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**TO:** Members of the Public Pension Oversight Board

**FROM:** Brad Gross  
Jennifer Black Hans

**RE:** Follow Up Matters from April Meeting

**DATE:** May 20, 2022

At the April 25, 2022 meeting of the Public Pension Oversight Board, members made specific requests for follow up from the Kentucky Public Pensions Authority (KPPA) and the Teachers' Retirement System (TRS). This staff memorandum provides the systems' responses to the Board's requests.

**Kentucky Public Pensions Authority**

**Request:** Provide the net of fees rates of return for the 30-year period for all plans.

**KPPA Response:** See attached Investment Plan Performance charts for Pension & Insurance for 03/31/2022 and 12/21/2021 periods.

**Request:** Provide additional details on how the investment compliance process works to verify recorded proxy votes.

**KPPA Response:** The County Employee Retirement Systems (CERS) and the Kentucky Retirement Systems (KRS) Boards of Trustees appoint Investment Committees with full authority to act for the Boards in the acquisition, sale, and management of the securities and funds of their respective retirement systems. The Boards also authorize the Investment Committees or designees, custodians, investment managers, or agents to execute stock proxies for the Board.

For proxy voting, the Boards contract with Institutional Shareholder Services (ISS) which is a proxy advisory firm. ISS maintains detailed records and provides quarterly reports to the Office of Investments. We

are currently improving the proxy voting review process to buttress the investment compliance function.

*(STAFF NOTE: In addition to the CERS and KRS Proxy Voting Policies, which were previously provided to the PPOB, KPPA provided the ISS Proxy Voting Guidelines and a quarterly ISS report for reference. These are available to members upon request.)*

### **Teachers' Retirement System**

**Request:** Which two school districts allow excess, unused annual leave to roll over into sick leave?

**TRS Response:** Spencer and Scott Counties are the two county school districts that are allowing excess, unused annual leave days to roll over into sick leave days for administrative personnel.

**TRS Supplemental Response:** In addition to the 10 annual leave days TRS addressed in April, it has been advised that most school districts also award 1-3 personal days to both classified and certified employees. Most districts allow the rollover of these unused personal days into sick days, which are then reported to TRS.