

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCE COMMITTEE MEETING
NOVEMBER 30, 2022 AT 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the meeting of the County Employees Retirement System Finance Committee held on November 30, 2022, the following members were present: William O'Mara (Chair) and George Cheatham. Staff members present were David Eager, Michael Board, Victoria Hale, Steve Willer, Jared Crawford, Elizabeth Smith, Connie Davis, D'Juan Surratt, Ann Case, Ashley Gabbard, Phillip Cook, and Sherry Rankin. Others present included CERS CEO Ed Owens, III, and CERS Trustee Betty Pendergrass.

Mr. O'Mara called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

Ms. Rankin stated that one *Public Comment* was submitted and read the comment from Steven Howard aloud to the Committee: Why has it been so long since RETIREES have received a COLA?

Mr. O'Mara thanked Mr. Howard for his comment and stated that a written response would be forwarded to him on behalf of the CERS Finance Committee.

Mr. O'Mara introduced agenda item *Approval of Minutes – August 23, 2022*. A motion was made by Mr. Cheatham and seconded by Mr. O'Mara to approve the minutes as presented. The motion passed unanimously.

Mr. O'Mara introduced agenda item *Fiscal Year Financial Reports*. Ms. Connie Davis presented the Combining Statement of Fiduciary Net Position of the Pension Funds for the period June 30, 2022 through September 30, 2022. She advised the Committee that a variance explanation for any percent change greater than 10% was listed at the bottom of the statement. She reported that the

pension funds had decreased 10.46% since the same period ending September 30, 2021. The CERS Non-hazardous plan declined 3.43% and the CERS Hazardous plan declined 2.51%. Next, Ms. Davis briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the three-month period ending September 30, 2022, Combining Statement of Fiduciary Net Position of Insurance Funds as of September 30, 2022, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the three-month period ending September 30, 2022 with the Committee. There were no questions; therefore, Ms. Davis went on to present the Pension and Insurance Funds Contribution Reports for three-month period ending September 30, 2022. She reported that the bottom rows for net contributions, cash flow as a % of assets, net investment income, and yield as % of assets were added to these reports as requested by the Kentucky Public Pension Oversight Board (PPOB). Ms. Davis reviewed the Pension Fund Contribution Report and stated that CERS Hazardous was positive in net contributions and that CERS Non-hazardous was negative in net contributions. Mr. Eager added that the cash flow as a percentage of assets line item was requested by PPOB and is becoming increasingly more common. Ms. Davis reviewed the Insurance Fund Contribution Report and stated that net contributions were positive in CERS Non-hazardous and negative in CERS Hazardous. Further, Ms. Davis stated that employer contributions had decreased, and that investment return was also negative. Lastly, Ms. Davis briefly presented the KPPA Administrative Budget FY 2022-2023 for the three-month period ending September 30, 2022, CERS Outstanding Invoices by Type and Employer, and Penalty Invoices Report.

Mr. O'Mara introduced agenda item *Hazardous Duty Requests*. Mr. D'Juan Surratt presented 25 positions requesting hazardous duty coverage. He reported that the Division of Employer Reporting, Compliance and Education has been performing audits on various agencies to ensure that members are being reported correctly; therefore, there may be an increase in the number of hazardous duty requests in the coming months to make corrections. Mr. Surratt advised that the 25 positions were reviewed by KPPA and meet the statutory guidelines; Staff requests that the CERS Finance Committee approve these requests to be ratified by the CERS Board of Trustees. A motion was made by Mr. Cheatham and seconded by Mr. O'Mara to approve the hazardous duty requests as presented. The motion passed unanimously.

Mr. O'Mara introduced the agenda item *Participation of CERS Agency*. Mr. D'Juan Surratt reported that the City of London Tourism wishes to join as a participating agency within CERS.

The agency submitted copies of minutes, resolution to participate and agency budget, said Mr. Surratt. Further, a Contract for Health insurance has also been received from the agency. Mr. Surratt requested that the CERS Finance Committee approve the request to be ratified by the CERS Board of Trustees. A motion was made by Mr. Cheatham and seconded by Mr. O'Mara to approve the participation of the City of London Tourism as a participating agency in CERS as presented. The motion passed unanimously.

Mr. O'Mara introduced the agenda item *External Audit Update*. Ms. Connie Davis stated that the external auditors presented the audit report to the Joint Audit Committee on November 28, 2022. She reported that the Joint Audit Committee approved the report as presented and advised that the report will be presented to the KPPA Board of Trustees, the CERS Board of Trustees, and the KRS Board of Trustees. Mr. O'Mara advised that there was discussion regarding the format of the audit report; the topic will be added to the agenda for the February 2023 Joint Audit Committee meeting for further discussion.

Mr. O'Mara introduced the agenda item *PPOB Administrative and Investment Expenses Report*. Ms. Connie Davis briefly reviewed the FY2022 KPPA Administrative Expenses and FY2022 KPPA Trust/Investment Expenses which were provided to the Kentucky Public Pension Oversight Board (PPOB). She advised that these documents have been presented to the KPPA Board of Trustees, the CERS Board of Trustees, and the KRS Board of Trustees. Next, Ms. Davis presented the FY21 and FY22 Board Separation Expenditures. This data was also provided to the PPOB. Mr. O'Mara advised that CERS and KRS Investment Committees receive KPPA Administrative Expenses and KPPA Trust/Investment Expenses reports quarterly. Mr. Eager added that Staff conscious of spending is searching for opportunities to get more value for less money. Ms. Pendergrass suggested that the KPPA Trust Expenses report be renamed, KPPA Investment Expenses.

Mr. O'Mara opened the floor for a motion to adjourn the meeting. A motion was made by Mr. Cheatham and seconded by Mr. O'Mara to adjourn the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the CERS Finance Committee meeting held November 30, 2022 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

CERTIFICATION

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

I, William O'Mara, the Chair of the County Employees Retirement System Finance Committee, do certify that the Minutes of Meeting held on November 30, 2022 were approved on February 20, 2023.


Chair of the CERS Finance Committee

I have reviewed the Minutes of the November 30, 2022 CERS Finance Committee Meeting for content, form, and legality.


Executive Director
Office of Legal Services