

KENTUCKY TEACHERS' RETIREMENT SYSTEM
SPECIAL MEETING OF THE INVESTMENT COMMITTEE
NOVEMBER 12, 2015

Minutes of Meeting:

After giving proper notice of a special meeting, and a quorum being present, Chair Ron Sanders called the KTRS Investment Committee to order at 9 a.m., Thursday, November 12, 2015, in the Board Room of the Kentucky Teachers' Retirement System Office, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Ron Sanders, Chair
Arthur Green, Vice Chair
Mary Adams
Hollis Gritton
Allison Wright
Bevis Longstreth (non-voting member)
George Philip (non-voting member)

Others present:

Gary L. Harbin, Kentucky Teachers' Retirement System
Robert Barnes, Kentucky Teachers' Retirement System
Eric Wampler, Kentucky Teachers' Retirement System
Greg Hall, Kentucky Teachers' Retirement System
Tom Siderewicz, Kentucky Teachers' Retirement System
Karen Ashby, Kentucky Teachers' Retirement System
John Browning, Kentucky Teachers' Retirement System
Norman Combest, Kentucky Teachers' Retirement System
Mike Nohalty, Kentucky Teachers' Retirement System
Lindsey Davis, Kentucky Teachers' Retirement System
Felicia Penn, Kentucky Teachers' Retirement System
P. J. Kelly, Aon Hewitt
Bo Cracraft, Legislative Research Commission
Doug Rangel, Galliard Capital Management
Erol Sonderegger, Galliard Capital Management
Brandon Kanz, Galliard Capital Management
Dawn Henry, GE Asset Management
Dave Carlson, GE Asset Management
Maureen Mitchell, GE Asset Management

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on August 27, 2015.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Mr. Gritton, the minutes of meeting held on August 27, 2015 were unanimously approved.

2. Reports by KTRS Staff

2.1. CIO Observations and Comments: Mr. Siderewicz reported to the Committee the information on the Quarterly Investment Update for the quarter ending September 30, 2015. Mr. Siderewicz's report was informational and the Committee took no action.

2.2. Quarterly Report on Securities Litigation: Mr. Wampler presented the Securities Litigation Report detailing information on securities litigation activities during the quarter ending September 30, 2015. Mr. Wampler's report was informational and the Committee took no action.

2.3. Report on Alternative Investments: Ms. Ashby reported to the Committee on the KTRS Private Equity Portfolio for the quarter ending September 30, 2015. Ms. Ashby's report was informational and the Committee took no action.

2.4. European Private Equity Fund Discussion: Ms. Ashby presented a report to the Investment Committee describing the Oaktree European Principal Fund IV, L.P.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Mr. Gritton, the Committee unanimously approved staff's recommended investment of \$50 million from the Retirement Annuity Trust Fund and \$10 million from the Medical Insurance Trust Fund to the Oaktree European Principal Fund IV, L.P., subject to completion of all due diligence and legal review.

2.5. Maritime Fund Discussion: Ms. Ashby presented a report to the Investment Committee describing the Global Maritime Investment Fund II, L.P.

Committee Action: Upon motion duly made by Mr. Gritton, and seconded by Ms. Wright, the Committee unanimously approved staff's recommended investment of \$30 million from the Retirement Annuity Trust Fund to the Global Maritime Investment Fund II L.P., subject to completion of all due diligence and legal review.

The Committee recessed at 10:27 a.m. and resumed its meeting at 10:40 a.m.

2.6. Securities Lending Report: Mr. Siderewicz presented a report to the Investment Committee concerning securities lending. Mr. Siderewicz's report was informational and the Committee took no action.

2.7. Report on Internally Managed Portfolios: Mr. Siderewicz presented the report on internally managed portfolios for the quarter ending September 30, 2015. This report was informational and the Committee took no action.

3. Quarterly Reports by Managers

3.1. Galliard Capital Management: Representatives from Galliard Capital Management presented a report on the KTRS funds managed by the firm. The report was informational and the Committee took no action.

The Committee recessed for lunch at 11:52 a.m. and resumed its meeting at 12:39 p.m.

2016 Meeting Dates: Mr. Harbin presented suggested dates for 2016 Investment Committee meetings.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Ms. Adams, the Committee unanimously approved February 25, May 26, August 25 and November 10 for 2016 Investment Committee meeting dates.

3.2. GE Asset Management: Representatives from GE Asset Management presented a report on the KTRS funds managed by the firm. The report was informational and the Committee took no action.

Mr. Harbin presented a report on the KTRS Funding Work Group.

Mr. Longstreth requested information be presented at the next meeting of the Investment Committee concerning the sale of investments to cover retiree payroll.

Adjournment: There being no further business to come before the Committee, and upon motion duly made by Mr. Green, and seconded by Mr. Gritton, Chair Sanders declared the meeting adjourned at 2:06 p.m.

CERTIFICATIONS

We, the Chair of the Investment Committee and the Executive Secretary of the Board of Trustees of the Kentucky Teachers' Retirement System, do certify that the Minutes of Meeting were approved by the Investment Committee on February 25, 2016.

Ronald Sanders, Chair

Gary L. Harbin, Executive Secretary

I, Robert B. Barnes, do certify adherence to the Kentucky Open Meetings Act, KRS 61.800 et seq., in the conduct of this meeting. I have reviewed the minutes for form, content, and legality.

Robert B. Barnes, Deputy Executive Secretary
and General Counsel

I, Felicia Penn, do certify that I was present at the meeting and duly recorded the actions of the Investment Committee of the Board of Trustees of the Kentucky Teachers' Retirement System at its meeting on November 12, 2015.

Felicia Penn, Recording Secretary