

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING
MEETING VIA LIVE VIDEO TELECONFERENCE
JULY 31, 2023, AT 10:00 AM ET**

At the Special Called Meeting of the Board of the Kentucky Public Pensions Authority held on July 31, 2023, the following members were present: Keith Peercy (Chair), Dr. Merl Hackbart, Lynn Hampton, Prewitt Lane, William O'Mara, Betty Pendergrass, Jerry Powell and William Summers, V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Leigh Ann Davis, Mike Lamb, Steve Willer, Phillip Cook, Katie Park, and Sherry Rankin. Others present included Katie Wright and Peter Cummins with Frost Brown Todd LLC.

Mr. Peercy called the meeting to order.

Mr. Board read the Legal Opening Statement.

Ms. Rankin called roll.

Ms. Rankin advised that two (2) **Public Comments** were submitted and read first comment submitted by Marja Lee Amburgey aloud to the Authority Members:

I am a retired state employee. Cost of living had increased drastically over the years but nothing like now. Decisions has to purchase food or medicine or pay bills. Please approve a cost of living increase to go along with the cost of living today. Thank you.

Next, Ms. Rankin read the second comment submitted by Ryan W. Rumfelt aloud to the Authority Members:

Thank you for taking time to listen to my concerns. Firstly, while reading the Judicial Retirement Plan (JRP) for Kentucky, some interesting and concerning facts came to light. The research I've conducted so far is limited, however, I suspect other plans are affected also. The research can be found from public resources and official government and business websites. Please feel free to contact me for site(s) information if you need to conduct further research.

Secondly, on page two of the April 24, 2023, Public Pension Review Board minutes, Mr. Bo Craycraft states that the Judicial Retirement Plan (JRP), shares and voting rights, go to Baird Trust, a division of Robert W. Baird & Co. Inc. The Securities Exchange Commission (SEC) requires proxy voting service companies like Institutional Stockholder Services (ISS) which Baird uses, to make available to the public their proxy voting policy and voting record. In Baird's voting policy is a section called "Securities Lending Program". This section states that Baird Trust can lend out plan ownership to others. A practice which is ripe for abuse. How? After the shares are lent out, the potential exists to sell the shares short onto the market. The consequence is that stock values drop and so does the entire retirement plan. Of most concern is that Baird Trust uses ISS, which combined with Glass Lewis make up approximately 90% of the market cap for actuarial services in the United States. In addition, ISS is foreign owned, which may not align with the best interests of most Kentuckians. Their future and money may be at stake by having foreign entities manage their retirement plans. In addition, ISS conforms to Environmental, Social Governance (ESG) investing. Proxy voting rights fall under ISS control. This means ISS can use those proxy votes as they please. Personally, I believe that ESG investing and its impact on the boardroom has become overly aggressive in recent years. Once a company's board member disagrees with ISS, they can simply remove the board member. Power overreach without checks and balances appears to negate the best interests of Kentuckians. The concerns I found while doing research seem timely to bring up due to discussions and voting on Kentucky HB 236. Also, as a citizen and investor, the goal is to make as many people as possible aware of what could potentially happen to retirement plans once they leave the state's control. Granted, state's financial decisions should be based on pecuniary factors. However, are the retirement plans really getting the best rate of return when their own stocks in said plan are being used against itself? BLUF: Investors may get a slightly higher return percentage, but is it worth the risk of having foreign companies controlling so much voting power, which consequently decides which businesses fail or succeed? Thank you for taking time to read my concerns. If there is anything that needs clarification or further discussion, you may contact the phone number below. Again, Thank you.

Mr. Peercy introduced agenda item **Closed Session (Part 1 - Video 00:09:58 to 00:11:00)**. Mr. Powell made a motion and was seconded by Ms. Hampton to enter closed session for the purpose of litigation. The motion passed unanimously.

Mr. Percy 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), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege.

Closed Session (Part 2 - Video 00:01:12 to 00:01:32)

Mr. Percy stated that the Authority took action per the advice of outside counsel pursuant to KRS 61.815(2).

There being no further business, Mr. Percy *adjourned* the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held July 31, 2023, 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 Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on July 31, 2023, were approved on September 28, 2023.


KPPA Chair


Executive Director

I have reviewed the Minutes of the July 31, 2023, Kentucky Public Pensions Authority Meeting for content, form, and legality.


Executive Director, Office of Legal Services