MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
QUARTERLY BOARD MEETING
VIA LIVE VIDEO TELECONFERENCE
DECEMBER 4, 2025, AT 10:00 AM EST

At the quarterly meeting of the Kentucky Public Pensions Authority held on December 4, 2025, the following Board members were present: Keith Peercy, Dr. Patricia Carver, George Cheatham, Dr. Merl Hackbart, Lynn Hampton, Prewitt Lane, William O'Mara, and William Summers V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens III, Ryan Barrow, Erin Surratt, Michael Lamb, Michael Board, Victoria Hale, Leigh Ann Davis, Nathan Goodrich, Carole Catalfo, Connie Davis, Kristen Coffey, James Westbay, William Prince, Madeline Evans, Zachary Curtis, Steve Willer, Anthony Chiu, Brian Caldwell, Ian Blaiklock, Dominique McKinley, Shaun Case, Sherry Rankin, and Sandy Hardin. Others in attendance included Eric Branco, Johnson, Branco & Brennan LLP, and Roger Alfaro and Lealan Miller with Eide Bailly.

1. Mr. Peercy called the meeting to order.

2. Mr. Board read the Legal Opening Statement.

3. Ms. Rankin called roll.

   Mr. Peercy introduced agenda item ***Public Comment.*** Ms. Rankin indicated that there were no public comments.

4. Mr. Peercy introduced agenda item ***Approval of Minutes – KPPA Board held on September 12, 2025; September 25, 2025; October 22, 2025; and October 23, 2025*** *(Video 00:07:40 to 00:08:07)*. Mr. O'Mara made a motion to approve the September 12, 2025; September 25, 2025; October 22, 2025; and October 23, 2025, minutes as presented. Dr. Carver seconded the motion. The motion passed unanimously.

5. Mr. Peercy introduced agenda item ***KPPA Ad Hoc Regulation Committee Report*** (*Video 00:08:07 to 00:14:22)*. Mr. Goodrich noted that the Ad Hoc Regulation Committee met on November 12, 2025, and forwarded the following administrative regulations to the full Board for final approval:

    a. 105 KAR 1:160 – Sick Plans
    b. 105 KAR 1:170 – Membership Form Requirements
    c. 105 KAR 1:330 – Purchase of Service Credit
       105 KAR 1:261 – Repeal of 105 KAR 1:261
       105 KAR 1:260 – Purchase of Out-of-State Service Credit
    d. 105 KAR 1:380 – Minimum Distribution
    e. 105 KAR 1:400 – Federal Tax Limitation Year
    f. 105 KAR 1:430 – General Compliance with Federal Tax Laws

    Following Mr. Goodrich's brief summary of each regulation, Mr. Lane made a motion to ratify the Ad Hoc Regulation Committee's approval of regulations 105 KAR 1:160 (Sick Plans), 105 KAR 1:170 (Membership form requirements), 105 KAR 1:330 (Purchase of service credit), 105 KAR 1:261 – (Repeal of 105 KAR 1:260 - Purchase of Out-of-State service credit), 105 KAR 1:380 (Minimum Distribution), 105 KAR 1:400 (Federal Tax Limitation Year) and 105 KAR 1:430 (General Compliance with Federal Tax Laws) as presented and to approve the filing of these regulations with the Office of the Regulations Compiler at LRC. Mr. Summers V seconded the motion. The motion passed unanimously.

6. Mr. Peercy introduced agenda item ***KPPA Audit Committee Report and Recommendations*** *(Video 00:14:22 to 00:23:39)*. Mr. O'Mara reported that the Audit Committee met and has several items requiring KPPA Board approval. He then introduced Mr. Lamb.

    Mr. Lamb explained that he would cover several topics but had three specific requests for KPPA Board approval. First, he noted that the external audit firm, Eide Bailly, provided a presentation and delivered the required governance letters to both the CERS and KRS Boards as part of their mandated communications. These presentations were provided in conjunction

with the Annual Comprehensive Financial Reports (ACFRs), which are now ready for publication. Both CERS and KRS Boards have approved their respective ACFRs, and KPPA is obligated to approve them for publication as well.

Second, Mr. Lamb discussed the GASB 67 and 74 reports prepared by the actuary for both CERS and KRS. These reports, which are included in the Appendix of the Board Books, have already been approved by the CERS and KRS Boards. He requested KPPA approval to publish these reports.

Finally, Mr. Lamb addressed the Government Finance Officers Association (GFOA) comment letter. Last year, when the ACFRs were submitted to GFOA, both systems received the Certificate of Achievement in Financial Reporting. GFOA provided comments, which have been addressed in the current ACFRs. When the updated ACFRs are submitted for consideration, KPPA will also include a response letter. The letters for KRS and CERS are identical, and Mr. Lamb requested approval to submit them.

Mr. Lamb concluded by noting that Eide Bailly representatives, Roger Alfaro and Lealan Miller, were present to answer any questions regarding the external audit and the ACFRs.

Ms. Hampton made a motion to approve the publication of the CERS and KRS ACFRs. Dr. Carver seconded the motion. The motion passed unanimously.

Dr. Hackbart made a motion to ratify the Audit Committee's approval of the Management Response to FY 2024 GFOA ACFR Letter as presented. Ms. Hampton seconded the motion. The motion passed unanimously.

Mr. O'Mara made a motion to ratify the GASB 67 and 74 reports for publication for both CERS and KRS. Ms. Hampton seconded the motion. The motion passed unanimously.

Ms. McKinley reported that during the past year, KPPA conducted an annual infrastructure and application code assessment. This included both an External and Internal Penetration

Assessment, as well as a repeat of the Microsoft 365 Security Assessment. Crowe served as the vendor for these audits and assessments. Ms. McKinley reviewed the findings, which included 4 moderate-risk items, 14 low-risk items, and 1 best-practice recommendation, for a total of 19 findings. Approximately 25% of these findings have already been remediated. Overall, KPPA was satisfied with the report and the collaborative work with Crowe throughout the process. Due to the sensitivity of the information, detailed findings were not shared during the meeting; however, members may contact Ms. McKinley directly for additional details if needed.

Mr. Summers V made a motion to ratify the Audit Committee's approval of the Infrastructure and Application Security Assessment as presented. Dr. Carver seconded the motion. The motion passed unanimously.

Ms. Coffey reported that four internal audits were completed, covering GANIR calculations, the KPPA website, trustee payments, and hearing officer payments. She noted that audit staff conducts annual follow-up reviews to ensure corrective actions are implemented and provides status updates to the Audit Committee. She assured the Board that additional details are available upon request.

Dr. Carver made a motion to ratify the Audit Committee's approval of the Completed Internal Audits as presented. Ms. Hampton seconded the motion. The motion passed unanimously.

7. Mr. Peercy introduced agenda item ***Administrative Budget to Actual*** *(Video 00:23:39 to 00:25:00).* Mr. Lamb presented the 2025 Administrative Budget to Actual report for the quarter ending September 30, 2025. He noted that total administrative expenses through Q1 were $11 million, 2.44% higher than the prior year's first quarter. Of the original $49.9 million budget, $38.9 million (77.84%) remains for the next three quarters. Mr. Lamb also reported that the approved budget was increased to $50.1 million following an additional allocation of $145,900 from the Office of the State Budget, and future reports will reflect this adjustment.

8. Mr. Peercy introduced agenda item ***Investment Department Update*** *(Video 00:25:00 to 00:43:25)*. Mr. Willer reported that all investment recommendations previously approved by the Investment Committees were ratified by their respective boards. He noted strong portfolio performance for the first quarter, with the pension composite returning 4.2% and the insurance composite 4.22%; October results added 94 and 97 basis points respectively, bringing fiscal year-to-date returns to approximately 5.24% and 5.23%.

Mr. Willer then recommended approval of a new contract with BNY Mellon for global custody services, subject to successful negotiations and including a 90-day termination clause. He provided background on the contract history and noted staff anticipates issuing an RFP for these services within two years, though several trustees urged a shorter timeline. Discussion followed regarding contract terms, with clarification that the proposed agreement would include either an evergreen structure with a 90-day out or a five-year term, and that KPPA has statutory authority to enter into the contract under 45A procurement rules. Trustees emphasized the need for timely RFP issuance and requested regular status updates. Mr. Willer committed to providing quarterly or semiannual updates and stated the goal is to complete the RFP sooner than two years.

Mr. Lane moved to approve the contract with the current custodian bank, BNY Mellon, as presented, subject to successful contract negotiations. Mr. Summers V seconded the motion. Mr. O'Mara requested an amendment to include a 90-day termination clause. Mr. Lane accepted the amendment, and Mr. Cheatham seconded. The motion, as amended, passed unanimously.

9. Mr. Peercy introduced agenda item ***KPPA Executive Director Report*** *(Video 00:43:25 to 00:43:53)*. Mr. Barrow explained that the agenda item was included in case there were updates, but there were none.

10. Mr. Peercy introduced agenda item ***Closed Session*** *(Video 00:43:53 to 00:44:50)*. Ms. Hampton made a motion to enter into closed session to discuss pending litigation.

Dr. Carver seconded the motion. The motion passed unanimously.

Mr. Peercy read the following closed session statement: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation matters pursuant to KRS 61.810(1)(c). Closed session is necessary because of the necessity of protecting the confidentiality of the KPPA's litigation strategy and preserving any available attorney-client privilege.

All other attendees exited the meeting.

Closed Session. *(Video 2 - 00:00:17 to 00:00:27)* Mr. Peercy called the meeting back to open session and stated that there would be no action taken as result of the closed session discussion.

11. There being no further business, Mr. Peercy ***adjourned*** the meeting.

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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 Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on December 4, 2025, were approved on March 19, 2026.

Keith Peercy

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the December 4, 2025, Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director, Office of Legal Services