

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY  
MEETING OF THE INVESTMENT COMMITTEE  
FEBRUARY 22, 2018

Minutes of Meeting:

After giving proper notice of a special meeting, and a quorum being present, Ms. Alison Wright called the TRS Investment Committee to order at 9 a.m., Thursday, February 22, 2018, in the boardroom of the Teachers' Retirement System office, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Mary Adams  
John Boardman  
Brenda McGown  
Laura Schneider  
Josh Underwood  
Alison Wright  
Bevis Longstreth (non-voting)  
George Philip (non-voting)

Others present:

Gary L. Harbin, Teachers' Retirement System  
Robert Barnes, Teachers' Retirement System  
Eric Wampler, Teachers' Retirement System  
Greg Hall, Teachers' Retirement System  
Tom Siderewicz, Teachers' Retirement System  
Karen Ashby, Teachers' Retirement System  
John Browning, Teachers' Retirement System  
Norman Combest, Teachers' Retirement System  
Lindsey Davis, Teachers' Retirement System  
Kenny Domilise, Teachers' Retirement System  
Mike Nohalty, Teachers' Retirement System  
Felicia Penn, Teachers' Retirement System  
P. J. Kelly, Aon Hewitt  
Bo Cracraft, Legislative Research Commission  
Bruce Richards, Marathon Asset Management  
Charlie Short, Marathon Asset Management  
Joe Thorstenson, Marathon Asset Management  
Stuart Riddle, Baillie Gifford  
David Salter, Baillie Gifford  
Chad Alfeld, Landmark Partners

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on November 9, 2017.

Committee Action: Upon motion duly made by Mr. Underwood and seconded by Ms. Adams the minutes of meeting held on November 9, 2017, were approved unanimously.

## 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 ended December 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 ended December 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 ended December 31, 2017. Ms. Ashby's report was informational, and the committee took no action.

2.4. Private Equity Manager Discussion – European Buyout: Ms. Ashby reported to the committee on the Carlyle European Partners (CEP) V LP fund.

Committee Action: Upon motion duly made by Mr. Boardman and seconded by Ms. McGown 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 European Partners (CEP) V LP fund, subject to completion of all due diligence and legal review.

2.5. Private Equity Manager Discussion – Transportation: Ms. Ashby reported to the committee on the JPM Global Transport Income Fund (GTIF).

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

2.6. Alternative Credit Manager Presentation – Aviation: Bruce Richards, Charlie Short and Joe Thorstenson of Marathon Asset Management reported to the committee on the Marathon Aviation Fund.

2.7. Alternative Credit Manager Discussion – Aviation: Mr. Siderewicz reported to the committee on the Marathon Aviation Fund.

Committee Action: Upon motion duly made by Mr. Boardman and seconded by Ms. Adams the committee unanimously approved staff's recommendation of a \$30 million commitment from the Retirement Annuity Trust Fund, a \$5 million commitment from the Medical Insurance Trust Fund and a \$1 million commitment from the Life Insurance Trust Fund to the Marathon Aviation Finance Fund LP, subject to completion of all due diligence and legal review.

2.8. Real Estate Manager Discussion: Mr. Nohalty reported to the committee on the TA Realty Core Property fund.

Committee Action: Upon motion duly made by Mr. Boardman and seconded by Mr. Underwood the committee unanimously approved staff's recommendation of a \$50 million commitment from the Retirement Annuity Trust Fund, a \$10 million commitment from the Medical Insurance Trust Fund and a \$1 million commitment from the Life Insurance Trust Fund, subject to completion of all due diligence and legal review.

2.9. Aon/TRS Portfolio Review – Alternatives: Mr. Siderewicz and Mr. Kelly reported on the TRS Private Equity Portfolio. The report was informational, and the committee took no action.

2.10. Report on Commissions: Mr. Combest and Mr. Nohalty reported to the committee on bond trading costs and equity commissions. The report was informational, and the committee took no action.

2.11. Report on Internally Managed Portfolios: Mr. Siderewicz reported to the committee on the TRS internally managed portfolios for the quarter ended December 31, 2017. The report was informational, and the committee took no action.

The committee recessed for lunch at 12:19 p.m. and resumed its meeting at 12:59 p.m.

### 3. Quarterly Reports by Managers

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

3.2. Landmark Partners: Representatives from Landmark Partners 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 Ms. Adams and seconded by Mr. Underwood, the committee adjourned at 1:56 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 the State of Kentucky, do certify that the minutes of meeting were approved by the Investment Committee on May 24, 2018.

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Ronald Sanders, Chair

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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.

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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 22, 2018.

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Felicia Penn, Recording Secretary