

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING APRIL 6, 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 Board of the Kentucky Public Pensions Authority held on April 6, 2021 the following members were present: Keith Peercy, Betty Pendergrass, Jerry Powell, John Cheshire, Raymond Connell, Dr. Merl Hackbart, William O'Mara and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Steven Herbert, Kristen Coffey, Marlane Robinson, Connie Pettyjohn, Shaun Case, Phillip Cook, and Alane Foley.

Mr. David Eager called the meeting to order.

Ms. Alane Foley called roll.

Mr. David Eager introduced agenda item *Swearing-In Ceremony*. Ms. Alane Foley, as Notary, swore in all Board Members.

Mr. Eager introduced agenda item *Chair Election*. Ms. Pendergrass nominated Mr. Peercy for Chair. With no further nominations, Mr. Cheshire made a motion and was seconded by Dr. Hackbart to confirm Mr. Peercy as the Chair of the Kentucky Public Pensions Authority. The motion passed unanimously.

Mr. Peercy introduced agenda item *Vice-Chair Election*. Ms. Pendergrass nominated Mr. Powell, who declined. Mr. Powell nominated Ms. Pendergrass for Vice-Chair. With no further nominations, Mr. Powell made a motion and was seconded by Mr. Lane to confirm Ms. Pendergrass as the Vice-Chair of the Kentucky Public Pensions Authority. The motion passed unanimously.

Mr. Peercy introduced agenda item *KPPA Service Recognition Awards*. Mr. Eager stated how proud he was of the internal staff and introduced Ms. Marlane Robinson, Director of Human Resources. She acknowledged staff who celebrated five, ten, fifteen, twenty, twenty-five and thirty years with the retirement system.

Mr. Peercy introduced agenda item *KRS Ad-Hoc Planning Committee Report*. Mr. Peercy advised that the Ad-Hoc Planning Committee had discussions regarding the CEO and General Counsel position descriptions, which were being drafted by KPPA staff. Both positions may be part-time positions, especially in the beginning. Mr. Peercy stated that the CEO position would serve as a liaison between KRS, KPPA and the Legislature. The General Counsel position may be better served by a law firm on retainer, should any issues arise, as KPPA has internal legal staff that will be available.

KRS Trustees have worked with KPPA legal staff to update the bylaws and policies, keeping the structure already in place with a few modifications specific to KRS. These are still in draft form at this time.

Mr. Peercy introduced agenda item *CERS Ad-Hoc Planning Committee Report*. Ms. Pendergrass advised that a lot of what was done by CERS mirrored that of KRS, but CERS is a brand new Board. Once all vacancies in CERS Board member positions are filled CERS will have five new Trustees out of nine. Several organizational issues had to be addressed as well as educational meetings needed to be held to get Trustees prepared for their role. CEO and General Counsel position descriptions were approved, recruitment of these positions are being discussed. Bylaws are in draft form, they will be voted on at the next CERS Board meeting. An Investment Policy Statement and an Investment Procurement Policy are in development. The meeting schedule is complete. CERS and KRS worked in conjunction to ensure no meetings overlapped.

Mr. Peercy introduced agenda item *KPPA Bylaws, Policies and Committees*. Ms. Kathy Rupinen stated that Ms. Carrie Bass is assisting with bylaws. It is recommended that KPPA committees only consist of KPPA Board Members. CERS and KRS, however, can have joint committee meetings. Decisions in these joint committee meetings will need to be ratified by both the CERS and KRS Boards. Ms. Kristen Coffey explained how they report to the Audit Committee. There

was a lengthy discussion between internal staff and Board Members regarding having a joint Audit Committee and joint Retiree Health Care Committee. Board Members agree that joint meetings would allow utilization of talent from both the CERS and KRS Boards, each Board Chair will assign two members to each committee. There will not be any KPPA Committees at this time. The KPPA Board Meeting schedule was discussed. The December meeting will be eliminated leaving the quarterly meetings and an annual meeting. Legal will finalize the bylaws per the discussion today to be voted on and approved at the next Board Meeting.

Mr. Peercy introduced agenda item *CIO and Deputy CIO Compensation*. Mr. Eager spoke to the Board regarding the importance of hiring and retaining quality investment professionals. Compensation levels play a huge role in recruitment and retention. HB 9 allowed the CIO and Deputy CIO positions to be exempt from the salary guidelines of 18A. The Executive Director recommends that the Board 1.) Adjust the salary of the Steven M. Herbert, Executive Director, Office of Investments, from \$13,916.68/month to \$19,583.34/month effective April 1, 2021; and, 2.) Adjust the salary of Steve M. Willer, Deputy Executive Director, Office of Investments, from \$13,750.00/month to \$15,833.34/month effective April 1, 2021. After discussion, Mr. Cheshire made a motion and was seconded by Mr. Lane to approve the salary adjustment recommendations for Steven M. Herbert and Steve M. Willer. A roll call vote was taken; Betty Pendergrass (Y), Keith Peercy (Y), Dr. Merl Hackbart (Y), Prewitt Lane (Y), Campbell Connell (Y), William O'Mara (Y), John Cheshire (Y) and Jerry Powell (N). The motion passed.

Mr. Peercy introduced agenda item *Internal Reorganization Administrative Order Request*. Ms. Rebecca Adkins stated that Kentucky Public Pensions Authority (KPPA) transitioned under 18(A) on September 16, 2016. The organizational structure of the agency has not changed since that time. Over the past few years, the agency has identified a few areas that would benefit from restructuring in order to improve efficiency and oversight. Mr. Connell made a motion and was seconded by Dr. Hackbart to approve the reorganization plan as presented and allow the agency to work with the Personnel Cabinet to implement the changes through the use of an Administrative Order with an effective date of May 16, 2021. The motion passed unanimously.

Mr. Peercy introduced agenda item *Amended Administrative Regulation 105 KAR 1:270 Discussion*. Ms. Carrie Bass discussed this regulation that provides guidance on the special federal income tax withholding and expires this summer. The Office of Legal Services requests that the KPPA Board review the material and provide any feedback so that any suggested changes can be considered and incorporated where appropriate. At the next KPPA Board meeting, the Office of Legal Services will then request authorization from the KPPA Board to proceed with filing this amended administrative regulation applicable to both the Kentucky Retirement Systems and the County Employees Retirement System. This was provided for informational purposes only.

Ms. Pendergrass made a motion and was seconded by Mr. Powell to adjourn the meeting, to meet again on April 28, 2021 or upon the call of the Chair of the Board. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held April 6, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

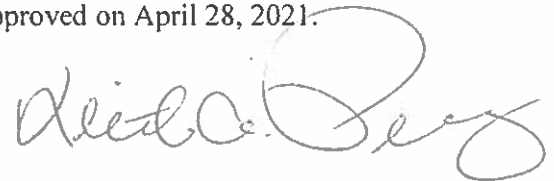
CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board 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 Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on April 6, 2021 were approved on April 28, 2021.



KPPA Board Chair

Executive Director

I have reviewed the Minutes of the April 6, 2021 Kentucky Public Pensions Authority Board Meeting for content, form, and legality.



Executive Director
Office of Legal
Services