

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
NOVEMBER 4, 2024, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Regular Meeting of the County Employees Retirement System Board of Trustees held on November 4, 2024, the following members were present: George Cheatham, Dr. Patricia Carver, Michael Foster, Jim Tony Fulkerson, Dr. Merl Hackbart, William O'Mara, Betty Pendergrass, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, Ryan Barrow, Rebecca Adkins, Erin Surratt, Victoria Hale, Michael Lamb, Steve Willer, Leigh Ann Davis, Connie Pettyjohn, D'Juan Surratt, Brian Caldwell, Anthony Chiu, Joe Gilbert, Shaun Case, Ashley Gabbard, Connie Davis, Sandy Hardin, and Sherry Rankin. Others present included Eric Branco with Johnson Branco & Brennan, LLP; John Patterson, Marc Friedberg, and Chris Tessman with Wilshire; Danny White, Kristi Kiesel, and Janie Shaw with GRS.

1. Mr. Cheatham called the meeting to order.
2. Mr. Branco read the *Opening Statement*.
3. Ms. Rankin took *Roll Call*.
4. Mr. Cheatham introduced the agenda item *Public Comment* (Video 00:09:05 to 00:13:25). Ms. Rankin indicated that there were three public comments and read as follows:

Andrew Parrish:

Good morning, I hope you all are doing well, and I appreciate your commitment to the Commonwealth and the ones you serve. I would like to briefly introduce myself. My name is A. J. Parrish, and I currently serve as the night shift sergeant for the Paducah Police Department and am under the Tier 3 system as I joined the force in May of 2014. I am submitting this comment to you all because I want to bring to light an issue with retention among law enforcement that you are likely all too familiar with. While this issue is affecting agencies nationwide, I want to focus on our issues specifically here in Kentucky.

Currently, the Commonwealth offers three Tiers for retirement, but I will focus on the one that is currently in effect as of January 1, 2014, which is Tier 3. Essentially, peace officers are no longer under a pension style retirement but rather a 401K. Unlike the other retirement Tiers prior to 2014, under Tier 3, the participant has the option to leave law enforcement and take their 401K balance with them. Specifically, they are vested after 60 months (or 5 years) of employment. What this means is that instead of staying in law enforcement for 25 years, officers can now leave law enforcement at 5 years of service and go work in the private sector with their 401K. This is causing a massive strain on law enforcement agencies across the Commonwealth to retain seasoned, veteran officers. Instead, agencies are now forced to cycle through hiring young officers, send them to the academy to get trained and then hope that they will stay faithful to law enforcement for 25 years. While this seems grim, I do have a solution to this issue. In January, House Bill 143 was introduced which would afford Tier 3 participants the option of going to Tier 2. This would greatly benefit the safety and security of the communities within our Commonwealth by retaining law enforcement professionals for 25 years to reach full retirement under the pension system. I humbly request you take some time to fully research this issue and support the efforts to afford us the opportunity to go from a Tier 3 retirement system to Tier 2. I would be happy to discuss this issue further and can be reached via e-mail or phone at xxx-xxx-xxxx. Again, thank you for your time and support in this matter.

Debby Combs:

Please support your devoted retirees that faithfully served their communities by leading action to provide a long-awaited COLA to its retirees.

Thomas Wathen:

It has come to my attention that having a 15-year-old child and turning 65 is a big cost advent. My insurance through the CERS goes from \$340.00 for two party to \$940.00 for a single child. Hazardous duty Retires which includes helicopter pilots pay zero for spouse and children. How is this possible since we both pay into the retirement system. A person cannot afford this retirement with children unless in the Hazardous duty retirement. I had a Hazardous duty retirement job being an Electrician and working at a Wastewater

Treatment Plant that has constant odor complaints. Can you shine some light on this being 7 days from election time?

Mr. Cheatham requested that CERS CEO Mr. Owens III reach out to these individuals regarding their concerns.

5. Mr. Cheatham introduced agenda item ***Chairman's Corner*** (Video 00:13:25 to 00:13:36). Mr. Cheatham noted he did not have anything to report at this time.

6. Mr. Cheatham introduced agenda item ***Approval of Minutes – September 9, 2024, and September 17, 2024*** (Video 00:13:36 to 00:15:36).

Mr. Foster made a motion to approve the September 9, 2024, minutes as presented. The motion was seconded by Mr. O'Mara and passed unanimously.

Dr. Hackbart made a motion to approve the September 17, 2024, minutes as presented. The motion was seconded by Mr. Fulkerson and passed unanimously.

7. Mr. Cheatham introduced agenda item ***Actuarial Committee Report*** (Video 00:15:36 to 01:07:27). Mr. Foster noted that the Actuarial Committee met earlier today and voted to accept the Actuarial Report presented by GRS and to forward to the CERS Board for approval. Mr. Foster introduced Ms. Shaw, Mr. White, and Ms. Kiesel with GRS, who presented a summary of the 2024 Valuation Results and answered questions posed by the Board members. In closing, Ms. Shaw noted last year's increase in active membership and payroll is a positive signal for the System and its participating employees. She emphasized the importance of maintaining the current funding policy to continue improving the System's financial security.

A motion was made by Dr. Hackbart and seconded by Dr. Carver to adopt the 2024 Actuarial Valuation as presented. The motion passed unanimously.

8. Mr. Cheatham introduced agenda item ***Joint Retiree Health Plan Committee Report***

(Video 01:07:27 to 01:12:52). Mr. Powell stated that the Joint CERS & KRS Retiree Health Plan (RHP) Committee met October 21, 2024, to review an informational presentation from Humana regarding the 2025 Pharmacy Review and Pharmacogenomics. Mr. Powell noted that the outcomes of the Pharmacogenomics pilot plan lacked statistical significance to demonstrate positive impacts and value. Therefore, Humana has no current plans to introduce Pharmacogenomics at this time. Ms. Pettyjohn briefly discussed open enrollment and retiree engagement/outreach efforts.

9. Mr. Cheatham introduced agenda item ***Investment Committee Report*** (Video 01:12:52 to 01:41:54). Dr. Hackbart provided a summary of the Investment Committee Special Meeting held on October 22, 2024. The Investment Committee approved by unanimous vote the investment of CERS funds in the Kayne Anderson Continuation Vehicle. Given the exigent circumstances presented by the short due diligence period afforded the Committee, the Committee exercised its authority under the Investment Policy Statement (IPS) to directly approve the recommendation of the Investment Office without CERS Board ratification. The Investment Office recommended, with the support of Wilshire, that the Investment Committee approve the rolling of the KPPA investment into the continuation vehicle. Mr. Steve Willer and Mr. Anthony Chiu provided an overview of the information regarding the Kraken continuation vehicle and addressed questions from the Board members. Mr. Willer noted that the Investment Staff can collaborate with Mr. Owens III to set parameters in the Investment Policy Statement (IPS) to ensure these situations are handled appropriately going forward.
10. Mr. Cheatham introduced agenda item ***Closed Session*** (Video 01:41:54 to 01:42:49). Ms. Pendergrass made a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(1)(c). The motion was seconded by Mr. Powell and passed unanimously.

Mr. Cheatham 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, 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.

****Mr. Fulkerson exited the meeting prior to the start of Closed Session****

Closed Session (Video - Part 2 - 00:00:12 to 00:01:55).

Coming back into open session, Mr. Cheatham requested a motion to come out of Closed Session. Mr. O'Mara made a motion to return to open session and was seconded by Ms. Pendergrass. The motion passed unanimously. Mr. Cheatham stated that no action was taken as a result of the closed session discussions.

11. There being no further business, Mr. Cheatham requested a motion to *adjourn* the meeting. The motion to adjourn the meeting was made by Mr. O'Mara and seconded by Mr. Powell. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held November 4, 2024, 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 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, the Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on November 4, 2024, were approved on December 2, 2024.


Chair of the Board of Trustees

I have reviewed the Minutes of the November 4, 2024, Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services