MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES MEETING
MARCH 12, 2025, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE

At the Meeting of the Kentucky Retirement Systems Board of Trustees held on March 12, 2025, the following members were present: Lynn Hampton (Chair), Ramsey Bova, Mary Eaves, Prewitt Lane, Dr. Crystal Miller, Keith Peercy, William Summers V, and Pamela Thompson. Staff members present were KRS CEO John Chilton, Michael Board, Vicki Hale, Michael Lamb, Connie Pettyjohn, Joe Gilbert, Brian Caldwell, Steve Willer, Anthony Chiu, Carrie Bass, Ashley Gabbard, Sandy Hardin, Shaun Case, and Sherry Rankin. Others present included David Lindberg, Craig Morton, Chris Tessman with Wilshire and Benjamin Lewis, Carrie Lovell, Larry Loew, Tracey Garrison with Humana.

1. Ms. Hampton called the meeting to order.

2 Mr. Board read the Legal Public Statement.

3. Ms. Rankin called roll.

   Ms. Rankin noted no ***Public Comments*** were submitted.

4. Ms. Hampton introduced agenda item ***Approval of Minutes – December 4, 2024; December 17, 2024; January 3, 2025 (two sets); and February 11, 2025*** *(Video 00:07:02 to 00:08:13).* A motion was made by Mr. Peercy to approve the meeting minutes of December 4, 2024; December 17, 2024; January 3, 2025 (two sets); and February 11, 2025, as presented. Dr. Miller seconded the motion. The motion passed unanimously.

5. Ms. Hampton introduced agenda item ***Joint Retiree Health Plan Committee Report*** *(Video 00:08:13 to 00:15:48).* Ms. Connie Pettyjohn presented the Joint CERS and KRS Retiree

Health Plan Committee report, noting that the committee had convened on February 13, 2025. During her presentation, she reviewed the 2024 Member Satisfaction Results and the 2024 CMS Notices, emphasizing the stability of Humana's plan utilization, satisfaction, and recommendations. She highlighted key metrics, including a 92% member satisfaction rate and improving Net Promoter Scores.

Following her remarks, Ms. Pettyjohn introduced Tracey Garrison, who provided updates from Humana. Ms. Garrison acknowledged minor implementation issues this year, such as incorrect contract assignments for 7,000 KPPA Medicare Advantage members and delays with welcome letters and ID cards. However, she assured attendees that these challenges were promptly addressed without any disruption to coverage.

Ms. Pettyjohn also shared updates on the progress of the Medicare Advantage plan bid, with further developments expected in April and May. Additionally, Humana continues to offer value-added services, including discounts on travel insurance, pet telehealth, and other beneficial resources. Open enrollment results remained consistent, with increased participation in both virtual and in-person appointments, as well as strong engagement in webinars and community events.

6. Ms. Hampton introduced agenda item ***Quarterly Financial Reports*** *(Video 00:15:48 to 00:31:26).* Mr. Lamb began by noting the GASB 68 and 75 draft reports were presented to the KPPA Audit Committee on February 25, 2025. They have been sent to the KPPA Board for final consideration and approval at the March 20, 2025, meeting. In the meantime, the draft reports and accompanying Excel schedules are available on the KPPA website for employers and their external auditors to review.

   Mr. Lamb then reviewed the Combining Statement of Fiduciary Net Position of the Pension and Insurance Funds for the six-month period ending December 31, 2024, and the Combining Statement of Changes in Fiduciary Net Position of the Pension and Insurance Funds for the six-month period ending December 31, 2024. He then reviewed the KRS Contribution Reports for the six-month period ending December 31, 2024. The KRS

Outstanding Invoices by Type and Employer and Penalty Invoices Reports were also presented to the Trustees. Following this, Mr. Lamb highlighted the Fiscal Year 2024-2025 KPPA Administrative Budget – Budget-to-Actual Summary Analysis for the six months ending December 31, 2024. Lastly, he briefly reviewed the JP Morgan Chase Credit Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2025. Following Mr. Lamb's presentation, he answered questions posed to him by the Trustees.

7. Ms. Hampton introduced agenda item ***Quarterly Investment Performance Report and Recommendations*** *(Video 00:31:26 to 01:06:18).* Mr. Lane introduced Mr. Willer to give the Quarterly Investment Performance Report. Mr. Willer provided an update on investment performance for the quarter. The portfolios experienced weaker performance in December, giving up some gains from earlier in the fiscal year. Mr. Willer highlighted key points and noted despite volatility in equity markets and uncertainties surrounding policy shifts, the core fixed income allocation acted as a stabilizing factor, helping balance equity market fluctuations. All asset classes remained with IPS specified ranges, with minor adjustments to maintain modest overweights in global public equities. Efforts are underway to improve private equity performance, and further recommendations are anticipated before the end of the fiscal year. Risk-adjusted returns continue to place portfolios in the top quartile or decile over longer periods, demonstrating effective management.

   Ms. Carrie Bass presented the first iteration of the enhanced Investment Guideline Compliance Review, highlighting significant improvements in the report's format and transparency. She confirmed that all guidelines for the quarter ending December 31, 2024, were found to be in compliance. Ms. Bass emphasized the ongoing efforts to enhance reporting, including providing detailed information on any out-of-compliance findings, causes, resolution dates, and corrective actions for asset classes exceeding or falling below allowable ranges.

   During the discussion, Ms. Bass clarified her role as Compliance Officer and the plans to administratively attach her position under Mr. Lamb to ensure separation from the investment staff, pending a statutory change. She also explained that compliance status is

measured independently through reports from BNY Mellon and reviewed for accuracy, with plans for future improvements to reporting detail.

Mr. Willer, with input from Mr. Gilbert, proceeded to review the recommendations that were approved by the Investment Committee. They approved the recommendations to optimize the public equity portfolio by retiring the existing U.S. large cap factor-based portfolio. The decision was made due to the lack of consistent rewards from the factors in the portfolio and no anticipated change in market dynamics. After a thorough search process, it was recommended to allocate up to 6.25% of the total global public equity allocation to the J.P. Morgan US Large Cap Core Equity Strategy and up to 6.25% to the T. Rowe Price U.S. Structured Research Equity Strategy, pending successful negotiations.

Mr. Lane made a motion to ratify the Investment Committee's approval of an investment of up to 6.25% of the global public equity investment allocation into the J.P. Morgan U.S. Large Cap Core Equity Strategy as presented. Dr. Miller seconded the motion. The motion passed unanimously.

Next, Mr. Willer further explained that the Investment Policy Statement currently designates the MSCI All Country World Index Net USD (MSCI ACWI $ Net) as the performance benchmark for the Public Equity Asset Class. However, following an evaluation, staff and Wilshire have determined that this index no longer accurately reflects the current investment exposure and strategy of the asset class. Furthermore, it introduces an unintended bias within the Global Equity allocation.

To address this, staff and Wilshire recommend adopting the MSCI All Country World Investable Market Index (MSCI ACWI IMI). This benchmark provides a more accurate representation of the portfolio's actual exposure and strategy while better aligning with the Board's objectives.

Mr. Lane made a motion to ratify the Investment Committee's approval of an investment of up to 6.25% of the global public equity investment allocation into the T. Rowe Price U.S. Structured Research Equity Strategy as presented. Dr. Miller seconded the motion. The motion passed unanimously.

Mr. Lane made a motion to ratify the Investment's Committee's approval to change the Public Equity Asset Class benchmark from the MSCI All Country World Index USD to the MSCI All Country World Investable Market Index as presented. Dr. Miller seconded the motion. The motion passed unanimously.

8. Ms. Hampton introduced agenda item ***KRS CEO Update*** *(Video 01:06:18 to 01:10:41).* Mr. John Chilton provided a KRS CEO update, summarizing his activities over the past three months since the December meeting. He participated in discussions on unpaid invoices, which are progressing, and attended Investment Committee meetings and all Public Pension Oversight Board (PPOB) meetings. He highlighted ongoing efforts to revise the structure of the educational requirements, aiming to shift to a calendar-year reporting basis, with formalization anticipated at the next Board meeting. Overall, the update emphasized steady progress and upcoming initiatives.

9. Ms. Hampton introduced agenda item ***KPPA Update*** *(Video 01:10:41 to 01:14:18).* Mr. Michael Board, speaking on behalf of Mr. Ryan Barrow, presented the KPPA update. He began by commending various teams across the organization for their outstanding contributions. Mr. Board acknowledged the HR and other departments for surpassing goals and fostering statewide team building through philanthropic initiatives. He also highlighted the efforts of the Investments and Accounting teams, emphasizing Carrie Bass's pivotal role in advancing key projects and policy developments. Special recognition was given to Mr. Lamb and his team for their diligent work on the ACFRs and SAFR reports, which showcased their commitment to excellence. Additionally, Mr. Board highlighted the efforts of Ms. Rankin and the IT team, applauding their adaptability in ensuring seamless remote operations. Their initiatives enabled the Board to continue its critical work without interruption, demonstrating the organization's resilience and

teamwork. Ms. Hampton also took a moment to recognize Mr. Board and his Legal Department for their valuable contributions.

10/11. There being no new business, Ms. Hampton introduced agenda item ***Closed Session*** *(Video 01:14:26 to 01:15:21)* and requested a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). A motion was made by Mr. Peercy and seconded by Dr. Miller. The motion passed unanimously.

Ms. Hampton read the following statement, and the meeting moved into closed session: 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. All public attendees exited the meeting.

Closed Session *(Video - Part 2 - 00:00:41 to 00:00:54)*

Ms. Hampton called the meeting back to open session and stated that there was no action taken by the KRS Board of Trustees as a result of the Closed Session.

10. There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held March 12, 2025, 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 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 Kentucky Retirement Systems, do certify that the Minutes of Meeting held on March 12, 2025, were approved on April 17, 2025.

C Lynn Hampton

Chair of the Board of Trustees

I have reviewed the Minutes of the March 12, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services