

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY
MEETING OF THE INVESTMENT COMMITTEE
FEBRUARY 23, 2017

Minutes of Meeting:

After giving proper notice of a meeting, and a quorum being present, Chair Ron Sanders called the TRS Investment Committee to order at 9 a.m., Thursday, February 23, 2017, in the Boardroom of the Teachers' Retirement System Office, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Ron Sanders, Chair
Arthur Green, Vice Chair
Joseph Morgan
Josh Underwood, Alternate
Bevis Longstreth (non-voting member)
George Philip (non-voting member)

Others present:

Gary L. Harbin, Teachers' Retirement System of Kentucky
Robert Barnes, Teachers' Retirement System of Kentucky
Eric Wampler, Teachers' Retirement System of Kentucky
Greg Hall, Teachers' Retirement System of Kentucky
Tom Siderewicz, Teachers' Retirement System of Kentucky
Karen Ashby, Teachers' Retirement System of Kentucky
John Browning, Teachers' Retirement System of Kentucky
Norman Combest, Teachers' Retirement System of Kentucky
Kenny Domilise, Teachers' Retirement System of Kentucky
Mike Nohalty, Teachers' Retirement System of Kentucky
Lindsey Davis, Teachers' Retirement System of Kentucky
Felicia Penn, Teachers' Retirement System of Kentucky
P. J. Kelly, Aon Hewitt
Bo Cracraft, Legislative Research Commission
Tim Mulloy, Peritus
Andy Dacy, JP Morgan Global Maritime
Jeffrey Fox, JP Morgan Global Maritime
Jason Desena, JP Morgan Global Maritime
Tess Shih, JP Morgan Global Maritime
Curt Scott, Todd Asset Management
Jack Holden, Todd Asset Management
Jack White, Todd Asset Management
Nicole Jenkins, UBS Asset Management
Tom Digenan, UBS Asset Management
Scott Wilkin, UBS Asset Management
Charles Burbeck, UBS Asset Management (via telephone)
Kyle Pearson, UBS Asset Management (via telephone)

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on November 10, 2016.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Dr. Morgan, the minutes of meeting held on November 10, 2016 were unanimously approved.

2. Reports by TRS Staff

2.1. CIO Observations and Comments: Mr. Siderewicz reported to the committee the information on the Quarterly Investment Update for the quarter ending December 31, 2016. 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 December 31, 2016. 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 TRS Private Equity Portfolio for the quarter ending December 31, 2016. Ms. Ashby's report was informational, and the committee took no action.

2.4. Private Equity Fund Discussion: Ms. Ashby presented a report to the Investment Committee describing the Apax Digital Fund.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Mr. Underwood, the committee unanimously approved staff's recommendation of a \$50 million commitment from the Retirement Annuity Trust Fund and a \$10 million commitment from the Medical Insurance Trust Fund to the Apax Digital Fund subject to completion of all due diligence and legal review.

2.5. Real Estate Fund Discussion: Mr. Nohalty presented a report to the Investment Committee describing the Carlyle Realty Partners VIII, L. P.

Committee Action: Upon motion duly made by Dr. Morgan, and seconded by Mr. Green, the committee unanimously approved staff's recommendation of a \$50 million commitment from the Retirement Annuity Trust Fund and a \$10 million commitment from the Medical Insurance Trust Fund to the Carlyle Realty Partners VIII, L. P., subject to completion of all due diligence and legal review.

2.6. Asset/Liability Modeling Study Discussion: Mr. Kelly reported to the committee information regarding an asset/liability modeling study (ALM) for the pension and medical plans.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Dr. Morgan, the committee unanimously approved staff's recommendation to perform an asset/liability modeling study (ALM) for the pension and healthcare plans.

The Committee recessed at 10:40 a.m. and resumed its meeting at 11 a.m.

2.7. Report on Internally Managed Portfolios: Mr. Siderewicz presented the report on internally managed portfolios for the quarter ending December 31, 2016. The report was informational, and the committee took no action.

3. Quarterly Reports by Managers

3.1. JP Morgan Maritime Fund: Representatives from JP Morgan Maritime Fund presented a report on the TRS funds managed by the firm. The report was informational, and the committee took no action.

The Committee recessed for lunch at 12:13 p.m. and resumed its meeting at 1 p.m.

3.2. Todd Asset Management: Representatives from Todd Asset Management presented a report on the TRS funds managed by the firm. The report was informational, and the committee took no action.

3.3 UBS Asset Management: Representatives from UBS Asset Management presented a report on the TRS funds managed by the firm. The report was informational, and the committee took no action.

Adjournment: There being no further business to come before the committee, and upon motion duly made by Mr. Green, and seconded by Mr. Underwood, Chair Sanders declared the meeting adjourned at 2:26 p.m.

CERTIFICATIONS

We, the Chair of the Investment Committee and the Executive Secretary of the Board of Trustees of the Teachers' Retirement System of Kentucky, do certify that the Minutes of Meeting were approved by the Investment Committee on May 16, 2017.

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 Teachers' Retirement System of Kentucky at its meeting on February 23, 2017.

Felicia Penn, Recording Secretary