MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES MEETING
SEPTEMBER 12, 2024, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE

At the Meeting of the Kentucky Retirement Systems Board of Trustees held on September 12, 2024, the following members were present: Lynn Hampton, David Adkins, Mary Eaves, Prewitt Lane, Dr. Crystal Miller, Keith Peercy, Pamela Thompson and William Summers, V. Staff members present were CERS CEO Ed Owens, III, KRS CEO John Chilton, Ryan Barrow, Rebecca Adkins, Erin Surratt, Michael Board, Leigh Ann Davis, Michael Lamb, Steve Willer, Victoria Hale, Connie Pettyjohn, Connie Davis, Ashley Gabbard, Shaun Case, and Sherry Rankin. Others present included David Lindberg and Chris Tessman with Wilshire Advisors, Larry Loew and Carrie Lovell with Humana, and Janet Jakubowicz with Dentons Bingham Greenebaum.

1. Ms. Hampton called the meeting to order.

2 Mr. Board read the Legal Public Statement.

3. Ms. Rankin took ***Roll Call***.

Ms. Hampton introduced the agenda item ***Public Comment*** *(Video 00:08:35 to 00:11:49:00).* Ms. Rankin indicated that two public comments were received for this meeting.

The first public comment was from James Shepherd Olive and read as follows:

"Dear Folks: My pension from Kentucky Public Pensions Authority (KPPA), has had no Cost of Living Adjustment (COLA), since July, 2011. According to an online inflation calculator www.bls.gov/data/inflation_calculator.htm), U.S. Bureau of Labor Statistics (BLS) data shows inflation has reduced the purchasing power of $10,000 to $7,183 today. This is a 39.2% reduction from the 2011 amount. Meanwhile, my

expenses for basic needs have at least kept up with inflation. Things are getting tighter. Meanwhile, reports of a massive end-of-fiscal-year state budget surplus have come and gone for another year in succession. It takes more than a few very large grains of salt to reconcile the apparent disparity of these surpluses with the 13-year stasis in my pension. I respectfully implore you to strongly advocate and advance relief for help in improving the bottom line of KPPA non-hazardous retirees. Best regards."

The second public comment was from Andrew Rudkosky and read as follows:

"Dear Members of the KPPA Board, Thank you for allowing me to submit a public comment today. I would like to address an important consideration regarding retired veterans and their participation in the healthcare and pension programs managed by KPPA. As you know, most veterans are covered by VA healthcare benefits, which are an essential part of the support they receive after their service. However, it's important that veterans be given the option to opt into—or opt out of—additional health insurance programs and funds like the one percent fund. Since veterans already have access to VA healthcare, it may not be necessary or beneficial for them to be required to contribute to additional programs if they are already covered. By allowing veterans to make the choice about whether to participate in this fund, the board would be recognizing their unique circumstances and offering them greater flexibility in managing their healthcare and financial security in retirement. This would ensure that no one is paying into a system they may not need, while still giving them the opportunity to participate if they choose to. I urge the board to consider this opt-in option for veterans, and I appreciate your attention to this matter. Sincerely, Andrew Rudkosky SFC, US Army Retired"

4. Ms. Hampton introduced agenda item ***Approval of Minutes – June 18, 2024*** *(Video 00:11:49 to 00:12:25).* A motion was made by Mr. Summers and seconded by Mr. Peercy to approve the minutes as presented. The motion passed unanimously.

5. Ms. Hampton introduced the agenda item ***Joint Retiree Health Plan Committee Report*** *(Video*

00:12:25 to 00:36:18).

a. Dr. Crystal Miller stated the CERS and KRS Joint Retiree Health Plan Committee met on September 3, 2024, to discuss and make recommendations regarding the non-Medicare and Medicare eligible health plans for retirees of the systems operated by KPPA for the 2025 plan year. Dr. Miller introduced Ms. Connie Pettyjohn to present the recommendations made by the committee.

   Ms. Pettyjohn first provided an overview of the recommendations regarding the non-Medicare Eligible Retirees and answered questions. Ms. Hampton asked if the high deductible health plan option offered an HSA (Health Savings Account), and Ms. Pettyjohn responded that an HSA is not included with the high deductible health plan. However, there are other options that members may select.

   A motion was made by Dr. Miller to accept the recommendations for the Joint Retiree Health Plan Committee for the 2025 KEHP Plan for the Non-Medicare eligible members and seconded by Mr. Lane. The motion passed unanimously.

b. Next, Ms. Pettyjohn provided an overview of the recommendations regarding the Medicare Eligible Retirees. Then Ms. Pettyjohn introduced Larry Loew from Humana, and he reviewed the changes to the prescription drug plan.

   A motion was made by Dr. Miller to accept the recommendations for the Joint Retiree Health Plan Committee for the 2025 Humana Medicare Plan for the Medicare eligible members and seconded by Mr. Peercy. The motion passed unanimously.

6. Ms. Hampton introduced agenda item ***Quarterly Financial Reports*** *(Video 00:36:18 to 00:46:26).* Mr. Mike Lamb presented the Quarterly Financial Reports and discussed the new presentation of the quarterly reports. Mr. Lamb briefly reviewed the Combining Statement of Fiduciary Net Position for the twelve-month period ending June 30, 2024, and the Combining Statement of Changes in Fiduciary Net Position for the twelve-month period ending June 30, 2024. Mr. Lamb went on to present the KRS Pension and Insurance Funds Contribution

Reports for the twelve-month period ending June 30, 2024. Next, the KRS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were presented to the KRS Board of Trustees. Mr. Lamb also presented the KPPA Administrative Budget and Budget-to-Actual Summary Analysis for the fiscal year ending June 30, 2024, with comparative totals for the fiscal year ending June 30, 2023. Next, Mr. Lamb reviewed the JP Morgan Chase Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2024.

7. Ms. Hampton introduced agenda item ***Memo on Outstanding Employer Invoices*** *(Video 00:46:26 to 00:52:46).* Mr. Mike Lamb reviewed the drafted memorandum regarding interest on employer invoices. Mr. Lamb reviewed the findings and recommendations made by the KPPA team who researched available options for charging interest on delinquent employer contributions and employer past due invoices. From their extensive research, the KPPA legal staff created (8) eight categories for evaluation. Next, Mr. Lamb reported that after the (8) eight categories are approved, a team needs to be established to decide what action should be taken regarding the old invoices.

8. Ms. Hampton introduced agenda item ***Investment Committee Report*** *(Video 00:52:46 to 01:27:44).* Mr. Steve Willer, KPPA Chief Investment Officer, provided a detailed summary of the quarterly and fiscal year reports that were presented to the KRS Investment Committee and answered questions. Mr. Chriss Tessman with Wilshire and Mr. Prewitt Lane added additional information regarding the financial reports.

   Next, Mr. Lane introduced Mr. Willer to give a presentation regarding the KRS Investment Committee Real Assets Recommendation. Mr. Willer gave a detailed report regarding the Investment Committee's recommendation to invest in the Strategic Value Partners Continuation Vehicle Project Spurs and answered questions. Mr. Lane made the motion to ratify the Investment Committee's recommendation to invest up to $35 million in the Strategic Value Partners Continuation Vehicle for Project Spurs subject to successful contract negotiations. The motion was seconded by Mr. Summers and passed unanimously.

9. Ms. Hampton introduced agenda item ***CEO Report*** *(Video 01:27:44 to 01:32:53).* KRS CEO John Chilton provided an update on various projects and happenings since the last Quarterly

KRS Board of Trustees meeting on June 18, 2024. Mr. Chilton has been working with Mr. Lamb on accounts receivable and working on legal matters concerning the KRS System. Mr. Chilton also reported the highlights from the National Association of State Retirement Administrators Conference he recently attended.

10. Ms. Hampton introduced agenda item ***2025 Board and Committee Meeting Calendar*** *(Video 01:32:53 to 01:34:20).* Ms. Hampton presented the drafted 2025 Board and Committee Meeting Calendar. Mr. Summers made a motion to approve the 2025 Board and Committee Meeting Calendar as recommended. The motion was seconded Ms. Eaves and passed unanimously.

11. Ms. Hampton introduced agenda item ***KPPA Update*** *(Video 01:34:20 to 01:44:25).* Mr. Barrow provided the KRS Board of Trustees a written KPPA Update. From that report, he gave a review on the topics of communication, legislator and peer meetings, legislation tracking, Louisville office update, the National Association of State Retirement Administrators conference, rating agencies, Public Pension Oversight Board meeting, the upcoming risk management training, All Employee Meetings, and the Kentucky Employee Charitable Campaign. Responding to questions from Ms. Hampton regarding the Louisville office, Mr. Barrow reported there will be a conference room in the new location. Ms. Rebecca Adkins added that she has an upcoming meeting to finalize the office plans.

12. Ms. Hampton introduced agenda item ***New Business*** *(Video 01:44:25 to 01:48:00)* Ms. Hampton announced that Mary Eaves has agreed to accept an appointment to the KPPA Audit Committee. Mr. Adkins stated he continues to be impressed by the expertise of KPPA staff and commends their efforts to maintain a high level of service to the members.

13. Ms. Hampton introduced agenda item ***Closed Session*** *(Video 01:48:00 to 01:49:25)* and requested a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). A motion was made by Mr. Adkins and seconded by Mr. Summer. 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 - 00:00:25 to 00:00:38).*

Ms. Hampton called the meeting back to open session. There was no action taken by the KRS Board of Trustees.

14. 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 September 12, 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 Kentucky Retirement Systems, do certify that the Minutes of Meeting held on September 12, 2024, were approved on November 13, 2024.

Chair of the Board of Trustees

I have reviewed the Minutes of the September 12, 2024, Board of Trustees Meeting for content, form, and legality.

Executive Director Office of Legal Services