's institutional business and continues to demonstrate autonomous decision-making abilities. Overall the firm is noted for its personnel stability, performance-driven investment culture, and disciplined asset growth.

A team of four individuals is responsible for the International Small Cap (ISC) strategy. The portfolio is co-managed by Craig Thrasher and Hyung Kim, who each have over 15 years of experience and have been with the firm for twelve and three years, respectively. Mr. Thrasher began running the portfolio in 2012 and was an analyst at the time. Craig Stone, a PM on KAR's US portfolios, co-ran the portfolio with Mr. Thrasher until 2017, though Mr. Thrasher was essentially the lead PM during this time. In 2017, Mr. Stone stepped down from his ISC portfolio duties to focus his attention on the firm's US portfolios. Mr. Kim was added as a Co-PM to the strategy beginning in 2019. The two PMs manage other strategies at the firm and, when called for, Mr. Thrasher remains the lead in decision-making for the ISC portfolio. It is worth noting that Mr. Kim takes the lead for the firm's EM Small Cap strategy and the Co-PM structure holds with the EM Small Cap strategy as well. The PMs are supported by two analysts in Ekaterina Advena and David Forward, who have been with the firm for five and two years, respectively. Portfolio managers and analysts have research responsibilities and the team takes a generalist approach to dividing coverage. The team experienced one departure in 2016 and this individual was replaced by Mr. Kim in 2017. The team is relatively small but focuses on a narrow subset of the ISC universe, which limits concerns around the smaller team size. The team rates slightly above average for these reasons.

Manager Research

Kayne Anderson Rudnick Investment Mgmt, LLC

International Small Cap

	Rating Decile	Weight
II. Information	3rd	20%
<p>The team applies a fundamental, bottom-up approach to investing that is grounded in independent research on specific companies. The research philosophy is founded on the principle that high-quality companies will outperform lower quality companies over a complete market cycle. On average, each PM covers approximately 10 - 15 companies analysts cover about 20 - 25 names. Idea generation is typically generated by the analysts who will then work closely with the PMs for further vetting; however, PMs can also push ideas to the analysts for further assessment. The majority of the research is performed internally by the investment team. To gather independent information, the team will meet with company management, attend major company sponsored analyst meetings, attend quarterly research calls, and conduct on-site meetings with competitors. However, management meetings are not required prior to investing. The team also will use external research sources such as Wall Street research, company annual reports, and SEC filings to add additional insight into the company evaluation. In addition, KAR leverages Bloomberg, FactSet, and Reuters for information sources. Overall, the firm boasts a strong research culture and a systematic approach to investing. Given the concentrated, low turnover investment approach, the investment team can achieve considerable depth when researching investment candidates. Information gathering rates highly.</p>		
III. Forecasting	1st	20%
<p>The team uses FactSet and Bloomberg in screening for quality companies in the universe, but most of the investment ideas are sourced from company meetings, conferences, and the other aspects of the team's bottom-up due diligence. The process begins with an assessment of the business model sustainability and overall quality of the company, which is driven by the management team, company culture, balance sheet strength, and tailwinds within the stock's industry. The process prefers to invest in industries that exhibit consistency, where industry leaders tend to remain the leaders. The valuation component of the process incorporates a variety of metrics on both an absolute and industry-relative basis, with a preference for superior capital allocation and free cash flow generation. The result of this is a set of target prices and a formal research report. The team updates research on holdings on a quarterly basis and will formally review a position upon a negative event. Sells may be triggered by a significant premium to intrinsic value, a decline of 20% or more, or the emergence of a better investment idea.</p> <p>The strategy's performance ranks well among ISC peers. The focus on quality companies has protected from drawdowns on both a calendar-year and trailing period basis. The core approach has historically exhibited lower P/E and debt levels than the benchmark with a higher ROE and weighted average market cap. Performance is designed to outperform in most environments and may struggle in more macro-driven markets or when international inflation is high and foreign currencies are depreciating. Forecasting rates highly relative peers.</p>		
IV. Portfolio Construction	3rd	20%
<p>The strategy is benchmarked against the MSCI ACWI ex-US Small Cap Index and the final portfolio may hold between 30 - 60 stocks. Tracking error has historically fallen between 5 - 7% and the strategy has outperformed the benchmark meaningfully since inception. Positions may be initiated between 1 - 5% and may appreciate up to 10%, at which point they are trimmed. Sizing is ultimately driven by a stock's upside potential and the overall quality assessment with the final decision resting with the PMs, though Mr. Thrasher holds veto power in the rare instances that consensus is not reached. The portfolio is benchmark-agnostic, but the team seeks to be diversified across geographies and sectors, and the final construction will be always be driven by bottom-up analysis. The strategy is typically a longer-term holder of companies and averages a holding period between 3 - 5 years, though some names have been held as long as nine years. The EM exposure has ranged between 15 - 30% and the holdings are limited to a market cap of \$10 billion.</p> <p>The team uses MSCI Barra risk models for risk management on monitoring the portfolio's exposures overall; however, risk is primarily managed throughout the strategy's fundamental process that focuses on high quality companies with durable business models. The PMs are responsible for liquidity monitoring and regularly work with the trading to determine the appropriate method and timeframe for executing a trade.</p> <p>Sector weights may deviate significantly from the benchmark due to the index-agnostic approach, and the strategy has historically favored sectors like IT, industrials, and communication services. The utility, materials, and real estate sectors have been persistent underweights. As a conviction-weighted portfolio, the portfolio tends to have a 30 - 40% concentration in the top ten names with a tail of holdings with smaller weights. Historically, the standard deviation of the portfolio has been in-line with benchmark while providing Sharpe ratios and information ratios above peer averages. Portfolio construction receives an above average rating.</p>		

Manager Research

Kayne Anderson Rudnick Investment Mgmt, LLC

International Small Cap

Rating Decile	Weight
4th	10%

V. Implementation

KAR employs four generalist equity traders that are responsible for implementing all trades for each of the firm's equity portfolios. The team utilizes Fiserv APL STP via FIX for individual and wrap accounts as well as proprietary wrap trading platforms for some sponsors and Longview trading system for mutual funds and institutional investors. Trades are initiated by the portfolio manager and communicated to the traders through the Access database. KAR utilizes both human and electronic channels to maximize reach while attempting to minimize impact on the market. For transaction cost analysis, the firm has established an internal "Best Execution Committee" that evaluates and documents the firm's best execution practices and monitors broker quality and performance. Global Trading Analytics is also utilized to provide an external TCA report. Annual turnover for the strategy is below average typically falling between 25 - 5 %. The firm utilizes soft dollars with approximately one-third of trading volume being conducted via soft dollar relationships. The strategy remains open as assets have reached \$2.2 billion and capacity is estimated to be \$2 - billion. Capacity management should be closely monitored given the overlap in holdings across the firm's global small cap and non-US SMID cap strategies.

Rating Decile	Weight
4th	10%

VI. Attribution

KAR employs FactSet analytics software to monitor the relative performance and risk of each portfolio in relation to the benchmark. Attribution is available on a daily, weekly, monthly, and quarterly basis by sector as well as by various characteristics. During weekly research meetings, the team formally discusses and evaluates prior decisions that were unsuccessful and determines ways to avoid similar occurrences in the future.

	Rating									
Decile	1	2	3	4	5	6	7	8	9	10
Corresponding Grade	A		B		C		D		F	

Manager Research

Kayne Anderson Rudnick Investment Mgmt, LLC

International Small Cap

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October 20, 2020



Manager Research

WCM Investment Management

International Small Cap Growth

Summary

WCM's International Small Cap Growth strategy uses a process consistent across the firm that ultimately builds a portfolio of companies with strong economic moats, positive work cultures, and sector tailwinds. The process starts by reducing the vast non-US small cap universe down to roughly 4500 names through a market cap and financial strength screen, eliminating companies perceived as unpredictably valued. The subsequent screen introduces rising margins and ROIC, low debt levels, and consistent, sustainable growth. With this universe of roughly 300 names, analysts are given the freedom to pick what they perceive as strong candidates and produce a DCF model, which is the primary valuation method, and a write-up that is shared with the broader team. With the team's feedback, analysts can complete the research on a given stock, where it may then be placed on either the Focus List or the Short List. The final portfolio is constructed by the Investment Strategy Group of five PMs with weighting driven by a stock's relative value and moat trajectory. In the case of tie between two attractive investment options, the company's culture is often the tiebreaker. Between 50 - 70 names are held at any given time and positions are typically initiated at 2%. Capacity for the strategy is estimated to be \$2 billion and AUM as of June 2020 was around \$600MM.

Rating Decile	Weight
1st	100%

I. Organization

*Firm**Team*

Rating Decile	Weight
1st	20%
1st	50%
1st	50%

WCM Investment Management is an equity long-only investment management firm located in Laguna Beach, CA that was founded in 1976. In 1998, the firm's leadership completed an employee-led buyout, purchasing 100% of the firm's equity from its founder. More recently, the firm decided to sell a 24.9% equity stake to French-based Natixis Investment Management in July 2018 which stands to provide the firm with distribution in overseas markets. The transaction and strategic partnership is not intended to disrupt the autonomy of the firm, rather it should provide the manager with access to a broader client opportunity set. The Natixis equity stake will hold at 24.9% with no remaining capacity for the passive owner to take on a longer stake. WCM will thus remain majority employee owned by its two key principals: Paul Black and Kurt Winrich. Other key owners of the firm continue to include James Owens, Sloan Payne, David Brewer, Michael Trigg, Peter Hunkel and Sanjay Ayer. Collectively, these employees represent the majority of the firm's ownership with the remainder held by other employees. The firm's compensation package includes a base salary, bonuses tied to overall company success and individual performance. Overall, we view this organization in high regards due to its attractive ownership structure, personnel compensation package, the experience level of its senior investment personnel, and the firm's stability since the employee-led buyout.

The Investment Strategy Group (ISG) consists of five senior investment professionals (Pete Hunkel, Mike Trigg, Sanjay Ayer, Greg Ise, Mike Tian) and is ultimately responsible for managing the firm's strategies. The International Small Cap strategy was inceptioned in 2014 by Sanjay Ayer and Greg Ise, who are the lead PMs for this portfolio and require unanimity when making and buy and sell decisions. Ten additional Business Analysts (averaging over ten years of experience), a Business Culture Analyst, and a Special Projects Analyst support the PMs/Analysts in conducting in-depth fundamental research. Greg Ise and Mike Tian were added to the ISG in 1Q18. The investment team, which also supports WCM's Focused Growth International, Quality Global Growth, and Emerging Market strategies, operates in a collegial small team setting and has been very stable over time. The team rates highly given its stability, breadth, and experience.

Manager Research

WCM Investment Management

International Small Cap Growth

	Rating Decile	Weight
II. Information	1st	20%
<p>Analysts are given freedom to pursue ideas that they find interesting. Screens are used to help narrow the universe, including such things as a market capitalization between \$400MM - \$7B, high return on invested capital, and predictable growth. The universe is screened down in increments to 4500, then 300, and the team actively follows roughly 150 of these. While there is a screening process in place, the freedom afforded to the analyst team results in ideas emerging from personal experiences, expert/proprietary networks, customers/suppliers/competitors, and thematic research.</p> <p>Since the firm's philosophy is rooted in identifying tailwinds (thematic strength), strong corporate cultures, and expanding economic moats (competitive advantages), a lot of the team's research bandwidth is spent on understanding these dynamics and can include more general or macro research, such as demographic/cultural/behavioral trends or industry shift analysis. They then strive to understand how a company benefits from such trends and can furthermore insulate itself through things such as economies of scale, intellectual property advantages, and cost competitiveness. The team emphasizes internally generated research and the approach is fundamentally driven.</p> <p>Wilshire believes the research process to be superlative in nature, as it extends beyond performing extensive research on company fundamentals. Rather, the team rigorously endeavors for early identification of shifts in industry/cultural/behavioral dynamics that may not be fully understood by the market. The strategy's universe is relatively focused which enables the team to successfully pry into these areas of research and analysis. Overall, WCM's focus on the cultural and governance structures of companies is particularly unique, resulting in a strong information gathering score.</p>		
III. Forecasting	1st	20%
<p>The primary valuation method for the strategy is a DCF model, though in practice the team uses several absolute and relative valuation methods to build a holistic understanding of a stock's market value. The process emphasizes economic moats, culture, and tailwinds as important qualities for a company to have in order to make it into the portfolio. Analysts are given the freedom to find new ideas and once an analyst has developed an investment thesis on a name, the write-up is sent to the members of the broader team who are given one week to respond with questions and areas where additional research is necessary. When an idea is fully vetted, it is placed on either the Short List or Focus List. The reasons for a name being added to the shortlist are due to valuation or a lack of space in the portfolio. The reasons for a name being added to the Focus List are more geared toward the underlying investment thesis, whether it's the firm's culture, it's pricing dynamics, or some other qualitative aspect. In the event of a "tie" between two equally attractive names, the company culture is often the tiebreaker, especially if the tailwinds and economic moat are strong.</p> <p>The strategy's performance in the International Small Cap Growth universe is top quartile across 1-, 3-, and 5-year trailing periods. The strategy should benefit from quality and growth-driven markets and may struggle during cyclical rallies. WCM as a firm is materially focused on a given company's culture and it can be argued that culture plays a more prominent role in the small cap space relative to the large cap space. Given WCM's firm-wide focus on culture, the portfolio's performance, and the repeatable process employed, forecasting rates very highly relative to Non-US Small Cap peers.</p>		
IV. Portfolio Construction	2nd	20%
<p>The portfolio is benchmarked to the MSCI ACWI ex-US Small Cap Index and targets a long-term CAGR of 3% or more above the benchmark and 2/3 of downside capture. The portfolio holds between 50 - 70 names and the top 10 holdings generally comprise 20% of the portfolio. The following requirements/constraints are imposed: at least 15 global industries must be represented, max industry weight of 25%, max sector weight of 35%, max position weight around 5%, max emerging markets weight of 50%. It should be noted that historical EM exposure has ranged between 15 - 30%. Positions are typically initiated at 2%, but sizing is ultimately determined by a two-factor model, which includes moat trajectory and relative valuation. Ultimately, the largest weighted names should have the best combination of the two, with the goal of diversifying the portfolio's factor exposures. Risk is primarily identified as permanent capital loss, or downside capture. As such, the team seeks to mitigate this risk through portfolio construction and buying high quality stocks. The team monitors standard industry risk measures and uses FactSet and Axioma for analytics. Occasionally, the team uses Bloomberg's analytics platform, which is mostly used for scenario analysis. The team uses a systematic and differentiated approach to building the final portfolio, and the downside capture since inception is around 60%. Portfolio construction receives a high rating for these reasons.</p>		

Manager Research

WCM Investment Management

International Small Cap Growth

	Rating Decile	Weight
V. Implementation	3rd	10%

WCM employs one head trader, Ryan Bracci (19 years of experience), who is supported by Ming Tran (over 25 years of experience) and AK Lengsfeld (over 8 years of experience). Trading is not segmented by strategy, so this structure is consistent across WCM's platform. The firm uses INDATA's portfolio management system, which has accounting, trading, and transaction cost analysis capabilities. Trades are executed based on instruction from the ISG and trader use NYFIX, Omgeo, all major ECNs, as well as crossing networks. The firm has a Best Execution Committee to monitor the quality and execution of trades. Assets as of September 2020 were around \$850MM and capacity is estimated to be \$2 billion. WCM maintains soft dollar arrangements, though the overwhelming majority of research is produced internally. Trading is not perceived to be a major competitive advantage of WCM, and relative to their other strategies, the ISCG portfolio is slightly higher in both the number of holdings and turnover. Implementation receives an above-average rating relative to peers.

	Rating Decile	Weight
VI. Attribution	1st	10%

The team employs FactSet for attribution purposes and reviews the reports generated by the system at its weekly ISG meetings. The attribution analysis is mainly used to gauge the success and failures of their historical theses associated with a particular securities purchase/sale. The FactSet reports, but more importantly the discussion involving these reports, helps continually test the strength of the decision-making process. We find the team's attribution efforts to be notably strong, as they endeavor repeatedly to maintain a sound decision-making process, especially in light of the portfolio's concentrated nature.

	Rating									
Decile	1	2	3	4	5	6	7	8	9	10
Corresponding Grade	A		B		C		D		F	

Manager Research

WCM Investment Management

International Small Cap Growth

Firm Information

WCM Investment Management

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Manager Research

William Blair

International Small Cap Growth

Wilshire Manager Research Team

December 20, 2019

Summary

William Blair's International Small Cap Growth strategy can be summarized as a quality GARP approach to the international small cap equity space. It is managed by Simon Fennell and Andy Flynn who are supported by a team of 17 equity analysts. The investment team starts with a list of stocks that analysts prioritize based off their knowledge of the company and stocks that rank well in terms of valuation. From this list, the investment team develops the research agenda of 50-75 stocks on which the analysts will focus their research. If the analysts determine the stock should be considered for the portfolio, they will present their research to the investment team during a weekly meeting where the stock is fully vetted, and more due diligence may be required. The team is looking to invest in what they consider to be quality growth companies and look at valuation as a risk factor, seeking to avoid paying too large a premium for a consistent growth profile. The portfolio generally holds between 110-150 stocks and tracking error tends to be between 4-6%. AUM as of 9/30/2019 was \$2.6 billion and the strategy has been closed to new investors since 2011.

Rating Decile	Weight
2nd	100%

I. Organization

	Rating Decile	Weight
<i>Firm</i>	1st	20%
<i>Team</i>	1st	50%

William Blair & Company, LLC was founded in 1935 as a Chicago-based full service financial firm offering asset management, investment banking, and equity research amongst other functions. Asset management accounts for the majority of revenues, and the firm offers a competitive compensation plan with 100% of its equity being broadly distributed amongst over 180 active principals with a profit sharing program available to all employees. The firm is registered with the SEC as both an investment manager and broker dealer, and its broker dealer activities are regulated by FINRA. Assets under management have grown steadily over the years, primarily on the success of the firm's offerings in the international and emerging markets equity space. William Blair does offer alternatives and fixed income products, but equity products dominate the firm's overall product mix.

All professionals at William Blair have the opportunity to become a partner and there are partner-level career paths for portfolio managers and research analysts. The investment professionals who are partners of the firm have compensation consisting of a base salary, a share of the firm's profits, and a discretionary bonus. Each partner's ownership stake and bonus (if any) can vary over time, and is determined by the individual's sustained contribution to the firm's revenue, profitability, and long-term investment performance. We maintain a high opinion of the firm and its partnership culture.

In early 2016, the firm received a Wells Notice from the SEC after opening a non-public investigation with respect to the administrative fees paid by a subset of the William Blair Mutual Funds. In early 2017, the firm paid a \$4.5 million settlement to the SEC for minor payment errors (that were reimbursed to the Funds with interest) and administrative fees disclosure issues associated with the non-public investigation.

Simon Fennell and Andy Flynn are the PMs for the International Small Cap Growth (ISCG) portfolio. Mr. Fennell joined William Blair in 2011 as an analyst covering the tech, media, and telecommunications sectors. He was previously a managing director for Goldman Sachs, overseeing institutional equity research for European and international stocks. In addition to the ISCG strategy, Mr. Fennell is a Co-PM on the International Growth and International Leaders strategies. Mr. Flynn joined the firm in 2005 and covered multiple sectors globally and was previously an analyst at Northern Trust covering mid- and small-cap growth companies. Mr. Flynn is also a co-PM on the Global Leaders and Global Leaders SRI strategies. Messrs. Fennell and Flynn are partners of the firm and are both invested in the ISCG strategy. They are supported by 17 global equity analysts and four quantitative analysts. Research analysts average 13 years at William Blair and turnover at the analyst level is relatively muted. The PM and analysts teams are experienced and exhibit an affinity to the firm, evidenced by the team's tenure and low turnover. The team rates highly for these reasons.

Manager Research

William Blair

International Small Cap Growth

	Rating Decile	Weight
II. Information	1st	20%
<p>The strategy's philosophy is based on the belief that markets inefficiently distinguish between average quality companies and high quality companies, with quality growth companies being able to achieve a higher growth rate for a longer period of time than the market expects. The investable universe consists of roughly 9000 stocks and these are filtered using various metrics such as ROE, growth of earnings and revenue, consistency of growth, and financial strength. The stocks that pass this initial screen are incorporated into the "eligibility list", which also includes stocks that analysts and PMs believe warrant inclusion based on their respective company contacts and meetings. Research is prioritized by (1) how well a stock scores quantitatively in terms of fundamentals versus valuation, (2) how attractive an analyst finds a company, and (3) how attractive a PM finds a company, which produces a list of 50 75 names on average. These names are put on the weekly "to do list" where the appropriate analyst carries out their due diligence and if the analysts gives it a "buy", they conclude research with in a formal presentation to the team.</p> <p>During a weekly meeting, the team reviews the research agenda and analysts provide updates on their due diligence and priorities. During these meetings, PMs may submit names for analysts to include in their research. The firm maintains a dashboard called "Summit" that communicates trading activity, analyst views, and external data, allowing for seamless dissemination of information. Analysts seek to meet with a company prior to purchasing and spend 30 40% of their time traveling for company meetings. Third party economic research is used to inform sector and country analysis, but analysts and PMs rely on internal research for decision making. Information gathering rates highly.</p>		
III. Forecasting	2nd	20%
<p>The team starts with the eligibility list and selects stocks exhibiting strong fundamentals and attractive valuation to construct the research agenda (or to do list). The research agenda is refreshed on a weekly basis and typically includes 50 75 names in a given week. Analysts and PMs are free to add names to the agenda based on their intimate knowledge of company if it is not on the research agenda. With this to do list, analysts carry out further research as they see fit and this research ultimately decides whether or not a stock is purchased. A name can screen well quantitatively, but an analyst must be comfortable with the company's management and strategy to keep it on the research agenda. Moreover, the analyst must be comfortable with the company's ability to produce and sustain above-average growth over the long term. To conclude the research process, analysts produce a short research summary on the potential addition, which is formally vetted by the broader team. While the team is primarily interested in buying quality growth companies, this growth is evaluated against the current valuation and the team uses this approach to exclude companies from the research agenda.</p> <p>The strategy can be expected to outperform in normal market environments where fundamentals drive valuations and growth-led markets provide notable tailwinds. Performance may struggle in value-led markets or when market leadership is concentrated in a few names. Performance is largely in line with what should be expected and the strategy has outperformed in most trailing periods and calendar years, resulting in a high rating.</p>		
IV. Portfolio Construction	3rd	20%
<p>The portfolio is benchmarked against the MSCI ACWI ex-US Small Cap Index and tracking error is historically between 4 6%. The team has established weight ranges across sectors and regions and limits mid cap companies to 5% weights and small caps to 2.5%; however, these weights will be a residual of bottom-up stock selection. While the research process is heavily driven by the analyst team, Messrs. Fennell and Flynn determine individual weightings at the end of the day given the extensive team discussion. The team considers valuation when exiting a position, but the sell discipline is ultimately driven by the team's conviction in the stock's place in the portfolio, its investment thesis, and the opportunity set.</p> <p>Risk is managed within the investment process by investing in high quality companies. The team also uses quant models to evaluate company fundamentals and high valuations and uses factors from these models as an input to a custom risk model. The custom risk model combines internal inputs with factors and covariances from third-party vendors. Country and company risks are mitigated through the aforementioned bands and currency risk is incorporated in the fundamentals during the research process. The PM team is primarily responsible for risk management, but there is also a Risk Oversight Committee that assists the PMs in this effort. A systematic research team helps develop and maintain the team's qualitative models, which help the PMs better understand the portfolio's risk profile. The portfolio construction process is controlled and risk-aware, but there is room for size drift as the portfolio exhibits a larger weight to mid-caps, resulting in an above average rating.</p>		

Manager Research

William Blair

International Small Cap Growth

Rating Decile	Weight
2nd	10%

V. Implementation

William Blair has a 24-hour trading platform, with trading desks in Chicago and London. The Trading and Implementation team, led by Terry O'Bryan, has grown over the past several years. There are currently three traders assigned to Europe and three traders assigned to Asia. In addition, the team has two individuals assigned to data analytics and two to portfolio administration. William Blair utilizes the Longview Order Management System and the process involves identifying natural liquidity where available to mitigate any market impact from transactions. The traders make use of "third market" and electronic trading systems such as Instinet and LiquidNet where applicable. The firm's trading data is reviewed by the Best Execution Committee to ensure that every effort is being made to obtain best execution. The firm uses ITG, Able Noser, and Bloomberg as third-party TCA providers. In addition, the Linedata Compliance system is used for monitoring client and regulatory restrictions. Annual turnover typically falls around 75% and soft dollars represent only a small portion of the firm's total commissions. It is important to note that the trading team plays a notable role in the daily investment team meetings and continues to make notable enhancements in terms of trading efficiencies and use of data analytics. Implementation receives a high rating.

Rating Decile	Weight
1st	10%

VI. Attribution

After utilizing third-party systems, such as FactSet and Barra, William Blair now employs its own proprietary attribution system that is integrated into the firm's Summit platform. Performance and risk attribution can now be run in real-time and analyzed across multiple vectors. In addition to analyzing risk and performance attribution, the firm has also hired a third-party vendor, Inalytics, to analyze historical trading behavior and decision making for its investment strategies. There is a clear feedback loop from this analysis to positive enhancements to the investment process over time. We appreciate the improvements the firm has made in this category over the past few years.

	Rating									
Decile	1	2	3	4	5	6	7	8	9	10
Corresponding Grade	A		B		C		D		F	

Manager Research

William Blair

International Small Cap Growth

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INTERNATIONAL SMALL CAP MANAGER SEARCH

Important Information

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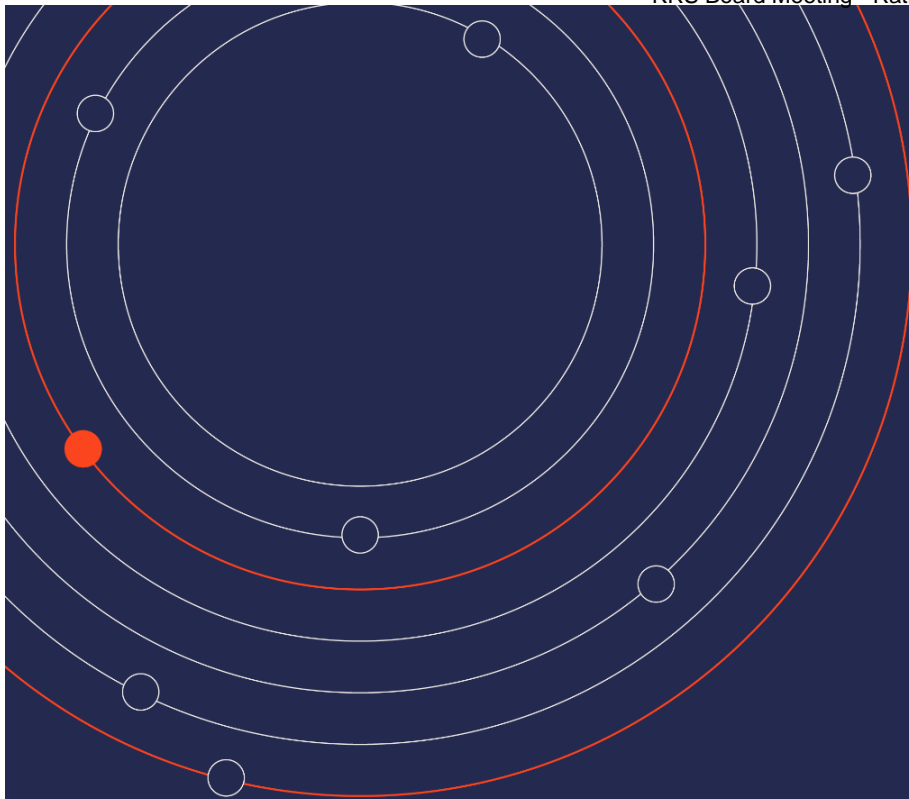
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Wilshire

Wilshire

MEMORANDUM

To: CERS Investment Committee, KRS Investment Committee
From: Wilshire
Subject: Axiom Investors International Small Cap Equity
Date: August 5, 2021

Summary:

The purpose of this memorandum is to support the recommendation made by staff to invest in the Axiom Investors ("Axiom") International Small Cap Equity Strategy ("The Strategy" or "Strategy"). Wilshire's review confirms that an investment in the Strategy is consistent with the guidelines and purpose of the Non-U.S. segment of the Growth basket of the portfolio, as outlined by the KRS Statement of Investment Policy. The Strategy is highly rated by Wilshire, receiving a 1st decile score as of the most recent review June 10, 2021. An allocation to the Strategy is also consistent with philosophy of utilizing active management in less efficient markets.

Axiom Investors International Small Cap Equity:

Axiom is a well-established investment advisor specializing primarily in global, international, and emerging markets equity strategies.

Organization

Established in Greenwich, CT in 1998, Axiom is an independent investment advisor owned entirely by current employees, with the largest shareholder being founder and CIO Andrew Jacobson. All Axiom strategies are uniformly managed by the same process with over \$19 billion in firm-wide assets as of June 2021.

Team

The Strategy is led by lead portfolio manager Matt Franco and co-portfolio manager Yogesh Borkar. Both PMs are owners of the firm and average nearly 25 years of experience. Mr. Franco was one of the founding members of the firm in 1998 and launched this strategy in 2014. Mr. Borkar joined the firm in 2013 after most recently serving as associate PM for eight years at Pyramis (Fidelity). The two portfolio managers have ultimate decision-making authority and act as senior generalist researchers who are expected to generate roughly 50% of the new investment ideas for the strategy.

Investment Philosophy & Process

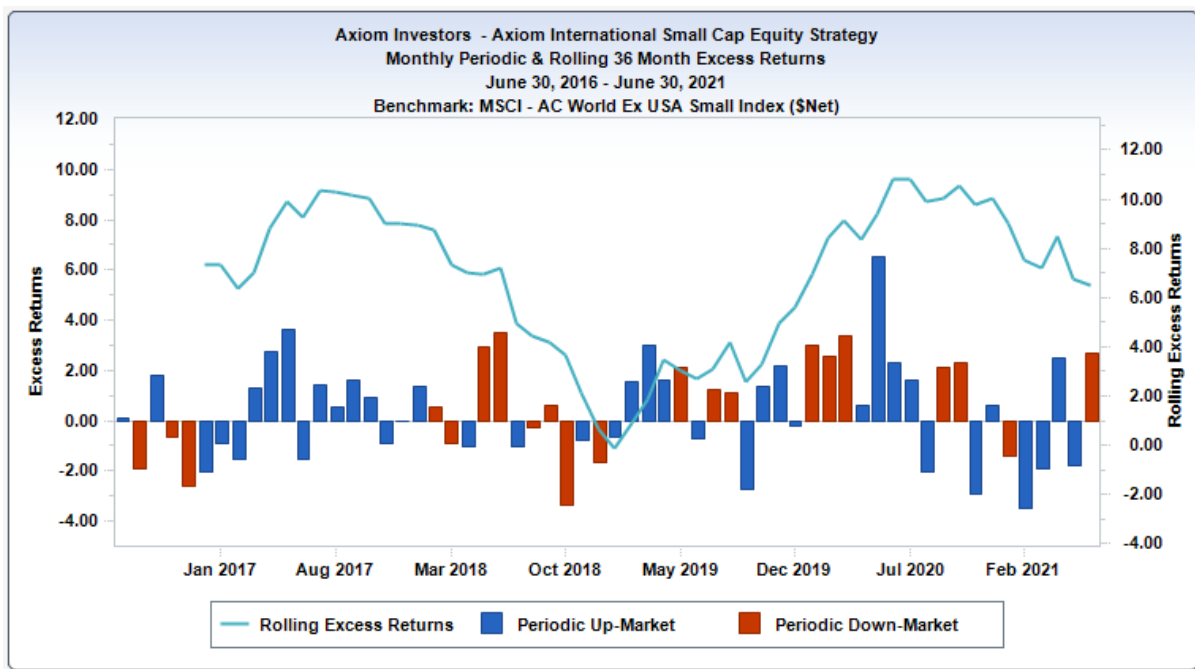
Axiom employs a growth-oriented, fundamental, bottom-up approach across its investment strategies. The application of the process is reliant on the collection and parsing of data that contributes to what Axiom calls "key business drivers." Key business drivers are defined as the company-specific, industry, macro, and political factors expected to have a substantial impact on future financial performance. The goal of the information gathering effort is to use the vast amount of data available to identify companies with growth potential that is not yet reflected in expectations or valuations. The Axware system enables systematically gathered data to be incorporated with the fundamental insights from the analysts.

Wilshire

The key business drivers are analyzed in order to assign an alphanumeric rating to securities. The first part, a letter on a scale of A through E, assesses a firm's industry presence from Established (A) to Emerging (E). Factors involved in this component of the ratings include profitability, country rating, balance sheet, market cap, and competitive position. The second part, a number from -3 to +3, assesses the dynamism of a firm's aggregate business drivers from most dynamic (+3) to most disappointing (-3). Dynamism captures a company's ability to outperform expectations and is determined through factors such as leading indicators, earnings revisions, valuation, and earnings growth. The ideal portfolio holding is rated A3, though these are incredibly rare. More often than not, the portfolio invests in C2 and D2 rated stocks. In recommending stocks, analysts will create a summary model demonstrating a firm's key business drivers relative to consensus expectations and a ranking worksheet that compares the stock to alternative portfolio holdings. Stocks are evaluated on a 12-18 month time horizon.

Performance

The Strategy has provided strong performance in a variety of market conditions, exhibiting an ability to add value in up and down markets, which has resulted in consistent excess returns on a rolling three-year basis. The Strategy has exhibited a consistent level of tracking error and strong information ratio, averaging 6.83% and 0.99 respectively, again on a rolling three-year basis.



Wilshire

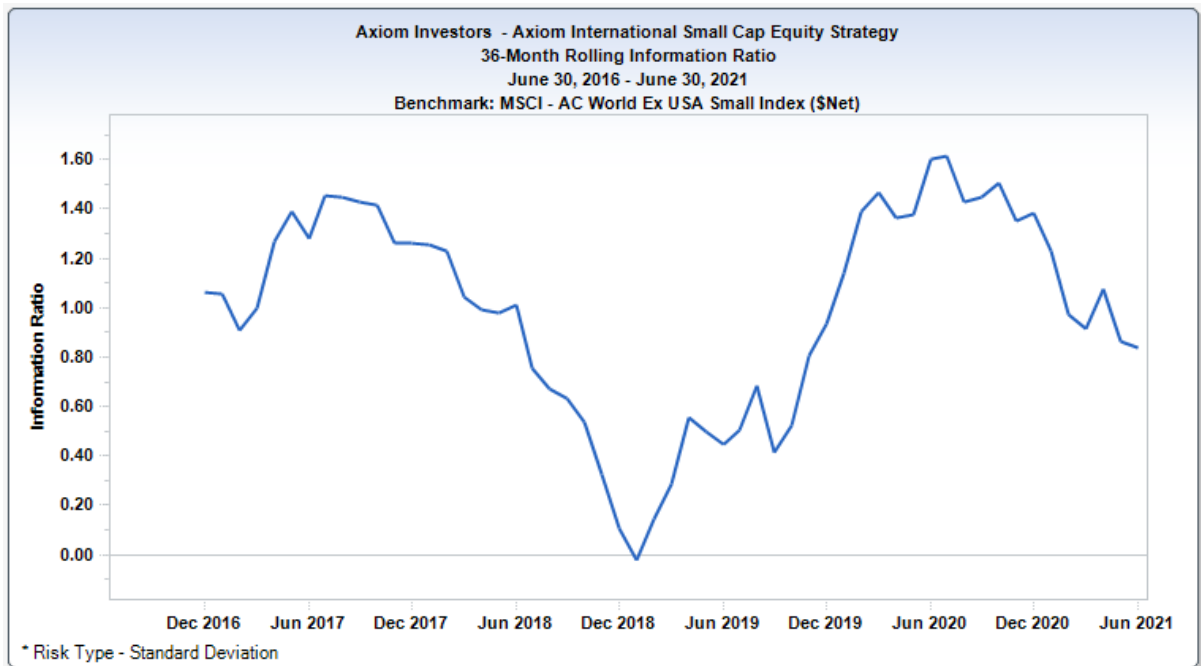
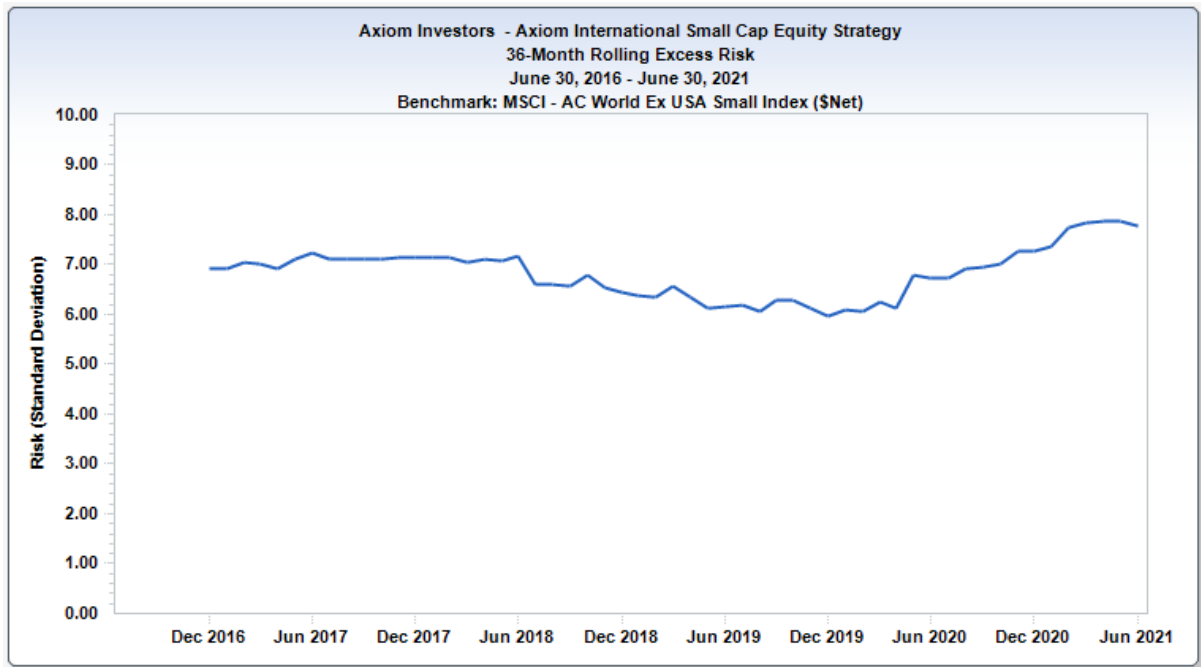


EXHIBIT B – Conflict of Interest Statement

**KENTUCKY RETIREMENT SYSTEMS
CONFLICT OF INTEREST STATEMENT**

In consideration of the investment by Kentucky Retirement Systems and Kentucky Retirement Systems Insurance Trust Fund (collectively, "KRS") in a vehicle or account ("Account") managed by [Axiom Investors] (the "Manager"), the Manager acknowledges the need to maintain the public's confidence and trust in the integrity of KRS and the Commonwealth of Kentucky. In light of the forgoing, the Manager agrees to:

- Diligently identify, disclose, avoid and manage conflicts of interest that may arise through its relationship with KRS.
- Conduct activities with KRS so as not to advance or protect its own interests or the private interests of others with whom it has a relationship in a way that is detrimental to the interests of KRS.
- Conduct its activities in a manner to best promote the interests of KRS, but subject to the Manager's duty which requires it not to put the interests of one investor ahead of those of another investor.
- Upon discovery of an actual or potential conflict of interest involving KRS, disclose such conflict of interest to KRS and work with KRS in good faith to resolve or mitigate such conflict.
- Not engage directly or indirectly in any financial or other transactions with a trustee or employee of KRS that would violate the standards of the Executive Branch Ethics provisions as set forth in KRS Chapter 11A.

Agreed this the 29th day of June, 2021

MANAGER

For itself and on behalf of the Account

By: 

EDWARD AZIMI

Name: Edward Azimi

Title: Chief Operations Officer

(Rev. Feb 2018)



Kentucky Retirement Systems

Statement of Disclosure and Placement Agents – Manager Questionnaire

1. Did your firm use a placement agent as defined in the KRS “Statement of Disclosure and Placement Agents” policy in an effort to solicit an Investment from KRS Please indicate fund vehicle title if relevant? If yes, please continue to question 2; if no, please proceed to question 10.

No – Axiom did not use a placement agent in an effort to solicit an Investment from KRS.

2. Please disclose the name of the placement agency used, the names of the individuals contracted by the placement agency (either as employees or as sub-agents) in order to solicit an investment from KRS, and the fees paid or payable to the placement agent in connection with a prospective KRS investment.
3. Please represent that any fees paid to placement agents are the sole obligation of the investment manager and not that of KRS or the limited partnership.
4. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government), KRS Board of Trustees members, employees, or consultants of KRS, or any other person, if any, who suggested the retention of the placement agent.
5. Please provide evidence of the regulatory agencies, if any, in any Federal, state or foreign jurisdiction the placement agent or any of its affiliates are registered with, such as the Securities and Exchange Commission (“SEC”), FINRA, or any similar regulatory agency.
6. Please provide a resume for each officer, partner or principal of the Placement Agent detailing the person’s education, professional designations, regulatory licenses and investment and work experience.
7. Please describe the services to be performed by the Placement Agent.
8. Please disclose whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any and all Kentucky state and local (county) governments.

9. Please disclose any political contributions made by the Placement Agent to any Kentucky official within the prior 2 years.

10. Please disclose the names of any current or former Kentucky elected or appointed government officials (federal, state, and local government) KRS Board of Trustees members, employees, or consultants of KRS that are receiving any fees or compensation from the External Manager and/or placement agent. Please disclose any additional known relationships or conflicts with same.

N/A

11. Please disclose any political contributions made by External Manager or principals of the External Manager in the prior 2 years.

N/A

12. Please disclose whether any principals of the firm have been involved in any regulatory proceedings, and if so, details concerning the same.

N/A

13. Please provide a statement representing and warranting the accuracy of the information provided to KRS regarding the Statement of Disclosure, and acknowledge that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

This statement shall serve as a testament to the accuracy of the information provided to KRS regarding the Statement of Disclosure. Axiom acknowledges that similar language will be included in any final written agreement with a continuing obligation to update any such information within 10 business days of any change in the information.

DocuSigned by:

EDWARD AJIMI
External Manager Signature

6/29/2021
Date



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: Members of the KRS Board of Trustees

FROM: Joint CERS & KRS Retiree Health Plan Committee

DATE: September 9, 2021

SUBJECT: Joint CERS & KRS Retiree Health Plan Committee Report

The Joint CERS & KRS Retiree Health Plan Committee met on Thursday, September 02, 2021 to discuss and make recommendations regarding the non-Medicare and Medicare eligible health plans for KPPA retirees for the 2022 plan year. The recommendations of the Committee are documented below in the bolded red font.

Non Medicare-Eligible Retirees (KEHP Plan)

NOTE: See Kentucky Public Pensions Authority KEHP 2022 Presentation in Retire Health BoardBooks, this contains the information for Board Decision Points:

1. Recommendation as to what the monthly maximum contribution amount for the Non-Medicare Eligible plan. Including the contribution for the hazardous Duty Spouse/Dependents
 - Tobacco Use fee
 - Access to the Consumer Directed Health Plans with embedded HRA
 - Proposed LivingWell Promise discount
 - 2022 KEHP plan premiums will increase approximately 3% for all plans and levels.
 - **Retiree Health Plan Committee recommends that the Board select the KEHP LivingWell PPO plan option as the contribution plan and set the contribution rate (at the single level) as the 100% contribution the Trusts will pay for a retiree with a service credit of 240 months of service or greater and a participation date prior to July 1, 2003.**
 - **Because the Committee recommends the selection of the LivingWell PPO as the contribution plan, the hazardous rates would be tied to the rates for the LivingWell PPO Couple, Parent Plus and Family plans.**

- **The Committee recommends the Tobacco Use Fee (\$40 single level; \$80 couple, family, parent plus) remains unchanged for 2022 Retirees (including spouses and dependents) who are tobacco users will be responsible for paying the Tobacco Use Fee as it is in 2022.**
 - **The Committee recommends Retirees or Planholders that failed to complete the LivingWell promise for plan year 2021 will not be entitled to the discount (\$40) for 2022. The fee/discount remains unchanged for 2022.**
 - **The Committee recommends allowing access to the Consumer Directed Health Plans with embedded HRA.**
2. Recommendation as to whether KPPA should default retirees/beneficiaries and their dependents into a plan for 2022.

Each year there are retirees who, due to unforeseen circumstances, failed to submit an application during open enrollment. KPPA is without the statutory authority to permit those persons to enroll without a qualifying event. As a result, the Board promulgated an administrative regulation, 105 KAR 1:410, which was effective 2/6/2015, to allow KPPA to default retirees and their dependents into a health plan so that these individuals will not be without coverage for the year simply because they forgot to enroll during open enrollment or as a new retiree. Each year several decisions must be made by the Board to facilitate the administration of the default process:

- a. Recommendation as to which plan should be the default plan.
 - b. Recommendation as to the circumstances under which retirees and their dependents should be defaulted into a plan for 2022.
 - i. KPPA Management recommends new retirees be defaulted into a single level of coverage.
 - ii. KPPA Management recommends retirees and beneficiaries not currently enrolled in a plan will not be defaulted into a plan.
 - iii. KPPA Management recommends that retirees and beneficiaries currently enrolled in a plan for 2021 be rolled over/defaulted into the same plan at the same level of coverage for the 2022 plan year if they fail to submit a health insurance application during open enrollment.
- **Retiree Health Plan Committee recommends that the Board default retirees that fail to complete a health insurance application during a mandatory open enrollment be rolled over to the same plan they were enrolled in for 2021 at the same level of coverage.**
 - **A new retiree shall be defaulted into the LivingWell Limited High Deductible plan as described above in 2b (i), (ii), and (iii).**

3. Cross Reference Retirees with Active Employee Spouse: KRS 61.702(2)(b)1 provides the employer's contribution for the working member or spouse to be applied toward the premium, and the KPPA insurance trust fund shall pay the balance not to exceed the monthly contribution. The Cross Reference plan is a Family plan. Unless, amended by the Board, the Cross Reference contribution will equal the monthly maximum contribution determined above.
 - **Retiree Health Plan Committee recommends that the Board allows retirees described in 3 above the option to select the Cross Reference plans.**

Medicare-Eligible Retirees

NOTE: See PowerPoint Presentation in Retiree Health BoardBooks, with information from Humana and Gabriel, Roeder, Smith Consulting (GRS).

1. Recommendation as to what the contribution rate should be for the Medicare-Eligible plan for 2022.
 - **Retiree Health Plan Committee recommends the contribution rate for the KPPA Premium Plan remain at the 2021 rate of \$252.51 as the 100% contribution the Trust will pay for a retiree with a service credit of 240 months of service or greater (the premium paid to Humana will be \$227.03).**
 - **The Committee recommends setting the contribution rate for the KPPA Premium Plan as the 100% contribution the Trust will pay for a hazardous duty spouse and/or an eligible dependent.**
 - **The Committee recommends the premiums for the KPPA Essential Plan at \$75.56 (the amount paid to Humana will be \$49.25).**
 - **The Committee recommends the Medical Only Plan premium at \$186.87, the Medicare Advantage Mirror Premium Plan at \$327.97, and the Medicare Advantage Mirror Essential Plan at \$228.12.**
2. Recommendation as to whether KPPA should continue to pay for the additional administrative fees for retirees who are required to enroll in one of the Mirror plans and who fall under certain exceptions. Recommendation that individuals without Medicare Part B be allowed to enroll in the Mirror Plans and the individual would be responsible for the additional cost above the contribution amount. When the individual obtains Part

B, KPPA will transition them to the Medicare Advantage Plan they choose on the Insurance Application.

On September 15, 2016, the Board approved payment for administrative fees (estimated \$75.46 per month for 2022) for individuals who need to be enrolled in one of the Mirror Plans for several enumerated reasons (administrative exceptions):

- Individual is scheduled for a transplant or surgery at a hospital that Humana confirms will not accept Humana Medicare Advantage for said procedure for said individual.
- Individual is undergoing treatment by a specialist that Humana confirms will not accept Humana Medicare Advantage for said treatment for said individual.
- Individual resides outside Humana's Filed and Approved MA-PPO network service area where Humana affirms there are provider access issues (e.g., non-acceptance of Humana Medicare Advantage)

Note: KPPA has 1 retiree that meets this criteria.

- **Retiree Health Plan Committee recommends that KPPA continue to pay the administrative fee for administrative exceptions in 2022, under the circumstances set forth in the three bullet points above.**
- **The Committee recommends that an individual without Medicare Part B be allowed to enroll in the Medicare Advantage Mirror Plans and they will be responsible for paying the additional cost above the contribution amount.**

3. Recommendation as to whether KPPA should default retirees and their dependents into a plan for 2022.

- a. If the Committee recommends that KPPA default retirees and their dependents into a plan, recommendation as to which plan should be the default plan.

Due to federal law/regulations, the Medical Only or Mirror Plan without Prescription Drug coverage would be the only option available as a default plan for the Medicare-eligible population.

- b. If the Committee recommends that KPPA default retirees and their dependents into a plan, recommendation as to the circumstances under which retirees and their dependents should be defaulted into a plan for 2022.
 - i. KPPA Management would recommend that current enrollees and new retirees be defaulted into a plan. Retirees and beneficiaries not currently enrolled would not be defaulted into a plan.
 - ii. Current enrollee would be defaulted at the same level of coverage as the previous/current plan year (single).

iii. New retirees would be defaulted into a single level of coverage.

- Retiree Health Plan Committee recommends that Medicare eligible retirees (and their dependents) who fail to enroll in a plan during a mandatory open enrollment, as a new retiree, or becoming Medicare eligible be defaulted into the KPPA Medical Only Plan as set forth in 3b (i), (ii), and (iii) above.
- The Committee recommends that the spouse and dependents that are not Medicare eligible be defaulted into the same Kentucky Employees Health Plan at the same Level/Option as the previous/current plan year (Single, Parent Plus, Couple, and Family).

Informational:

- The KPPA Medicare Advantage Request for Proposal Time line was reviewed with the Committee.

RECOMMENDATION: The Retiree Health Plan Committee recommends approval of the above decisions by the KRS Board and the CERS Board.



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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To: Kentucky Retirement Systems Board of Trustees

From: Betty Pendergrass, CPA, CGFM, Chair
Joint Audit Committee
Kristen N. Coffey, CICA *KNC*
Division Director, Internal Audit Administration

Date: September 9, 2021

Subject: Summary of Joint Audit Committee Meeting

The County Employees Retirement System and Kentucky Retirement Systems Joint Audit Committee held a regularly scheduled meeting on August 26, 2021.

1. The following items were approved by the Joint Audit Committee and are being forwarded to the Kentucky Retirement Systems Board of Trustees for ratification*

- a. **Approval of the prior Kentucky Retirement Systems Audit Committee Meeting Minutes** – *no changes were made, passed unanimously.*
- b. **Charter for the Joint Audit Committee** – *minor changes were made and have already been incorporated; passed unanimously.*
- c. **Charter for the Division of Internal Audit Administration** – *minor changes were made and have already been incorporated; passed unanimously*

RECOMMENDATION: The Joint Audit Committee requests the Kentucky Retirement Systems Board of Trustees ratify the actions taken by the Audit Committee.

2. The following items were also discussed during the Joint Audit Committee meeting:

- a. Information disclosures – *Five disclosures effecting five members for the 1st quarter of 2021. An addendum was made to 4th quarter of 2020 to add one additional disclosure at an external vendor that effected 1,054 members.*
- b. Anonymous Tips – *Four open cases.*
- c. Status of external audit.
- d. Financial Statements for the fiscal year ended June 30, 2021.
- e. Introduction of Internal Audit Staff
- f. Internal Audit Budget – *11.5% of budget remaining at the end of fiscal year 2021.*
- g. Auditor Independence Statements.
- h. Status of current internal audits – *Twenty-eight projects completed for fiscal year 2021. For fiscal year 2022 we are currently working on 18 projects and have completed 2 projects.*
- i. Audits issued since last meeting – *Two reports issued.*
- j. Audit Plan
- k. Results of the Security Infrastructure audit.

***Board of Trustees Action Required**

Kentucky Public Pensions Authority

Charter for the Division of Internal Audit Administration

I. Charter

This Charter establishes the authority and responsibility of the Division of Internal Audit Administration (Internal Audit).

II. Mission of Internal Audit

Internal Audit serves the Kentucky Public Pensions Authority (KPPA) as well as the Board of Trustees (Board) of the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS) by enhancing and protecting organizational value with risk-based and objective assurance, advice, and insight.

III. Core Principles of Internal Audit

1. Remain independent, which is objective and free from undue influence.
2. Demonstrate competence and due professional care.
3. Demonstrate integrity.
4. Support the strategies, objectives, and risks of the organization.
5. Remain adequately resourced.
6. Promote quality and continuous organizational improvement by communicating effectively; providing risk-based assurance; and remaining insightful, proactive, and future-focused.

IV. Audit Standards

Internal Audit shall adhere to the *International Standards for the Professional Practice of Internal Auditing* (Standards). Where applicable, Internal Audit will observe standards and statements issued by other accounting and auditing organizations located within the United States of America. Internal Audit is expected to abide by the Institute of Internal Auditors (IIA) Code of Ethics (Exhibit A).

Internal Audit will adhere to the IIA's Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing (see section III), the Code of Ethics (see Exhibit A), the *Standards*¹, and the definition of internal auditing (see section VI). The Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the Internal Audit's performance.

V. Joint Audit Committee

The purpose, authority, composition, and responsibilities of the Joint Audit Committee are outlined in the Charter for the Joint Audit Committee.

¹ <https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>

VI. The Internal Audit Function

Definition

As defined by the Institute of Internal Auditors, internal auditing is *an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. The goal of internal auditing is to help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.*

Purpose and Objective

Internal Audit was established to assist the KPPA; the Boards of Trustees of CERS and KRS; and the Executive Management teams of KPPA, CERS, and KRS in their governance role. Internal Audit also assists in achieving sound managerial control over all financial and operational aspects including, but not limited to, accounting, investments, benefits, legal compliance, asset management, and information management and control systems. The primary objective of Internal Audit is to assist all levels of management in achieving the effective discharge of their assigned responsibilities by providing independent analysis, appraisals, advice, and recommendations concerning the activities reviewed. Internal Audit helps the KPPA and the systems it is tasked with administering and operating, CERS and KRS, accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. Accomplishment of the Internal Audit objective may involve:

1. Evaluating the adequacy and effectiveness of the system of internal controls.
2. Evaluating the relevance, reliability, and integrity of management, financial and operating data, and reports.
3. Evaluating the systems established to ensure compliance with those policies, plans, procedures, statutory requirements, and regulations which could have a significant impact on operations.
4. Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
5. Evaluating the economy, efficiency, and effectiveness with which resources are employed.
6. Evaluating operations or programs to ascertain whether results are consistent with objectives and goals established by KPPA, CERS, and KRS as well as evaluating whether the operations or programs are being carried out as planned.
7. Assessing the adequacy of established systems and procedures.
8. Conducting special assignments and investigations on behalf of the Joint Audit Committee, KPPA, CERS, or KRS into any matter or activity affecting the probity, interests, and operating efficiency of KPPA, CERS and KRS.

Independence

Internal Audit is an advisory function having independent status within KPPA. The Internal Audit Director:

1. Shall be independent of any other office, division, branch, or section.
2. Shall have direct access, as deemed necessary, to the Joint Audit Committee and/or KPPA, CERS, and KRS Executive Management teams.
3. Shall have no managerial powers, functions, or duties except those relating to the management of the Division of Internal Audit Administration.
4. Shall not be involved in the day-to-day operation of the KPPA, CERS, or KRS.

5. Shall not be responsible for the detailed development and/or implementation of new systems, but should be consulted during the system development process on the control measures to be incorporated in new or amended systems, and be advised of approved variations or new developments.

Authority

The Internal Audit Director will report functionally to the Joint Audit Committee. Functionally meaning the Joint Audit Committee approves items including, but not limited to the Audit Plan, various Charters, the audit budget, and organizational structure of the internal audit function.

The Internal Audit Director will report administratively to the KPPA Office of Operations Executive Director. Administratively meaning the Internal Audit Director and KPPA Office of Operations Executive Director work together on day-to-day activities including, but not limited to leave reporting, training, travel, development of the Audit Plan, and staffing requirements. It is incumbent that all KPPA, CERS, and KRS employees render assistance to the Internal Audit Director in carrying out his/her audit duties. The KPPA Internal Audit Director shall:

1. Have access, at all reasonable times, to all books, documents, accounts, property, vouchers, records, correspondence, and other data of KPPA, CERS, and KRS necessary for the proper performance of the internal audit function.
2. Have the right, at all reasonable times, to enter any premises of KPPA and to request and promptly receive from any KPPA, CERS, or KRS employee all information and such explanations deemed necessary for the Internal Audit Director to formulate an opinion on the probity of action, adequacy of systems, and/or of controls.

Activities

The Internal Audit Director shall be responsible to the Joint Audit Committee for the functional control of audit activities in relation to:

1. Development, implementation, and oversight of internal audit methods and procedures.
2. Development and control of an efficient Audit Plan.
3. Scope and boundaries of internal audits.
4. Documentation of audit findings.
5. Assistance in the investigation of significant suspected fraudulent activities and promptly notifying the Joint Audit Committee; KPPA; and the KPPA, CERS, and KRS Executive Management teams of the results of any findings and conclusions.
6. Maintenance of certain records such as, but not limited to, records related to internal audits and CERS and KRS Board elections.
7. Considering the scope of work of the external auditors and regulators, as appropriate, for providing optimal audit coverage at a reasonable overall cost.
8. Fulfilling the objectives of the Division of Internal Audit Administration.
9. Utilizing Internal Audit resources to maximize the efficiency and effectiveness of the internal audit function.
10. Adherence to appropriate auditing standards, including, but not limited to, International Standards for the Professional Practice of Internal Auditing, Generally Accepted Government Auditing Standards, and Standards for Internal Controls in the Federal Government (these standards can be applied to state government).
11. Review of the Independent Auditor's Report, Management's Discussion and Analysis, Financial Statements (including footnotes), and the other various sections of the Annual

Report for both CERS and KRS prior to presentation to the Joint Audit Committee. Internal Audit staff will identify any perceived errors and discrepancies within the Annual Report. However, the KPPA Executive Management team, not Internal Audit, is responsible for the substantive content, accuracy, consistency, and completeness of Management's Discussion and Analysis, Financial Statements (including footnotes), and other sections of the Annual Report.

Relationship with External Auditors

Upon request, the Internal Audit Director shall make available to the external auditors all internal audit working papers, programs, flowcharts, and reports. The Internal Audit Director shall work with the external auditors to foster a cooperative working relationship, reduce the incidence of duplication of effort, ensure appropriate sharing of information, and ensure coordination of the overall audit effort.

VII. Internal Audit Staff and Responsibilities

Internal Audit was established in July 2003 and is currently comprised of four positions:

Division Director

1. Oversees the day-to-day operations of Internal Audit.
2. Ensures policies, programs, and procedures are in place to achieve strategic, risk management, and operational objectives.
3. Performs risk assessment.
4. Develops the Audit Plan to address items noted in the risk assessment and in accordance with specifications from the Joint Audit Committee and the KPPA, CERS, and KRS Executive Management teams.
5. Performs audit, consulting, and assurance services as well as special projects in support of the Audit Plan and in compliance with Internal Audit procedures.
6. Submits results of audit, consulting, and assurance services as well as results of special projects to the Joint Audit Committee and applicable members of the KPPA, CERS, and KRS Executive Management teams. Results of audit, consulting, and assurance services or special projects related to investments will also be submitted to the Investment Committee.

Internal Auditor

1. Supports the Division Director in completion of daily activities.
2. Performs non-investment related audit, consulting, and assurance services in compliance with Internal Audit procedures.
3. Completes non-investment related special projects, upon request, in compliance with Internal Audit procedures.
4. Communicates the results of non-investment related audit, consulting, and assurance services as well as results of special projects to the Internal Audit Director.
5. As needed, assists in the completion of investment related activities.
6. Serves as first level reviewer on non-investment related projects performed by Auditor.

Retirement Investment Specialist

1. Supports the Division Director in completion of daily activities.
2. Performs investment related audit, consulting, and assurance services in accordance with Internal Audit procedures.

3. Completes investment related special projects, upon request, in accordance with Internal Audit procedures.
4. Communicates the results of investment related audit, consulting, and assurance services as well as results of special projects to the Internal Audit Director.
5. As needed, assists in the completion of non-investment related activities.
6. Serves as first level reviewer on investment related projects performed by Auditor.

Auditor

1. Supports the Internal Auditor and Retirement Investment Specialist in completion of daily activities.
2. Performs both non-investment and investment related audit, consulting, and assurance services in compliance with Internal Audit procedures.
3. Completes both non-investment and investment related special projects, upon request, in compliance with Internal Audit procedures.
4. Communicates the results of audit, consulting, and assurance services as well as results of special projects to the Internal Audit Director.

Specific Areas of Expertise

Since Internal Audit has limited resources and specialized requirements are needed to administer a complex public pension system, Internal Audit may request third-party expertise to assist in fulfilling audit goals (e.g. information technology and data security). Outsourced third party audits will be approved by the Joint Audit Committee. The findings, recommendations, and management comments will be presented to the Joint Audit Committee for approval and for subsequent ratification by the CERS Board and KRS Board.

VIII. Internal Audit Practices

Conflicts of Interest

Internal auditors shall be objective and free from undue influence in performing their job. Objectivity requires internal auditors to have an impartial and unbiased attitude, to avoid conflicts of interest, and to perform audits in such a manner that no significant quality compromises occur. To help ensure that internal auditors are not placed in an environment impeding their ability to make objective, professional judgments, Internal Audit will take the following precautionary measures:

1. All Internal Audit staff will be required to complete an annual Independence Statement certifying that auditors have no actual or perceived conflict that would impair their objectivity or independence. This statement will be signed by the auditor's direct supervisor.
2. Staff assignments will be made so that potential and actual conflicts of interest and bias are avoided. If a conflict of interest or bias is present, the auditor(s) will be reassigned.
3. Staff assignments will be rotated periodically, if practicable to do so.
4. Internal Audit staff will not assume operational responsibilities.
5. For a period of no less than one year, Internal Audit staff will refrain from assessing specific operations for which they were previously responsible.

Due Professional Care

Internal auditors shall apply the care and skill expected of a reasonably prudent and competent auditor. Due professional care does not imply infallibility and internal auditors must exercise due professional care, with consideration of the following:

1. Extent of work needed to achieve the engagement's objectives.

2. Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
3. Adequacy and effectiveness of risk management, control, and governance processes.
4. Probability of significant errors, irregularities, or noncompliance.
5. Cost of assurance in relation to potential benefits.
6. Use of various software tools including, but not limited to Excel, Access, Word, Interactive Data Evaluation and Analysis (IDEA), Tableau, and Gravity Software

Proficiency and Continuous Professional Education (CPE)

Internal Audit staff shall collectively possess the knowledge, skills, attributes, and other competencies essential to the practice of internal auditing within the organization. Educational and work experience criteria have been established for the various positions within Internal Audit. In order to maintain their proficiency, all auditors are encouraged to continue their education and will be provided adequate opportunities to do so. Such continuing education ensures that internal auditors remain current on professional techniques and standards. If an auditor holds a certification, continuing education hours necessary to meet certification requirements should be obtained. If no certification requirements are necessary, a minimum of 16 hours of continuing auditor education shall be obtained annually. Continuing education may be obtained through membership and participation in professional societies, attendance at conferences, college courses, and in-house training. KPPA may reimburse an auditor for the cost of obtaining continuing education; however, the employee should obtain approval prior to registering for any course or seminar.

Internal Audit staff are encouraged to obtain professional certification(s). Accreditation is an important indicator of an auditor's technical proficiency. The following certifications are some of those available to auditors (this list is not all inclusive):

1. Certified Internal Auditor,
2. Certified Fraud Examiner,
3. Certified Government Financial Manager,
4. Certified Information Systems Auditor, and
5. Certified Public Accountant.

Performance Evaluations

Performance evaluations for merit employees shall be conducted as outlined in the Commonwealth of Kentucky Personnel Policies and Kentucky Revised Statutes Chapter 18A. The Joint Audit Committee Chair and KPPA Office of Operations Executive Director shall review the performance for non-merit employees.

Quality Assessment and Improvement Program

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit function. The program will include an evaluation of Internal Audit's conformance with the *International Standards for the Professional Practice of Internal Auditing* and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of Internal Audit and identify opportunities for improvement.

Internal Assessments

1. Ongoing Internal Assessments – Ongoing internal assessments for routine internal audit activities are an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. The measurement tools for assessment are engagement supervision, feedback from audit customers, audit plan completion, and analysis of other performance

metrics such as recommendations accepted. Conclusions and planned corrective action will be developed and presented to the Joint Audit Committee and KPPA Executive Management team.

2. Periodic Assessments – Periodically, Internal Audit will conduct a Self-Assessment as outlined by the IIA. The Director of Internal Audit will disclose the results of the Self-Assessment and any needed corrective action to the Joint Audit Committee and KPPA Executive Management team.

External Assessments

Internal Audit should strive to have a qualified, independent assessor (or assessment team) conduct an external assessment at least once every five years. This can be completed as either a Self-Assessment with Independent External Validation or a full external assessment.

Records Retention and Disposition

Internal Audit shall retain a complete file of each audit report and each report of other audit and consulting services made under its authority in accordance with the KPPA records retention policy or policies of the Kentucky Department for Libraries and Archives for a period of seven (7) years. The file shall include audit work papers and other supportive material directly pertaining to the report. After seven (7) years, the work papers and other supportive material directly pertaining to the audit report can be destroyed. An electronic copy of all final reports should be maintained indefinitely. To guard against identity theft and fraud, destruction of business records and materials shall be done in a secured manner such as through use of the on-site Division of Waste Management recycle containers. All CD/DVD materials shall be submitted to the KPPA Information Security Officer.

IX. Internal Audit Services

The scope of Internal Audit shall be sufficiently comprehensive to enable the effective and regular review of all operational, financial, and related activities. Coverage may extend to all areas of KPPA, CERS, and KRS and include financial, accounting, investments, benefits, administrative, computing, and other operational activities. The extent and frequency of internal audits will depend upon varying circumstances such as results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal control, and resources available to Internal Audit.

Internal Audit provides independent audit, consulting, and assurance services to assist management in balancing operational efficiency with risk identification, assessment, and control. Internal Audit reports to the Joint Audit Committee and collaborates with the KPPA, CERS, and KRS Executive Management teams to enhance assurance and accountability at all levels of KPPA, CERS, and KRS. In order to meet the responsibilities and objectives as set forth in the Internal Audit Charter, it is necessary for Internal Audit to perform varying types of services depending on the circumstances and requests. Services can be requested by the Joint Audit Committee; KPPA; or any member of the KPPA, CERS, or KRS Executive Management team. Other KPPA employees can also request services. In these instances, the Internal Audit Director will seek approval from the KPPA Office of Operations Executive Director and the Joint Audit Committee before engaging in the service. Internal Audit provides the following types of audit, consulting, and assurance services.

Audits

1. Performance Audits – Most audits conducted by Internal Audit are performance audits. These audits provide an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve public accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action. During a Performance Audit, the auditor completes both a Compliance Audit and a Process Review (both explained below). A Policy Review (explained below) may also be included as part of a Performance Audit.
2. Compliance Audits – Compliance audits determine whether a division has complied with KPPA, CERS, and/or KRS agency policies and procedures, divisional policies and procedures, [Kentucky Administrative Regulations](#), [Kentucky Revised Statutes](#), and federal law.
3. Operational Audits – Operational audits analyze how effectively and efficiently business units achieve organization and/or division goals. Effectiveness is measured by how successful a business unit is at achieving organization and/or division goals. Efficiency is measured by how well the business unit uses resources in order to achieve organization and/or division goals.
4. Investment Audits – Investment audits may be performed to review movement of funds (e.g. purchases, sales, and income), cash management, manager fees, and other investment related activities. Investment audits may also be performed to ensure compliance with procurement regulations, contracts, internal policies and procedures as well as to ensure proper internal controls exist over the investment function.
5. Investigative Audits – Investigative audits may result from findings during a routine audit or from information received from personnel. These audits are normally requested by a member of the KPPA, CERS, or KRS Executive Management team, the Joint Audit Committee, or the KPPA as a result of information received from an anonymous tips. These audits focus on alleged, irregular conduct. Reasons for investigative audits may include internal theft, misuse of State property, and/or conflicts of interest. These audits should be conducted immediately in order to collect and preserve as much relevant evidence as possible. It is essential that the records in question be removed from the division/employee under investigation or otherwise safeguarded. Investigative audits will be conducted in accordance with Internal Audit procedures and may include expertise from internal and external experts in fields, such as but not limited to, legal, information technology, human resources, and accounting. A draft investigative audit report will be provided to the Joint Audit Committee. The Joint Audit Committee will determine if further actions are needed. The Joint Audit Committee will control any internal or external report distribution.
6. Information Technology Audits – Audits of information systems and technology may be performed to determine whether existing or new computer applications and hardware function in an accurate and efficient manner and include adequate internal controls. Internal Audit involvement in a new system may include the review of system development methodology and the effectiveness and efficiency of the system being implemented. These audits could include reviews of general controls which affect all computer applications. Examples may include computer security, disaster recovery, program change controls, and quality control procedures.

7. Financial Audits – A financial audit is a review intended to serve as a basis for expressing an opinion regarding the fairness, consistency, and conformity of financial information with generally accepted accounting principles (GAAP). Financial audits can be comprehensive or limited in scope depending on the objectives.
 - a. A comprehensive financial audit consists of a review of the financial statements of an entity over a specific duration of time to accurately express an opinion on those statements. Such an audit is conducted in accordance with generally accepted auditing standards (GAAS) as adopted by the American Institute of Certified Public Accountants (AICPA). For CERS and KRS, an external auditor performs this type of audit annually.
 - b. A limited financial audit concentrates on a review of specific financial transactions. The primary concerns include determining accuracy of data and evaluation of controls by reviewing the following items:
 - i. Physical control over assets,
 - ii. System of authorization and approval,
 - iii. Separation of duties between operations and custody of assets.

Process Reviews

A process review is specific to a single business process. These reviews assess the effectiveness of internal controls over the process as well as test the efficiency of the process. These reviews also help ensure the business process is operating the way management intended. These reviews are typically performed in conjunction with a new business process being developed or immediately after a new business process is implemented. These reviews may be performed as needed in response to particular findings identified during the course of performing other types of services within a particular division.

Policy Reviews

During a policy review, Internal Audit analyzes either a new or established policy. Internal audit will ensure the policy complies with applicable [Kentucky Administrative Regulations](#), [Kentucky Revised Statutes](#), and federal laws. Internal Audit will also determine if the policy establishes sufficient internal controls in relation to the related business process. For example, during a review of a policy related to invoice payment, Internal Audit would ensure internal controls have been designed to ensure timely payment, prevent duplicate payment, establish segregation of duties, etc.

Agreed Upon Procedures

An Agreed upon Procedures engagement is performed only upon request. During these engagements, the requestor specifies exactly what the auditor is to do. The auditor then performs only the requested procedures. An opinion is not expressed in these reviews. For example, a request could be made to review all expenditures posted to a particular account(s) during a specific time-frame to determine if any expenditures were improperly coded to the account(s). Internal Audit would review the requested account(s) over the specified time-frame and issue a report indicating how many expenditures were posted incorrectly. These engagements are beneficial if there is an area a division wants to review, but does not have the resources or time to perform the review themselves.

Annual Report Review

Each year, KPPA personnel prepares an Annual Report for the County Employees Retirement System and Kentucky Retirement Systems. Prior to presentation to the CERS Board and KRS Board, Internal Audit will review the Independent Auditor's Report, Management's Discussion and Analysis, and the various sections of the Annual Report – Financial Statements (including footnotes), Actuarial, and Statistical. Internal Audit staff will identify any perceived errors or discrepancies within the Annual

Report. However, the KPPA Executive Management team, not Internal Audit, is responsible for the substantive content, accuracy, consistency, and completeness of Management's Discussion and Analysis, Financial Statements (including footnotes), and other sections of the Annual Report.

External Audit Assistance

Assistance may be provided to the External Auditor during the annual audit of the KPPA financial statements or other audit engagements. The Internal Audit Director will work with the external auditors to foster a cooperative working relationship, reduce the incidence of duplication of effort, ensure appropriate sharing of information, and ensure coordination of the overall audit effort. Upon request, the Internal Audit Director will make available to the external auditors all internal audit working papers, programs, flowcharts, and reports. The Internal Audit Director will review the resulting audit findings and management letter comments to determine any impact upon the Audit Plan.

Referencing

During the course of various types of audit, consulting, and assurance services, the Internal Audit Director may identify continuing patterns of conduct or reoccurring "themes" (e.g. the same type of problem is noted in multiple divisions). For example, findings for two divisions within an office, which identify a broader office finding (e.g. lack of controls, need for increased communication, absence of performance criteria, insufficient data processing policy, etc.). When developing the Audit Plan, Internal Audit always considers these themes when scheduling audits for the next period, particularly when these items impact the KPPA mission.

Board of Trustee Elections

Internal Audit assists in both CERS and KRS Board elections. Detailed Internal Audit procedures related to the Board elections can be found on the [KPPA Process Documentation SharePoint](#) site.

Other Services

Internal Audit staff may conduct other services as deemed necessary to meet the responsibilities and objectives as set forth in the Charter for Internal Audit Administration. Internal Audit staff may participate on the KPPA Information Technology Governance team, the Continuity of Operations team, and other similar KPPA, CERS, or KRS teams.

X. Risk Assessment and Audit Plan

Consistent with the long-term strategic plan, the Internal Audit Director shall prepare an Audit Plan providing for the review of significant operations of KPPA, CERS, and KRS based on an assessment of risks pertaining to the achievement of objectives. The Audit Plan shall be presented to the Joint Audit Committee for deliberation and finalization. Upon approval by the Joint Audit Committee, the Audit Plan will be presented to both the CERS Board and the KRS Board for ratification.

Risk Assessment

The Audit Plan is based on a risk assessment methodology, as well as requests from management. Internal Audit assesses KPPA, CERS, and KRS by seeking input from the Joint Audit Committee; key members of KPPA, CERS, and KRS management; and other personnel. Internal Audit also reviews the results of past internal and external audits. Internal Audit then considers organizational risks, such as established internal controls, current management, control environment, staffing, system changes, regulatory and legal changes, and impact to the financial statements. Based on the information

gathered, an Audit Plan is developed weighting each risk according to the significance to the overall mission and objective of KPPA, CERS, and KRS.

The Risk Assessment methodology is based upon the following five-part process:

1. Identifying KPPA, CERS, and KRS activities/processes (these become the “audit universe”).
2. Scoring the organizational risks for each process identified in the audit universe.
3. Ranking the processes by overall risk.
4. Developing the Audit Plan.
5. Submitting the Audit Plan to the Joint Audit Committee for review and approval.

Organizational risks are scored using a point value with one (1) representing the lowest level of risk and five (5) the highest. The individual factor scores are then multiplied by the risk weight factor. The weighted risk factor elements are collectively totaled to obtain the respective aggregate risk rating for each auditable area. The overall risk scores for all KPPA activities are then ranked highest to lowest. After ranking, an Audit Plan is developed.

Audit Plan

Based upon the results of the Risk Assessment, Internal Audit develops the Audit Plan through a prioritization process that includes scheduling audits for the highest risk areas as well as areas that have not been reviewed in recent years. The Audit Plan represents potential audits to be completed during the upcoming fiscal year. Internal Audit also identifies other potential audit segments such as business processes, expense contracts, and functional areas that may cross over operational units.

The Risk Assessment and Audit Plan are presented to the KPPA, CERS, and KRS Executive Management teams in order to obtain suggestions, concerns, and priorities. After approval of the Audit Plan is obtained from the KPPA Executive Director, the Audit Plan is submitted to the Joint Audit Committee for approval. The Audit Plan is periodically reviewed, evaluated, and modified (e.g. objectives, goals, and strategies) according to the specific risk factors related to KPPA, CERS, and KRS operations, internal controls, and estimated liability exposure to the Commonwealth of Kentucky. Staff is assigned to audits based upon that auditor’s background and experience.

If Internal Audit receives a request to complete an audit not previously identified on the Audit Plan, the request shall be forwarded to the Chair of the Joint Audit Committee for approval. The Chair of the Joint Audit Committee will determine if a special called meeting of the Joint Audit Committee is necessary to discuss the requested audit. If the Chair of the Joint Audit Committee determines that a special called meeting is not warranted, then the requested audit will be added to the Audit Plan and reported to the Joint Audit Committee on the “Status of Current Projects” at the next regularly scheduled Joint Audit Committee meeting.

Tracking Projects

Internal Audit staff continually track audits and other projects using the Audit Status Tracker spreadsheet, which includes dates for significant milestones. If Internal Audit is requested to complete projects not foreseen during risk-assessment/planning, these are also tracked on the Audit Status Tracker spreadsheet. The status of current projects is presented to the Joint Audit Committee at each quarterly meeting. All findings and recommendations, including status and implementation date, are tracked through Gravity Software.

XI. Audit Process

Methodology

For all audit projects, the person responsible for the activity under review shall be advised and given the opportunity to discuss the following:

1. Objectives and scope of the audit to be conducted, prior to the commencement of such audit.
2. Findings and proposed recommendations upon the completion of an audit, including providing an official response to the findings.

Audit Reports

A comprehensive written report will be prepared and issued by Internal Audit at the conclusion of each audit and will be distributed as considered appropriate. A copy of each report is to be made available on a timely basis to the Joint Audit Committee and applicable members of the KPPA, CERS and KRS Executive Management teams. Audit reports will normally explain the scope and objectives of the audit, present findings and or conclusions in an objective manner relevant to the specific user's needs, and make recommendations where appropriate.

XII. Quality Assurance and Improvement Plan

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of Internal Audit's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics (see Exhibit A). The program will also assess the efficiency and effectiveness of Internal Audit and identify opportunities for improvement.

Internal Audit will conduct both ongoing and periodic internal assessments. Internal Audit should strive to have a qualified, independent assessor (or assessment team) conduct an external assessment at least once every five (5) years. The Internal Audit Director will provide the results of the quality assurance and improvement program, including results of internal and external assessments, to the Joint Audit Committee and KPPA Executive Management team.

XIII. Internal Audit Procedures

Detailed Internal Audit procedures can be found on the [KPPA Process Documentation SharePoint](#) site.

XIV. Approvals

We, the undersigned of the Joint Audit Committee, CERS Board of Trustees, KRS Board of Trustees, and KPPA do certify that this Charter was approved on 15th day of September, 2021.

Joint Audit Committee Chair

Date

Board Chair

County Employees Retirement System

Date

Board Chair

Kentucky Retirement Systems

Date

Executive Director

Kentucky Public Pensions Authority

Date

Division Director

KPPA Division of Internal Audit Administration

Date

History: Approval Date: September 15, 2021
 Amended:

EXHIBIT A

{ **CODE of ETHICS...** }// **PRINCIPLES**

Internal auditors are expected to apply and uphold the following principles:

- **Integrity**

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

- **Objectivity**

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

- **Confidentiality**

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

- **Competency**

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

// **RULES OF CONDUCT**

1. **Integrity**

Internal Auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. **Objectivity**

Internal Auditors:

- 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. **Confidentiality**

Internal Auditors:

- 3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. **Competency**

Internal Auditors:

- 4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2. Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing*.
- 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.



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: KRS Board of Trustees

From: D’Juan Surratt
Director of Employer Reporting, Compliance and Education

Date: 09/09/2021

Subject: Hazardous Position Classification

AGENCIES ARE REQUESTING HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
Attorney General	Division Director	10/01/2021
Kentucky State Police	KSP Facilities Security Officer II	10/01/2021
Kentucky State Police	KSP Facilities Security Sergeant	10/01/2021
Kentucky State Police	KSP Facilities Security Lieutenant	10/01/2021

Kentucky Public Pensions Authority has reviewed the above requests and determined that they meet the statutory guidelines for Hazardous coverage. Position Questionnaires and Kentucky Personnel Cabinet Position Descriptions are attached.

61.592 Retirement of persons working in hazardous positions. (Effective April 1, 2021)

(1) (a) "Hazardous position" for employees participating in the Kentucky Employees Retirement

System, and for employees who begin participating in the County Employees Retirement System before September 1, 2008, means:

1. Any position whose principal duties involve active law enforcement, including the positions of probation and parole officer and Commonwealth detective, active fire suppression or prevention, or other positions, including but not limited to pilots of the Transportation Cabinet and paramedics and emergency medical technicians, with duties that require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning;
2. Positions in the Department of Corrections in state correctional institutions and the Kentucky Correctional Psychiatric Center with duties that regularly and routinely require face-to-face contact with inmates; and
3. Positions of employees who elect coverage under KRS 196.167(3)(b)2. and who continue to provide educational services and support to inmates as a Department of Corrections employee.

(b) "Hazardous position" for employees who begin participating in the County Employees Retirement System on or after September 1, 2008, means police officers and firefighters as defined in KRS 61.315(1), paramedics, correctional officers with duties that routinely and regularly require face-to-face contact with inmates, and emergency medical technicians if:

1. The employee's duties require frequent exposure to a high degree of danger or peril and a high degree of physical conditioning; and
2. The employee's duties are not primarily clerical or administrative.

(c) The effective date of participation under hazardous duty coverage for positions in the Department of Alcoholic Beverage Control shall be April 1, 1998. The employer and employee contributions shall be paid by the employer and forwarded to the retirement system for the period not previously reported.

(2) (a) Each employer may request of the board hazardous duty coverage for those positions

as defined in subsection (1) of this section. Upon request, each employer shall certify to the system, in the manner prescribed by the board, the names of all employees working in a hazardous position as defined in subsection (1) of this section for which coverage is requested. The certification of the employer shall bear the approval of the agent or agency responsible for the budget of the department or county indicating that the required employer contributions have been provided for in the budget of the employing department or county. The system shall determine whether the employees whose names have been certified by the employer are working in positions meeting the definition of a hazardous position as provided by subsection (1) of this section. This process shall not be required for employees who elect coverage under KRS 196.167(3)(b)2.



Combining Statement of Fiduciary Net Position - Pension Funds

As of June 30, 2021 with Comparative Totals as of June 30, 2020 (\$ in Thousands)
(Unaudited)

	KERS		SPRS	KRS TOTAL			
	Non-Hazardous	Hazardous		2021	2020	Percentage of Change	Note
ASSETS							
CASH AND SHORT-TERM INVESTMENTS							
Cash Deposits	\$263	\$50	\$55	\$368	\$319	15.59%	1
Short-term Investments	362,327	54,153	33,180	449,660	300,510	49.63%	2
Total Cash and Short-term Investments	362,590	54,203	33,235	450,029	300,828		
RECEIVABLES							
Accounts Receivable	46,945	3,748	8,282	58,975	59,743	-1.28%	
Accounts Receivable - Investments	42,744	11,325	4,843	58,911	40,601	45.10%	3
Total Receivables	89,688	15,073	13,125	117,887	100,344		
INVESTMENTS, AT FAIR VALUE							
Core Fixed Income	672,360	111,678	77,276	861,315	745,046	15.61%	4
Public Equities	984,671	396,548	122,675	1,503,893	1,139,378	31.99%	5
Private Equities	202,161	65,348	19,384	286,893	252,633	13.56%	6
Specialty Credit	505,214	147,034	58,694	710,942	500,853	41.95%	7
Derivatives	84	(4)	(9)	71	1,747	-95.93%	8
Absolute Return	-	-	-	-	43,927	-100.00%	9
Real Return	182,999	52,955	21,541	257,495	147,025	75.14%	10
Opportunistic	67,526	20,935	8,341	96,802	75,362	28.45%	11
Real Estate	109,064	32,413	13,611	155,087	143,127	8.36%	
Total Investments, at Fair Value	2,724,078	826,907	321,513	3,872,498	3,049,096		
Securities Lending Collateral Invested	81,365	23,408	9,345	114,118	60,926	87.30%	12
CAPITAL/INTANGIBLE ASSETS							
Capital Assets	929	91	11	1,031	1,031	0.00%	
Intangible Assets	5,920	494	100	6,513	6,513	0.00%	
Accumulated Depreciation	(932)	(92)	(12)	(1,035)	(1,010)	2.44%	
Accumulated Amortization	(5,603)	(482)	(114)	(6,199)	(5,887)	5.29%	
Total Capital Assets	314	12	(15)	311	647		
Total Assets	3,258,036	919,603	377,204	4,554,842	3,511,842		
LIABILITIES							
Accounts Payable	3,720	385	82	4,188	4,226	-0.91%	
Investment Accounts Payable	87,932	20,881	10,131	118,944	92,050	29.22%	13
Securities Lending Collateral	81,365	23,408	9,345	114,118	60,926	87.30%	14
Total Liabilities	173,016	44,674	19,559	237,249	157,202		
Total Fiduciary Net Position Restricted for Pension Benefits							
	\$3,085,020	\$874,928	\$357,645	\$4,317,593	\$3,354,640		

NOTE - Variance Explanation

1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.

2) Short Term Investments is primarily comprised of the cash on hand with the custodial bank along with any small amounts of cash managers and brokers may have; therefore, the variance is driven by cash flow.

3) The increase in Accounts Receivables is due to pending trades.

4) The increase in Core Fixed Income is a result of additional funding to Lord Abbett and positive market conditions resulting in increased market values.

5) The increase in Public Equities is due to positive market conditions resulting in increased market values.

NOTE - Variance Explanation continued on next page.

6) The increase in Private Equity is a result of positive market conditions resulting in increased market values.

7) The increase in Specialty Credit is due to additional funding and positive market conditions increasing market values.

8) Variance is a result of hedging and arbitration of risk within the portfolios.

9) The decline in Absolute Return is a result of the merging of the Absolute Return asset class with the Real Return asset class.

10) The increase in Real Return is a result of the merging of the Absolute Return asset class with the Real Return asset class and positive market conditions resulting in increased market values.

11) The increase in Opportunistic is due to additional funding and positive market conditions increasing market values.

12) Variance is a result of the demands of the Securities Lending Program.

13) The increase in Accounts Payable is due to pending trades.

14) Variance is a result of the demands of the Securities Lending Program.

Differences due to rounding.



Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the fiscal year ending June 30, 2021, with Comparative Totals as of June 30, 2020
(\$ in Thousands) (Unaudited)

ASSETS	KERS		SPRS	KPPA Total		Percentage of Change	Note
	Non-Hazardous	Hazardous		2021	2020		
Member Contributions	\$90,202	\$19,961	\$4,752	\$114,915	\$121,130	-5.13%	
Employer Contributions	958,580	62,181	59,263	1,080,024	1,066,031	1.31%	
General Fund Appropriations	-	-	384	384	1,086	-64.65%	1
Pension Spiking Contributions	52	18	4	74	22	231.86%	2
Health Insurance Contributions (HB1)	(8)	3	-	(4)	6	-178.30%	3
Employer Cessation Contributions	175,600	-	-	175,600	20	879395.14%	4
Total Contributions	1,224,426	82,164	64,402	1,370,992	1,188,295		
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments	477,808	160,979	56,080	694,868	9,473	7235.50%	5
Interest/Dividends	69,458	21,481	8,212	99,152	70,439	40.76%	6
Total Investing Activities Income	547,267	182,460	64,293	794,020	79,912		
Less: Investment Expense	9,462	3,450	1,245	14,156	12,056	17.42%	7
Less: Performance Fees	9,618	4,166	1,113	14,897	1,512	884.99%	8
Net Income from Investing Activities	528,187	174,843	61,936	764,966	66,344		
From Securities Lending Activities							
Securities Lending Income	174	53	21	248	1,321		
Less: Securities Lending Borrower Rebates	(122)	(40)	(15)	(177)	727		
Less: Securities Lending Agent Fees	44	14	5	64	78		
Net Income from Securities Lending	252	79	31	361	516	-29.99%	9
Net Investment Income	528,439	174,922	61,966	765,327	66,860		
Total Additions	1,752,865	257,086	126,368	2,136,319	1,255,154		
DEDUCTIONS							
Benefit Payments	1,009,502	73,888	63,249	1,146,640	1,134,097	1.11%	
Refunds	8,953	4,380	273	13,606	14,778	-7.93%	
Administrative Expenses	11,621	1,255	245	13,120	13,383	-1.97%	
Total Deductions	1,030,075	79,523	63,767	1,173,366	1,162,259		
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits							
	722,789	177,563	62,601	962,953	92,895		
Total Fiduciary Net Position Restricted for Pension Benefits							
Beginning of Period	2,362,231	697,366	295,044	3,354,640	3,261,745		
End of Period	\$3,085,020	\$874,928	\$357,645	\$4,317,593	\$3,354,640		

NOTE - Variance Explanation

- 1) General Fund Appropriations have significantly decreased in FY 2021.
- 2) Pension Spiking contributions increased in KERS due to a corrections processed in FY 2020.
- 3) Health Insurance Contributions will continue to decrease in the Pension Funds, as they are now qualified in the Insurance Fund.
- 4) Employer Cessation will vary from year to year.
- 5) The increase in Net Appreciation in Fair Value of Investments is a result of favorable market conditions, particularly in the public equity portfolio.

NOTE - Variance Explanation continued on next page.

6) *The increase in Interest/Dividends is due to increased income from Private Equity, Real Estate, and Specialty Credit asset classes*

7) *The increase in Investment Expense is due to higher market values.*

8) *The increase in Performance fees is due to favorable market conditions resulting in higher performance fees.*

9) *Variance is a result of the demand of the Securities Lending Program.*

Differences due to rounding.



Combining Statement of Fiduciary Net Position - Insurance Fund

As of June 30, Current Year, with Comparative Totals as of June 30, Prior Year (\$ In Thousands) (Unaudited)

	KERS		SPRS	KPPA Total		Percentage of Change	Note
ASSETS	Non-Hazardous	Hazardous		2021	2020		
CASH AND SHORT-TERM INVESTMENTS							
Cash Deposits	\$141	\$59	\$48	\$248	\$108	128.84%	1
Short-term Investments	127,774	23,095	11,453	162,323	101,019	60.69%	2
Total Cash and Short-term Investments	127,915	23,154	11,502	162,571	101,128		
RECEIVABLES							
Accounts Receivable	18,953	371	798	20,121	18,415	9.26%	
Investment Accounts Receivable	17,102	7,773	2,983	27,858	14,945	86.40%	3
Total Receivables	36,055	8,143	3,780	47,979	33,360	95.66%	
INVESTMENTS, AT FAIR VALUE							
Core Fixed Income	172,044	75,368	29,576	276,988	308,589	-10.24%	4
Public Equities	616,647	277,709	108,021	1,002,377	705,175	42.15%	5
Specialty Credit	218,770	112,704	40,690	372,164	270,044	37.82%	6
Private Equities	68,950	54,085	24,456	147,492	117,003	26.06%	7
Derivatives	27	(0)	1	28	646	-95.69%	8
Absolute Return	-	-	-	0	21,692	-100.00%	9
Real Return	77,866	39,778	15,305	132,949	86,453	53.78%	10
Opportunistic	33,337	20,724	7,653	61,713	48,045	28.45%	11
Real Estate	37,138	27,302	10,434	74,874	69,737	7.37%	
Total Investments, at Fair Value	1,224,778	607,671	236,136	2,068,585	1,627,385		
Securities Lending Collateral Invested	33,994	15,934	6,244	56,172	36,746	52.87%	12
Total Assets	1,422,743	654,902	257,662	2,335,306	1,798,619		
LIABILITIES							
Accounts Payable	80	8	2	90	111	-19.48%	13
Investment Accounts Payable	31,400	14,071	5,412	50,883	40,279	26.33%	14
Securities Lending Collateral	33,994	15,934	6,244	56,172	36,746	52.87%	15
Total Liabilities	65,474	30,013	11,658	107,145	77,136		
Total Fiduciary Net Position Restricted for OPEB	\$1,357,268	\$624,889	\$246,004	\$2,228,162	\$1,721,483		

NOTE - Variance Explanation

- 1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.
- 2) Short Term Investments is primarily comprised of the cash on hand with the custodial bank along with any small amounts of cash managers and brokers may have; therefore, the variance is driven by cash flow.
- 3) The increase in Investment Accounts Receivables is due to pending trades.
- 4) The decrease in Core Fixed Income is a result of movement of funds from core fixed income to public equity.

NOTE - Variance Explanation continued on next page.

- 5) *The increase in Public Equities is due to additional funding and positive market conditions resulting in increased market values.*
 - 6) *The increase in Specialty Credit is due to additional funding and positive market conditions increasing market values.*
 - 7) *The increase in Private Equity is due to positive market conditions resulting in increased market values*
 - 8) *Variance is a result of hedging and arbitration of risk within the portfolios.*
 - 9) *The decline in Absolute Return is a result of the merging of the Absolute Return asset class with the Real Return asset class.*
 - 10) *The increase in Real Return is a result of the merging of the Absolute Return asset class with the Real Return asset class and positive market conditions resulting in increased market values.*
 - 11) *The increase in Opportunistic is due to additional funding and positive market conditions increasing market values.*
 - 12) *Variance is a result of the demands of the Securities Lending Program.*
 - 13) *The decrease in Accounts Payable is due to an decrease in outstanding employer reporting (insurance) invoices.*
 - 14) *The increase is due to pending trades within the Real Return Portfolio.*
 - 15) *Variance is a result of the demands of the Securities Lending Program.*
- Differences due to rounding.*



Combining Statement of Changes In Fiduciary Net Position - Insurance Fund

For the fiscal year ending June 30, 2021, with Comparative Totals as of June 30, 2020 (\$ In Thousands) (Unaudited)

	KERS		SPRS	KRS Total		Percentage of Change	Note
	Non-Hazardous	Hazardous		2021	2020		
ADDITIONS							
Employer Contributions	\$153,570	\$23	\$9,285	\$162,878	\$188,095	-13.41%	1
Medicare Drug Reimbursement	-	0	-	0	3	-92.75%	2
Insurance Premiums	182	(11)	(14)	157	166	-5.46%	
Humana Gain Share Payment	17,167	1,253	811	19,230	-		
Retired Re-employed Healthcare	4,705	1,277	-	5,982	5,796	3.21%	
Health Insurance Contributions (HB1)	10,471	1,164	209	11,844	7,422	59.57%	3
Northern Trust Settlement	-	-	-	-	-		
Employer Cessation Contributions	28,400	-	-	28,400	25		4
Total Contributions	214,496	3,705	10,290	228,491	201,507		
INVESTMENT INCOME							
From							
Net Appreciation (Depreciation) in FV of Investments	240,117	118,102	46,991	405,209	(20,130)	-2112.96%	5
Interest/Dividends	29,240	15,152	5,825	50,218	39,080	28.50%	6
Total Investing Activities Income	269,357	133,254	52,816	455,427	18,950		
Less: Investment Expense	4,836	2,815	1,135	8,786	6,542	34.30%	7
Less: Performance Fees	6,044	4,018	1,651	11,712	320	3562.83%	8
Net Income from Investing Activities	258,477	126,421	50,031	434,929	12,088		
From							
Securities Lending Income	79	36	14	129	747		
Less: Securities Lending Borrower Rebates	(60)	(27)	(11)	(97)	421		
Less: Securities Lending Agent Fees	21	9	4	34	45		
Net Income from Securities Lending	118	53	21	192	282	-31.95%	9
Net Investment Income	258,595	126,475	50,051	435,121	12,370		
Total Additions	473,091	130,180	60,342	663,612	213,877		
DEDUCTIONS							
Healthcare Premiums Subsidies	119,897	19,800	14,487	154,184	158,851	-2.94%	
Administrative Expenses	814	118	71	1,003	1,042	-3.69%	
Self-Funded Healthcare Costs	1,609	112	25	1,746	1,871	-6.69%	
Total Deductions	122,320	20,029	14,583	156,933	161,763		
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB							
Net Position Restricted for OPEB	350,770	110,150	45,758	506,679	52,114		
Total Fiduciary Net Position Restricted for OPEB							
Beginning of Period	1,006,498	514,739	200,246	1,721,483	1,669,372		
End of Period	\$1,357,268	\$624,889	\$246,004	\$2,228,162	\$1,721,486		

NOTE - Variance Explanation

- 1) Employer contributions decreased in the insurance funds due to the decrease in the insurance transfer rate for FY 2021 for KERS, KERH and SPRS.
 - 2) Medicare drug reimbursement payments fluctuate year to year based on claims reviewed.
 - 3) Health Insurance Contributions will continue to increase as they are now reported in the Insurance Fund.
 - 4) Employer Cessation will vary from year to year.
 - 5) The increase in Net Appreciation in Fair Value of Investments is a result of favorable market conditions, Resulting in increased market values
 - 6) The increase in Interest/Dividends is due to increased income from Real Return, Private Equity and Specialty Credit asset classes.
 - 7) The management fees are up due to the increase in market values.
 - 8) The increase in Performance fees is due to favorable market conditions resulting in higher performance fees.
 - 9) Variance is a result of the demand of the Securities Lending Program.
- Differences due to rounding.

KPPA ADMINISTRATIVE BUDGET 2020-2021
FOURTH QUARTER BUDGET-TO-ACTUAL ANALYSIS
Fiscal Year 2021

Account Name	Budgeted	Actual Expenses	Remaining	Percent Remaining	KERS NH Actual Expense	KHAZ Actual	SPRS Actual	KRS Total
PERSONNEL					31.24%	3.34%	0.68%	
Salaries	\$15,500,000	\$14,349,829	\$1,150,171	7.42%	\$4,482,887	\$479,284	\$97,579	\$5,059,750
Wages (Overtime)	293,500	76,317	217,183	74.00%	23,841	2,549	519	26,909
Emp Paid Retirement	13,086,645	11,566,766	1,519,879	11.61%	3,613,458	386,330	78,654	4,078,442
Emp Paid Health Ins	2,550,000	2,189,835	360,165	14.12%	684,104	73,140	14,891	772,136
Emp Paid Sick Leave	75,000	13,786	61,214	81.62%	4,307	460	94	4,861
Workers Compensation	13,200	75,163	(61,963)	-469.42%	23,481	2,510	511	26,502
Unemployment	10,000	-	10,000	100.00%	-	-	-	-
Other Personnel	1,138,500	1,027,167	111,333	9.78%	320,887	34,307	6,985	362,179
Tuition Assistance	20,600	9,685	10,915	52.99%	3,026	323	66	3,415
LEGAL & AUDITING SERVICES								
Legal Hearing Officers	91,200	77,000	14,200	15.57%	24,055	2,572	524	27,150
Legal (Stoll, Keenon)	340,500	145,595	194,905	57.24%	45,484	4,863	990	51,337
Frost Brown (Tax Advisor)	114,300	226,388	(112,088)	-98.06%	70,724	7,561	1,539	79,824
Reinhart	444,000	10,460	433,540	97.64%	3,268	349	71	3,688
Ice Miller	187,200	304,712	(117,512)	-62.77%	95,192	10,177	2,072	107,441
Legal Expense	125,500	202	125,298	99.84%	63	7	1	71
Auditing	176,500	72,047	104,453	59.18%	22,507	2,406	490	25,404
CONSULTING SERVICES								
Medical Reviewers	273,865	316,186	(42,321)	-15.45%	98,777	10,561	2,150	111,487
Escrow for Actuary Fees	12,000	(20,000)	32,000	266.67%	(6,248)	(668)	(136)	(7,052)
CONTRACTUAL SERVICES								
Miscellaneous Contracts	22,750	12,077	10,673	46.91%	3,773	403	82	4,258
Human Resources Consulting	7,500	5,794	1,706	22.75%	1,810	194	39	2,043
Actuarial Services	612,000	468,490	143,510	23.45%	146,356	15,648	3,186	165,190
Facility Security Charges	80,500	70,222	10,278	12.77%	21,937	2,345	478	24,760
PERSONNEL SUBTOTAL	\$35,175,260	\$30,997,722	\$4,177,538	11.88%	\$9,683,688		\$210,785	
OPERATIONAL								
Natural Gas	22,500	22,951	\$(451)	18.51%	\$7,170	\$767	\$156	\$8,093
Electric	176,500	124,816	\$51,684	38.19%	38,993	4,169	849	44,010
Rent-NonState Building	71,600	55,443	\$16,157	40.25%	17,320	1,852	377	19,549
Building Rental - PPW	1,100,000	1,005,815	\$94,185	30.43%	314,217	33,594	6,840	354,650
Equipment Rental	-	7,163	\$(7,163)	0.00%	2,238	239	49	2,526
Copier Rental	73,000	55,520	\$17,480	43.17%	17,344	1,854	378	19,576
Rental Carpool	9,100	3,881	\$5,219	68.02%	1,212	130	26	1,368
Vehicle/Equip. Mainten.	1,350	912	\$438	100.00%	285	30	6	322

KPPA ADMINISTRATIVE BUDGET 2020-21 FOURTH QUARTER BUDGET-TO-ACTUAL ANALYSIS								
Account Name	Budgeted	Actual	Remaining	Percent Remaining	KERS NH Actual Expense	KHAZ Actual	SPRS Actual	KRS Total
Postage	455,000	552,199	\$(97,199)	-1.80%	172,507	18,443	3,755	194,705
Freight	46	-	\$46	100.00%	-	-	-	-
Printing (State)	11,700	4,992	\$6,708	74.00%	1,560	167	34	1,760
Printing (non-state)	102,700	102,293	\$407	24.84%	31,956	3,417	696	36,069
Insurance	11,650	3,802	\$7,848	69.18%	1,188	127	26	1,341
Garbage Collection	5,500	5,294	\$206	19.79%	1,654	177	36	1,867
Conference Expense	25,750	14,219	11,532	44.78%	4,442	475	97	5,014
MARS Usage	51,300	47,646	\$3,654	30.34%	\$14,885	\$1,591	\$324	\$16,800
COVID-19 Expenses	146,800	153,032	\$(6,232)	2.85%	47,807	5,111	1,041	53,959
Office Supplies	89,125	38,837	\$50,288	72.61%	12,133	1,297	264	13,694
Furniture & Office Equipment	25,075	8,215	\$16,860	100.00%	2,566	274	56	2,897
Travel (In-State)	30,800	1,473	29,327	95.22%	460	49	10	519
Travel (Out of State)	59,300	397	58,903	100.00%	124	13	3	140
Dues & Subscriptions	66,625	55,422	11,203	16.82%	17,314	1,851	377	19,542
Miscellaneous	3,100	788	2,312	74.58%	246	26	5	278
COT Charges	22,225	21,640	585	54.29%	6,760	723	147	7,630
Telephone - Wireless	5,100	4,734	366	37.83%	1,479	158	32	1,669
Telephone - Other	119,000	100,686	18,314	34.70%	31,454	3,363	685	35,502
Computer Equip./Software	3,325,500	2,360,814	964,686	55.00%	737,518	78,851	16,054	832,423
OPERATIONAL SUBTOTAL	\$6,010,346	\$4,752,984	\$1,257,362	75.36%	\$1,484,832	\$158,750	\$32,320	\$1,675,902
SUBTOTAL	41,185,606	35,750,706	5,434,900	13.20%	11,168,520	1,194,074	243,105	12,605,699
Major Legislative Implementation	7,702,594	-	7,702,594	100.00%	-	-	-	-
TOTAL	\$48,888,200	\$35,750,705	\$13,137,495	43.23%	\$11,168,520		\$243,105	

Plan	Budgeted	Actual Expense	% of Total KRS Actual Expense
KERS	\$15,272,674	\$11,168,520	31.24%
KHAZ	\$1,632,866	\$1,194,074	3.34%
SPRS	\$332,440	\$243,105	0.68%
TOTAL	\$17,237,979	\$12,605,699	

Plan - Specific Expenses				
	Amount	KERS	KHAZ	SPRS
CERS Legal Adjustment	\$31,840	\$(9,946)	\$(1,064)	\$(212)
CERS Legal Actual		-	-	-
KERS Legal Adjustment	264,092	(82,493)	(8,821)	(1,785)
KERS Legal Actual		238,581	25,511	
Subtotal Plan Specific Legal		146,142	15,626	(2,001)
Total Expenses		\$11,314,663	\$1,209,700	\$241,104

Pension Fund Contribution Report

For the period ending June 30, 2021, with Comparative Totals as of June 30, 2020 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Non-Hazardous		Hazardous			
	FY21	FY20	FY21	FY20	FY21	FY20
Member Contributions	\$90.2	\$96.6	\$20.0	\$19.8	\$4.8	\$4.8
Employer Contributions	1,134.2	948.6	62.2	59.1	59.7	59.5
Net Investment Income	50.6	38.7	13.9	13.3	5.9	5.3
Total Inflows	1,275.1	1,083.9	96.1	92.2	70.3	69.5
Benefit Payments/Refund	1,018.5	1,011.3	78.3	75.0	63.5	62.5
Administrative Expenses	11.6	11.9	1.3	1.2	0.2	0.3
Total Outflows	1,030.1	1,023.3	79.5	76.2	63.8	62.8
NET Contributions	245.0	60.6	16.6	16.0	6.5	6.8
Realized Gain/(Loss)	97.0	89.9	31.2	32.3	11.0	12.2
Unrealized Gain/(Loss)	380.8	(74.9)	129.8	(38.8)	45.1	(11.2)
Change in Net Position	722.8	75.6	177.6	9.5	62.6	7.8
Beginning of Period	2,362.2	2,286.6	697.4	687.9	295.0	287.2
End of Period	\$3,085.0	\$2,362.2	\$874.9	\$697.4	\$357.6	\$295.0

Insurance Fund Contribution Report

For the period ending June 30, 2021, with Comparative Totals as of June 30, 2020 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Non-Hazardous		Hazardous			
	FY21	FY20	FY21	FY20	FY21	FY20
Employer Contributions	\$182.0	\$170.5	-	\$4.5	\$9.3	\$13.1
Insurance Premiums	17.3	0.2	1.2	-	0.8	-
Retired Reemployed Healthcare	4.7	4.7	1.3	1.3	-	-
Health Insurance Contributions	10.5	6.1	1.2	1.1	0.2	0.2
Net Investment Income	18.5	18.9	8.4	9.9	3.1	3.7
Total Inflows	233.0	200.4	12.1	16.8	13.4	17.0
Healthcare Premiums	121.5	126.7	19.9	19.8	14.5	14.2
Administrative Expenses	0.8	0.9	0.1	0.1	0.1	-
Total Outflows	122.3	127.6	20.0	19.9	14.6	14.2
NET Contributions	110.7	72.8	(7.9)	(3.1)	(1.3)	2.8
Realized Gain/(Loss)	45.0	33.3	21.8	21.1	8.7	8.9
Unrealized Gain/(Loss)	195.1	(41.7)	96.3	(30.4)	38.3	(11.4)
Change in Net Position	350.8	64.4	110.2	(12.4)	45.7	0.2
Beginning of Period	1,006.5	942.1	514.7	527.1	200.2	200.1
End of Period	\$1,357.3	\$1,006.5	\$624.9	\$514.7	\$246.0	\$200.3

Differences in the charts above are due to rounding.



KENTUCKY PUBLIC PENSIONS AUTHORITY

Outstanding Invoices by Type and Employer

Invoice Type	6/30/2021	3/31/2021	Change H/(L)
Averaging Refund to Employer	\$(459,730)	\$(241,658)	90%
Employer Free Military and Decompression Service	58,861	497,982	-88%
Member Pension Spiking Refund	(25,546)	(26,621)	-4%
Monthly Reporting Invoice	(74,761)	(434,776)	-83%
Penalty – Monthly Reporting	234,473	289,775	-19%
Reinstatement	244,823	244,823	0%
Total	\$22,498	\$373,811	-94%
Health Insurance Reimbursement	\$1,198,562	\$1,744,967	-31%
Omitted Employer	1,576,232	1,250,685	26%
Employer Pension Spiking*	1,760,350	1,788,592	-2%
Standard Sick Leave	8,253,827	10,880,050	-24%
Total	\$12,788,971	\$15,664,294	-18%
Grand Total	\$12,811,468	\$16,038,105	-20%

**Pension Spiking invoices on this report are Employer Pension Spiking. By statute these invoices are due 12 months from invoice date. Employer Pension Spiking is in effect only for retirements prior to July 1, 2018, therefore, unless there has been a recently created invoice for a backdated retirement, all of these invoices are greater than 12 months old..*

Employer Name (Top Ten)	6/30/2021	3/31/2021	Change H/(L)
Kentucky State Police	\$7,011,463	\$10,575,453	-34%
Kentucky River Regional Jail	979,925	230,955	324%
Department of Highways	826,323	716,911	15%
City of Covington	371,872	367,311	1%
Kenton County Airport Board	322,897	322,510	0%
City of Fort Thomas	220,287	214,893	3%
Department for Community Based Services	218,148	62,107	251%
City of Villa Hills	212,533	212,533	0%
Henry County Fiscal Court	205,792	205,604	0%
TARC - Transit Authority River City	\$178,211	\$173,867	2%



KENTUCKY PUBLIC PENSIONS AUTHORITY

Penalty Waivers Report

From: 4/1/2021 To: 6/30/2021

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$1,158	\$-	-	6/8/2021	6/17/2021	CANC	Universities	KPPA at fault
1,000	-	-	6/28/2021	7/17/2021	CANC	Health Departments	Agency in good standing with KPPA
Total	\$2,000						
\$1,000	\$1,000	-	4/20/2021	5/20/2021	CRTD	Master Commissioner	
1,000	1,000	-	4/20/2021	5/20/2021	CRTD	Non-P1 State Agencies	
1,000	1,000	-	5/18/2021	6/17/2021	CRTD	Non-P1 State Agencies	
1,000	1,000	-	6/21/2021	7/21/2021	CRTD	Master Commissioner	
1,000	1,000	-	6/22/2021	7/22/2021	CRTD	Master Commissioner	
1,000	1,000	-	6/22/2021	7/22/2021	CRTD	Master Commissioner	
1,000	1,000	-	6/22/2021	7/22/2021	CRTD	Master Commissioner	
1,000	1,000	-	6/22/2021	7/22/2021	CRTD	Master Commissioner	
Total	\$8,000						
\$1,123	\$-	-	5/3/2021	5/8/2021	PAID	Universities	
Total	\$1,123						

Notes:

Invoice Status:

CANC - Cancelled

CRTD - Created

PAID - Paid



Overview of House Bill 8

For KERS Nonhazardous Only

Calculation of Employer Contribution

- ▶ Addresses **decreasing payroll** due to downsizing, outsourcing, and contract employment.
- ▶ **Same initial calculation** of total liability and amortization cost for the plan. Every year, the actuary calculates the per person liability to determine total liability, then subtracts assets. The result is the total Unfunded Accrued Liability (UAL).
- ▶ Previously used **projected payroll** to determine an across the board contribution rate representing the aggregate amortization cost. Calculation is no longer based on projected payroll to eliminate the impact of an employer's decreasing payroll.
- ▶ House Bill 8 requires that a **percentage** of the UAL be assigned to each employer based on total UAL as of 6/30/2019:
 - Each employer's 2019 percentage of the liability is multiplied by the **current year UAL** to calculate the UAL flat dollar amount each employer must pay for that year.
 - UAL dollar amount is determined each year based on the current year UAL, but **always applies the same 2019 percentage**.



Overview of House Bill 8

For KERS Nonhazardous Only

Example:

FY 2019 Total KERS Non-Haz Liability = \$19.2 billion

ER Accrued Liability = \$2 million

ER % = (\$2 million/\$19.2 billion) = 0.01042%

FY	Total KERS NHz Amortization Cost (A)	Employer Annual Amortization Cost (A * 0.01042%)	Employer Monthly Amortization Payment (AALC)
2022	\$1,039,849,248	\$108,352	\$9,030
2023*	\$1,020,000,000	\$106,284	\$8,857
2024*	\$1,055,000,000	\$109,931	\$9,161

* FY2023 and FY2024 amortization costs in this chart are for illustrative purposes only.



Appeals

Employers are allowed to appeal the 2019 liability used to make up their percentage of the UAL for three reasons:

- ▶ **Not last employer**
- ▶ **Contract with Executive Branch**
- ▶ **Previous state mental health facility**

Subsidies

Employers must report to KPPA all persons employed as **independent contractor**, leased employee or other who would qualify as regular full-time and persons employed full-time who are not being reported to KPPA

- ▶ KPPA must report these persons to LRC by August 29 of the following fiscal year
- ▶ $\text{Percentage} = \text{Number of Participating Employees} / (\text{Total FT Employees})$
- ▶ For FY 2023 and FY 2024, only those employers who have 60+% will receive GA subsidy
- ▶ For FY 2025 and after, only those employers who have 80+% will receive GA subsidy

Overview of House Bill 8



Not Eligible to Appeal

Branch	Number of Members	Accrued Liability as of 6/30/19
Legislative	1,489	\$343,338,931
Judicial	4,700	\$469,266,488
Executive	85,345	\$14,434,001,594
TOTAL	91,534	\$15,246,607,013



Eligible to Appeal

- ▶ **178 employers** are eligible to appeal representing **40,880 members** with a **total liability of \$3,880,919,950**
- ▶ **82 employers** requested a list of persons included in their liability
- ▶ **47 employers appealed**
 - Represents **26,060 members** with **total 2019 liability of \$2,482,826,069**
 - Appealed **5,189 members** with **total 2019 liability of \$ 366,308,303**



Eligible to Appeal

Appeals are based on:

Appeal Type	Number of Employers	Number of Members	Amount
Not Last Employer	34	2,227	\$119,992,252
Contract with Executive branch	22	399	\$37,216,183
Previous state mental health facility	3	2,563	\$209,099,868
TOTAL		5,189	\$366,308,303



Employer Classification

Employer Classification	Appeals	Appeals by Type					
		Not Last Employer		Contract with Executive branch		Previous state mental health facility	
		Members	Accrued Liability	Members	Accrued Liability	Members	Accrued Liability
Health Departments	25	75	\$7,016,058	85	\$16,147,664		
Non-P1 State Assoc./Corp.	1	2	35,893	-	-	-	-
Non-P1 State Agencies	3	5	687,334	-	-	-	-
Regional Mental Health Units	10	1,403	63,926,769	-	-	2,563	209,099,868
Universities	4	650	28,788,954	308	20,550,842	-	-
County Attorneys	4	92	19,537,244	6	517,677	-	-
TOTAL	47	2,227	\$119,992,252	399	\$37,216,183	2,563	\$209,099,868

Accrued Liability based on 6/30/19 Valuation

Summary of Appeal Concerns

- ▶ **No concerns** have yet been identified that will require legislation
- ▶ Liability **Calculation Validation:**
 - The individual liability calculation used by the KPPA actuary, GRS, for the HB 8 liability is the same calculation used for the annual valuation. The annual valuation was recently audited by Segal and the results were presented to the Board of Trustees in December 2020. Segal found GRS' methodologies to be accurate and was able to repeat their calculations within 1% variation
- ▶ Employers dealing with **federal funding** require the percent of pay calculation:
 - KPPA has met with leadership and assisted multiple agencies including: County Attorneys/Child Support, Child Advocacy, Kentucky Association of Sexual Assault Programs (KASAP) and Children's Advocacy Centers of Kentucky
- ▶ Employer appeals on last employer shows a **misunderstanding of liability calculation:**
 - Member is deceased
 - Member is now working for a non-participating agency (for example, CERS)
 - Member did not work for me, but my predecessor
 - Member refunded their account after June 30, 2019
 - Member is not vested
 - Member is not eligible for retirement

Summary of Appeal Concerns

- ▶ **Lack of understanding that HB 8 did not assign a specific liability amount to each employer:**
 - Requests to pay early or make extra payments to avoid interest
 - Requests to have specific liability amounts on monthly invoices
 - Expectations that the new dollar amount is not the same as the liability that was moved to the executive branch
- ▶ **Protest letters:**
 - Approximately 12 employers submitted a “protest letter” indicating that while they are paying the UAL monthly invoice, they are paying under protest
 - These employers reserve all rights that they may have to challenge the constitutionality of HB 8
- ▶ **A few July payments were late due to the new process:**
 - KPPA waived the penalties while employers adjust to the new process



Contribution Comparison

	July 2020	July 2021
Payroll	\$125,210,854	\$120,633,690
Employee Count	33,111	31,438
Employer Contribution	\$95,625,051	\$12,609,615
Contribution Rate*	84.43%	10.10%
UAL Payment	N/A	\$ 84,528,577
Total Employer Contribution	\$95,625,051	\$97,138,192
<i>*The employer contribution rate for Fiscal Year 2021 reflects the normal cost.</i>		