

**MINUTES OF A MEETING
KENTUCKY WORKERS' COMPENSATION FUNDING COMMISSION
BOARD OF DIRECTORS**

September 27, 2023

Opening of Meeting:

1. A regular meeting of the Board of Directors, Kentucky Workers' Compensation Funding Commission was held in person and via Zoom video conference on September 27, 2023, Frankfort, Kentucky. Madam Chair Judy Long called the meeting to order.
2. Ms. Angela Calloway announced the meeting will be recorded in accordance with Kentucky Revised Statute 61.835 and according to Kentucky Revised Statute 61.826, Board members shall remain visible on camera for the duration of the meeting.
3. Madam Chair Long verified the press notice and asked for a roll call.

Directors Present:

4. Judy Long, Self-Insured Employers Representative
Scott Wilhoit, Designee for Secretary Jamie Link, Education & Labor Cabinet
Ryan Barrow, Designee for Secretary Holly M. Johnson, Finance & Administration Cabinet
Sydney Montgomery, Designee for Secretary Jeff Noel, Cabinet for Economic Development
Allyson Smith, Designee for Tim Feld, Insurance Advisory Organization Representative
Mark Isaacs, Labor Representative
Brenda Collins, Commercially Insured Employers' Representative

Others Present:

5. Lisa King, Executive Director, KWCFC
Olivia Orrender, Audit Review Manager, KWCFC
Kim Hay, Director, Fiscal Operations, KWCFC
Marcus Roland, General Counsel, KWCFC
Angela Calloway, Fiscal Services Officer, KWCFC
Tyler Paske, Insurance Compliance Auditor, KWCFC
Ryan Robinson, Insurance Compliance Auditor, KWCFC
Lisa Fernandez, Fiscal Auditor, KWCFC
Richard Stewart, Insurance Compliance Auditor, KWCFC
Estee Jackson, Insurance Compliance Auditor, KWCFC
David Rogan, Director of Portfolio Management, Conning Inc.
Rod Morris, Specialist Leader, Deloitte Consulting
Allen Norvell, Director, Blue & Co., LLC

Ed O'Daniel, Attorney
Kara Smothermon, OSBD

Approval of Minutes:

6. Mr. Scott Wilhoit made a motion to approve the July 26, 2023 Regular Meeting Minutes. Mr. Ryan Barrow seconded the motion. Motion carried.

Actuary Report: Rod Morris, Deloitte Consulting (report on file for referral)

7. Mr. Rod Morris greeted Board members and presented the actuarial analysis of the Special Fund and Uninsured Employers' (UEF) Fund. The presentation provided analysis and trends to assist the Board with its requirement to set the 2024 Special Fund Assessment Rate.
8. Mr. Scott Wilhoit made a motion to accept the Fiscal Year End 2023 Actuarial Report as presented to the Board. Ms. Allyson Smith seconded the motion. Motion carried.

2023 Assessment Rate Recommendation: Lisa King

9. Ms. Lisa King made a presentation detailing the statutory requirements followed to establish the 2024 rates. Based upon the actuary information and statutory requirements, Ms. King stated the recommendation for the 2024 Special Fund Assessment Rate on all employers be 6.53%. The rate will be effective on January 1, 2024.
10. Mr. Scott Wilhoit made a motion to approve the 2024 calendar year Special Fund Assessment Rate of 6.53%. Mr. Ryan Barrow seconded the motion. Motion carried.

Financial Audit for Fiscal Year 2023: Allen Norvell, Blue & Co., LLC (report on file for referral)

11. Mr. Allen Norvell thanked the Board for the opportunity to conduct the audit and expressed his appreciation to the Funding Commission and staff for their cooperation. Mr. Norvell reported Blue & Co. issued an unmodified opinion on the financial statements of the Funding Commission and for the fiscal year ending June 30, 2023. The audit disclosed no instances of noncompliance material to the Funding Commission's financial statements. The audit disclosed no findings in accordance with Government Auditing Standards.
12. Mr. Ryan Barrow made a motion to accept the Fiscal Year 2023 Audit as presented by Allen Norvell with Blue & Co. Ms. Allyson Smith seconded the motion. Motion carried.

Investment Report: David Rogan, Conning, Inc. (report on file for referral)

13. Mr. David Rogan presented an update on the investment portfolio through August 31, 2023. He also discussed the current economic and future capital market outlook. Mr. Rogan also reported on the Self-Insurance Fund as of August 31, 2023.

14. Mr. Sydney Montgomery made a motion to accept the Investment Report as presented to the Board. Mr. Mark Isaacs seconded the motion. Motion carried.

Financial Report: Kim Hay (report on file for referral)

15. Mr. Kim Hay reviewed the year-to-date budget versus actual expenses for KWCF, the year-to-date internal financial statements, and fiscal year-to-date interagency transfers made by KWCF for the period ending August 31, 2023. Mr. Hay also presented the year-to-date internal financial statements for the Self-Insurance Fund for the period ending August 31, 2023.

16. Mr. Scott Wilhoit stated regarding the civil penalties and enforcement, his department plans to double the number of enforcement officers. Currently they have eleven (11). It is expected that civil penalty will go down as companies become more compliant. He also added they will be going to a computerized process that will help give investigators in the field a better method by which they can check businesses.

17. Mr. Ryan Barrow made a motion to accept the financial reports as presented to the Board. Mr. Sydney Montgomery seconded the motion. Motion carried.

Audit & Collections Update: Lisa King (report on file for referral)

18. Ms. Lisa King presented an update on the number of audits ongoing and completed.

19. Mr. Mark Isaacs made a motion to accept the Audit and Collections report as presented. Mr. Scott Wilhoit seconded the motion. Motion carried.

Regulation Update: Marcus Roland

20. Mr. Marcus Roland was pleased to update the board that the amendments to the Regulation 803 KAR 30:010 became effective September 5, 2023. All information, regarding the regulation, including the forms and notice, can be found on the KWCF website. He stated notices have been issued to the assessment payers and the Commission is going to give assessment payers forty-five (45) days to advise the Commission if they require additional time to update their accounting systems. The Commission will grant a grace period of up to one-year for assessment payers to do that.

Executive Session:

21. No executive session.

New Business:

22. Ms. Lisa King acknowledged and thanked the staff of the Funding Commission for the work they do. She also thanked Dave Rogan, Rod Morris and Allen Norvell for their work and support when they are called on throughout the year.

Adjournment:

23. Mr. Ryan Barrow made a motion to adjourn. Mr. Mark Isaacs seconded the motion. Motion carried.


Board Chair