MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
QUARTERLY BOARD MEETING
VIA LIVE VIDEO TELECONFERENCE
MARCH 20, 2025, AT 10:00 AM EST

At the meeting of the Kentucky Public Pensions Authority held on March 20, 2025, the following members were present: Jerry Powell (Chair), George Cheatham, Dr. Merl Hackbart, Lynn Hampton, Prewitt Lane, William O'Mara, Keith Peercy, and William Summers V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens III, Ryan Barrow, Michael Board, Erin Surratt, Lori Casey, Leigh Ann Davis, Shauna Miller, Victoria Hale, Nathan Goodrich, Wes Crosthwaite, Steve Willer, Joe Gilbert, Anthony Chiu, Brian Caldwell, Michael Lamb, Kristen Coffey, D'Juan Surratt, Shaun Case, Sandy Hardin, and Sherry Rankin. Others present included Ryan Graham and Jordan Miller with Blue & Company and Rosario Pucci; Kevin Suchta; Declan Denehan; John Snyder, Jr.; Margaret-Anne Hennessy; and Madison McNally with BNY Mellon.

1. Mr. Powell called the meeting to order.

2. Mr. Board read the Legal Opening Statement.

3. Ms. Rankin called roll.

4. Mr. Powell introduced agenda item ***Public Comment.*** Ms. Rankin indicated that there were no public comments.

5. Mr. Powell introduced agenda item ***Approval of Minutes –KPPA Board for December 5, 2024, and January 3, 2025*** *(Video 00:07:10 to 00:07:58).* Mr. O'Mara made a motion to approve the December 5, 2024, and January 3, 2025, minutes as presented. Mr. Summers V seconded the motion. The motion passed unanimously.

6. Mr. Powell introduced agenda item ***KPPA Audit Committee Report and Recommendations*** *(Video 00:07:58 to 00:13:24).* Ms. Kristen Coffey provided a summary of the KPPA Audit Committee Meeting. The KPPA Audit Committee held a regularly scheduled meeting on

February 25, 2025. Its focus was on key matters requiring KPPA Board ratification. Ms. Coffey noted that three audit reports were issued since the last meeting. These audits covered investment administrative fees, a review of policies specific to the Office of Investments, and an evaluation of processes. The Audit Committee accepted all reports, along with the management's responses and proposed corrective actions. The Committee recommended following up at the next meeting with an update on the implementation of the corrective actions.

Mr. O'Mara made a motion to ratify the Audit Committee's approval of the internal audit reports as presented and to authorize KPPA staff to implement any corrective action. Mr. Lane seconded the motion. The motion passed unanimously.

Mr. Lamb welcomed representatives from Blue & Company, the external auditors responsible for the GASB 68 and 75 proportional share audit reports. Drafts of these reports are now available on the KPPA website along with Excel spreadsheets to assist employers and their auditors in utilizing the information. The Audit Committee thoroughly reviewed and ratified these reports. Ms. Jordan Miller provided a brief overview, noting that the reports mirrored those from the previous year, with an unmodified (clean) opinion issued on both the 68 and 75 reports. There were no changes in allocation methods compared to prior audits. To address readability issues, Excel tables from the reports were made available online for ease of access. The discussion acknowledged past challenges with timely report delivery and commended the improvements in this year's process.

Mr. Cheatham made a motion to approve the GASB 68 and GASB 75 Proportionate Share Audits for the fiscal year ended June 30, 2024, and to authorize KPPA staff to publish the audits on the KPPA website. Following this motion, a discussion was held; however, a vote was taken without the presence of a second motion. [NOTE: DUE TO THE ABSENCE OF A SECOND MOTION, THIS MATTER WILL BE REINTRODUCED FOR A VOTE AT THE NEXT KPPA MEETING, SCHEDULED APRIL 23, 2025.]

7. Mr. Powell introduced agenda item ***KPPA Ad Hoc Regulation Committee Report and Recommendation*** *(Video 00:13:24 to 00:15:57).* Mr. Nathan Goodrich reported that the KPPA Ad Hoc Regulations Committee convened on March 6, 2025, and approved two regulations, forwarding them for further consideration. The first, 105 KAR 1:200, is an amended regulation on retirement procedures. It reflects updates to governance and the creation of KPPA in 2021, as well as statutory changes since that time, including adjustments related to post-retirement beneficiary designations.

   The second, 105 KAR 1:202, is a new housekeeping regulation that places the Form 6000 (Notification of Retirement Form) into its own regulation. This change is aimed at streamlining the regulatory process, allowing for more efficient updates to the form and better cross-referencing with other regulations.

   These updates are intended to modernize and improve the regulation process, ensuring policies remain current and aligned with statutory requirements.

   Dr. Hackbart made a motion to approve regulations 105 KAR 1:200 (Retirement Procedures) and 105 KAR 1:202 (Notification of Retirement) as presented and to approve the filing of these regulations with the Office of Regulation Compiler at LRC. Mr. Peercy seconded the motion. The motion passed unanimously.

8. Mr. Powell introduced agenda item ***Administrative Budget to Actual*** *(Video 00:15:57 to 00:18:04).* Mr. Lamb presented the KPPA Administrative Budget-to-Actual Summary Analysis for the fiscal year ending December 31, 2024. Mr. Lamb offered an overview of the Administrative Budget to Actual Summary Analysis. While most line items remained on track, legal contract expenses were significantly impacted by ongoing litigation and settlement discussions. Some legal contracts are nearing their budgeted capacity, and adjustments have been made through appropriate channels. Should this line item exceed its allocation by the end of the third quarter, it will be brought back to the Board for discussion and potential adjustment. Aside from legal expenses, all other line items remain within budget expectations

at both summary and detailed levels. No further questions or discussion on the matter were raised.

9. Mr. Powell introduced agenda item ***Investment Department Update*** (*Video 00:18:04 to 00:35:59*). Mr. Willer presented a summary of the Investment Committee Meetings. He highlighted that the KRS and CERS Investment Committees convened in February and approved several significant investment allocations, including strategies with JP Morgan and T. Rowe Price. These allocations are contingent upon successful contract negotiations and will be funded by the retirement of certain internal portfolios. The Committee also approved $70 million investments in both the Arctos American Football Fund and Maritime Partners American Rivers Fund for the real return allocation, pending contract negotiations. A new benchmark, MSCI ACWI IMI, was adopted for the global public equity asset class. Regarding performance highlights, January saw strong returns, but market volatility increased in February and March. Fiscal year-to-date, pension, and insurance portfolios demonstrated top-quartile and top-decile risk-adjusted returns over three and five years.

   Mr. Willer reported that Ms. Carrie Bass confirmed there were no violations as of the end of the quarter. He also shared that Ms. Bass has proposed several ideas to enhance compliance reporting and improve transparency for the committees and boards. Mr. Powell then noted that investment decisions pertain directly to CERS and KRS trusts and do not require KPPA Board votes.

   Mr. Ryan Barrow, with input from Mr. Willer, highlighted efforts to attract and retain a broader range of talent for the organization, recommending the addition of a new position description for a Senior Investment Associate to the six existing Board-approved job classifications and compensation ranges within the KPPA Office of Investments. This less senior role would provide opportunities for individuals at earlier career stages, offering valuable learning and growth prospects, while enhancing flexibility to build sufficient bench strength for the Office of Investments' continued success. The proposal positions this role below current senior staff, targeting mid-level experience to attract emerging talent and establish a clear career progression pathway. It aligns with the six statutory positions exempt from 18A regulations

and adheres to the previously approved structure. After addressing questions about the salary range, recruitment efforts, and hierarchy structure, the proposal was discussed as a step forward in aligning workforce adaptability with long-term strategic goals.

Ms. Hampton made a motion to approve KPPA petitioning the Secretary of the Personnel Cabinet to create a new unclassified position of Senior Investment Associate in the Office of Investments pursuant to KRS 61.505(8)(b) and to approve the salary range pursuant to KRS 61.505(8)(d) as presented. Mr. Lane seconded the motion. The motion passed unanimously.

10. Mr. Powell introduced agenda item ***BNY Mellon Presentation*** *(Video 00:35:59 to 0048:53).* Representatives from BNY Mellon highlighted their longstanding partnership with Kentucky, emphasizing the company's strong, stable, and resilient foundation. The company detailed investments in its people and technology, including advancements in fraud prevention, cybersecurity, and artificial intelligence to enhance client experience. The presentation also underscored BNY Mellon's commitment to the public fund business, serving numerous clients and managing significant assets globally.

    Key services mentioned included custody and asset safety, accounting, private equity administration, global risk solutions, and securities lending. These offerings aim to optimize operations, provide valuable insights, and support clients' evolving needs. BNY Mellon reiterated its dedication to maintaining stability and delivering tailored solutions.

11. Mr. Powell introduced agenda item ***KPPA Executive Director Report*** (*Video 00:48:53 to 0059:32).* Mr. Barrow provided legislative updates during the ongoing session, noting that House Bill 30 (pension spiking bill) had passed both houses and was now under consideration by the Senate. House Bill 71 (reorganization bill) was progressing as expected, with two readings completed and final approval anticipated within the remaining session days. Printed copies of the KPPA Annual Report (SAFR) are now available and widely distributed, including online. Strategic Plan updates were briefly mentioned, highlighting successful ongoing implementation efforts. The Louisville office project was discussed. Once finalized, construction would commence on the selected space, followed by occupancy. Mr. Barrow

recognized the Team KY Internship Program and the new KPPA Leadership Academy. Mentoring had been integrated into the leadership programs. Additionally, he highlighted personnel-related changes such as job reclassifications and adjustments to locality premiums and salaries, some of which were temporary. A full impact analysis would be shared in the future. He also discussed the importance of conferences and knowledge-sharing initiatives, including internal "Lunch and Learn" sessions to disseminate best practices gathered by KPPA experts. Mr. Barrow concluded with kudos to the Legal, HR, and IT teams for their accomplishments, including resolving legal cases, fostering team building through the KECC campaign, and successfully executing fully remote board meetings. He further acknowledged the dedication of Mr. Powell and Ms. Pendergrass for their time and service.

12. Mr. Powell introduced agenda item ***New Business*** *(Video 0:59:32 to 01:00:17)*. Mr. Powell revisited the discussion about the approval of the Senior Investment Associate position, emphasizing that, for transparency purposes, the Senior Investment Associate's salary should be included when the information is published on the KPPA webpage. No additional new business was presented.

13. Mr. Powell introduced agenda item ***Closed Session*** *(Video 01:00:17 to 01:01:45)*. Mr. O'Mara made a motion to enter closed session to discuss pending litigation. Mr. Cheatham seconded the motion. The motion passed unanimously.

    Mr. Powell 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 matters, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the KPPA's litigation strategy and preserving any available attorney-client privilege.

All other attendees exited the meeting.

Closed Session. *(Video 00:00:11 to 00:00:39)* Mr. Powell called the meeting back to open session and stated that there would be no action taken as a result of the closed session discussion.

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

Copies of all documents presented are incorporated as part of the Minutes of the KPPA held March 20, 2025, except documents provided during a closed session conducted pursuant to the Open Meetings Act and exempt under the Open Records Act.

The remainder of this page left blank intentionally.

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 KRS61.805-61.850 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 March 20, 2025, were approved on April 23, 2025.

Keith Peercy

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the March 20, 2025, Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director, Office of Legal Services