

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING
AD HOC BUDGET COMMITTEE
JUNE 6, 2024, 10:00 A.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the June 6, 2024, Special Called Meeting of the Ad Hoc Budget Committee of the Kentucky Public Pensions Authority, the following Committee members were present: William O'Mara and Prewitt Lane. Staff members present were CERS CEO Ed Owens, III, KRS CEO John Chilton, David Eager, Michael Board, Michael Lamb, Rebecca Adkins, Dominique McKinley, Chris Johnson, Phillip Cook, and Sherry Rankin.

Mr. O'Mara called the meeting to order.

Mr. Board read the Opening Statement.

Ms. Rankin called roll.

There being no *Public Comment* received, Mr. O'Mara introduced the agenda item *Approval of Meeting Minutes - May 9, 2024 and May 23, 2024 (Video 00:05:56 to 00:06:29)*. Mr. Lane made a motion to approve the minutes as presented. Mr. O'Mara seconded the motion and the motion passed unanimously.

Mr. O'Mara introduced the agenda item *CERS and KRS Board Memos regarding Hybrid Percentages (Video 00:06:29 to 00:10:26)*. Mr. Lamb began by reviewing the memos that have been prepared to present at the upcoming CERS Board Meeting on June 10, 2024 and the upcoming KRS Board Meeting on July 18, 2024. He noted that this Budget Committee has determined that the hybrid percentage for FY2025 for administrative expenses is as follows: CERS 64.16% and KRS 35.84%. He explained that these memos will be presented to seek approval of the FY2025 allocation of the hybrid percentage between the plans of the respective Boards.

For CERS plans, based on membership as of June 30, 2023, the recommended allocation of the FY2025 hybrid percentage is as follows: CERS Nonhazardous 59% and CERS Hazardous 5.16%.

For KRS plans, also based on membership as of June 30, 2023, the recommended allocation of the FY2025 hybrid percentage is as follows: KERS Nonhazardous 31.514%; KERS Hazardous 3.618% and SPRS 0.709%. Mr. Lamb noted a typographical error on the memo that will be corrected prior to presenting to the KRS Board.

Mr. Lane made a motion to approve the memos, with the edits noted, to be presented to the CERS Board and KRS Board respectively. Mr. O'Mara seconded the motion and the motion passed unanimously.

Mr. O'Mara introduced the agenda item *Discuss FY2025 Investment Budget and Administrative Budget (Video 00:10:27 to 00:48:30)*. First, Mr. Lamb provided a final review and answered questions regarding the FY2025 Investment Budget. Mr. Lane made a motion to approve the FY2025 Investment Budget as presented to go before the KPPA Board for final approval. Mr. O'Mara seconded the motion and the motion passed unanimously.

Next, Mr. Lamb continued his review of the Draft FY2025 Administrative Budget focusing on costs related to Personnel, Legal Division, and IT in detail. Mr. Lane made a motion to approve the FY2025 Administrative Budget as presented to go before the KPPA Board for final approval. Mr. O'Mara seconded the motion and the motion passed unanimously.

Mr. Lamb then reviewed a draft of the KPPA Budget Memo which will set forth this Committee's recommendations to the KPPA Board for the approval of the FY2024 separation expenses to be paid by the CERS System, the FY2025 hybrid percentage amounts, and the FY2025 KPPA Investment and Administrative Budgets. Mr. Lamb stated that that a final draft would be reviewed at the next Committee meeting.

Next, Mr. Lamb shared a Draft KPPA Budget Policy and sought direction from the Committee regarding the details to be included in the policy. After receiving some direction and input, Mr. Lamb indicated that additional work would be necessary before the policy will be ready for Committee approval. He stated that work is continuing on a Trustee Education session regarding the budget process with expectations of bringing both back to this Committee for further review soon.

Lastly, the Committee confirmed their next meeting date of June 20, 2024, at 11:00 a.m.

Mr. Eager commended Mr. Lamb and the Committee members for their efforts regarding this budget process. Mr. O'Mara also commended Mr. Lamb for his rigor during this process and expressed his gratitude for the contributions that each person made during the budget process.

There being no further business, Mr. O'Mara *adjourned* the meeting.

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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 Ad Hoc Budget Committee of the Kentucky Public Pensions Authority, do certify that the Minutes of the meeting held on June 6, 2024, were approved by the KPPA Ad Hoc Budget Committee on June 20, 2024.


Committee Chair

I have reviewed the Minutes of the KPPA Ad Hoc Budget Committee meeting on June 6, 2024, for form, content, and legality.


Office of Legal Services