

## **PERSONAL SERVICE CONTRACT**

This **Contract** (or **Agreement**) is entered into on this the 16th day of June, 2022, by and between the **INVESTMENT COMMITTEE OF KENTUCKY JUDICIAL RETIREMENT FUND**, and the **INVESTMENT COMMITTEE of KENTUCKY LEGISLATORS' RETIREMENT FUND**, hereinafter together the **First Party**, and **BAIRD TRUST COMPANY** of 500 West Jefferson Street, Suite 2600, Louisville, Kentucky, Federal ID Number 35-2326302, hereinafter referred to as the Contractor or as the **Second Party**.

**WHEREAS**, the First Party, in the exercise of its lawful duties, has determined upon the necessity of the performance of the following-described function(s):

Management and counsel services to the Kentucky Judicial Retirement Fund and the Kentucky Legislators Retirement Fund, within the confines of the *Investment Policy Statement* dated January 21, 2022.

**WHEREAS**, the First Party has concluded that either State personnel are not available to perform said function, or it would not be feasible to utilize State personnel to perform said function; and

**WHEREAS**, the Second Party is available and would be qualified to perform such function; and

**WHEREAS**, for the hereinbefore-stated reasons, the First Party desires to avail itself of the services of the Second Party,

**NOW, THEREFORE**, it is mutually agreed by and between the parties hereto as follows:

### **1. SERVICES.**

The Second Party (the Contractor) will perform the services which are described with particularity as follows:

The Second Party, in accordance with the Investment Policy Statement prescribed jointly by the Investment Committees of the Kentucky Judicial Retirement Fund and the Kentucky Legislators Retirement Fund, shall manage the investment holdings of the Kentucky Judicial Retirement Fund and the Kentucky Legislators Retirement

Fund. In carrying out management functions, the Second Party shall have discretion in selecting brokers or institution(s) to execute transactions, unless directed otherwise by the First Party. The handling of dividend and interest receipts on managed investments shall be as prescribed by the Investment Committees.

Custody provisions for managed securities shall also be as prescribed by the Investment Committees.

The Second Party will, during the continuation of this Agreement, perform the services of an investment counselor and provide advice on all investments and reinvestments of the Kentucky Judicial Retirement Fund and the Legislators Retirement Fund as has been designated by the Funds to be managed by the Second Party. Such counseling services shall include, but not necessarily be limited to, giving advice concerning the substance of the basic Guidelines and Investment Policies of the Funds, which will cover mix-ratio ranges of bonds, cash equivalents, common stock, convertibles, commercial paper and repurchase agreements; limitations on maximum positions in any industry or company, minimum positions in any industry; eligibility standards of investments including dividend histories; current yield goals; maturity limits; and ratios for bonds.

The Second Party may exercise full discretion, subject to the confines of the Investment Policy Statement of the Funds, for that portion of the Funds designated for management. The Second Party shall immediately notify the JFRS Executive Director, or approved brokers of all transactions, with specific data as to settlement and delivery instructions.

The Second Party shall meet with the Committees of the two Funds at regular meetings and at special called meetings upon request of the First Party. The Second Party shall provide monthly portfolio appraisals, and quarterly investment performance evaluations.

The parties have entered that certain Personal Service Contract dated May 10, 2019, which contract has been extended and which term shall expire June 30, 2022, unless earlier terminated pursuant to the terms of the 2019 Contract.

## **2. CONSIDERATION.**

- A. **Fee:** As fee for the services hereinbefore set forth, the State Agency agrees to pay the Contractor an annual fee equivalent to eight (8) basis points of the market value of the funds under management. The fee will be paid on a quarterly basis as of the end of each quarter; and shall remain the same without regard to what percentage of the services constitutes managerial service. The invoice(s) for fee shall be signed and shall include a narrative statement of the services performed during the quarter, and the market value of the funds applied to the formula.

- B. **Travel Expenses:** none.
- C. **Other Expenses:** none.
- D. **Maximum for Fee and Expenses:** not applicable.

**3. INVOICING.**

- A. **Invoicing for Fee:** The Contractor's fee shall be original invoice(s) and shall be signed by the Contractor. The invoice(s) must conform to the method prescribed under Section (2), Consideration, Paragraph A.
- B. **Invoicing for Travel Expenses:** Not applicable.
- C. **Invoicing for Miscellaneous Expenses:** Not applicable.

**4. SIGNIFICANT CONTRACT DATES.**

- A. **Dates to be Performed:** The period within the fiscal year in which the services are to be performed under the contract is from **July 1, 2022 to June 30, 2024**. Upon expiration of the contract period, and upon agreement between the parties hereto, this contract may be extended for **two two-year periods** in accordance with this contract's terms and conditions.
- B. **Earliest Date of Payment:** No quarterly payment on this contract shall be made before completion of the services.

**5. SECURITY POLICIES.**

Contractor shall implement, maintain, and update security and breach investigation procedures that are appropriate to the nature of the information disclosed, that are at least as stringent as security and breach investigation practices of the Executive Branch of Kentucky state government and in accordance with policies established by the Commonwealth Office of Technology. [KRS 61.932 and 61.934]

**6. SOCIAL SECURITY**

The Parties are cognizant that the State is **not** liable for Social Security contributions pursuant to 42 U.S. Code, Section 418, relative to the compensation of the Second Party for this contract.

**7. CANCELLATION.**

The State Agency shall have the right to terminate and cancel this agreement at any time upon written notice served on the Contractor by registered or certified mail. Upon termination, during any period of time in which Baird Trust continues to serve

as custodian of assets held under this contract, the Contractor shall have no duties other than the safekeeping of the assets and delivery of the assets upon instructions from the First Party. The First Party shall provide asset delivery instructions in writing.

**8. PURCHASING AND SPECIFICATIONS.**

This Contractor certifies by his signature hereinafter that he will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he attempt in any way to influence any purchasing of services, commodities, or equipment by the Commonwealth of Kentucky. For the purpose of this paragraph and Paragraph 8, "he" is construed to mean "they" if more than one person is involved and if a firm, partnership, corporation or other organization is involved, then "he" is construed to mean any person with an interest therein.

**9. CONFLICT-OF-INTEREST LAWS AND PRINCIPLES.**

By his signature, the Contractor certifies that it is legally entitled to enter into this contract with the Kentucky Judicial Form Retirement System. and by holding and performing this contract will not be violating either any conflict of interest statute (KRS 45A.330-45A.340, 45A.990, 164.390), or KRS 11A.040 of the Executive Branch Code of Ethics, relating to the employment of former public servants.

**10. CHOICE OF LAW AND FORUM PROVISION.**

The laws of the Commonwealth of Kentucky shall govern all questions as to the execution, validity, interpretation, construction, and performance of this Agreement. Furthermore, the parties hereto agree that any legal action, which is brought on the basis of this Agreement, shall be filed in the Franklin County Circuit Court of the Commonwealth of Kentucky.

**11. DISCRIMINATION (BECAUSE OF RACE, RELIGION, COLOR, NATIONAL ORIGIN, SEX, AGE, OR DISABILITY) PROHIBITED.**

During the performance of this contract, the Contractor will adhere to the Equal Employment Opportunity Policy on pages 24-26 of its Associate Handbook (US), which, in part, states:

*Baird is committed to maintaining a work environment that is free of harassment and discrimination. In keeping this commitment, the company will not tolerate harassment or discrimination of its associates by anyone, including any manager, supervisor, or co-worker, or by third parties, such as a client or vendors.*

## **12. REQUIRED DISCLOSURES**

- A. Contractor is a fiduciary with respect to services rendered under this Contract.
- B. There are no direct or indirect fees, commissions, penalties, or other compensation, including reimbursement for expenses, paid by or on behalf of the Contractor in connection with the provision of services to First Party.
- C. Ownership Disclosure.
  - (a) Contractor is Baird Trust Company.
  - (b) Contractor is 100% owned by Baird Financial Corporation (“BFC”), with an address located at 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202. BFC is 100% owned by Baird Financial Group, Inc. (“BFG”), at the same address. BFG is approximately 95% employee-owned and approximately 5% by Northwestern Mutual Life Insurance Co., with an address located at 720 East Wisconsin Avenue, Milwaukee, Wisconsin 53202.
  - (c) Contractor does not own an interest in any other entities and does not have any subsidiaries.
  - (d) Persons with an ownership or distributive income share in Contractor that is in excess of 7.5%: Contract is 100% owned by BFC; see (b) above.
  - (e) There is no entity which serves as an executive officer of Contractor.
- D. Contractor shall not assign, nor may it subcontract for, any services or obligations under this Contract to any third party or subcontractor except upon the prior written consent of First Party. First Party acknowledges Reliance Trust Company as sub-custodian of Second Party.
- E. Contractor is a state-chartered trust company organized under the laws of the Commonwealth of Kentucky.

## **13. VOTING OF PROXIES**

The Contractor shall exercise voting rights with respect to securities under its discretion and management. Contractor is authorized and directed to vote all proxies in accordance with the Contractor’s voting policy. The Contractor shall maintain records of its proxy voting hereunder and shall provide those records to the First Party upon request.

**14. REPRESENTATIONS AND WARRANTIES OF SECOND PARTY**

- (A) Second Party represents and warrants: (i) that it is a Kentucky state chartered trust company and as such is exempt from registration as a registered investment adviser under the Investment Advisers Act of 1940, (ii) that it has full power and authority to enter into this Contract, and (iii) that this Contract has been duly authorized and when executed and delivered will be a legal, valid and binding agreement of Second Party enforceable against it in accordance with its terms. Second Party is duly qualified and in good standing in the Commonwealth of Kentucky.
- (B) Second Party, its employees, agents and representatives, have made, obtained, and performed all other registrations, filings, approvals, authorizations, consents, licenses, and examinations required by any government or governmental authority, or required by any other person, entity or regulatory organization in order to execute, deliver and perform this Contract. To the best of its knowledge, neither the execution, delivery, or performance of this Contract by Second Party will violate any law, statute, order, rule or regulation of, or judgment, order or decree by, any federal, state, or local court or governmental authority nor will the same constitute a breach of, or default under provision of any agreement or contract to which Second Party is a party or by which it is bound.
- (C) All of Second Party's services are to be provided in compliance, if applicable, with the Investment Advisers act of 1940 (15 U.S.C. 80b-1 et seq., rules thereunder, Title 17, Part 275 of the Code of Federal Regulations, as amended from time to time, collectively the "Act," other applicable federal, state and third party regulatory organization laws and regulations, and the fiduciary laws of the Commonwealth.
- (D) The Second Party shall maintain, at its own expense, certain insurance the kind, type and limits specified hereinbelow. Second Party shall procure and maintain insurance against losses or claims which may arise out of or result from performance or failure to perform under this Contract whether such performance be by Second Party or by anyone employed by or in Contract with Second Party, or by anyone for whose acts Second Party may be liable. The following types and limits of insurance are required:
1. Workers' compensation - statutory limit.
  2. Employer's liability - \$500,000 per occurrence; bodily injury by accident or disease, including death with \$10,000,000 excess liability umbrella coverage .
  3. Professional liability/errors and omissions - \$15,000,000 per claim, for damages arising out of negligent acts, errors or omissions in the performance of Second Party's services under this Contract, including any

breach of fiduciary responsibility in Second Party's performances of services hereunder.

**15. CUSTODIAL SERVICES.**

- (A) The Second Party shall serve as custodian of securities delivered to it and deliver to First Party any assets upon instruction of the First Party.
1. As custodian, the Second Party shall receive proceeds for account assets sold and collect amounts due upon any assets which mature or when called or redeemed and properly account for all purchases and sales made hereunder;
  2. Collect all income on assets held by custodian;
  3. Make such disbursements and withdrawals from the assets in such amounts and in such manner as the First Party may in writing direct from time to time;
  4. Register assets in the nominee name of the Second Party or its sub-custodian, for the benefit of the First Party; and
  5. Keep an accurate record of all transactions involving assets held by the custodian and furnish to the First Party periodic itemized statements recording all account transactions.
- (B) Compensation of custodian. There shall be no additional fee for custodial services.
- (C) The Second Party shall use Reliance Trust Company (RTC) as sub-custodian in performing its custodial duties. Second Party's selection and retention of RTC was made as a fiduciary and in the best interests of First Party. RTC shall at all times be considered a qualified custodian under SEC Rule 206(4)-2. Second Party indemnifies and holds harmless First Party for any loss, claim, damage, expense, (including reasonable attorneys' fees) or other liability resulting from Second Party's selection and retention of RTC as sub-custodian.

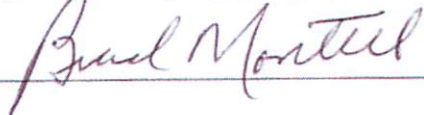
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**INVESTMENT COMMITTEE, KENTUCKY  
JUDICIAL RETIREMENT FUND**

By:   
Mr. Stephen LeLaurin, Chairman

Date: June 16, 2022

**INVESTMENT COMMITTEE, KENTUCKY  
LEGISLATORS' RETIREMENT PLAN**

By: 

Date: June 16, 2022

**BAIRD TRUST COMPANY**

By:   
Donald L. Asfahl, Chairman

Date: June 16, 2022