MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL CALLED MEETING
FEBRUARY 4, 2026, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE

At the Special Called Meeting of the County Employees Retirement System Board of Trustees held on February 4, 2026, the following members were present: George Cheatham, Dr. Patricia Carver, Michael Foster, Jim Tony Fulkerson, Dr. Merl Hackbart, William O'Mara, and Steven Webb. Staff members present were CERS CEO Ed Owens III, Erin Surratt, Michael Lamb, Michael Board, Nathan Goodrich, Steve Willer, Phillip Cook, and Sherry Rankin. Others present included Eric Branco with Johnson, Branco & Brennan, LLC.

1. Mr. Cheatham called the meeting to order.

2. Mr. Branco read the ***Opening Statement***.

3. Ms. Rankin took ***Roll Call***.

4. Mr. Cheatham introduced the agenda item ***Public Comment***. Ms. Rankin indicated that no public comment was submitted.

5. Mr. Cheatham introduced agenda item ***Chairman's Corner*** in which he mentioned that the draft of a current legislative bill had been disseminated to the Board and is now with the legislative sponsor awaiting further action.

6. Mr. Cheatham introduced agenda item ***CERS Procurement Policy*** *(Video 00:15:11 to 00:19:38)* and stated it has been thoroughly reviewed by the Finance Cabinet and is now awaiting further Board review. He introduced CERS CEO Ed Owens, III to discuss the item.

   Mr. Owens began by mentioning the approval of changes to the policy made in November of 2025. He explained that the Finance Cabinet reviewed the policy, recommended some minor changes, and those changes are available for review in the appendix of the Board Book. The

policy is now ready to be approved and implemented. Mr. Hackbart asked to confirm that the "redline" version of the policy is the Finance Cabinet's revision and Mr. Cheatham and Mr. Owens both affirmed.

Mr. Cheatham requested a motion to adopt the Procurement Policy as presented. Mr. Fulkerson made the motion and Dr. Carver seconded. Before the vote, Mr. Webb asked about a change in the wording regarding removing the word, "related" and if this omission excluded anything previously allowed or if the change was more editorial in nature. Mr. Owens confirmed that the change was merely editorial to change language held over from the previous policy and it will change neither the intent nor what will be allowed under the new policy. The vote was held and the motion passed unanimously.

7. Mr. Cheatham introduced agenda item ***UPDATE: Metcalfe Health Care Center*** *(Video 00:19:55 to 00:27:12)* to be discussed by Erin Surratt, Deputy Executive Director. Ms. Surratt began by reminding the Board of an application from the Metcalf Health Care Center ("MHCC") to voluntarily cease participation in CERS in November. MHCC began participating in January of 1986 and at the end of 2025, they had thirty-six (36) active employees, sixty (60) deferred vested members, seventy-seven (77) inactive members, and forty-three (43) retirees receiving benefits. She stated this is the first employer who has sought to voluntarily cease participation in CERS and they were planning to sell the corporation in order to pay the cessation costs. Letters were sent to current and former employees in December, 2025, notifying them of the cessation. Effective January 1, 2026, the sale of MHCC to a private entity went through, with the private entity absorbing all current employees. Final wage reports are to be submitted to KPPA by the end of February. Ms. Surratt stated that service credit ceased for employees as of December 2025 through the cessation date, June 30, 2026.

An escrow account was set up in January, 2026 and $4.5 million was deposited into the account to cover the cessation costs. There were invoices for omitted billings issued in December and the Agency is working with MHCC to resolve those invoices before the cessation date. At this time, Ms. Surratt stated there is no further action needed until the final information is sent to an actuary to calculate the final cessation costs in the fall of 2026. Mr. Cheatham confirmed

the date of the final calculation will be in 2026 and then asked if the Agency had received any responses to the letters sent to members informing them of the cessation. Ms. Surratt stated there were no negative responses received. She also explained that the Agency sent staff to MHCC to provide counseling services to the current employees and held webinars for employees who were not able to attend these sessions. Mr. Cheatham asked if Ms. Surratt knew the percentage breakdown of Tiers 1, 2, and 3 employees, but those figures were unavailable.

8. Mr. Cheatham introduced agenda item ***Closed Session*** *(Video 00:27:14 to 00:28:33).* Mr. Fulkerson made the motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(1)(c). Dr. Hackbart seconded the motion. The motion passed unanimously.

   Mr. Cheatham 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, pursuant to KRS 61.810(1)(c). Closed session is necessary because of the necessity of protecting the confidentiality of the CERS's litigation strategy and preserving any available attorney-client privilege.

Closed Session *(Video - Part 2 - 00:00:19 to 00:02:13).*

Coming back into open session, Mr. Cheatham requested a motion to come out of closed session. Mr. Foster made a motion to return to open session. Dr. Hackbart seconded the motion. The motion passed unanimously. Mr. Cheatham stated that no action was taken within closed session discussions.

9. There being no further business, Mr. Cheatham requested a motion to ***adjourn.*** Mr. Fulkerson made a motion to adjourn. Mr. Webb seconded the motion. The motion passed unanimously.

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, the Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on February 4, 2026, were approved on March 9, 2026.

Chair of the Board of Trustees

I have reviewed the Minutes of the February 4, 2026, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services