

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY  
SPECIAL MEETING OF THE INVESTMENT COMMITTEE  
MAY 16, 2017

Minutes of Meeting:

After giving proper notice of a special meeting, and a quorum being present, Vice Chair Arthur Green called the TRS Investment Committee to order at 9 a.m., Tuesday, May 16, 2017, in the Boardroom of the Teachers' Retirement System Office, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Ron Sanders, Chair  
Arthur Green, Vice Chair  
Hollis Gritton  
Alison Wright  
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  
Lindsey Davis, Teachers' Retirement System of Kentucky  
Kenny Domilise, Teachers' Retirement System of Kentucky  
Mike Nohalty, Teachers' Retirement System of Kentucky  
Felicia Penn, Teachers' Retirement System of Kentucky  
P. J. Kelly, Aon Hewitt  
Chuck Truesdell, Legislative Research Commission  
Jennifer Black Hans, Legislative Research Commission  
Jonathan Eakin, Legislative Research Commission  
Bruce Richards, Marathon Asset Management  
Charlie Short, Marathon Asset Management  
Doug Rangel, Galliard Capital Management  
Erol Sonderegger, Galliard Capital Management

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on February 23, 2017.

Committee Action: Upon motion duly made by Ms. Wright, and seconded by Mr. Gritton, the minutes of meeting held on February 23, 2017 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 March 31, 2017. 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 March 31, 2017. 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 March 31, 2017. Ms. Ashby's report was informational, and the committee took no action.

2.4. Private Equity Manager Discussion-Energy: Ms. Ashby presented a report to the Investment Committee describing the NGP Natural Resources XII LP.

Committee Action: Upon motion duly made by Mr. Gritton, 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 NGP Natural Resources XII LP subject to completion of all due diligence and legal review.

2.5. Private Equity Manager Discussion-Financial Services: Ms. Ashby presented a report to the Investment Committee describing the Carlyle Global Financial Services Partners III LP.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Ms. Wright, 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 Global Financial Services Partners III LP subject to completion of all due diligence and legal review.

2.6. Asset Allocation Targets and Ranges Discussion: Mr. Siderewicz presented reports detailing staff's proposed changes to the asset allocation targets and ranges for the 2017-2018 fiscal year for the Retirement Annuity Trust Fund and the Medical Insurance Trust Fund. The presentation included memorandums from Aon Hewitt concurring with all staff recommendations.

Committee Action: Upon motion duly made by Ms. Wright, and seconded by Mr. Green, the committee unanimously approved staff's proposed changes to the asset allocation targets and ranges for the 2017-2018 fiscal year for the Retirement Annuity Trust Fund and the Medical Insurance Trust Fund.

2.7. TRS Investment Procurement Policy Discussion: Mr. Wampler and Mr. Harbin presented information on the proposed TRS Investment Procurement Policy.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Mr. Gritton, the committee unanimously approved the proposed TRS Investment Procurement Policy with the addition of the words “or person” added to the definition of “investment consultant” and “specialty investment consultant”.

The committee recessed at 10:25 a.m. and resumed its meeting at 10:40 a.m.

2.8. Investment Managers Contract Discussion: Mr. Harbin reported to the committee an analysis of the investment manager contracts for renewal for fiscal year 2018. He recommended that the investment manager contracts for fiscal year 2018 be renewed under the same fees and terms as last fiscal year for Wellington, Todd, UBS, Baillie Gifford, Baring, Blackrock, Fort Washington, Galliard and State Street Global Asset Managers.

Committee Action: Upon motion duly made by Mr. Green, and seconded by Mr. Gritton, the committee unanimously approved the Executive Secretary’s recommendation that the investment manager contracts be renewed for fiscal year 2018.

2.9. Report on Internally Managed Portfolios: Mr. Siderewicz presented the report on internally managed portfolios for the quarter ending March 31, 2017. The report was informational, and the committee took no action.

### 3. Quarterly Reports by Managers

3.1. Marathon Asset Management: Representatives from Marathon Asset Management 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 p.m. and resumed its meeting at 12:45 p.m.

3.2. Galliard Capital Management: Representatives from Galliard Capital 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. Gritton, and seconded by Ms. Wright, Chair Sanders declared the meeting adjourned at 1:18 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 August 24, 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 May 16, 2017.

---

Felicia Penn, Recording Secretary