



# 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

### KENTUCKY EMPLOYEES RETIREMENT SYSTEM & STATE POLICE RETIREMENT SYSTEM

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





# BOARD MEMBERS



**BETTY PENDERGRASS**  
*CHAIR*



**JERRY POWELL**  
*VICE CHAIR*



**GEORGE CHEATHAM**



**J. MICHAEL FOSTER**



**J. T. FULKERSON**



**DR. MERL HACKBART**



**W. JOE BROTHERS**



**WILLIAM O'MARA**



**ELECTED TRUSTEE**  
*VACANCY*



# BOARD MEMBERS



**KEITH PEERCY**  
*CHAIR*



**JOHN CHESHIRE III**  
*VICE CHAIR*



**JOHN CHILTON**



**CAMPBELL CONNELL**



**KELLY DOWNARD**



**JOSEPH L. GROSSMAN**



**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





# KPPA

Kentucky Public Pensions Authority

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