

**MINUTES OF MEETING  
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS  
SPECIAL CALLED MEETING MAY 20, 2021 AT 10:00A.M.  
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,  
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,  
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF EMERGENCY  
EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the meeting of the Kentucky Retirement Systems Board of Trustees held on May 20, 2021 the following members were present: Keith Peercy (Chair), John Cheshire, John Chilton, Raymond Connell, Kelly Downard, Joseph Grossman, and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Ann Case, Connie Pettyjohn, Connie Davis, D’Juan Surratt, Shaun Case, Phillip Cook, and Alane Foley.

Mr. Peercy called the meeting to order.

Ms. Kathy Rupinen read the Legal Public Statement.

Ms. Alane Foley called roll.

There being one *Public Comment*. Ms. Alane Foley read the following, “I am Jim Carroll, president of Kentucky Government Retirees. Through a court filing, we learned that one or before May 13, the Calcaterra Pollack investigation report was submitted to the Attorney General. On behalf of KPPA stakeholders, we request the prompt public release of the full Calcaterra Pollack investigation report. We recognize that portions of the report must be redacted to preserve attorney-client privilege. We believe it is critically important that the public learn the investigations scope, areas of inquiry and finding of facts. This can only be accomplished through release of the full redacted report, rather than a summary.”

Mr. Peercy introduced agenda item *Approval of Minutes – April 15, 2021*. Mr. Grossman made a motion and Mr. Connell seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Percy introduced agenda item *Ratification of Adjournment Motions (4/19/21 & 5/10/21)*. There was no longer a quorum when we adjourned from a closed session in these meetings. Mr. Connell indicated that the May 17, 2021 also ended without a quorum and asked that this also be added to the list. Mr. Connell made the motion and Mr. Grossman seconded to ratify the adjournment motions for the meetings held on April 19, 2021, May 10, 2021 and May 17, 2021. The motion passed unanimously.

Mr. Percy introduced agenda item *Trustee Vacancies*. Mr. Percy reported that we are still waiting to receive an appointment from the Governor's office to take the lone appointed vacancy. As far as the elected position, he has had conversations with Mr. Connell, but that they are in a holding pattern on this position as well. This position has to be filled within 90 days and we are currently about 45 days into that period, and feel a special called meeting may have to occur since we are not meeting prior to the lapse of time to fill the position.

Mr. Percy introduced agenda item *KRS Bylaws*. Ms. Kathy Rupinen indicated that she made changes to the Bylaws based on the comments made at the last board meeting, but that she also has received additional changes recently from a board member. The specific changes made were to clearly indicate that the Board must ratify the Investment actions. These changes can be found on pages 5, 10 and 11 of the red lined copy of the Bylaws. Page 10 of the Bylaws was amended to reflect that the board oversees Investment manager terminations. On page 7, changes were made to reflect that the reference to General Counsel has been replaced with legal services will be provided by KPPA legal staff. Also on page 7, there was amendment to reflect that the CEO will work with the Executive Director to request actuarial analysis for legislation affecting KRS. On page 5, a change was made to reflect that the financial statements and external audits would be reviewed by the Board as a whole, as there is not a KRS Audit Committee. Finally, on page 14, a change was made reflecting a 15 calendar day notice to any change in the Bylaws. A motion was made by Mr. Grossman and seconded by Mr. Lane to adopt the Bylaws as presented. A question was asked by Mr. John Chilton regarding how these Bylaws compare to the Bylaws of the CERS. Ms. Rupinen indicated that there are some differences, but they are similar. The motion passed unanimously.

Mr. Peercy introduced agenda item *CEO Position Description Approval*. Ms. Vicki Hale presented an amended draft of the CEO Position Description including the changes that were suggested at the last meeting. Mr. Prewitt Lane questioned the portion under essential duties where the CEO would “act as the Board’s primary adviser” and sought clarification. Mr. Campbell Connell suggested a change to the statement to read as “act as an adviser”. Mr. Kelly Downard made a motion to accept the CEO Position Description with the modification and Mr. Campbell Connell seconded. The motion passed unanimously.

Mr. Peercy introduced agenda item *Quarterly Financial Reports*. Ms. Rebecca Adkins began by indicating that since there is not a KRS Finance Committee, that these reports will be given to the Board as a whole. Ms. Adkins indicated that the reports given today also have the information for County Employees Retirement System, but that future reports will just show the data for the Kentucky Employees Retirement System and State Police System. Ms. Adkins reviewed the Fiduciary Net Position and Net Changes for the Pension and Insurance Funds through March 31, 2021. Ms. Adkins then reviewed the Administrative Expense Third Quarter Budget to Actual Analysis Report. Ms. Adkins indicated that going forward this report will reflect only the expenses for the KRS systems. Mr. Grossman asked a question if the percentages are broken down based on a head count. Ms. Adkins responded that it is based on the head count numbers as of June 30, 2020 and includes active, inactive and retired members. She further stated that the KPPA board will make a decision on whether to keep this methodology that has been in place in the past. Mr. Grossman asked a question that as we get a few years into this split, would we be able to get a report that shows how we fair from year to year. Ms. Adkins agreed that a report of this nature would be possible. Ms. Adkins presented the Contribution Report for the Pension and Insurance Funds. Mr. Peercy asked a question about the State Police Retirement System and why the employer contributions is about \$3 million below from last year. Ms. Ann Case responded that it is a combination of the reduction of salaries and a drop in the portion that is going to insurance. Ms. Adkins presented the Outstanding Invoices Report. Ms. Adkins then presented the Penalty Waivers Report. These reports were for informational purposes only.

Mr. Peercy introduced agenda item *Hazardous Duty Position Requests*. Mr. D’Juan Surratt presented that there are two agencies that are requesting hazardous duty coverage, being an

Investigator – AG with the Attorney General’s office and an Investigator III with the Kentucky State Police. Both of these positions require Peace Officer Professional Standards and Certification, which allow them authority to make arrests and to carry a firearm, thus placing them in the hazardous duty position status per statute. Request was made of the KRS Board of Trustee’s to approve these positions for hazardous duty coverage. Mr. Percy wanted clarification that the Kentucky State Police position is a Kentucky Employees Retirement Systems hazardous position and not one under State Police Retirement Systems. Mr. Surratt verified that this statement is correct. Mr. Prewitt Lane made a motion and Mr. Joe Grossman seconded to approve these positions for hazardous duty coverage. The motion passed unanimously.

Mr. Percy introduced agenda item *Investment Committee Report and Recommendations*. Mr. Prewitt Lane and Mr. Steven Herbert reported that with the investment committee approval, additional funds were allocated to the Harrison Street Fund. Mr. Herbert reviewed the KRS Trust Performance Reports through March 31, 2021. These reports were for informational purposes only.

Mr. Percy introduced agenda item *Retiree Health Care Committee Report*. Mr. Joe Grossman gave a report regarding the Joint CERS and KRS Retiree Health Plan Committee. Mr. Grossman reviewed the performance of the Humana 2020 Plan, factors expected to impact the 2022 rates and the enhanced customer service model of the Humana Custom Care. These items were for informational purposes only.

Mr. Percy introduced agenda item *Kentucky Housing Corporation Cessation Approval*. Ms. Erin Surratt began by referencing a memorandum she presented at the February 2021 meeting regarding Northern Kentucky University cessation, which was approved. All universities and community colleges had a deadline of December 31, 2020 to submit their application for cessation in accordance with House Bill 1 that was passed in the 2019 Special Session. All other KERS employers had until April 30, 2021 to submit their application. One timely application from the Kentucky Housing Corporation was received, along with their resolution from their Board and the required \$10,000 filing fee. In addition, they elected a hard freeze for their employees, meaning their active employees will not earn any additional service credit or benefits as long as they remain

with employed with Kentucky Housing Corporation after June 30, 2021. In addition, under House Bill 1, the ceasing employer may elect to pay the cost by a lump sum or in installments. Kentucky Housing Corporation has chosen the lump-sum option, allowing them a 4.5% discount rate when calculating the final cessation cost. There are no pending litigation matters against Kentucky Retirement Systems and no delinquent invoices. Therefore, pursuant to KRS 61.522(8)(a), the Board shall accept any election to cease participation on or before June 30, 2021. Mr. Percy asked a question about the changes shown in the tables versus what was listed in the memo. Mr. Grossman questioned unfunded is the past cost, or does it include through June 30, 2021. Mr. John Chilton asked if the calculations would be computed again after June 30, 2021. The answer is yes, it will be ran again. Mr. Grossman made a motion and Mr. Lane seconded to approve the cessation of Kentucky Housing Corporation. The motion passed unanimously.

Mr. Percy introduced agenda item *KRS/KPPA Update*. Mr. David Eager expressed his thankfulness to the Trustees for their willingness to serve. In the month of May, we held 13 board and committee meetings. Work is continuing on House Bill 8 and the liability calculations, attempting to provide information to those employers regarding the liability assessed to them, and more appeals are expected. We recently had a meeting with approximately 50 health departments. House Bill 1, we have had 2 (two) agencies that have been approved cessation. All areas are picking up with the legal department, communication, executive staff and investments to name a few. Regarding House Bill 484 tasks, we are about 87% complete as a whole. Regarding staffing issues, we are at 246 total employees and 2 interns. We currently have 18 vacancies and 4 upcoming retirements. Some of the more noted open positions include the Executive Director of Legal Services, Staff Attorney III, Investment Division Director, and Information Systems Director. Work from home is about the same, nothing much has changed here. Ms. Erin Surratt indicates that there has been an increase in the number of members taking advantage of the virtual appointments. We are transitioning from Work From Home to Return To The Office. We are currently awaiting directives from the Governor's Office for opening our doors back to the public and to our employees. We will follow the mandates set forth. A second survey was given to employee's regarding their preferences, and we gave them 5 options. Out of 236 responses, only 10% prefer all at home or all at office, while 72% chose to work full time at home with an occasional time in the office. We will be working with the supervisors to finalize options and we

have a tentative target date set for September 7, 2021. We have a Public Pensions Oversight Board presentation set for May 24, 2021, and they have requested a cash flow and investment report. Mr. Downard asked about what the plans are regarding board meetings. Mr. Eager indicated that we can have board meetings on site and that he has asked the two chairs for their preferences regarding in office meetings. They have indicated that they would like to keep those going through zoom. Mr. Percy indicated that due to the number of the recent required meetings, it seemed much easier to do it online. The mandates also require that the public would not be allowed to attend and we would still need to broadcast the meeting. Therefore, it seemed more logical to keep them running on zoom until things get back to normal, if it ever gets back to normal.

A motion was made by Mr. Cheshire and Mr. Connell seconded to go in to closed session. The motion passed unanimously.

Mr. Chilton stated that he would need to recuse himself from the closed session. Mr. Connell requested Mr. Chilton be in the closed session portion to answer a question and then he could leave. Mr. Chilton agreed.

Mr. Percy 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 the appointment (discipline/dismissal) and member account information of an employee, pursuant to KRS 61.810(1)(f) and KRS 61.810(1)(k). It is necessary to enter closed session because of the sensitive nature of the material to be considered regarding this employee, and the requirement of KRS 61.661(1) that each member's account be administered in a confidential manner. All public attendees exited the meeting.

Mr. Percy called the meeting back to open session. Mr. Downard made a motion that we hire Mr. John Chilton as the CEO of KRS as of July 1, 2021, for a one year term, with a salary of \$40,000 per year, and that he resign from his position prior to taking office and Mr. Prewitt Lane seconded the motion. Mr. Chilton announced that he is abstaining from this vote. The motion passed unanimously.

Mr. Grossman made a motion and Mr. Connell seconded 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 May 20, 2021 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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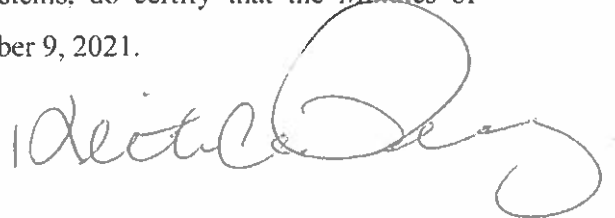
## CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Directors 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

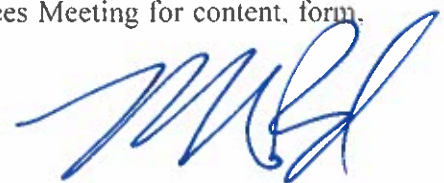
We, the Chair of the Board of Directors of the Kentucky Retirement Systems and Chief Administrative Officer of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on May 20, 2021 were approved on September 9, 2021.



Chair of the Board of Directors

Chief Administrative Officer

I have reviewed the Minutes of the May 20, 2021 Board of Trustees Meeting for content, form, and legality.



Executive Director  
Office of Legal  
Services