

# UPDATE ON CERS SEPARATION AND HOUSE BILL 8

**Public Pension Oversight Board** 

April 26, 2021

David Eager, Executive Director
Kentucky Public Pensions Authority (KPPA)

# HOUSE BILL 484 OBJECTIVES:

- ➤ Vest governance control of the CERS Pension and Health Care systems with a board of CERS elected members and gubernatorial appointed trustees
- ► Establish and maintain the new structure with the least amount of disruption and added expense

# HOUSE BILL 484 AND HOUSE BILL 9 STRUCTURE

### Established two new governance boards:

- ► CERS for the C plans
- ► KRS for the K and S Plans
  - ► Kept KRS Trust intact to avoid a wholesale rewriting of contracts, etc.
- ▶ Both staffed with only a CEO and Legal Counsel

# HOUSE BILL 484 AND HOUSE BILL 9 STRUCTURE

Formed a new KPPA board to oversee the administration of the systems with all current staff:

- ▶ Benefits Administration
- ► Employer Reporting
- ► Investments
- ▶ Legal
- ▶ Actuarial

- ► Legislative Liaison Re: KPPA
- Accounting and Audit
- ▶ Communications
- ► CERS and KRS support

# HOUSE BILL 484 AND HOUSE BILL 9 STRUCTURE

- KPPA selects the actuary, investment consultant, custodian, outside legal counsel, accountant and other service providers
- Avoids duplicative responsibilities and expenses to the extent possible

# TASKS AND ISSUES:

# Planning for CERS separation began in earnest following the passage of House Bill 484 (2020 Regular Session)

- ▶ 104 separate tasks/issues were originally identified as needing to be resolved for a successful transition
  - ▶ To date, 74 have been completed
  - ▶ 30 are in process

# TASKS AND ISSUES:

- ► Appoint/elect Trustees (2 KERS and 1 CERS)
- ▶ Draft and approve bylaws and numerous policies
- ➤ Over 800 form revisions
- ► Rewrite or establish new contracts
- ► Change literature, website, logo, etc.
- ➤ Other

# BOARD MEMBERSHIP STRUCTURE

#### **CERS BOARD**

#### COUNTY EMPLOYEES RETIREMENT SYSTEM

- 3 trustees elected by members
- 6 trustees appointed by the Governor selected from lists of candidates provided by KACo, KLC and KSBA

#### KPPA BOARD

- CERS Board Chair
- KRS Board Chair
- CERS Investment Committee Chair
- CERS Trustee, Elected by Members\*
- CERS Trustee, Governor Appointee\*
- KRS Investment Committee Chair
- KRS Trustee, Elected by Members\*\*
- KRS Trustee, Governor Appointee\*\*

\*Selected by the CERS Board Chair \*\*Selected by the KRS Board Chair

#### KRS BOARD

RETIREMENT SYSTEM

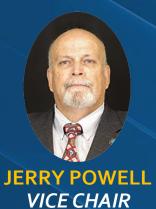
&
STATE POLICE
RETIREMENT SYSTEM

- 3 trustees elected by members
- 6 trustees appointed by the Governor



# **BOARD MEMBERS**











**GEORGE CHEATHAM** 

J. MICHAEL FOSTER

J. T. FULKERSON



**DR. MERL HACKBART** 



W. JOE BROTHERS



**WILLIAM O'MARA** 



**ELECTED TRUSTEE VACANCY** 



# **BOARD MEMBERS**











**JOHN CHILTON** 

**CAMPBELL CONNELL** 

**KELLY DOWNARD** 







C. PREWITT LANE



**ELECTED TRUSTEE** VACANCY



**APPOINTED TRUSTEE VACANCY** 



# BOARD AND COMMITTEE MEMBERS



KEITH PEERCY KPPA BOARD CHAIR SPRS



BETTY PENDERGRASS
KPPA BOARD VICE CHAIR
CERS



DR. MERL HACKBART CERS INVESTMENT CMTE. CHAIR



C. PREWITT LANE KRS INVESTMENT CMTE. CHAIR



JERRY POWELL CERS - ELECTED



WILLIAM O'MARA CERS - APPOINTED



CAMPBELL CONNELL KRS - ELECTED



JOHN CHESHIRE III
KRS - APPOINTED

# KEY HOUSE BILL 484 DECISIONS TO BE MADE:

- ► Finalize Bylaws and all Policies
- ▶ Retain CEOs and Legal Counsels
- ► Decide on Fiduciary Insurance

# HOUSE BILL 484 REMAINING ISSUES:

- Keeping uniformity to the extent possible
- ▶ Beginning our list for a Housekeeping Bill in 2022

# **HOUSE BILL 8 UPDATE:**

- ► NKU and Kentucky Housing (tentative) are leaving KERS Nonhazardous
- ▶ 47 employers have requested House Bill 8 liability data
- ▶ 19 have completed their comparisons
- None have yet appealed
- ► Have conducted training for agencies



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