MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
INVESTMENT COMMITTEE MEETING
FEBRUARY 25, 2026, 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE

At the February 25, 2026, County Employees Retirement System Investment Committee Meeting, the following committee members were present: Dr. Merl Hackbart (Chair), George Cheatham, Jim Tony Fulkerson, William O'Mara, Tommy McGraw. Trustee Steve Webb was also present. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Erin Surratt, Michael Lamb, Michael Board, Carrie Bass, Victoria Hale, 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 of the CERS Investment Committee 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 one (1) ***Public Comment*** was received.

   From Mary Sheila Harper: "*Board members, please support the HB 406 and implement the additional pension check for CERS retirees.*"

5. Dr. Hackbart introduced agenda item ***Approval of Minutes.*** *(Video 00:06:59 to 00:07:34).* Mr. Fulkerson made the motion to approve the minutes of the November 25, 2025, Investment Committee Meeting as presented, and Mr. McGraw seconded the motion. The motion passed unanimously.

6. Dr. Hackbart introduced agenda item ***Update: CERS Cost Efficiency Services RFP.*** *(Video 00:07:36 to 00:09:13).* Mr. Chiu gave a brief update on the status of the Cost

Efficiency Services RFP that was approved in June, 2025. Regarding the timeline for finalization, Mr. Chiu stated he believes the team will have something ready to present for the upcoming CERS Board Meeting in March, 2026.

7. Dr. Hackbart introduced agenda item ***Private Equity Pacing Strategy.*** *(Video 00:09:23 to 01:19:50).* Mr. Owens began by introducing the Wilshire team to present their recommendations for the private equity allocation. The team explained that this strategy represents a dynamic component of the portfolio that will be reviewed annually. There was discussion regarding the legacy private equity portfolio and its future, with the advisors noting expectations for increased distributions in the coming months.

   Mr. Cheatham asked about the types of assets and industries targeted for investment. Mr. Patterson explained that Wilshire generally focuses on managers investing in less competitive markets, where front-end pricing is lower. They also prioritize managers with "sector specialization" and "operational expertise," leveraging industry-specific knowledge beyond finance.

   Mr. Patterson highlighted benefits of private equity, including increased diversification and lower volatility compared to public markets. Mr. Tessman noted the higher economic risk inherent in private markets, while Mr. Lindberg clarified that the current allocation is set at 8% and the discussion focused on maintaining that allocation. Mr. Patterson further discussed key considerations when selecting managers and Wilshire's international offices that monitor global markets.

   In response to a question about proposed versus current private equity investments, Mr. Patterson explained that the proposal is slightly more concentrated than usual but recognizes that new investments represent annual increases in commitments. A more conservative plan would be less diversified but easier for CERS to implement initially. He described the proposed commitment pacing plan to achieve the 8% allocation target over the next few years.

Dr. Hackbart asked questions regarding allocation targets and ongoing review processes. Mr. Tessman noted that commitments would be continuously reevaluated as reviews occur. Mr. Cheatham sought clarification on proposed allocation percentages relative to current levels and their impact on overall portfolio growth. Mr. Patterson detailed the commitment pacing model, expected growth rate, portfolio returns, contributions, and benefits outflows.

Mr. O'Mara inquired about the timeframe for the programs to become self-funded. Mr. Lindberg explained that projections indicate self-funding within approximately six (6) years. Wilshire Advisors emphasized that all figures and models will be continually evaluated to ensure optimal outcomes. Additional discussion followed regarding timing, pricing, and overall strategic allocations specific to CERS.

8. Dr. Hackbart introduced agenda item ***Investment Office Quarterly Update.*** *(Video 01:19:55 to 01:53:25).* Mr. Chiu provided a brief update on market positions and the December 2025 Asset Class Assumptions. He noted that all CERS plans are performing above 6% and are either meeting or approaching their benchmarks.

   Mr. Gilbert provided an update for the fourth quarter of 2025, observing that the market has been unusually narrow but appears to be turning. He emphasized that while diversification is generally a strong long-term investment principle, it has posed a short-term headwind for active management.

   Mr. Gilbert highlighted the recent performance of a small group of investment managers facing challenges due to staffing, stock selection, and market conditions. While their performance has been below expectations, he expressed confidence in their strategies and stated he is closely monitoring any changes. He also noted that no fees have been remitted to these managers retroactively to July 2025.

   Additionally, seven (7) of fourteen (14) active management contracts were renegotiated in the fourth quarter, bringing twelve (12) contracts into the least expensive quartile, with the

remaining two (2) moving toward that target. This is projected to result in annual savings of $4.5 million, representing approximately a 12.5% reduction in prior fees.

Mr. Caldwell provided an update on the Core Fixed Income and Specialty Credit portfolios, and Mr. Chiu concluded with a brief update on Private Capital and Real Estate.

9. Dr. Hackbart introduced agenda item ***Quarterly Investment Budget Update.*** *(Video 01:53:29 to 02:02:42).* Mr. Chiu provided an update on the Investment budget and highlighted a few specific line items discussed in a previous meeting before introducing Carrie Bass and Ian Blaiklock for additional information.

   Ms. Bass explained that KPPA uses the research management system component included with Solovis as an Investment Document Repository. Mr. Blaiklock added that Solovis is a multi-asset portfolio management, analytics, and reporting tool for institutional investors, and highlighted several of its functionalities for asset management, measurement, and reporting. He noted that he has been reviewing existing technology platforms to ensure continuous improvement in alignment with KPPA's core values.

   A brief discussion followed regarding the Solovis service contract and the recent cost increase. Mr. Chiu explained that the pricing changes reflect that the program was originally contracted under a prior procurement agreement, before the current policies were established.

   Dr. Hackbart introduced agenda item ***Compliance Reports.*** *(Video 02:03:15 to 02:04:20).* Ms. Bass presented a brief overview of the Investment Compliance Report. She noted that two reports were included in the materials due to time constraints that prevented the previous quarterly report from being included. She stated that no compliance issues were identified in either quarter. Ms. Bass also highlighted that the quarterly proxy voting report is available on KPPA's website, as required by law.

10. There being no further business, Dr. Hackbart requested a motion to ***adjourn***. Mr. Fulkerson moved to adjourn, and Mr. McGraw seconded. The motion carried unanimously, and the meeting was adjourned.

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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 February 25, 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 February 25, 2026, for form, content, and legality.

Office of Legal Services