

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

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Serving Kentucky Teachers Since 1940

GARY L. HARBIN, CPA
Executive Secretary
(502) 848-8500

Quarterly Meeting of the TRS Board of Trustees

AGENDA

December 19, 2016, 10 a.m.

- Meeting Called to Order
- Roll Call
- 1. **Reports for Consent**
 - 1.1. **Consideration/Approval of Minutes**
 - 1.1.1. **Quarterly Meeting of the Board of Trustees held September 19, 2016**
 - 1.1.2. **Special Meeting of the Board of Trustees held November 21, 2016**
 - 1.1.3. **Special Meeting of the Insurance Committee held September 19, 2016**
 - 1.2. **Applications for Retirement and Annuity**
 - 1.3. **Survivor Benefits**
 - 1.4. **Life Insurance Benefits**
 - 1.5. **Refunds**
 - 1.6. **Interim Financial Statements**
- 2. **Report of the Investment Committee**
- 3. **Report of the Scholarship Committee**
- 4. **Report of the Legislative Committee**
- 5. **Edumedics Contract Renewal**
- 6. **Report of the Personnel Committee**
- 7. **Executive Secretary's Observations and Comments**
 - General Discussion
 - Adjournment

The meeting will take place in the Boardroom of the
Teachers' Retirement System of Kentucky, 479 Versailles Road, Frankfort, KY.

TO: Board of Trustees of the
Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA

DATE: December 19, 2016

SUBJECT: Reports for Consent

1.1. Consideration/Approval of Minutes

1.1.1. Quarterly Meeting of the Board of Trustees held September 19, 2016

1.1.2. Special Meeting of the Board of Trustees held November 21, 2016

1.1.3. Special Meeting of the Insurance Committee held September 19, 2016

1.2. Applications for Retirement and Annuity

For the period September, October and November 2016, initial retirements included 353 retirees with monthly payments totaling \$975,565.36. During the same period last year, there were 370 retirements with monthly payments totaling \$1,058,688.97.

Attached is a summary of initial applications for retirement and annuity and a comparison to the same period last year. The list of members retiring during the period will be available for examination at the meeting.

Recommendation: The board is requested to approve the initial retirement payments as reported.

1.3. Survivor Benefits

For the period July 1 through September 30, 2016, there were 7 persons qualifying for survivor benefits with a total monthly payment of \$2,013.83.

The list of persons qualifying for survivor benefit payments during the period will be available for examination at the meeting.

Recommendation: The board is requested to approve the survivor benefit payments as reported.

1.4. Life Insurance Benefits

For the period July 1 through September 30, 2016, there were 8 payments of life insurance benefits for active teachers and 295 payments for retired teachers for total payments of \$1,491,000. During the same quarter in 2015, there were 281 payments in the amount of \$1,342,000.

The list of payments of life insurance benefits due to death of active and retired teachers during the period will be available for examination at the meeting.

Recommendation: The board is requested to approve the payment of life insurance benefits as reported.

1.5. Refunds

There were 854 refunds during the period July 1 through September 30, 2016 totaling \$8,592,352.68. The refunds are for the following categories:

| | | |
|---------------------|-----------|----------------------|
| Regular withdrawals | 816 | \$ 7,876,176.81 |
| Deaths | <u>38</u> | <u>\$ 716,175.87</u> |
| Totals | 854 | \$ 8,592,352.68 |

During the same period in 2015, there were 1,110 refunds totaling \$10,676,750.14.

The report of refunds for the period is attached.

Recommendation: The board is requested to approve the payment of refunds as reported.

1.6. Interim Financial Statements

Attached are the Interim Financial Statements for the quarter ended September 30, 2016.

Recommendation: The Interim Financial Statements are provided for informational purposes only and require no action by the board.

Kentucky Teachers' Retirement System
Initial Applications for Retirement and Annuity
2016

| | September | October | November | Total | Same Period 2015 |
|---|----------------------------|----------------------------|---------------------------|----------------------------|------------------------------|
| Handicapped Child | <i>0</i> \$0.00 | <i>0</i> \$0.00 | <i>0</i> \$0.00 | <i>0</i> \$0.00 | <i>0</i> \$0.00 |
| Disability Retirement | <i>9</i> \$24,502.65 | <i>11</i> \$30,140.28 | <i>10</i> \$29,057.30 | <i>30</i> \$83,700.23 | <i>30</i> \$81,368.58 |
| Service Retirement | <i>120</i> \$361,069.57 | <i>119</i> \$317,804.92 | <i>81</i> \$203,103.05 | <i>320</i> \$881,977.54 | <i>338</i> \$967,949.43 |
| Beneficiary of Member Eligible to Retire | <i>1</i> \$3,664.54 | <i>1</i> \$3,278.85 | <i>1</i> \$2,944.20 | <i>3</i> \$9,887.59 | <i>2</i> \$9,370.96 |
| TOTALS | <i>130</i> \$389,236.76 | <i>131</i> \$351,224.05 | <i>92</i> \$235,104.55 | <i>353</i> \$975,565.36 | <i>370</i> \$1,058,688.97 |

Reports for Consent
Member Account Refunds
For the period July 2016 - September 2016

| Active Refunds | Count | Net Refund | Taxes Withheld | Rollovers | Total |
|----------------|------------|--------------|----------------|------------|---------------------|
| July | 215 | 1,366,621.65 | 337,942.40 | 961,761.53 | 2,666,325.58 |
| August | 290 | 1,561,365.62 | 389,161.84 | 401,699.52 | 2,352,226.98 |
| September | 312 | 1,492,366.17 | 372,490.64 | 992,767.44 | 2,857,624.25 |
| Total | 816 | | | | 7,876,176.81 |

| Deceased Refunds | Count | Net Refund | Taxes Withheld | Rollovers | Total |
|------------------|-----------|------------|----------------|------------|-------------------|
| July | 20 | 166,865.60 | 40,385.18 | 4,894.55 | 214,145.33 |
| August | 3 | 11,072.15 | 390.34 | 251,561.62 | 263,024.11 |
| September | 15 | 125,090.92 | 30,971.00 | 80,944.51 | 239,006.43 |
| Total | 38 | | | | 716,175.87 |

| Total Refunds | Count | Net Refund | Taxes Withheld | Rollovers | Total |
|---------------|------------|--------------|----------------|--------------|---------------------|
| July | 235 | 1,533,487.25 | 378,327.58 | 966,656.08 | 2,880,470.91 |
| August | 293 | 1,572,437.77 | 389,552.18 | 653,261.14 | 2,615,251.09 |
| September | 327 | 1,617,457.09 | 403,461.64 | 1,073,711.95 | 3,096,630.68 |
| Total | 854 | | | | 8,592,352.68 |

TEACHERS' RETIREMENT SYSTEM

OF THE STATE OF KENTUCKY



INTERIM FINANCIAL STATEMENTS

QUARTER ENDED SEPTEMBER 30, 2016
(UNAUDITED)

Statements of Plan Net Assets
as of September 30, 2016 and 2015
 (Book Basis - Unadjusted)

| | Defined Benefit Plan | | Health Insurance Plans | | Life Insurance Plan | | Other Funds | | TOTAL | |
|--|-------------------------|-------------------|---------------------------|----------------|------------------------|---------------|----------------|------------|-------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| ASSETS | | | | | | | | | | |
| Cash | \$ 100,924,323 | \$ 134,987,558 | \$ 24,724,855 | \$ 26,074,482 | \$ - | \$ 147,680 | \$ 165,482 | \$ 50,246 | \$ 125,814,660 | \$ 161,259,966 |
| Receivables | | | | | | | | | | |
| State of Kentucky | 22,766,523 | 26,885,159 | 1,359,808 | 2,580,839 | 54,392 | 61,789 | | | 24,180,723 | 29,527,787 |
| Investment Income | 39,619,872 | 40,683,260 | 1,333,953 | 1,289,669 | 1,090,402 | 999,217 | 2,417 | 2,434 | 42,046,644 | 42,974,580 |
| Investment Sales Receivable | 64,417,573 | 96,535,521 | 1,175,952 | 748,660 | - | - | | | 65,593,525 | 97,284,181 |
| Installment Account Receivable | 523,664 | 468,755 | | | | | | | 523,664 | 468,755 |
| Other Receivables | 81,004 | 96,208 | 33,477,371 | 28,785 | | | | | 33,558,375 | 124,993 |
| Due from Other Funds | 3,719,997 | 4,248,808 | | | | | | | 3,719,997 | 4,248,808 |
| Total Receivables | 131,128,633 | 168,917,711 | 37,347,084 | 4,647,953 | 1,144,794 | 1,061,006 | 2,417 | 2,434 | 169,622,928 | 174,629,104 |
| Investments at Book Value | | | | | | | | | | |
| Short Term Investments | 334,988,427 | 623,249,066 | 25,605,101 | 22,290,496 | 2,036,401 | 3,076,225 | 408,505 | 422,444 | 363,038,434 | 649,038,231 |
| Bonds and Mortgages | 2,533,665,456 | 2,737,363,647 | 61,044,247 | 41,689,630 | 81,697,070 | 80,891,040 | 199,485 | 199,485 | 2,676,606,258 | 2,860,143,802 |
| Stocks | 8,186,475,018 | 8,137,893,655 | 307,014,398 | 277,006,391 | | | 185,574 | 185,574 | 8,493,674,990 | 8,415,085,620 |
| Alternative Investments | 795,425,429 | 695,850,781 | 25,375,440 | 10,659,970 | | | | | 820,800,869 | 706,510,751 |
| Real Estate | 823,890,655 | 758,397,918 | 25,294,366 | 7,656,108 | | | | | 849,185,021 | 766,054,026 |
| Additional Categories | 1,355,211,519 | 1,292,834,056 | 151,871,023 | 136,597,613 | | | | | 1,507,082,542 | 1,429,431,669 |
| Total Investments | 14,029,656,504 | 14,245,589,123 | 596,204,575 | 495,900,208 | 83,733,471 | 83,967,265 | 793,564 | 807,503 | 14,710,388,114 | 14,826,264,099 |
| Capital Assets | 16,973,670 | 14,906,438 | | | | | | | 16,973,670 | 14,906,438 |
| (net of accumulated depreciation) | | | | | | | | | | |
| Total Assets | 14,278,683,130 | 14,564,400,830 | 658,276,514 | 526,622,643 | 84,878,265 | 85,175,951 | 961,463 | 860,183 | 15,022,799,372 | 15,177,059,607 |
| LIABILITIES | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts Payable | 1,166,764 | - | 19,811 | - | 360,852 | | | | 1,547,427 | - |
| Contributions Not Posted | 26,674,381 | 23,732,493 | - | 19,636,579 | | | | | 26,674,381 | 43,369,072 |
| Investment Purchases Payable | 64,073,483 | 26,890,898 | 3,148,921 | 961,625 | | | - | - | 67,222,404 | 27,852,523 |
| Investment Fees Payable | 11,447,198 | 10,975,711 | 709,100 | 328,327 | | | - | - | 12,156,298 | 11,304,038 |
| Due to Other Funds | 1,935,385 | - | 1,747,115 | 4,222,896 | 36,837 | 25,306 | 661 | 606 | 3,719,998 | 4,248,808 |
| Revenues Collected in Advance | - | - | 2,032,051 | 4,899,365 | | | | | 2,032,051 | 4,899,365 |
| Total Liabilities | 105,297,211 | 61,599,102 | 7,656,998 | 30,048,792 | 397,689 | 25,306 | 661 | 606 | 113,352,559 | 91,673,806 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | \$ 14,173,385,919 | \$ 14,502,801,728 | \$ 650,619,516 | \$ 496,573,851 | \$ 84,480,576 | \$ 85,150,645 | \$ 960,802 | \$ 859,577 | \$ 14,909,446,813 | \$ 15,085,385,801 |

Statements of Changes in Plan Net Assets
For the Three Months Ended September 30, 2016 and 2015
 (Book Basis - Unadjusted)

| | Defined Benefit Plan | | Medical Insurance Plan | | Life Insurance Plan | | Other Funds | | TOTAL | |
|--|-------------------------|-------------------|---------------------------|----------------|------------------------|---------------|----------------|------------|-------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| ADDITIONS | | | | | | | | | | |
| Contributions | | | | | | | | | | |
| Employer- State Paid | \$ 222,618,688 | \$ 101,832,347 | \$ 13,052,407 | \$ 2,746,717 | \$ 86,908 | \$ 123,781 | \$ - | \$ - | \$ 235,758,003 | \$ 104,702,845 |
| Employer- LSD, Other | 4,314,331 | 32,488,043 | 11,744,646 | 1,926,335 | 18,449 | | 220,001 | - | 16,297,427 | 34,414,378 |
| Member- Active | 39,507,939 | 41,268,183 | 14,575,582 | 8,470,862 | | | | | 54,083,521 | 49,739,045 |
| Member- Retired | | | 14,590,634 | 14,303,982 | | | | | 14,590,634 | 14,303,982 |
| Recovery Income | | | 4,781,208 | 5,048,928 | | | | | 4,781,208 | 5,048,928 |
| Total Contribution | 266,440,958 | 175,588,573 | 58,744,477 | 32,496,824 | 105,357 | 123,781 | 220,001 | - | 325,510,793 | 208,209,178 |
| Investment Income (at book value) | | | | | | | | | | |
| Net Gain/(Loss) on Investment Sales | 60,261,197 | 81,841,057 | 383,174 | (1,124,971) | (10,362) | (6,200) | - | - | 60,634,009 | 80,709,886 |
| Interest | 42,130,270 | 47,388,112 | 1,115,059 | 1,947,621 | 842,125 | 828,368 | 372 | 98 | 44,087,826 | 50,164,199 |
| Dividends | 40,025,581 | 47,558,367 | 506,122 | - | | | 1,132 | 1,236 | 40,532,835 | 47,559,603 |
| Rental Income, Net | 7,698,551 | 7,579,363 | | | | | | | 7,698,551 | 7,579,363 |
| Securities Lending, Net | 365,794 | 591,563 | | | 270 | 117 | 6 | 82 | 366,070 | 591,762 |
| Gross Investment Income | 150,481,393 | 184,958,462 | 2,004,355 | 822,650 | 832,033 | 822,285 | 1,510 | 1,416 | 153,319,291 | 186,604,813 |
| Less Investment Expense | (12,311,850) | (12,735,208) | (746,216) | (564,861) | | | | | (13,058,066) | (13,300,069) |
| Net Investment Income | 138,169,543 | 172,223,254 | 1,258,139 | 257,789 | 832,033 | 822,285 | 1,510 | 1,416 | 140,261,225 | 173,304,744 |
| Total Additions | 404,610,501 | 347,811,827 | 60,002,616 | 32,754,613 | 937,390 | 946,066 | 221,511 | 1,416 | 465,772,018 | 381,513,922 |
| DEDUCTIONS | | | | | | | | | | |
| Benefits | 478,473,881 | 456,323,921 | | | 1,486,000 | 1,332,000 | 58,597 | 19,679 | 480,018,478 | 457,675,600 |
| Refunds of Contributions | 8,936,781 | 10,966,823 | | | | | | | 8,936,781 | 10,966,823 |
| Under 65 Insurance Expenses | | | 31,407,735 | 32,792,220 | | | | | 31,407,735 | 32,792,220 |
| Over 65 Insurance Expenses | | | 40,180,560 | 35,141,722 | | | | | 40,180,560 | 35,141,722 |
| Administrative Expense | 3,224,219 | 2,938,658 | 1,749,202 | 880,016 | - | - | - | - | 4,973,421 | 3,818,674 |
| Total Deductions | 490,634,881 | 470,229,402 | 73,337,497 | 68,813,958 | 1,486,000 | 1,332,000 | 58,597 | 19,679 | 565,516,975 | 540,395,039 |
| Net Increase (Decrease) | (86,024,380) | (122,417,575) | (13,334,881) | (36,059,345) | (548,610) | (385,934) | 162,914 | (18,263) | (99,744,957) | (158,881,117) |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | | | | | | | |
| Beginning of year | 14,259,410,299 | 14,625,219,303 | 663,954,397 | 532,633,196 | 85,029,186 | 85,536,579 | 797,888 | 877,840 | 15,009,191,770 | 15,244,266,918 |
| Ending of period | \$ 14,173,385,919 | \$ 14,502,801,728 | \$ 650,619,516 | \$ 496,573,851 | \$ 84,480,576 | \$ 85,150,645 | \$ 960,802 | \$ 859,577 | \$ 14,909,446,813 | \$ 15,085,385,801 |

TO: Board of Trustees
Teachers' Retirement System of Kentucky

FROM: Gary L. Harbin, CPA

DATE: December 19, 2016

SUBJECT: Report of the Investment Committee

1. Investment Committee Meeting and Actions: The investments approved at the November 10, 2016 Investment Committee meeting are as follows: \$50 million from the Retirement Annuity Trust Fund and \$10 million from the Medical Insurance Trust Fund to Landmark Equity Partners XVI, L.P.; \$50 million from the Retirement Annuity Trust Fund and \$10 million from the Medical Insurance Trust Fund to Landmark Real Estate Partners VIII, L.P.; \$200 million from the Retirement Annuity Trust Fund and \$30 million from the Medical Insurance Trust Fund to Fort Washington Focused Equity. Additionally, outside managers Wellington Asset Management and State Street Global Advisors reported to the Committee on their respective portfolios.

2. Purchases and Disposals: The Report of the Investment Committee for the quarter ended September 30, 2016 is presented for review and approval. During this quarter, there were 2,390 purchases amounting to \$2,794,439,499.15 and 2,215 disposals amounting to \$2,904,229,651.00. The disposals consisted of 1,803 sales, 370 principal payments and 42 redemptions. While the TRS investment office initiates each of these transactions, the custodian of securities is responsible for handling and securing each stock, bond or other type of investment. At the end of the quarter, the System's invested securities had a book value of \$14,128,047,727.00 and a market value of \$17,278,554,401.62.

3. Staff's comments on the economic and market conditions: The quarter ended September 30, 2016 was generally positive for risk assets. Global equity and credit markets rallied with both developed and emerging markets adding to gains realized earlier in the year. July was a particularly strong month for equities as volatility sparked by the UK referendum vote in June subsided. Government bond returns were mainly flat during the third quarter, though long duration assets in the US underperformed other global developed markets as the market began to price in a Federal Reserve interest rate hike. Commodity returns were mixed during the quarter, with energy and agricultural commodities giving back prior gains while precious metals performed well. Domestically, the S&P 1500 Index ended the quarter up 4.0%, while the System's international benchmark, the MSCI ACWX ex US Index gained 7.0%.

US equity markets returns were positive across all market capitalizations and styles. In an environment of muted volatility, there was a notable reversal in sector performance as income-oriented stocks posted negative returns. For example, telecom services and utilities sectors within the S&P 500 returned -5.6% and -5.9%, respectively. Despite negative third quarter performance, these sectors remain top contributors to overall index performance for the year-to-date. More economically sensitive sectors, such as technology, industrials and financials

outperformed during the third quarter. As a result, high beta investment styles led all other factor styles, with the S&P 500 High Beta Index returning 12.2%. Growth moderately outperformed value with the Russell 3000 Growth Index returning 4.9% versus 3.9% for the Russell 3000 Value Index. Year-to-date, value indices continue to outperform growth across all sizes and styles. The Russell Microcap Index returned 11.2%, which established micro-cap as the best performing cap range during the quarter. Smaller-cap indices have also performed well year-to-date, led by the Russell 2000 Value index, which has returned 15.5% in 2016.

After a weak second quarter, developed international markets saw strong, positive returns in the third quarter, on both an absolute basis and relative to the broad US equity market. The style trend reversed, with value outperforming growth stocks and small-cap outperforming large-cap. Country returns were largely positive with only a few in the red. Emerging markets continued their rally for the year and outperformed all other equity regions. In contrast to developed markets, small-cap stocks in emerging markets, while returning 7.6% in Q3, could not keep pace with the rally in larger stocks. China and Brazil were key contributors to overall performance. China's second quarter GDP growth rate of 6.7% exceeded consensus estimates, while sentiment around Brazil improved following the removal of President Dilma Rousseff. Finally, OPEC agreed to limit output, which should provide short-term support for emerging market countries heavily tied to the price of oil.

There was little interest rate movement during the quarter amid uncertainty around whether the Fed would raise rates. After rates came down in the second quarter, the Treasury yield curve moved slightly higher, detracting from the performance of rate-sensitive fixed income. Credit spreads tightened for the quarter, led by a continued resurgence of energy and commodity credits.

4. Performance: Financial markets were strong for the quarter ended September 30, 2016. The System's total assets returned 4.4% for the quarter, outperforming the Policy Index which returned 3.9%. The System's domestic stocks gained 5.5%, outperforming the S&P 1500 Stock Index which returned 4.0% for the quarter. The System's international stocks gained 8.0%, outperforming the MSCI All Country ex US Index which had a return of 7.0% for the quarter. Alternatives and additional categories were positive contributors. The System's bonds gained .6%, and real estate provided strong returns for the quarter.

Recommendation: The Executive Secretary recommends that the Board accept and ratify the Report of the Investment Committee.

INVESTMENT PERFORMANCE

TRS RETURNS AS OF SEPT. 30, 2016

| | Quarter | FYTD | 1-Year | 3-Year | 5-Year | 10-Year |
|---------|---------|-------|--------|--------|--------|---------|
| Returns | 4.34% | 4.34% | 9.22% | 6.62% | 10.47% | 6.08% |



Over the last 30 years,
the compounded return
has been 8.15% (Gross)

INVESTMENT PERFORMANCE
TOTAL RETURN (%)
for periods ending September 30, 2016

| | Market Value Millions \$ | Quarter Ending 9/30/2016 | One Year* | Three Years* | Five Years* | Ten Years* | Fifteen Years* | Twenty Years* |
|--|-----------------------------|--------------------------------|--------------|-----------------|----------------|---------------|-------------------|------------------|
| Total Plan Policy Index** | 17,278.6 | 4.4 3.9 | 9.6 11.5 | 6.8 6.9 | 10.7 10.4 | 6.3 - | 6.4 - | 6.9 - |
| <u>Stocks</u> | | | | | | | | |
| Total Stocks | 10,940.9 | 6.3 | 12.0 | 7.6 | 14.0 | 6.1 | 6.7 | 7.6 |
| Large Cap Stocks | 6,357.3 | 5.6 | 12.3 | 10.3 | 16.2 | 7.3 | - | - |
| S & P 500 Index | | 3.9 | 15.4 | 11.2 | 16.4 | 7.2 | 7.1 | 7.9 |
| Mid Cap Stocks | 694.4 | 4.2 | 12.9 | 9.8 | 17.3 | 8.2 | - | - |
| S & P 400 Index | | 4.1 | 15.3 | 9.4 | 16.5 | 9.1 | - | - |
| Small Cap Stocks | 414.7 | 6.6 | 16.7 | 9.2 | 18.3 | 8.8 | - | - |
| S & P 600 Index | | 7.2 | 18.1 | 9.0 | 17.9 | 8.7 | - | - |
| Domestic Stocks | 7,466.4 | 5.5 | 12.6 | 10.2 | 16.4 | 7.4 | 7.5 | 8.2 |
| S & P Blended Index*** | | 4.0 | 15.5 | 10.9 | 16.4 | 7.4 | 7.2 | 8.0 |
| International Stocks | 3,474.5 | 8.0 | 10.6 | 1.5 | 8.1 | 3.0 | - | - |
| MSCI AC World (Ex US) | | 7.0 | 9.8 | 0.6 | 6.5 | 2.6 | - | - |
| <u>Fixed Income</u> | | | | | | | | |
| Fixed Income | 2,873.4 | 0.6 | 6.3 | 4.6 | 4.0 | 5.7 | 5.6 | 6.2 |
| Barclays Govt/Credit Index | | 0.4 | 5.9 | 4.2 | 3.2 | 4.9 | 4.9 | 5.7 |
| Triple Net Lease Real Estate | 389.7 | 2.0 | 9.4 | 8.0 | 8.1 | 8.2 | 8.5 | 8.8 |
| CPI + 2% | | 1.0 | 3.5 | 3.1 | 3.3 | 3.8 | 4.0 | 4.1 |
| Core Real Estate | 296.7 | 1.9 | 12.8 | 13.5 | 12.7 | - | - | - |
| NCREIF ODCE | | 2.1 | 10.1 | 12.5 | 12.4 | - | - | - |
| Non-Core Real Estate | 264.0 | 2.8 | 16.4 | 18.9 | 21.2 | - | - | - |
| NCREIF Property Index | | 1.8 | 9.2 | 11.3 | 11.2 | - | - | - |
| Cash (Unallocated) | 169.5 | 0.1 | 0.3 | 0.2 | 0.2 | 1.2 | 1.6 | 2.6 |
| 90 day Treasury Bill | | 0.1 | 0.2 | 0.1 | 0.1 | 0.9 | 1.3 | 2.2 |
| <u>Alternative Investments</u> | | | | | | | | |
| Timberland Investments | 201.1 | 0.6 | 2.2 | 5.5 | 5.3 | - | - | - |
| NCREIF Timberland Index | | 0.7 | 3.3 | 7.6 | 6.9 | - | - | - |
| Private Equity Investments**** | 752.6 | 1.6 | 2.9 | 10.9 | 10.5 | - | - | - |
| <u>Additional Categories</u> | | | | | | | | |
| Special Situations Fund | 46.3 | -5.8 | -23.8 | -4.4 | -0.4 | - | - | - |
| High Yield Bond | 322.3 | 4.6 | 10.4 | 4.6 | 7.3 | - | - | - |
| KTRS Credit Fund | 253.3 | 4.8 | -0.2 | 2.0 | 6.7 | - | - | - |
| Oaktree Opportunites Fund IX, LP | 47.9 | 0.5 | -2.3 | 2.3 | - | - | - | - |
| Oaktree Opportunites Fund X, LP | 4.2 | 15.5 | 25.2 | - | - | - | - | - |
| AG Select Partners Advantage Fund LP | 1.2 | 22.5 | -9.2 | - | - | - | - | - |
| B of A Merrill Lynch High Yield Master II | | 5.5 | 12.8 | 5.3 | 8.2 | - | - | - |
| Shenkman Capital Management | 169.6 | 2.9 | 4.7 | 3.3 | - | - | - | - |
| Highbridge Principle Strategies III | 38.5 | 2.2 | 5.3 | 8.1 | - | - | - | - |
| Golub Capital Pearls 11 | 131.1 | 1.3 | 5.7 | 5.7 | - | - | - | - |
| Oaktree European Dislocation Fund, LP | 9.8 | 2.7 | 10.4 | - | - | - | - | - |
| Marathon Eur Credit Opp Fund II | 56.8 | 0.3 | 6.6 | - | - | - | - | - |
| Oaktree European Capital Solutions | 17.0 | -2.2 | - | - | - | - | - | - |
| Marathon Eur Credit Opp Fund III | 35.0 | 2.7 | - | - | - | - | - | - |
| S & P LSTA Leverage Loan Index | | 3.1 | 5.5 | 3.4 | - | - | - | - |
| Babson Capital European Loan Fund | 102.4 | 3.2 | 6.7 | - | - | - | - | - |
| CS Institutional WELL1, no USD, hedged to EUR (USD version) | | 2.7 | 6.3 | - | - | - | - | - |
| Columbia High Yield Bond Fund | 155.3 | 3.9 | - | - | - | - | - | - |
| B of A Merrill Lynch High Yield Constrained Index | | 5.5 | - | - | - | - | - | - |

*Annualized

** Prior to 7/1/2008 TRS did not benchmark overall fund performance.

*** Total Domestic Equity is benchmarked to a S & P Blended Index. Total domestic equity was benchmarked to the S & P 500 through the fiscal year ending 6/30/2007. As of 7/1/2007 total domestic equity is benchmarked to the S & P 1500 Index since the System's domestic stock mix is most comparable to this index.

**** For a period of 5 years, the private equity investments will be benchmarked against their own returns. The primary reason for this is that these investments have a minimum investment horizon of ten years and there is no market benchmark that would be expected to track these types of assets in their early years. Beginning five years after the first capital call, investments in this class shall be benchmarked versus the S & P 500 plus 3%, which is the System's long-term expected return for this asset class.

Teachers' Retirement System of Kentucky

Quarterly Investment Update

For the period ended September 30, 2016

| FINAL (\$ in millions) | QTD | Fiscal Y-T-D | 1-Year ⁽²⁾ | 3-Years ⁽²⁾ | 5-Years ⁽²⁾ | 10-Years ⁽²⁾ | 20-Years ⁽²⁾ |
|---|------|-----------------|-----------------------|------------------------|------------------------|-------------------------|-------------------------|
| Total Fund | | | | | | | |
| KTRS | 4.4% | 4.4% | 9.6% | 6.8% | 10.7% | 6.3% | 6.9% |
| Policy Index ⁽¹⁾ | 3.9% | 3.9% | 11.5% | 6.9% | 10.4% | - | - |
| Equities | | | | | | | |
| Domestic Equities | 5.5% | 5.5% | 12.6% | 10.2% | 16.4% | 7.4% | 8.2% |
| S & P Blended Index ⁽³⁾ | 4.0% | 4.0% | 15.5% | 10.9% | 16.4% | 7.4% | 8.0% |
| International Equities ⁽⁴⁾ | 8.0% | 8.0% | 10.6% | 1.5% | 8.1% | 3.0% | - |
| MSCI EAFE | 6.5% | 6.5% | 7.1% | 0.9% | 7.9% | 2.3% | - |
| MSCI AC World (Ex US) | 7.0% | 7.0% | 9.8% | 0.6% | 6.5% | 2.6% | - |
| Total Equities | 6.3% | 6.3% | 12.0% | 7.6% | 14.0% | 6.1% | 7.6% |
| Fixed Income | | | | | | | |
| Total Fixed Income | 0.6% | 0.6% | 6.3% | 4.6% | 4.0% | 5.7% | 6.2% |
| Barclays Govt/Credit Index | 0.4% | 0.4% | 5.9% | 4.2% | 3.2% | 4.9% | 5.7% |
| Real Estate | | | | | | | |
| Non-Core Real Estate | 2.8% | 2.8% | 16.4% | 18.9% | 21.2% | - | - |
| NCREIF Index | 1.8% | 1.8% | 9.2% | 11.3% | 11.2% | - | - |
| Core Real Estate | 1.9% | 1.9% | 12.8% | 13.5% | 12.7% | - | - |
| NCREIF ODCE | 2.1% | 2.1% | 10.1% | 12.5% | 12.4% | - | - |
| Triple Net Lease | 2.0% | 2.0% | 9.4% | 8.0% | 8.1% | 8.2% | 8.8% |
| CPI plus 2% | 1.0% | 1.0% | 3.5% | 3.1% | 3.3% | 3.8% | 4.1% |
| Alternative Investments | | | | | | | |
| Private Equity ⁽⁵⁾ | 1.6% | 1.6% | 2.9% | 10.9% | 10.5% | - | - |
| Timberland | 0.6% | 0.6% | 2.2% | 5.5% | 5.3% | - | - |
| NCREIF Timberland Index | 0.7% | 0.7% | 3.3% | 7.6% | 6.9% | - | - |
| Additional Categories | | | | | | | |
| Additional Categories | 3.0% | 3.0% | 4.0% | 3.7% | 7.4% | - | - |
| B of A Merrill Lynch High Yield Master II | 5.5% | 5.5% | 12.8% | 5.3% | 8.2% | - | - |

⁽¹⁾ Prior to July 1, 2008, KTRS did not benchmark overall fund performance. Effective July 1, 2008, the Board of Trustees approved a Policy Index which represents the returns of appropriate benchmarks for the various asset classes weighted by the mid-point of the strategic range for the current fiscal year.

⁽²⁾ Annualized

⁽³⁾ Total Domestic Equity is benchmarked to a S&P Blended Index. Total domestic equity was benchmarked to the S&P 500 through the fiscal year ending 6/30/2007. As of 7/1/2007, domestic equity is benchmarked to the S&P 1500 Index since the System's domestic stock mix is most comparable to this index.

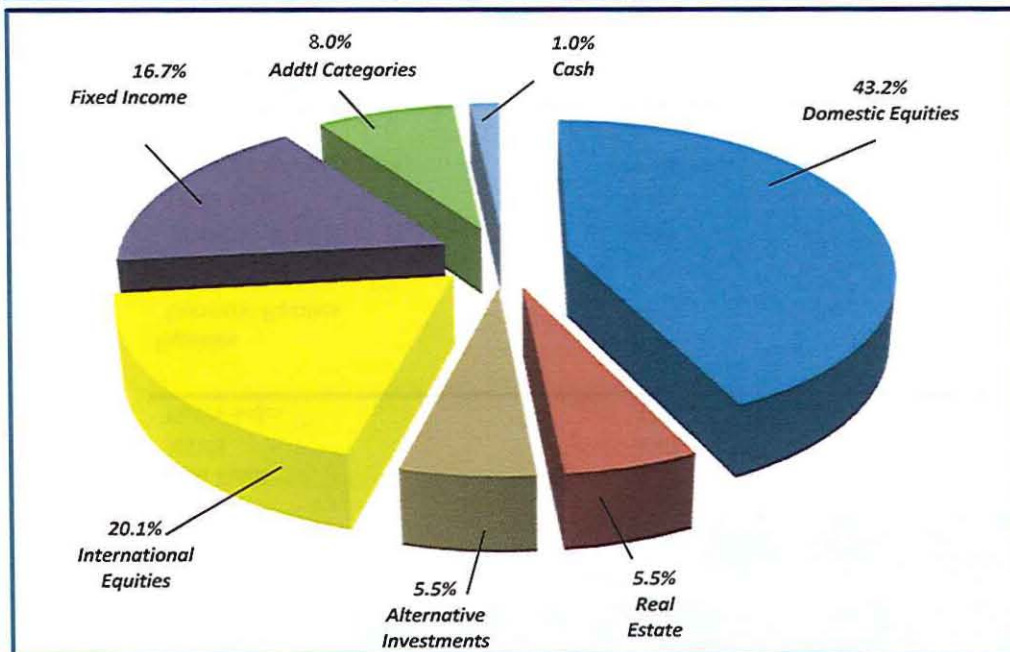
⁽⁴⁾ As of 09/30/16 20.3% of Total International Equities were invested in emerging markets.

⁽⁵⁾ For a period of five years private equity investments will be benchmarked against their own returns. The primary reason for this is that these investments have a minimum investment horizon of ten years and there is no market benchmark that would be expected to track these types of assets in their early years. Beginning five years after the first capital call, investments in this class shall be benchmarked versus the S & P 500 plus 3%, which is the System's long-term expected return for this asset class.

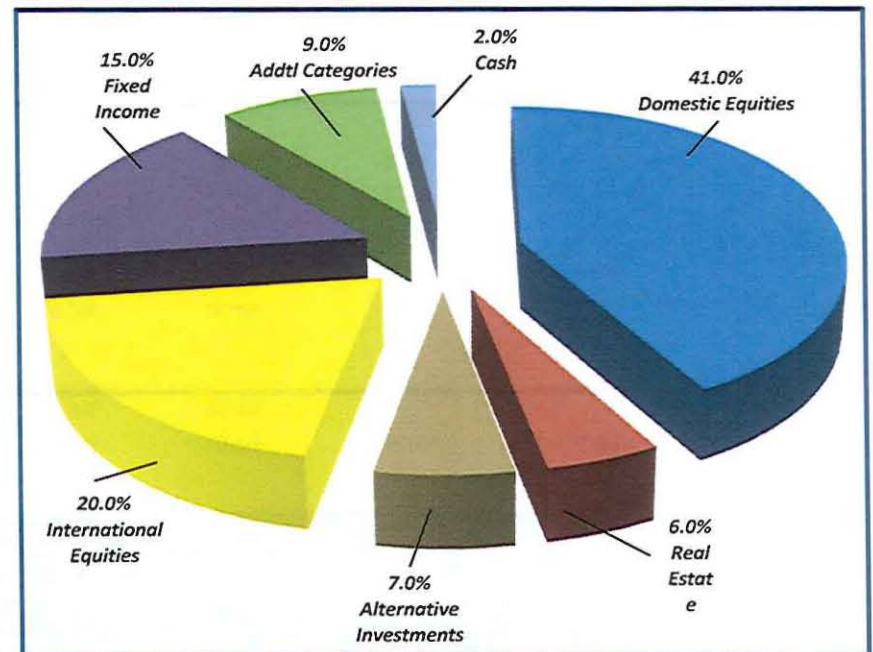
Teachers' Retirement System of Kentucky
 Quarterly Investment Update
 For the period ended September 30, 2016

| (\$ in millions) | \$'s | Actual % | Target % | Strategic Ranges |
|------------------------|-------------------|---------------|---------------|------------------|
| Domestic Equities | \$7,466.4 | 43.2% | 41.0% | 34.0 - 48.0% |
| Real Estate | 950.4 | 5.5% | 6.0% | 4.0 - 8.0% |
| Alternative Inv. | 953.7 | 5.5% | 7.0% | 4.0 - 10.0% |
| International Equities | 3,474.5 | 20.1% | 20.0% | 17.0 - 23.0% |
| Fixed Income | 2,873.4 | 16.7% | 15.0% | 12.0 - 19.0% |
| Addtl Categories | 1,390.7 | 8.0% | 9.0% | 6.0 - 12.0% |
| Cash | \$169.5 | 1.0% | 2.0% | 1.0 - 3.0% |
| Total | \$17,278.6 | 100.0% | 100.0% | |

ACTUAL %



TARGET %



INVESTMENT REPORT
QUARTER ENDED September 30, 2016

INVESTMENT ACTIVITY:

PURCHASES:

| | | |
|-------|-------------------------|-----------------------|
| 421 | Cash Equivalents | \$ 770,325,755.69 |
| 83 | Fixed Income Securities | 917,356,550.50 |
| 1,344 | Equity Securities | 863,494,978.39 |
| 17 | Real Estate | 26,518,236.01 |
| 67 | Alternative Investments | 50,865,626.12 |
| 458 | Additional Categories | <u>165,878,352.44</u> |
| 2,390 | Total Purchases | \$2,794,439,499.15 |

DISPOSALS:

| | | |
|-------|-----------------------------------|---------------------|
| 328 | Short-Term Pool | \$ 945,066,881.25 |
| 71 | Fixed Income Securities | 850,101,490.45 |
| 368 | Principal Paydowns | 12,624,672.29 |
| 28 | Redemptions/Maturities | 45,027,421.92 |
| 1,065 | Equity Securities | 866,125,022.64 |
| 23 | Real Estate | 20,637,564.00 |
| 93 | Alternative Investments | 37,048,791.07 |
| 223 | Additional Categories | 120,214,301.78 |
| 2 | Additional Principal Paydowns | 1,280.50 |
| 7 | Additional Redemptions/Maturities | <u>7,385,225.10</u> |
| 2,499 | Total Disposals | \$2,904,229,651.00 |

VALUE OF PORTFOLIO:

PAR \$14.2 BILLION

BOOK \$14.1 BILLION

MARKET \$17.3 BILLION

TRS PORTFOLIO VALUES
(In Dollars)

PAR VALUE

| | <u>9-30-15</u> | <u>12-31-15</u> | <u>3-31-16</u> | <u>6-30-16</u> | <u>9-30-16</u> |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Short Term | 398,995,010 | 277,279,649 | 216,384,640 | 294,405,676 | 169,532,983 |
| Fixed Income | 2,857,784,699 | 2,875,069,009 | 2,739,619,435 | 2,639,684,392 | 2,649,635,548 |
| Stock | 8,253,605,668 | 8,353,669,948 | 8,372,995,833 | 8,352,936,002 | 8,298,570,840 |
| Real Estate | 760,535,497 | 797,842,621 | 801,504,770 | 818,009,983 | 825,179,635 |
| Alternative Investments | 695,850,781 | 727,730,846 | 757,566,489 | 781,608,594 | 795,425,429 |
| Additional Categories | <u>1,350,513,554</u> | <u>1,296,130,481</u> | <u>1,372,054,498</u> | <u>1,388,848,807</u> | <u>1,456,302,722</u> |
| Total | 14,317,285,209 | 14,327,722,554 | 14,260,125,665 | 14,275,493,454 | 14,194,647,157 |

BOOK VALUE

| | <u>9-30-15</u> | <u>12-31-15</u> | <u>3-31-16</u> | <u>6-30-16</u> | <u>9-30-16</u> |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Short Term | 398,995,010 | 277,279,649 | 216,384,640 | 294,405,676 | 169,532,983 |
| Fixed Income | 2,880,864,140 | 2,898,547,490 | 2,759,831,343 | 2,661,000,357 | 2,667,511,899 |
| Stock | 8,253,605,668 | 8,353,669,948 | 8,372,995,834 | 8,352,936,002 | 8,298,570,840 |
| Real Estate | 758,397,918 | 797,842,621 | 801,504,770 | 818,009,983 | 823,890,655 |
| Alternative Investments | 695,850,781 | 727,730,846 | 757,566,489 | 781,608,594 | 795,425,429 |
| Additional Categories | <u>1,353,733,591</u> | <u>1,281,604,801</u> | <u>1,336,587,550</u> | <u>1,329,877,267</u> | <u>1,373,115,921</u> |
| Total | 14,341,447,108 | 14,336,675,355 | 14,244,870,626 | 14,237,837,879 | 14,128,047,727 |

MARKET VALUE

| | <u>9-30-15</u> | <u>12-31-15</u> | <u>3-31-16</u> | <u>6-30-16</u> | <u>9-30-16</u> |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Short Term | 398,995,010 | 277,279,649 | 216,384,640 | 294,405,677 | 169,532,983 |
| Fixed Income | 3,026,661,542 | 3,002,216,800 | 2,931,367,551 | 2,878,918,409 | 2,873,428,223 |
| Stock | 10,118,629,855 | 10,647,958,694 | 10,494,970,704 | 10,430,896,942 | 10,940,897,629 |
| Real Estate | 841,438,921 | 900,614,442 | 916,830,773 | 940,860,202 | 950,324,669 |
| Alternative Investments | 870,901,250 | 896,410,588 | 913,587,831 | 932,813,350 | 953,713,170 |
| Additional Categories | <u>1,319,251,105</u> | <u>1,227,678,401</u> | <u>1,286,195,270</u> | <u>1,319,326,624</u> | <u>1,390,657,727</u> |
| Total | 16,575,877,683 | 16,952,158,574 | 16,759,336,769 | 16,797,221,204 | 17,278,554,401 |

TOTAL BV INVESTED AT 6/30/16 \$ 14,237,837,878.85

July Activity

| | | |
|---------------------|----------------------|-----------------|
| Purchases | 705,861,751.03 | |
| Disposals | (711,289,079.44) | |
| Paydowns | (2,635,608.00) | |
| Redemptions | (12,943,001.38) | |
| Short-Term Pool Net | <u>10,103,681.06</u> | (10,902,256.73) |

August Activity

| | | |
|---------------------|-------------------------|-----------------|
| Purchases | 754,660,843.53 | |
| Disposals | (668,054,673.67) | |
| Paydowns | (2,954,157.15) | |
| Redemptions | (14,048,793.01) | |
| Short-Term Pool Net | <u>(112,028,674.24)</u> | (42,425,454.54) |

September Activity

| | | |
|---------------------|------------------------|-----------------|
| Purchases | 563,591,148.90 | |
| Disposals | (514,783,416.83) | |
| Paydowns | (7,033,187.64) | |
| Redemptions | (25,420,852.63) | |
| Short-Term Pool Net | <u>(72,816,132.38)</u> | (56,462,440.58) |

TOTAL BV INVESTED AT 9/30/16 \$ 14,128,047,727.00

* KTRS recognizes investment transactions on the date they occur. Transaction settlements, generally, occur days following transactions. The interim period between transaction date and settlement date represents a "pending period". At the time this statement was produced, \$344,090.16 in net transactions had occurred but had not settled. The statement does not include either expected cash receipts or disbursements associated with these pending trades. Upon settlement of these pending transactions, the net effect would be as follows:

| | |
|----------------------|---------------------------|
| Total Short Term | 351,682,361 |
| + Pending Receivable | <u>344,090</u> |
| Net | <u><u>352,026,451</u></u> |

INVESTMENT ACTIVITY

July 1, 2016 -- September 30, 2016

Total Book Value Invested @ 7/1/16 \$ 14,237,837,878.85

Purchases:

| | | |
|------|-------------------------|----------------------------|
| 421 | Cash Equivalents | \$ 770,325,755.69 |
| 83 | Fixed Income Securities | 917,356,550.50 |
| 1344 | Equity Securities | 863,494,978.39 |
| 17 | Real Estate | 26,518,236.01 |
| 67 | Alternative Investments | 50,865,626.12 |
| 458 | Additional Categories | 165,878,352.44 |
| 2390 | Total Purchases | \$ 2,794,439,499.15 |

Disposals:

| | | |
|------|-------------------------------------|----------------------------|
| 328 | Cash Equivalents | \$ 945,066,881.25 |
| 71 | Fixed Income Securities | 850,101,490.45 |
| 368 | Principal Paydowns | 12,621,672.29 |
| 28 | Redemptions / Maturities | 45,027,421.92 |
| 1065 | Equity Securities | 866,125,022.64 |
| 23 | Real Estate | 20,637,564.00 |
| 93 | Alternative Investments | 37,048,791.07 |
| 223 | Additional Categories | 120,214,301.78 |
| 2 | Additional Principal Paydowns | 1,280.50 |
| 14 | Additional Redemptions / Maturities | 7,385,225.10 |
| 2215 | Total Disposals | \$ 2,904,229,651.00 |

Total Book Value Invested @ 9/30/16 \$ 14,128,047,727.00

Total Par Value Invested @ 9/30/16 \$ 14,194,647,156.55

Total Market Value Invested @ 9/30/16 \$ 17,278,554,401.62

* KTRS recognizes investment transactions on the date they occur. Transaction settlements, generally, occur days following transactions. The interim period between transaction date and settlement date represents a "pending period". At the time this statement was produced, \$344,090.16 in net transactions had occurred but had not settled. The statement does not include either expected cash receipts or disbursements associated with these pending trades. Upon settlement of these pending transactions, the net effect would be as follows:

| | |
|----------------------|--------------------|
| Total Short Term | 351,682,361 |
| + Pending Receivable | 344,090 |
| Net | 352,026,451 |

TO: Board of Trustees of the
Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA

DATE: December 19, 2016

SUBJECT: Scholarship Committee

The Scholarship Committee will meet on Monday, December 19, 2016 prior to the board meeting to consider scholarship awards for 2017-2018.

Background: Ms. Losey was a retired teacher from Northern Kentucky who taught for 30 years in the Campbell County school district. Ms. Losey passed away in 1997, but during her retired years she was most appreciative of the benefits she received from TRS and left more than \$400,000 to TRS in her Will. The Board of Trustees used these funds to establish a scholarship fund in Ms. Losey's name.

In the past, the board awarded a \$2,000 scholarship to each of the eight public universities in Kentucky (for a total of \$16,000 per year). The universities select the recipient who is to be a student majoring in education who:

1. Is a graduate of a Kentucky public high school;
2. Is a junior or senior in college majoring in education;
3. Is a full-time student;
4. Maintains a GPA of 2.8 on a 4.0 scale

Additionally, the board has also awarded a \$2,000 scholarship for tuition, books and fees to a Campbell County High School senior who intends to major in education in a Kentucky public university. This student must have an average GPA in high school of 2.8 on a 4.0 scale.

The committee will also receive a report from investment staff concerning funds available for scholarship awards.

The committee will make a report and recommendations to the board concerning scholarships at the board meeting.

Recommendation: This report is for the information of the board.

TO: Board of Trustees of the
Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA

DATE: December 19, 2016

SUBJECT: Report of the Legislative Committee

The Legislative Committee will have a special meeting on December 19, 2016, prior to the regular quarterly meeting of the board. The committee will present a report to the board during the regular quarterly meeting.

TO: Board of Trustees of the
Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA

DATE: December 19, 2016

SUBJECT: Edumedics Contract Renewal

For the last three years, Edumedics has conducted a pilot care management program for TRS retirees with health insurance through the MEHP. Edumedics has focused on retirees diagnosed with diabetes or the combined diagnosis of hypertension and hyperlipidemia. The goal of the program was to improve healthcare through clinical intervention and to reduce the costs associated with these chronic illnesses.

In the fall of 2016, TRS staff performed an evaluation to determine whether to continue the program for the 2017 plan year. In short, retirees participating in the program have benefited from the clinical intervention, and costs associated with the treatment of chronic illness were reduced. However, participation in the program by retirees has been short of goals. Edumedics estimated that 600 retirees would be in the program by December 31, 2016, but only 350 retirees are currently participating.

TRS negotiated a new fee arrangement that reduces the monthly cost of the program. Staff will be at the meeting to describe other terms and address questions.

Recommendation: Staff recommends contracting with Edumedics for a care management program for the 2017 plan year at \$25 per enrolled member per month.

TO: Board of Trustees of the
Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA

DATE: December 19, 2016

SUBJECT: Report of the Personnel Committee

The Personnel Committee will have a special meeting on December 19, 2016, prior to the regular quarterly meeting of the board. The committee will present a report to the board during the regular quarterly meeting.

TO: Board of Trustees of the
Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA

DATE: December 19, 2016

SUBJECT: Executive Secretary's Observations and Comments

1. 2016 Award For Administration from the Public Pension Coordinating Council: The Public Pension Coordinating Council awarded the Certificate of Achievement to TRS for 2016 for implementing and maintaining high professional standards in administering the affairs of the system. The award is based on compliance with principles judged to underlie exemplary retirement system achievements in the areas of investment, disclosure, actuarial valuation, financial reporting and benefits. These principles are widely acknowledged to be marks of excellence for retirement systems and represent the highest standards of excellence in the public pension industry.

Unfortunately, this year, for the fifth consecutive year, TRS was not awarded the Public Pension Coordinating Council Certificate of Achievement for funding. Failure to qualify for the award reflects the state's continued underfunding of TRS's retirement annuity plan.

The Public Pension Coordinating Council is a confederation of the National Council on Teacher Retirement, the National Association of State Retirement System Administrators and the National Conference on Public Employee Retirement Systems.

2. Certificate of Achievement for Excellence in Financial Reporting: On July 21, 2016, TRS received notice that, for the 28th consecutive year, it received an Award for Financial Reporting Achievement for its Comprehensive Annual Financial Report (CAFR). This award, presented by the Government Finance Officers Association of the United States and Canada, is given to those governmental units and retirement systems that achieve the highest standards in government accounting and finance reporting. This certificate highlights the standards used in providing transparent information that is comparable to that information presented by other public plans.

3. Report on Internal Controls: At the Trustee workshop, TRS's external auditor reported to the board on three control issues for information technology systems. TRS management has begun addressing the issues with programing changes and implementing reviews and monitoring of limited access to the systems.

4. Executive Secretary's Meetings: The Executive Secretary has had meetings with several groups recently and will report to the board concerning the following:

| | |
|--------------------|--|
| September 20, 2016 | Meeting with external auditor |
| September 29, 2016 | Meeting with communications consultant |
| October 5-6, 2016 | Meetings with AON Hewitt consultants |

| | |
|----------------------|---|
| October 10, 2016 | Meeting with communications consultant |
| October 14, 2016 | Meeting with communications consultant |
| October 18, 2016 | Meeting with Ft. Washington representatives |
| October 19, 2016 | Conference call with YouScript representatives |
| October 24, 2016 | Meeting with Todd Asset Management |
| October 27, 2016 | Attended Interim Joint Committee on Appropriations and Revenue |
| November 1, 2016 | Conference call with AON Hewitt |
| November 2, 2016 | Conference call with Ft. Washington Advisory Committee |
| November 3, 2016 | Meeting with PFM consultants |
| November 4, 2016 | Conference call with Ft. Washington Advisory Committee |
| November 7, 2016 | Conference call with investment experts |
| November 7, 2016 | Conference call with AON Hewitt representatives |
| November 14, 2016 | Presentation to KRTA Legislative Committee |
| November 16, 2016 | Presentation to KEDC |
| November 17, 2016 | Meeting with LRC staff |
| November 18, 2016 | Conference call with AON Hewitt representatives |
| November 22, 2016 | Conference call with Ft. Washington Advisory Committee |
| November 28, 2016 | Conference call with Chrysalis Ventures |
| November 30, 2016 | Meeting with Bob Kellerman, Stoll, Keenon, Ogden |
| December 2, 2016 | Meeting with Todd Assessment Management |
| December 5, 2016 | Meeting with Teresa Sanders, State Budget Office |
| December 6, 2016 | Meeting with Tim Fyffe, Public Pension Oversight Board |
| December 12-15, 2016 | Presented TRS Retirement Basics to TRS staff |
| December 14, 2016 | Attended KEA-R Holiday Luncheon |
| December 15, 2016 | Meeting with IT consultants regarding security testing of Pathway |

5. 2017 Board of Trustees Meeting Dates: Dates for the Board of Trustees meetings for 2017 are listed below. The meetings will begin at 12:30 p.m., Eastern Time and will be held in the TRS Boardroom.

Monday, March 20
Monday, June 19
Monday, September 18
Monday, December 18

The annual Trustee Workshop is tentatively scheduled for November 20, 2017.

6. Amendment to the Board Governance Manual: Staff recommends adding a list of reports required by statute to the appendices of the Board Governance Manual. Examples of reports required by statute are the financial audit, actuarial reports, investment reports and information for legislative committees. The list will describe the report, due date and the TRS position responsible for ensuring delivery.

Executive Secretary's Recommendation: Items 1 through 5 of the Executive Secretary's report are for the information of the board and require no action.

Regarding Item 6 of the Executive Secretary's report, the Executive Secretary recommends that the board authorize staff to amend the Board Governance Manual to include a list of reports required by statute.



Public Pension Coordinating Council

***Recognition Award for Administration
2016***

Presented to

Teachers' Retirement System of the State of Kentucky

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'. The signature is fluid and cursive, with the first name 'Alan' being more prominent than the last name 'Winkle'.

Alan H. Winkle
Program Administrator



Government Finance Officers Association
203 N. LaSalle Street - Suite 2700
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

July 21, 2016

Gary Harbin
Executive Secretary
Teachers' Retirement System of the State of Kentucky
479 Versailles Road
Frankfort KY 40601

Dear Mr. Harbin:

We are pleased to notify you that your comprehensive annual financial report for the fiscal year ended **June 30, 2015** qualifies for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An award for the Certificate of Achievement has been mailed to:

Mark E. Whelan
Chief Financial Officer

We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and that appropriate publicity will be given to this notable achievement. A sample news release is enclosed to assist with this effort. In addition, details of recent recipients of the Certificate of Achievement and other information about Certificate Program results are available in the "Awards Program" area of our website, www.gfoa.org.

We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting.

Sincerely,
Government Finance Officers Association

A handwritten signature in black ink, reading "Stephen J. Gauthier". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Stephen J. Gauthier, Director

Technical Services Center

SJG/ds