

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES MEETING
SEPTEMBER 14, 2023, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the Kentucky Retirement Systems Board of Trustees held on September 14, 2023 the following members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, 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, David Eager, Rebecca Adkins, Erin Surratt, Connie Pettyjohn, Michael Board, Victoria Hale, Leigh Ann Davis, Carrie Bass, Jessica Beaubien, Michael Lamb, Connie Davis, D’Juan Surratt, Steve Willer, Jared Crawford, Kristen Coffey, Ashley Gabbard, Katie Park, Phillip Cook, and Sherry Rankin. Others present included Tracey Garrison and Larry Loew with Humana, and Chris Tessman and David Lindberg with Wilshire Advisors.

Ms. Hampton called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

There being no *Public Comment* submitted, Ms. Hampton introduced agenda item *Approval of Minutes – June 5, 2023 (Video 00:07:12 to 00:07:55)*. A motion was made by Mr. Lane and seconded by Ms. Bova to approve the minutes as presented. The motion passed unanimously.

Ms. Hampton introduced agenda item *KPPA Audit Committee Report (Video 00:07:56 to 00:17:58)*. Ms. Kristen Coffey briefly reviewed the KPPA Audit Committee’s approval of the items to be regularly presented to various Boards and Committees and Status of Current Internal Audit Projects were presented to the KRS Board of Trustees.

Before moving on to the next agenda item, Ms. Hampton welcomed newly appointed KRS Trustee, Mary Eaves. Ms. Eaves briefly introduced herself to all in attendance.

Ms. Hampton introduced the *Joint Retiree Health Plan Committee Report (Video 00:17:59 to 00:39:44)*. Dr. Miller introduced Ms. Connie Pettyjohn to present the recommendations of the Joint Retiree Health Plan Committee regarding the Non-Medicare and Medicare eligible health plans for retirees of the systems operated by the KPPA. Ms. Pettyjohn stated that the Committee met on September 5, 2023, and September 12, 2023.

Ms. Pettyjohn provided an overview of the recommendations regarding the Non-Medicare Eligible Retirees.

Dr. Miller made a motion to ratify the recommendations from the Joint Retiree Health Plan Committee regarding the Non-Medicare Eligible Retirees from September 5, 2023. Mr. Peercy seconded the motion and the motion passed unanimously.

Next, Ms. Pettyjohn provided an overview of the recommendations regarding the Medicare Eligible Retirees.

Dr. Miller made a motion to ratify the recommendations from the Joint Retiree Health Plan Committee regarding the Medicare Eligible Retirees on September 12, 2023. Mr. Lane seconded the motion and the motion passed unanimously.

Ms. Hampton introduced agenda item *Administrative Regulations: 105 KAR 1:148 and 105 KAR 1:148E (Video 00:39:45 to 00:45:36)*. Ms. Jessica Beaubien stated that 105 KAR 1:148 and 105 KAR 1:148E are new administrative regulations which establish the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

Ms. Beaubien recommended that Section 2 of the presented 105 KAR 1:148E be amended to read: *Section 2. Retroactive Effective Date of Application. This administrative regulation applies to the actuarially accrued liability of any participating employer that, on or after March 23, 2021, pursuant to KRS 61.565(1)(d)(4), merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.*

Mr. Adkins made a motion to incorporate the suggested language into the document (105 KAR 1:148E) and approve it as amended. Mr. Summers seconded the motion and the motion passed unanimously.

Mr. Summers made a motion to approve Administrative Regulations 105 KAR 1:148 and 105 KAR 1:148E as presented and to authorize KPPA staff to file the regulations with the Office of the Regulations Compiler. Mr. Lane seconded the motion and the motion passed unanimously.

Ms. Hampton introduced agenda item *Quarterly Financial Reports (Video 00:45:37 to 00:59:14)*. Mr. Lamb presented the Quarterly Financial Reports. He briefly reviewed these reports with the KRS Board of Trustees. He reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of June 30, 2023. Next, Mr. Lamb briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the twelve-month period ending June 30, 2023, Combining Statement of Fiduciary Net Position of Insurance Funds as of June 30, 2023, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the twelve-month period ending June 30, 2023, with the KRS Board of Trustees. Mr. Lamb went on to present the KRS Pension and Insurance Funds Contribution Reports for the twelve-month period ending June 30, 2023. Lastly, he succinctly presented the FY 2022-2023 KPPA Administrative Budget and Budget-to-Actual Analysis for the fiscal year ending June 30, 2023. Separation/plan-specific expenses allocated based on the hybrid-percentage were highlighted by Mr. Lamb. Mr. Lamb reviewed the JP Morgan Chase Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2023. Lastly, the KRS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were presented to the KRS Board of Trustees.

Ms. Hampton introduced agenda item *Cyber Insurance Policy (Video 00:59:15 to 01:02:31)*. Mr. Lamb announced that KPPA released a Request for Proposal (RFP) for a Cyber Insurance Policy. Bids were received and evaluated, said Mr. Lamb. He advised that the named insured would be the Kentucky Public Pensions Authority (KPPA), the Kentucky Retirement Systems (KRS), as well as the County Employees Retirement System (CERS).

Mr. Lane made a motion to include Kentucky Retirement Systems (KRS) as an additional named insured in the Cyber Insurance Policy. Ms. Eaves seconded the motion and the motion passed

unanimously.

Ms. Hampton introduced agenda item ***FY25-26 Biennial Budget Recommendation*** (Video 01:02:32 to 01:14:35). Mr. Lamb presented an informational memo and presentation illustrating the FY25-26 Biennial Budget Recommendation from the FY 2024 Budget Planning Workgroup. He briefly reviewed the drafted FY 2024 Administrative Budget, FY 25/26 Baseline Budget, and FY 25/26 Proposed KBUD Baseline Submission with the KRS Board of Trustees. Mr. Lamb advised that an Additional Budget Request would also be submitted requesting an increase in KPPA's headcount. He provided an overview of this request.

Ms. Hampton introduced agenda item ***Investment Committee Report*** (Video 01:14:36 to 01:39:41). Mr. Willer stated that the KRS Investment Committee met on August 8, 2023, and directed the KRS Board of Trustees to their meeting material for all information presented to the Committee. He provided a brief overview of the presented data. No action was taken at the meeting, said Mr. Willer.

Ms. Hampton introduced agenda item ***CEO Report*** (Video 01:39:42 to 01:44:15). KRS CEO John Chilton provided an update on various projects and happenings since the last Quarterly KRS Board of Trustees meeting on June 5, 2023.

Ms. Hampton introduced agenda item ***2024 Board and Committee Meeting Calendar*** (Video 01:44:16 to 01:49:53). Ms. Hampton presented the drafted 2024 Board and Committee Meeting Calendar. Mr. Adkins made a motion to approve the 2024 Board and Committee Meeting Calendar as recommended. Ms. Eaves seconded the motion.

Ms. Adkins advised that the KRS Board of Trustees, CERS Board of Trustees, and KPPA meetings scheduled for the second week of December 2024 would need to be moved to the prior week to meet the Annual Comprehensive Financial Report (ACFR) requirements and deadlines set by the Commonwealth. Therefore, Mr. Adkins amended his motion. Mr. Adkins made a motion to approve the 2024 Board and Committee Meeting Calendar as recommended and subject to revision to indicate a timely December meeting to meet the requirements as noted. Ms. Eaves seconded the motion as amended and the motion passed unanimously.

Ms. Hampton introduced agenda item ***KPPA Update*** (Video 01:49:54 to 01:55:30). Mr. Eager

submitted a written KPPA Update. However, he quickly highlighted the KPPA Strategic Plan with Provaliant and the importance of KPPA Staff exposure and connectivity to legislators, other state systems, executive branch offices, etc.

Ms. Hampton introduced agenda item *New Business (Video 01:55:31 to 02:05:52)* Ms. Hampton announced that she had resigned from the Administrative/Disability Appeals Committees, Committee #1. Ms. Eaves agreed to join Committee #1 in her place, therefore Ms. Hampton appointed Ms. Eaves to the Committee.

Ms. Hampton commended CEO John Chilton for this effort and ongoing service to the KRS Board of Trustees.

Lastly, Ms. Hampton advised that discussions of the rate of return on annuities would occur at a future meeting. There was brief discussion surrounding the topic. Ms. Hampton stated that a Special Called Meeting of the KRS Board of Trustees may be needed to continue the discussion.

Ms. Hampton introduced agenda item *Closed Session (Video 02:05:53 to 02:07:09)* 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. Summers. The motion passed unanimously.

Mr. Board 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 - 00:00:35 to 00:00:47)

Ms. Hampton called the meeting back to open session and stated that there was no action taken by the KRS Board of Trustees as result of the Closed Session.

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 14, 2023, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

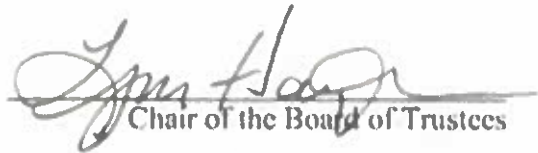
The remainder of this page left blank intentionally.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the 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 14, 2023, were approved on November 14, 2023.


Chair of the Board of Trustees

I have reviewed the Minutes of the September 14, 2023, Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services