MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT COMMITTEE SPECIAL-CALLED MEETING
APRIL 28, 2026, 10:00 A.M., E.T.
VIA LIVE VIDEO TELECONFERENCE

At the April 28, 2026, County Employees Retirement System Investment Committee Special-Called Meeting, the following committee members were present: Dr. Merl Hackbart (Chair), George Cheatham, Jim Tony Fulkerson, William O'Mara, and Tommy McGraw. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Erin Surratt, Michael Board, Mike Lamb, Odette Gwandi, Victoria Hale, Steve Willer, Anthony Chiu, Brian Caldwell, Joe Gilbert, Ian Blaiklock, Phillip Cook, Sherry Rankin, and Mary Hill. Also in attendance were Eric Branco with Johnson, Branco & Brennan LLP; and David Lindberg, Chris Tessman, Craig Morton, and John Patterson with Wilshire.

1. The meeting was ***called to order*** by Dr. Hackbart.

2. Mr. Branco read the ***Legal Opening Statement***.

3. Ms. Rankin ***called roll.***

4. Ms. Rankin noted that no ***Public Comments*** were received.

5. Dr. Hackbart introduced agenda item ***Private Equity Investment Recommendation.*** *(Video 00:06:01 to 00:25:18).* Dr. Hackbart asked for clarification that this recommendation is from Wilshire and not from the KPPA Investment staff. Mr. Willer noted that the staff had briefly reviewed the material and had some initial observations to present but had not had the opportunity to do a full review in order to make a formal recommendation.

   Dr. Hackbart introduced Wilshire to make their presentation. Mr. Tessman explained that Wilshire was asked to present again after the approval of their pacing strategy at the last meeting and introduced John Patterson for the current presentation. Mr. Patterson then gave a brief background of the portfolio pacing strategy Wilshire presented in February's

meeting and stated they identified Capitol Meridian Fund II as a potential private equity commitment. He also gave an overview of the portfolio implementation strategy Wilshire previously outlined to reach private equity target allocations and explained that a commitment made today will take some time for realization.

Mr. Patterson gave some background on the founding and track record of Capitol Meridian Partners. He explained their investment strategy targets aerospace and defense, government tech, and government services investments in middle market businesses in North America. Mr. Patterson stated that Wilshire appreciates the sector specialization approach taken by Capitol Meridian and noted they did not receive any negative references about the team when researching them.

He did note some concerns, including the modest returns of Fund I and the high level of demand for access. Capitol Meridian's investor demand is exceeding the hard cap they have set on investments, and it may be difficult to procure the full allocation desired. He stated that Wilshire is working to secure that funding, but there is a risk that the entire allocation may not be made. Dr. Hackbart requested some clarification of how this commitment fits the timeline for target allocations and Mr. Patterson explained there is an expectation to hit target in three (3) to five (5) years. This commitment would be one step toward the overall allocation goal. Mr. Cheatham added that during his review, he noticed that allocations have fallen within the last six (6) months and that it is important to find investments simply to "hold steady." He stated that the pacing plan will eventually provide much needed diversification, and he liked this investment at this juncture.

Mr. Willer was asked to provide comments from the investment team, and he echoed much of what Mr. Patterson stated, including the firm's limited track record and the significant experience managing similar strategies by their small team. He also noted that Capitol Meridian is expected to have a strong alignment through General Partner ("GP") commitments, which they view as important for these funds. Additionally, the middle market government facing business sector is attractive for investing because it is "less trafficked" by private equity due to regulations and strict procurement policies. He did note

some concerns regarding less than favorable fees and terms, that the team generally prefers to stay away from funds with American waterfalls, and exit strategies may be more limited. When asked about Fund I's slow performance, Mr. Willer stated that it is still early to determine any hard numbers on performance, but nothing points to any major red flags at this time.

Dr. Hackbart requested a motion on this item and Mr. Cheatham made the motion to recommend the investment of $90 million with Capitol Meridian Fund II to the full CERS Board of Trustees, contingent upon successful contract negotiations. The motion was seconded by Mr. Fulkerson and then carried unanimously.

6. Dr. Hackbart introduced agenda item ***Public Equity Recommendation – Franklin Templeton All Country World Ex US Portfolio.*** *(Video 00:25:20 to 00:52:08).* Mr. Willer introduced Joe Gilbert to discuss concerns about Franklin Templeton's recent performance and next steps. Mr. Gilbert provided some brief background information on the relationship between KPPA and Franklin Templeton. He stated that as part of the larger portfolio, Franklin Templeton was initially the shining star, but has been struggling of late. Because of this, the investment staff, in accordance with Wilshire, recommend a transfer of management responsibilities from Franklin Templeton to ClearBridge (a Frankin Templeton company).

   Mr. Gilbert went on to discuss some of the issues with Franklin Templeton in depth, including some market headwinds, market narrowness, and self-inflicted wounds. While the manager has made some good-faith efforts to address the situation, it has not been enough to see a sustained recovery. Additional challenges included loss of a significant client and internal staff moves. ClearBridge being an affiliate of Franklin Templeton should allow for the shift in management responsibility with a delegation of management document under the current Investment Management Agreement ("IMA") and allow for a quicker movement of assets. Mr. Gilbert further stated that ClearBridge will also cover the cost of transition.

Mr. Gilbert gave some background information about ClearBridge, including their 60 years of operation and $210 billion in firm assets under management ("AUM"). The investment team is responsible for two (2) to three (3) sectors each, with overlapping coverage for review. He stated that ClearBridge uses a value-driven approach that enables consistent evaluation and efficient allocation. He also noted the diversification of the strategy across sector, region, and types of growth. Mr. Gilbert touched on some weaker performance numbers over the last year but noted that intermediate and long-term numbers are solid.

He continued with a brief discussion of the portfolio sizing and associated management fees. ClearBridge initially offered zero management fee through March 31, 2027, but worked with staff to extend that to June 30, 2027, to account for the cost of transition. Beginning in July of 2027, ClearBridge's proposed fees will be the cheapest active international mandate in the portfolio. KPPA Investment staff and Wilshire consultants believe this transition will be a positive response to the current concerns. He noted this is a slightly different process than is normally done, but staff believe it to be a prudent move and an opportunity to do a full review of the international portfolio.

When asked how long KPPA has been using Franklin Templeton. Mr. Gilbert stated they were brought on as a part of a larger "basket" of four (4) managers in 2014. After strong performance initially, Franklin Templeton has struggled and the team felt that it was time to change. Dr. Hackbart inquired about other opportunities and Mr. Gilbert explained the team did a "shadow search" for information on other options, but timing and concerns about the current performance did not allow for a formal search. Mr. Gilbert explained that this is a solid investment manager and this move will give the team some time to do a "full dive" into the entire international portfolio.

Mr. Cheatham thanked Mr. Gilbert for his and the team's work in reviewing and evaluating managers and asked if any other in-house subsidiaries besides ClearBridge were considered. Mr. Gilbert stated that in working with the Franklin Templeton Relationship Manager, they advised that of their current offerings, ClearBridge was the best option for what the team was looking for. He went on to explain that ClearBridge offered a way to

maintain the same level of growth with lower risk. Mr. Tessman spoke up and reiterated that ClearBridge is solid manager and even with a longer search process, they would be in the mix. He explained that they do not try to chase returns because active management is cyclical and ClearBridge will offer a way to lessen risk in the short term. Mr. Cheatham made a motion to approve the transfer of management responsibilities from Franklin Templeton to Clearbridge, subject to successful completion of transfer documentation. Mr. McGraw seconded the motion and it carried unanimously.

7. Dr. Hackbart introduced agenda item ***Real Return Investment Recommendation.*** *(Video 00:52:10 to 01:19:50).* Mr. Willer stated the Investment Committee and the Board unanimously approved the investment staff's recommendation to commit up to $200 million to the ITE Rail Fund as part of the real return allocation in December, 2024. The commitment was deployed in October of 2025 and based on the strong relationship with the manager, there is an opportunity to increase commitments to be further discussed by Anthony Chiu.

   Mr. Chiu began by giving an overview of the real return allocation as it stands today, then noted how the allocation would look if it were to be fully called. He referenced the original recommendation with a summary of the process, including the funding dates of April and October of 2025. He noted that an additional commitment would secure both a lower management fee and performance fee going forward. This would bring KPPA's commitment to $500 million. Mr. Chiu went on to discuss the portfolio overview for ITE Rail, including diversification among lessees. Mr. Willer noted that while this is an open-ended structure fund, it has essentially been closed to new commitments. He stated that Mr. Chiu's persistence working with the manager opened the fund for KPPA's initial commitment and was key in the invitation to provide an additional commitment.

   Mr. Cheatham inquired about the pie chart referencing cash tied up in litigation with Prisma and why it wasn't showing on a subsequent slide. Mr. Chiu explained that the second graphic was a representation of what the fund would look like when fully-called and there were no outstanding items. Mr. Cheatham also asked about the renewal rate and why there

are so many renewals due in the next few years. Mr. Chiu explained that there are approximately 15-20% of leases that expire each year but when pricing is better, there may be a push for extended lease terms; noting that shorter lease terms would be more favorable when prices are higher to allow for earlier renegotiation. Mr. Chiu and Mr. Willer stated they would follow up with some additional information.

There was another inquiry from Mr. Cheatham about the rate of return anticipated in the report. Mr. Chiu stated he estimated a 6-9% rate of return, slightly more conservative than Wilshire's estimate of 10-12%. He stated that the average rate of return has been approximately 2% per quarter and has been steady of late. With more favorable conditions, lease prices will be able to be raised and that could change. Overall, the fund performed as expected and he stated he anticipates that to continue. When asked about fuel costs impacting profitability, Mr. Chiu stated that he feels that the diversification of the portfolio likely offsets any extra costs that may be passed on but will find out specifics and report back. Dr. Hackbart clarified the amount of the recommended additional commitment is $100 million, a 50% increase in the current commitment. Mr. Willer noted that this additional commitment will get them very close to target allocation.

Dr. Hackbart requested a motion to approve an additional investment of $100 million in the ITE Rail Fund, L.P. contingent upon successful contract negotiations. Mr. Cheatham made the motion and Mr. McGraw seconded. The motion carried unanimously.

8. There being no further business, Dr. Hackbart ***adjourned*** the meeting.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded above the action of the Committee 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 connection with this meeting.

Recording Secretary

I, as Chair of the County Employees Retirement System Investment Committee of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of the meeting held on April 28, 2026, were approved by the County Employees Retirement System Investment Committee on May 29, 2026.

CERS Investment Committee Chair

I have reviewed the Minutes of the County Employees Retirement System Investment Committee Meeting on April 28, 2026, for form, content, and legality.

Office of Legal Services