

CONTRACT

THIS CONTRACT, made and entered into this 29 day of June 2023, by and between the Teachers' Retirement System of the State of Kentucky, 479 Versailles Road, Frankfort, Kentucky, 40601, hereinafter referred to as "TRS," and Blue & Co., LLC, CPAs and Advisors, 250 West Main Street, Suite 2900, Lexington, KY 40507, hereinafter referred to as the "Contractor".

WHEREAS, TRS by its Board of Trustees at a meeting held on the 20th day of March 2023, has by order pursuant to authority granted in KRS 161.340(3) and KRS 161.370(2) selected the Contractor to conduct an audit in accordance with generally accepted auditing standards of the records of the TRS; and

WHEREAS, the Contractor is a reputable and established firm of Certified Public Accountants, qualified to do business in the Commonwealth of Kentucky, and has agreed to audit all funds of the retirement system;

WHEREAS, for the hereinbefore stated purposes, TRS desires to avail itself of the service of the Contractor;

NOW THEREFORE, it is hereby and herewith mutually agreed as follows:

1. Scope of Services

a. Audit Services: Contractor shall conduct an audit for the fiscal year ended June 30, 2023, pursuant to the provisions of KRS 161.370(2). The Contractor must comply with requirements imposed by the Auditor of Public Accounts. TRS shall make available to the Contractor any and all information or records under its control that may be requested by the Contractor in the course of its audit.

If, during the course of the audit, a material exception is noted by the Contractor requiring additional procedures or an increase in the scope of the audit, the same may be increased by supplemental agreement of the parties hereto, provided, however, that the material exceptions shall have been previously reported by the Contractor to the Executive Secretary of TRS. TRS agrees to pay the Contractor in accordance with the following schedule of hourly rates for providing the services enumerated above:

Directors	\$237
Managers	\$175
Audit Seniors	\$144
Audit Staff	\$119

Travel time is hereby specifically excluded from being a chargeable service.

Contractor's fee shall not exceed a total of \$84,845 except and unless by supplemental agreement of the parties Contractor undertakes additional procedures or an increase in the scope of the audit.

The scope of the work to be performed in paragraph 1a shall include interim audit work that may be performed prior to final year-end closing of TRS general ledger accounts. The scope of the work to be performed shall also include all audit work that may only be performed subsequent to final closing of TRS general ledger accounts as well as all work necessary to prepare a complete audit report.

Contractor's fee relative to interim work shall not exceed one-third of the total fee of \$84,845. Payment for interim work shall be due upon receipt of proper invoice. The remaining balance of Contractor's fee for work performed subsequent to the interim work shall be due upon acceptance of the audit report by the TRS Board of Trustees and upon receipt of proper invoice.

b. GASB Matters: Contractor has also agreed to provide audit services related to the schedules required by GASB 68 and GASB 75, and other matters as requested by TRS. The fees for audit services will be in accordance with the following schedule of hourly rates:

Directors	\$237
Managers	\$175
Audit Seniors	\$144
Audit Staff	\$119

The Contractor will be reimbursed all necessary and reasonable out-of-pocket expenses, including travel expenses, to meet with TRS staff, the Board of Trustees and/or a committee of the Board of Trustees. However, travel time is specifically excluded from being a chargeable service.

The Contractor's fee shall not exceed a total of \$25,025 except and unless by supplemental agreement of the parties Contractor undertakes additional procedures or an increase in the scope of the audit.

Payment for audit services shall be due within 30 days after receipt of proper invoice. The invoice shall provide a concise description of the work performed, name of Contractor's employee performing the work, hours worked and hourly rate.

2. **Training/Seminars.** In the event the Contractor conducts seminars, training sessions or similar events which are generally made available to the Contractor's clients receiving similar services, TRS shall be invited to attend upon the same terms and conditions as such other clients. If the Contractor offers to pay the cost of such events and/or expenses incurred by the clients in such events, the Contractor shall pay for such expenses by TRS on the same basis as the Contractor pays for its other clients.

3. **Duration of Contract.** The period in which subject services are to be performed is July 1, 2023, through June 30, 2024. At the expiration of its term, this contract may, at the option of the parties hereto, be renewed by negotiation for further periods not to exceed 12 months for each such renewal.

4. **Termination or Cancellation.** Termination or cancellation of this contract may be effected at any time by either party upon thirty (30) days advance written notice of its intent to terminate. The notice of termination shall be served on the other party by registered or certified mail. Upon such termination, TRS will only pay such fees as had been incurred until the date of termination as specified in the notice of termination.

5. **Conflict of Interest.** Contractor hereby certifies that it has not and will not pay or cause to be paid any money, fees, political contributions or other things of value to any third party as a result of or in relation to investment counseling services provided to TRS without TRS's informed written consent. Contractor hereby certifies that it has not and will not accept any money, fees or other things of value from any third party as a result of or in relation to investment counseling services provided to TRS without TRS's informed written consent. In addition, Contractor agrees to act as a fiduciary to TRS in regard to any payments, fees or other things of value nevertheless received from a third party in relation to providing investment counseling services to TRS, unless the Contractor's acceptance and retention of such item was disclosed fully to and approved by TRS in writing. Contractor agrees to exercise independent professional judgment, without conflict of interest, in providing independent investment counseling services to TRS. Contractor shall acknowledge its adherence with this section and the TRS Conflict of Interest and Confidentiality Policy by executing the TRS External Service Provider Conflict of Interest Statement. The TRS Conflict of Interest and Confidentiality Policy and External Service Provider Conflict of Interest Statement are attached hereto and incorporated herein as Exhibit 1. Contractor hereby certifies that Contractor is legally entitled to enter into the subject contract with TRS and certifies that Contractor is not and will not be violating any conflict of interest statute (KRS 121.056 or any other applicable statute) or principle by the performance of this contract. The Contractor shall not engage directly or indirectly in any financial or other transaction with a trustee or employee of TRS that would violate the Executive Branch Ethics law as set forth in KRS Chapter 11A. Further, the Contractor certifies that neither the firm, nor its employees, knowingly have violated any of the Executive Branch Ethics or campaign finance laws of the Commonwealth, and the award of a contract to the firm will not violate any of the Executive Branch Ethics or campaign finance laws of the Commonwealth or the TRS Conflict of Interest and Confidentiality Policy.

6. **Relationship of the Parties.** Contractor warrants that all work performed by Contractor under this Contract is and shall be performed as an independent Contractor. Contractor shall be responsible for compliance with all laws, rules and regulations by its respective employees, including, but not limited to, employment of labor, hours of labor, health and safety, working conditions, workers' compensation insurance and payment of wages. This contract shall not be construed so as to create a partnership or joint venture between Contractor and TRS.

7. **Amendments and Renewal.** Written modifications, amendments or additions to this contract shall be effective only when signed by both parties.

8. **Notices of Material Changes.** Contractor shall notify the Board of Trustees in writing within five (5) business days of any material changes in senior officers providing or overseeing the services identified herein, significant legal actions instituted against Contractor, or any significant investigations, examinations, or other proceedings commenced by any governmental agency relating to the kinds of services identified herein. Notices required in this section shall be served on TRS by registered or certified mail.

9. **Assignment.** This contract may not be assigned by Contractor without the written consent of TRS. Further, the obligations of Contractor under this contract shall be considered personal obligations of Contractor, performable solely by the Contractor and Contractor may not delegate its duties hereunder to any entity other than an employee of Contractor without the express written consent of TRS.

10. **Controlling Law; Jurisdiction and Venue; Waiver.** All questions as to the execution, validity, interpretation, construction, and performance of this contract shall be construed in accordance with the laws of the Commonwealth of Kentucky, without regard to conflicts of laws principles thereof. Contractor hereby consents to the jurisdiction of the courts of the Commonwealth of Kentucky and further consents that venue shall lie in Franklin Circuit Court located in Franklin County, Kentucky. To the extent that in any jurisdiction Contractor may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Contractor, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, same.

11. **Auditing.** The Contractor agrees that TRS shall have reasonable access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review.

12. **Access to Confidential Information.** The Contractor's employees, agents and subcontractors may have access to confidential information maintained by TRS to the extent necessary to carry out its responsibilities under the contract. The Contractor shall presume that all information received pursuant to this contract is confidential and subject to the provisions of KRS 161.585 unless otherwise designated by TRS. The Contractor shall provide to TRS a written description of its policies and procedures to safeguard confidential information. The Contractor shall provide TRS updates or changes to these policies in a timely manner. Policies of confidentiality shall address, as appropriate, information conveyed in verbal, written and electronic formats. The Contractor shall provide physical and logical protection for all TRS written and electronic information. Electronic information shall be encrypted during transport and at rest. The Contractor shall remain the responsible authority in charge of all information collected, used or disseminated by the Contractor in connection with the performance of this contract. The Contractor shall provide adequate supervision and training to its agents, employees and subcontractors to ensure compliance with the terms of this contract. The private or confidential information shall remain the property of TRS at all times.

No Dissemination of Confidential Information. No confidential information collected, maintained or used in the course of the contract shall be disseminated except as authorized by law and with the written consent of TRS either during the period of the contract or thereafter. Any information supplied to or created by the Contractor shall be considered the property of TRS. The Contractor must return to TRS or attest to the destruction of any and all information collected, maintained, created or used in the course of the performance of the contract in whatever form it is maintained promptly at the request of TRS.

Subpoena. In the event that a subpoena or other legal process is served upon the Contractor for records containing confidential information, the Contractor shall promptly notify TRS and cooperate with TRS in any lawful effort to protect the confidential information, at TRS's expense.

Reporting of Unauthorized Disclosure. The Contractor shall immediately report to TRS any unauthorized actual or potential disclosure of confidential information. TRS will manage the disclosure in accordance with TRS's established policies and applicable law. The Contractor, at the sole discretion of TRS, shall provide no cost credit monitoring services for TRS's members that are deemed to be part of an actual or potential disclosure. The Contractor, at the sole discretion of TRS, shall bear the cost of notification to TRS's members who are involved in an actual or potential disclosure event, including individual letters and/or public notice.

Survives Termination. The Contractor's obligations under this section regarding the security, confidentiality and ownership of information as set forth in this section shall survive termination of this contract.

13. Authorized Signature. The undersigned, Gary L. Harbin, CPA, is Executive Secretary of TRS and as such has been duly authorized by the Board of Trustees of TRS to sign this contract in behalf thereof, therefore, binding TRS to the provisions of this contract.

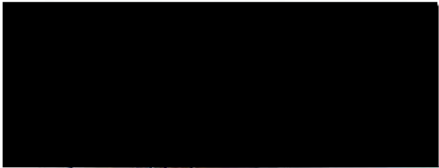
14. Authorized Signature. The undersigned, Ryan Graham, CPA, is a Director of the Contractor and is duly authorized to sign this contract on behalf of the Contractor and his signature, therefore, binds Contractor to the provisions of this contract.

15. Severability. The provisions of this contract shall be deemed severable, and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. In addition, if any provision of this contract, for any reason, is declared to be unenforceable, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

16. Principal Contact. Ryan Graham, CPA, shall be the principal contact for the Contractor for the implementation of the services set forth in this contract.

17. Principal Contact. Gary L. Harbin, CPA, shall be the principal contact for TRS for the implementation of the services set forth in this contract.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY



Gary L. Harbin, CPA
Executive Secretary
Teachers' Retirement System of Kentucky
479 Versailles Road
Frankfort, Kentucky 40601
In behalf of TRS

BLUE & CO., LLC



Ryan Graham, CPA
Director
Blue & Co., LLC
250 West Main Street, Suite 2900
Lexington, KY 40507
In behalf of Contractor

Approved as to Form and Legality:

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY



Robert B. Barnes
Deputy Executive Secretary Operations and
General Counsel

BOARD GOVERNANCE MANUAL

APPENDIX 7 CONFLICT OF INTEREST AND CONFIDENTIALITY POLICY

INTRODUCTION

1. Adoption of Conflict of Interest and Confidentiality Policy

Pursuant to the provisions of KRS 161.250, the Board of Trustees (board) of the Teachers' Retirement System of the State of Kentucky (TRS) is vested with the responsibility for the general administration and management of the retirement system. The Board may adopt procedures necessary to conduct the business of the retirement system as needed. The law shall control if any inconsistency exists between the law and this policy.

2. Statement of Conflict of Interest and Confidentiality Policy

TRS recognizes the need to maintain the public's confidence and trust in the integrity of TRS and the Commonwealth of Kentucky. Individuals associated with TRS must not engage in activities that have the potential to become a conflict of interest in their association with TRS. Likewise, individuals associated with TRS must not release information about TRS or any of its members that would breach any duty to protect such information. TRS recognizes the need to establish procedures to prevent such conflicts or breaches.

3. Purpose

The purpose of this Conflict of Interest and Confidentiality Policy is to: establish which individuals are subject to TRS's conflict of interest provisions; establish the specific standards of conduct with regard to conflict of interest; establish standards with regard to the confidentiality of information; and establish procedures for obtaining written conflict of interest statements and confidentiality agreements from certain individuals.

4. Procedures Regarding Conflicts of Interest and Confidentiality

A. Application of Policy

- 1) This policy shall apply to all individuals who have a statutory, contractual or working relationship with TRS.
- 2) Individuals affected by this policy shall include, but are not limited to:
 - a) Employees of TRS;
 - b) The board;
 - c) Independent contractors of TRS;

- d) Vendors of TRS;
- e) Employees or Officers of the Commonwealth of Kentucky providing legal or expert advice at the request of TRS; and
- f) Any person acting in a fiduciary capacity for TRS.

B. Standards of Conduct Regarding Conflicts of Interest

- 1) Individuals have an obligation to diligently identify, disclose, avoid and manage conflicts of interest.
- 2) Potential conflicts of interest exist when an individual or an individual's family may be directly or indirectly financially impacted, whether favorably or detrimentally, by a decision made by TRS in which the individual participates.
- 3) Individuals and their family members should not enter into any contract with TRS or any agency doing business with TRS for financial gain, apart from an employment contract, without full disclosure and satisfactory management of any potential conflict of interest in accordance with the Executive Branch Code of Ethics and this policy.
- 4) Individuals should not be involved in the decision to hire or in the supervision of any member of their family as defined by the Executive Branch Code of Ethics.
- 5) Individuals should not conduct business or participate in decisions with a company or agency in which the individual or family member is employed or is actively seeking employment.
- 6) Individuals should not accept campaign contributions, gifts, loans, gratuities, discounts, services or other compensation under circumstances from which it could reasonably be inferred that a major purpose of the donor is to influence the individual in the performance of their duties for TRS.
- 7) Individuals must avoid all conduct that in any way might lead the public to believe that the individual is using his or her position with TRS to further a professional, political or private interest.
- 8) Individuals not covered by the conflict of interest provisions under KRS Chapter 11A must not violate any conflict of interest statute or principle by the performance of their duties with TRS. These individuals must not engage directly or indirectly in any financial or other transaction with a trustee or employee of TRS that would violate the standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A.

Standards of Conduct Regarding Confidentiality

- 1) Individuals associated with TRS may be granted access to confidential information in the course of being a TRS employee, board member or contractor.
- 2) This information may include, but is not limited to, investment trade data; individual member information, including but not limited to, Social Security numbers, names, addresses, phone numbers, birth dates, beneficiaries, health insurance information, member numbers; documents; records; programs; files; scientific or technical information; and other information made available to individuals for purposes of completing their obligations to TRS.
- 3) These individuals have a duty to keep confidential the information to which they are granted access as a result of their association with TRS.
- 4) TRS and these individuals shall also recognize that confidential member information is protected under KRS 161.585.

5. Written Statements of Conflict of Interest and Confidentiality

- A. On an annual basis, the executive secretary, deputy executive secretaries, chief investment officer, chief financial officer, the members of the board, independent contractors, vendors of TRS and other persons identified in Section 2 (2) shall file a written conflict of interest statement on the form(s) provided by TRS and adopted by the board.
- B. Upon proposal for contract and continuing on an annual basis, any independent contractors and vendors of TRS shall file a written confidentiality agreement on the form provided by TRS and adopted by the board. This form may be amended to conform to specific needs of the individual vendor or contractor as deemed necessary by general counsel or designee.
- C. Other employees of TRS also may be requested to file a written conflict of interest statement as needed or requested by the board.
- D. An individual who abstains from involvement in an official decision because of a personal or private interest must disclose that fact in writing to the executive secretary.

6. Ethics and Confidentiality

Individuals as set forth above shall conform to the Executive Branch Code of Ethics with regard to conflicts of interests as set forth in KRS Chapter 11A; applicable provisions of KRS 161.430 and KRS 161.460; and this policy. Individuals as set forth above shall conform to the confidentiality requirements of KRS 161.585.

Adopted March 16, 2009; amended September 19, 2016 and June 20, 2018

**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF KENTUCKY**
**EXTERNAL SERVICE PROVIDER
CONFLICT OF INTEREST STATEMENT**

I, Ryan Graham, in my role as external Financial
statement auditor for the Teachers' Retirement System of the State of Kentucky
(TRS), recognize the need to maintain the public's confidence and trust in the integrity of TRS
and the Commonwealth of Kentucky.

I understand that I have the obligation to diligently identify, disclose, avoid and manage conflicts
of interest that may arise through my relationship with TRS.

I will conduct my activities with TRS so that I do not advance or protect my own interests or the
private interests of others with whom I have a relationship in a way that is detrimental to the
interests of TRS.

In every instance in which I am acting on behalf of TRS, I will conduct my activities in a manner
to best promote the interests of TRS.

I agree not to attempt to influence TRS in disregard of the public interest at large.

In all matters where an official decision must be made that may favorably or detrimentally
impact my own financial interests or the financial interests of other individuals or organizations
with whom I have a relationship, I will reveal that relationship and abstain from involvement in
the official decision.

When a conflict of interest arises, or when a potential conflict of interest arises, I will disclose
that conflict or potential conflict to my contact person at TRS and seek resolution of that issue.

I agree not to violate any conflict of interest statute or principle by the performance of my duties
with TRS, including the TRS Conflict of Interest and Confidentiality Policy (policy). I will not
engage, directly or indirectly, in any financial or other transaction with a trustee or employee of
TRS that would violate the Executive Branch Ethics law (as set forth in KRS Chapter 11A);
applicable provisions of KRS 161.430; or the policy.

Agreed this the 26th day of June, 2023

Signature

Name

Title

Company

Ryan Graham

Director

Blue + Co. LLC