



# Presentation to PPOB

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## Update on HB 484 CERS Separation

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# Topics

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- Policy Issues
- Questions and Clarifications
- Sample of Tasks
- Other Committee Questions and Comments

## House Bill 484 Establishes Three Retirement Boards:

- One 9-member board to administer the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS)
- One 9-member board to administer the County Employees Retirement System (CERS); and
- One 8-member board, known as the Kentucky Public Pension Authority Board
  - Responsible for the day-to-day operations of all three systems
  - All current KRS staff members become KPPA staff members
  - Employees will still be subject to KRS Chapter 18A and the state Personnel Cabinet

# Policy Issues

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- 1) Can we get legislation before April 1, 2021?
  - a. Establish the Boards and allow them to make decisions effective April 1, 2021
    - i. Ask KRS to make certain recommendations
    - ii. Bylaws, policies, meeting schedule, contracts, etc.
  - b. Strive for the earliest date the GA can accommodate

# Policy Issues

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- 2) Can all three Boards develop their own procurement policies much like KRS Investments has been permitted to do
  - a. At a minimum allow them to hire the Executive Director and the two CEOs without going through a RFP process
  - b. Takes too long, costs too much money, and scares people off

# Policy Issues

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- 3) Have a mechanism for the 8 Member KPPA Board to break tie votes
  - a. KRS recommends the Executive Director of the KPPA
  - b. Other?

# Questions and Clarification of Legislative Intent

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- 1) How should it be determined which of the 17 KRS Board Members go on the new KRS Board effective April 1, 2021?
  - a. Six CERS representatives go to the new CERS Board (Three more get appointed)
  - b. The Ex-Officio Secretary of the Personnel Cabinet drops off
  - c. Leaves 10 people for 9 positions on new KRS Board

# Questions and Clarification of Legislative Intent

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- 2) Must the CEOs for KRS and CERS both be attorneys?
- 3) Should the current Executive Director for KRS serve as the ED for the KPPA until that Board appoints a new Executive Director?



Category of Tasks	2020 HB 484 Reference	Task Overview	Requires Approval of New Board(s)
Fund/Financial Changes	Sect 27(1), Sect 5(1)(a)	CERS Health Insurance Fund Set up	No
	Sect 5(2)	Asset Transfer (Name Change) from KRS to CERS	No
	Sect 2(11)	Determine Standards for Cost of Separation	Yes
		Investment Questions Answered	Perhaps
Legal Issues		Identify/Evaluate bill language discrepancies	Perhaps
		Make recommendations for HB484 Housekeeping bill	No
	Sect 3(9)(d), Sect 4(9)(e)	Identify need for Regulation and Statute Updates	No
Establish New State Agency	Sect 2	Conversion from KRS to KPPA with Personnel Cabinet	No
	Sect 2	Identify Procurement Changes	No
	Sect 2, Sect 5(2)	Contract Modifications	Perhaps
Creation of Boards	Sect 2(8), Sect 3(9), Sect 4(9)	Hire CEOs and KPPA Executive Director	Yes
	Sect 3(1), Sect 4(1), Sect 46	Mapping current trustees to new boards	No
	Sect 2(3),Sect 3(2),Sect 4(2)	Board Bylaws and Policies	Yes
		Fiduciary Insurance	Yes
		Board Meeting Schedules	Yes
	Sect 2 Sect 3(18), Sect 4(18)	Board Orientation and materials	No
Publications/Print Media	Sect 3(12), Sect 3(18)(b) Sect 4(12), Sect 4(19)(b)	CAFR	Yes
		SAFR	Yes
	Sect 3(18)(f), Sect 4(19)(f)	Summary Plan Descriptions	No
		Update Correspondence	No
	Sect 2(1)(c)(2), Sect 3(17), Sect 4(19)	Website Changes	No
		Corporate Branding	No
Communications		Member Communications	No
		Employer Communications	No
Benefit Processing Changes	Section 44 repealed 78.534	Circuit Clerk Transfer Service purchase	No