

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCE COMMITTEE MEETING
FEBRUARY 20, 2023, AT 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the meeting of the County Employees Retirement System Finance Committee held on February 20, 2023, the following members were present: William O'Mara (Chair), George Cheatham, and Jim Tony Fulkerson. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Steve Willer, Ann Case, Jared Crawford, Michael Lamb, Connie Davis, Elizabeth Smith, D'Juan Surratt, Ashley Gabbard, Phillip Cook, Katie Park, and Sherry Rankin. Others present included CERS CEO Ed Owens, III, and KRS CEO John Chilton.

Mr. O'Mara called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

There being no *Public Comment*, Mr. O'Mara introduced agenda item *Approval of Minutes – November 30, 2022 (Video 00:06:14 to 00:06:43)*. A motion was made by Mr. Fulkerson and seconded by Mr. Cheatham to approve the minutes as presented. The motion passed unanimously.

Mr. O'Mara introduced agenda item *Fiscal Year Financial Reports (Video 00:06:15 to 00:39:00)*. Mr. Mike Lamb, Chief Financial Officer, reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of December 31, 2022. Next, Mr. Lamb briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the six-month period ending December 31, 2022, Combining Statement of Fiduciary Net Position of Insurance Funds as of December 31, 2022, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the six-month period ending December 31, 2022, with the CERS Finance Committee. Mr. Lamb went on to present the CERS Pension and Insurance Funds Contribution Reports for six-month period ending December 31, 2022. Lastly, he briefly presented the KPPA Administrative Budget FY 2022-2023 for the six-month period ending December 31, 2022, CERS Outstanding Invoices by Type and Employer, and Penalty Invoices Report.

There was brief discussion regarding increases in Medical Reviewers and Legal Hearing Officers. Mr. Cheatham requested additional data regarding Legal Hearing Officer expenses. The charging of interest on outstanding invoices was also a subject of discussion. Mr. Cheatham asked that research on the ability to charge interest on outstanding invoices and who can or cannot be charged interest be conducted. Ms. Adkins and Mr. Lamb stated that they would present their findings to the CERS Finance Committee at a future meeting.

Mr. O'Mara introduced agenda item *Hazardous Duty Requests* (Video 00:39:01 to 00:40:35). Mr. D'Juan Surratt presented several positions requesting Hazardous Duty coverage. He stated that KPPA has reviewed the positions and determined that they meet the statutory guidelines for Hazardous Duty coverage. A motion was made by Mr. Fulkerson and seconded by Mr. Cheatham to approve the Hazardous Duty requests as presented. The motion passed unanimously.

Mr. O'Mara introduced the agenda item *Other Financial Updates* (Video 00:40:36 to 01:11:59). Mr. O'Mara stated that this was the first year that the Investment Expenses were presented quarterly to the CERS Finance Committee. Mr. Willer was not present, therefore, Ms. Ann Case answered various formatting questions asked by Trustees. Mr. Willer entered the meeting and answered questions posed by Mr. Cheatham regarding the use of BNY Mellon and changes in fees. Mr. Willer advised that these fees fluctuate as charges are based on market values and the number of accounts held. Further, a Request for Information (RFI) or Request for Proposal (RFP) may be issued to 'shop' for other custodians, said Mr. Willer. Additional discussion was had regarding items included in Miscellaneous Fees and Expenses within the Specialty Credit Fixed Income. It was requested that the Office of Investments provide a breakdown of the asset class to the CERS Finance Committee. Mr. O'Mara thanked Ms. Case and Mr. Willer for their detailed presentation.

There being no further business, a motion was made by Mr. Fulkerson and seconded by Mr. Cheatham to *adjourn* the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the CERS Finance Committee meeting held February 20, 2023, 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 Trustees 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

I, William O'Mara, the Chair of the County Employees Retirement System Finance Committee, do certify that the Minutes of Meeting held on February 20, 2023, were approved on May 30, 2023.


Chair of the CERS Finance Committee

I have reviewed the Minutes of the February 20, 2023, CERS Finance Committee Meeting for content, form, and legality.


Executive Director
Office of Legal Services