

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY  
MEETING OF THE INVESTMENT COMMITTEE  
MAY 24, 2018

Minutes of Meeting:

After giving proper notice of a special meeting, and a quorum being present, Chair Ron Sanders called the TRS Investment Committee to order at 9 a.m., Thursday, May 24, 2018, in the boardroom of the Teachers' Retirement System office, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Ron Sanders, Chair  
Hollis Gritton, Vice Chair  
Mary Adams  
John Boardman  
Frank Collecchia  
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 Investment Consulting  
Bo Cracraft, Legislative Research Commission  
Richard Merriam, Galliard Capital Management  
Doug Rangel, Galliard Capital Management  
Tom Digenan, UBS Global Asset Management  
Nicole Jenkins, UBS Global Asset Management  
Scott Wilkin, UBS Global Asset Management

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on February 22, 2018.

Committee Action: Upon motion duly made by Mr. Collecchia and seconded by Mr. Boardman, the minutes of meeting held on February 22, 2018, 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 March 31, 2018. Mr. Siderewicz's report was informational, and the committee took no action.

2.2. Quarterly Report on Securities Litigation: Mr. Barnes presented the Securities Litigation Report detailing information on securities litigation activities during the quarter ended March 31, 2018. Mr. Barnes' report was informational, and the committee took no action.

2.3. Asset Allocation Targets and Ranges Discussion: Mr. Siderewicz presented reports detailing staff's proposed changes to the asset allocation targets and ranges for the 2018-2019 fiscal year for the Retirement Annuity Trust Fund, the Medical Insurance Trust Fund and the Life Insurance Trust Fund. The presentation included memorandums from Aon Hewitt Investment Consulting concurring with all staff recommendations.

Committee Action: Upon motion duly made by Mr. Gritton and seconded by Mr. Underwood, the committee unanimously approved staff's recommendation of proposed changes to the asset allocation targets and ranges for the 2018-2019 fiscal year for the Retirement Annuity Trust Fund.

Committee Action: Upon motion duly made by Mr. Collecchia and seconded by Mr. Boardman, the committee unanimously approved staff's recommendation of proposed changes to the asset allocation targets and ranges for the 2018-2019 fiscal year for the Medical Insurance Trust Fund.

Committee Action: Upon motion duly made by Mr. Gritton and seconded by Mr. Underwood, the committee unanimously approved staff's recommendation of proposed changes to the asset allocation targets and ranges for the 2018-2019 fiscal year for the Life Insurance Trust Fund.

2.4 Report on Alternative Investments: Ms. Ashby reported to the committee on the TRS Private Equity Portfolio for the quarter ended March 31, 2018. Ms. Ashby's report was informational, and the committee took no action.

2.5. Private Equity Manager Discussion: Ms. Ashby reported to the committee on the Fort Washington Private Equity Fund X and X-S.

Committee Action: Upon motion duly made by Ms. Wright and seconded by Mr. Boardman, the committee unanimously approved staff's recommendation of up to \$35 million from the TRS pension fund, up to \$5 million from the TRS medical trust and up to \$500,000 from the life insurance fund into Fort Washington Private Equity Fund X; and a commitment of up to \$35 million from the TRS pension fund, up to \$5 million from the TRS medical trust and up to \$500,000 from the life insurance fund into Fort Washington Private Equity Fund X-S.

2.6. Real Estate Manager Discussion: Mr. Nohalty reported to the committee on the TA Realty Associates Fund XII.

Committee Action: Upon motion duly made by Mr. Collecchia and seconded by Mr. Gritton, the committee unanimously approved staff's recommendation of a commitment of \$50 million from the TRS pension fund, \$10 million from the TRS medical trust and \$500,000 from the life insurance fund into TA Realty Fund XII.

2.7. Investment Managers Contracts Discussion: Mr. Harbin reported to the committee an analysis of the investment manager contracts for renewal for fiscal year 2019. He recommended that the investment manager contracts for fiscal year 2019 be renewed under the same fees and terms as last fiscal year for Wellington, Todd, UBS, State Street, Baillie Gifford, Baring, Blackrock, Fort Washington and Galliard.

Committee Action: Upon motion duly made by Ms. Adams and seconded by Mr. Gritton, the committee unanimously approved the executive secretary's recommendation that the investment manager contracts be renewed for fiscal year 2019.

2.8. Report on Internally Managed Portfolios: Mr. Siderewicz reported to the committee on the TRS internally managed portfolios for the quarter ended March 31, 2018. The report was informational, and the committee took no action.

The committee recessed for lunch at 12 p.m. and resumed its meeting at 12:30 p.m.

### 3. Quarterly Reports by Managers

3.1. 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.

3.2. UBS Global Asset Management: Representatives from UBS Global 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 Ms. Adams and seconded by Mr. Collecchia, the committee adjourned at 1:55 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 August 23, 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 May 24, 2018.

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Felicia Penn, Recording Secretary