

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
MEETING VIA LIVE VIDEO TELECONFERENCE
December 8, 2021 AT 10:00 AM**

At the meeting of the Board of the Kentucky Public Pensions Authority held on December 8, 2021 the following members were present: Keith Peercy (Chair), John Cheshire, Campbell Connell, Dr. Merl Hackbart, Prewitt Lane, William O'Mara, Betty Pendergrass, and Jerry Powell. Other Trustees present were Larry Totten and George Cheatham. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Steven Herbert, Connie Davis, Kristen Coffey, Ashley Gabbard, D'Juan Surratt, Shaun Case, Phillip Cook, Glenna Frasher and Sherry Rankin. Others present included: Danny White and Janie Shaw with GRS; Ryan Graham and Allen Norvell with Blue & Company; and Sarah Bishop and Christopher Schaefer with Stoll Keenon Ogden.

Mr. Peercy called the meeting to order.

Mr. Board read the Legal Opening Statement.

Ms. Rankin called roll.

There being no *Public Comment* submitted, Mr. Peercy introduced agenda item *Approval of Minutes of the November 17, 2021*. Mr. Powell made a motion and was seconded by Mr. Cheshire to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *Investment Update*. Mr. Herbert gave an overview of the Monthly Performance Reports. Mr. Herbert indicated that the format of these reports is still being modified and engaged a discussion regarding the formatting and material information that the Trustees desired to have included in these reports going forward. This material was presented for informational purposes only.

Mr. Peercy introduced agenda item *External Audit*. Mr. Allen Norvell with Blue and Co. indicated that the audit deadline approaches and final corrections and edits to the audit are near completion. Mr. Ryan Graham provided an overview of the corrections and edits made and stated that the full

audit would be issued to the Kentucky Department of Finance on this date. Ms. Pendergrass stated that the Joint Audit Committee had a detailed review of the draft of the audit report and indicates that the committee's recommendations have been incorporated into the final version of the audit report. She further stated that the Joint Audit Committee recommended acceptance of the Annual Audit Report. Ms. Pendergrass made a motion and was seconded by Mr. Powell to approve the Annual External Audit Report. The motion passed unanimously.

Mr. Percy introduced agenda item *Joint Audit Committee Reports*. Ms. Pendergrass stated that two internal audit reports have been issued since the last meeting and requested Ms. Coffey to provide an overview of those reports. Ms. Coffey reviewed the report regarding security access, which reviewed the security access for all KPPA employees, which had five reportable findings. A finding stated that seven (7) employees had access greater than required for their current role. Ms. Coffey then reviewed the report regarding the employer penalty invoice waiver, which had two reportable findings. One recommendation that stemmed from this audit was that the Employer Penalty Invoice Waiver Policy and all related procedures needed to be updated. These reports were presented for informational purposes only.

Mr. Percy introduced agenda item *Quarterly Financial Reports*. Ms. Adkins reviewed the Combining Statement of Fiduciary Net Position and Changes in Fiduciary Net Position for both the Pension and Insurance Funds. Ms. Adkins then reviewed the First Quarter Budget-to-Actual noting that this report includes a column to show the percent difference compared to Fiscal Year 2021, which was requested by the Trustees. She reviewed the Contribution Reports for both Pension and Insurance Funds broken down by each of the systems. These reports were presented for informational purposes only.

Mr. Percy introduced agenda item *Biennial Budget Request*. Ms. Adkins reviewed the KPPA Administrative Budget Request for Fiscal Years 23 and 24. She thanked Elizabeth Smith and Vonda Donoho for their many hours worked in the preparation of this budget request. Ms. Adkins explained the processes for submitting a proposed budget request and receiving a finalized budget. She noted that all of the funds included in the budget do not come from General Funds, but rather are restricted funds, coming from the Pension Trusts. The request was submitted on November 1, 2021 to the Office of the State Budget Director. Therefore, no action is needed and this was presented for informational purposes only.

Mr. Percy introduced agenda item *Bylaw Amendments*. Mr. Board reviewed the proposed amendment to the section regarding Amendments of Bylaws to include the ability to amend Bylaws at both a regular scheduled meeting as well as a special called meeting. This language is necessary to accommodate further amendments that will be needed to be made at a special called meeting regarding the meeting schedule. Mr. Powell made a motion and was seconded by Ms. Pendergrass to approve the amendment to the Bylaws as presented. The motion passed unanimously.

Mr. Percy introduced agenda item *KPPA Updates*. Mr. Eager discussed the current status of the office, indicating that about 20% of KPPA employees are working onsite daily, with most in a rotating schedule. He announced that there are currently 248 employees, with ongoing interview process for two positions, and 10 more open positions posted for applicants.

Mr. Eager provided an update on the large scale project regarding the appeal process resulting from House Bill 8. He acknowledged Ashley Gabbard, Staci Receveur, D’Juan Surratt, Rebecca Adkins, Erin Surratt, Wes Crosthwaite, Vicki Hale and the other attorneys from the legal department, for their work and involvement in this project.

Mr. Eager acknowledged Trustee Larry Totten for his diligence in completing the modules provided by Board Smart, a tool used to assist and educate Trustees regarding their fiduciary responsibilities and tasks.

Mr. Eager acknowledged Ms. Adkins regarding an announcement about a special award given to a KPPA employee, Dominique McKinley. Ms. Adkins stated that Ms. McKinley, who is the Director of Enterprise and Technology Services for KPPA, received a CIO Award from Info-Tech that recognizes leaders who have demonstrated exceptional value to their organization and achieved high results through stakeholder satisfaction. Ms. Adkins expressed her gratitude to Ms. McKinley for her work and dedication to KPPA and congratulated her on this well-deserved award.

Mr. Percy introduced agenda item – *New Business*. Ms. Adkins indicated that the Board needs to vote on the Annual Comprehensive Financial Report and Summary Annual Financial Report. Ms. Pendergrass made a motion and was seconded by Mr. O’Mara to authorize staff to issue the Annual Comprehensive Financial Report and the Summary Annual Financial Report based on the information that has been provided to all three boards.

Mr. Peercy introduced agenda item – *Closed Session*. A motion was made by Ms. Pendergrass and seconded by Mr. Powell to go in to closed session. The motion passed unanimously.

Mr. Peercy 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 litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. All public attendees exited the meeting. Mr. Peercy, Mr. Cheshire and Mr. Eager all recused themselves from the closed session portion of this meeting.

Ms. Pendergrass called the meeting back to open session. There being no action taken during the closed session, Ms. Pendergrass opened the floor for a motion to adjourn. Mr. Powell made a motion and was seconded by Mr. Lane to adjourn the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held December 8, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

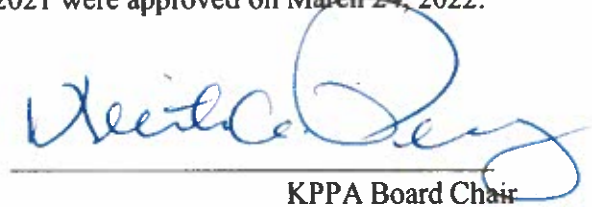
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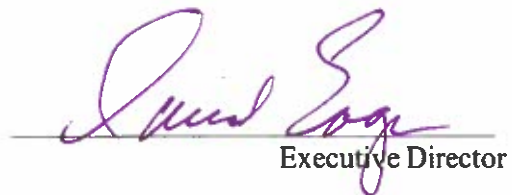
CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the 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 December 8, 2021 were approved on March 24, 2022.


KPPA Board Chair


Executive Director

I have reviewed the Minutes of the December 8, 2021 Kentucky Public Pensions Authority Meeting for content, form, and legality.


Executive Director, Office of Legal Services