

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL CALLED MEETING
JANUARY 31, 2022 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 January 31, 2022 the following members were present: Betty Pendergrass (Chair), George Cheatham, Michael Foster, JT Fulkerson, Dr. Merl Hackbart, and Dr. Martin Milkman. Staff members present was CERS CEO Ed Owens, III, Erin Surratt, Michael Board, Steven Herbert, Vicki Hale, Connie Davis, Jared Crawford, D’Juan Surratt, Ashley Gabbard, Shaun Case, Phillip Cook, Glenna Frasher and Sherry Rankin. Others present included Eric Branco with Johnson Bowman and Branco.

Ms. Pendergrass called the meeting to order and read the Legal Opening Statement.

Ms. Rankin took Roll Call. There was no public comment received.

Ms. Pendergrass introduced agenda item *Proposed Revisions to HB 297*. Ms. Pendergrass stated that House Bill 297 is a Bill that Kentucky Public Pensions Authority has requested in order to address some changes that are needed to the governing Statutes. The Kentucky League of Cities has requested some additional items to be included in this Bill, prompting the sponsor of the Bill to seek feedback from the Kentucky Public Pensions Authority Board on its position regarding these additions. Mr. Percy, Chair of the Kentucky Public Pensions Authority Board, asked for a response regarding the position of the Board of the County Employees Retirement System on these proposed revisions, and is the basis for today’s special meeting of the Board.

Ms. Pendergrass indicated that the first proposed change relates to the new investment staff positions that are outside of the 18A category. Kentucky League of Cities is requesting that Kentucky Public Pensions Authority approve these positions, identify the specific job descriptions and set the compensation prior to the hiring of those positions. Mr. Cheatham expressed his approval and stated that it will provide good oversight. Dr. Hackbart asked where the Board would seek the information needed for the job descriptions and compensation ranges and if there would

be available staff to assist in generating these. Ms. Pendergrass stated that in the past, an outside firm was hired to conduct an administrative study to provide insight on the administrative structure of the former Kentucky Retirement Systems. It was suggested that a new management study may be needed to see how the systems are managed now, since there has been a split in the governance structure.

Ms. Pendergrass indicated that the second proposed revision pertains to the CERS separation costs. Kentucky League of Cities has suggested a cutoff of three (3) fiscal years after the effective date of House Bill 484, which provided for the new governance structure. This would include determining additional separation costs, identifying those costs, and CERS would pay those costs the first three (3) years, and then afterwards a new allocation methodology would be set in place. Ms. Pendergrass stated that Mr. O'Mara is currently working with Mr. Lane and the KPPA Staff to develop an administrative cost allocation plan and more information on this will be forthcoming in the near future.

Ms. Pendergrass stated that the final proposed revision is seeking the addition of a specific statutory provision that will require the Kentucky Public Pensions Authority Board to review and approve the biennial budget, otherwise known as the Administrative Budget for KPPA, prior to submission to the Governor's office. Kentucky League of Cities suggests that if a statutory requirement is in place, then that may alleviate some of the confusion of who is responsible and who has the authority to submit the budget to the Governor's office. Dr. Hackbart and Mr. Cheatham both expressed their approval for the Boards oversight on the administrative budget proposal.

Dr. Hackbart made a motion 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 Board of Trustees held January 31, 2022 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 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 January 31, 2022 were approved on March 16, 2022.


Chair of the Board of Trustees

I have reviewed the Minutes of the January 31, 2022 Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services