

CONTRACT

THIS CONTRACT made and entered into this 1 day of July 2016, by and between the Teachers' Retirement System of the State of Kentucky, 479 Versailles Road, Frankfort, Kentucky, 40601, hereinafter referred to as "TRS", and Aon Hewitt Investment Consulting, Inc., AON Center, 200 East Randolph Street, Suite 1500, Chicago, Illinois 60601, hereinafter referred to as the "Contractor".

WHEREAS, TRS by its Board of Trustees at a meeting held on the 20 day of June 2016, has by order pursuant to authority granted in KRS 161.340(3) appointed the Contractor to consult with TRS regarding the operation and governance of the TRS; and

WHEREAS, the Contractor is a reputable, qualified and established consulting firm, and has agreed to provide consulting services to TRS.

NOW THEREFORE, it is hereby and herewith mutually agreed as follows:

1. **Scope of Services.** Contractor will review TRS's operations including: governance, organizational structure/personnel practices, investment program, transparency, accountability and risk control, and retiree health benefits. The particular scope of work for the review and timeline for reporting to the TRS Board of Trustees will be delivered to TRS no later than August 1, 2016.

2. **Fees.** For the services rendered by the Contractor hereunder, TRS shall pay fees to the Contractor in accordance with the following schedule:

- a. For the services listed under paragraph 1. above, TRS shall pay a blended hourly rate of \$450 per hour for all work performed, with a not to exceed project fee maximum of \$290,000. The fee will be billed and paid upon delivery and acceptance of the report by the TRS Board of Trustees.
- b. TRS may request that Contractor's project team co-leaders appear before the Governor and/or Legislature. TRS shall pay an hourly rate of \$600 for such services, not-to-exceed fee of \$5,000 per day.

Travel time is hereby specifically excluded from being a chargeable service. Travel expenses are to be reimbursed at amounts and rates permitted under TRS's travel regulations.

- c. Fees and any out of pocket expenses are due and payable within thirty (30) days from the invoice date shown on the invoice. Client will promptly notify AHIC of any questions regarding invoices so that AHIC can expect timely payment.

3. **Training/Seminars.** In the event the Contractor conducts seminars, training sessions or similar events which are generally made available to the Contractor's clients receiving similar services, TRS shall be invited to attend upon the same terms and conditions as such other clients. If the Contractor offers to pay the cost of such events and/or expenses

incurred by the clients in such events, the Contractor shall pay for such expenses by TRS on the same basis as the Contractor pays for its other clients.

4. **Duration of Contract.** The period in which subject services are to be performed is July 1, 2016, through June 30, 2017. At the expiration of its term, this contract may, at the option of the parties hereto, be renewed by negotiation for further periods not to exceed twelve (12) months for each such renewal.

5. **Termination or Cancellation.** Termination or cancellation of this contract may be effected at any time by either party upon thirty (30) days advance written notice of its intent to terminate. The notice of termination shall be served on the other party by registered or certified mail. Upon such termination, TRS will only pay such fees as had been incurred until the date of termination as specified in the notice of termination.

6. **Conflict of Interest.** Contractor hereby certifies that it has not and will not pay or cause to be paid any money, fees, political contributions or other things of value to any third party as a result of or in relation to governance consulting services provided to TRS, without TRS's informed written consent. Contractor hereby certifies that it has not and will not accept any money, fees, or other things of value from any third party as a result of or in relation to governance consulting services provided to TRS, without TRS's informed written consent. Contractor agrees to exercise independent professional judgment, without conflict of interest, in providing governance consulting services to TRS. Contractor shall certify as to its compliance with this section and TRS Conflict of Interest and Confidentiality Policy by executing the TRS External Service Provider Conflict of Interest Statement. The TRS Conflict of Interest and Confidentiality Policy and External Service Provider Conflict of Interest Statement are attached hereto and incorporated herein as Exhibit 1. Contractor hereby certifies that Contractor is legally entitled to enter into the subject contract with TRS and certifies that Contractor is not and will not be violating any conflict of interest statute (KRS 121.056 or any other applicable statute) or principle by the performance of this contract. The Contractor shall not engage directly or indirectly in any financial or other transaction with a trustee or employee of TRS which would violate standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A. Further, the Contractor certifies that neither the firm, nor its employees, have knowingly violated any of the Executive Branch Ethics provisions or the campaign finance laws of the Commonwealth, and the award of a contract to the firm will not violate any of the Executive Branch Ethics provisions or the campaign finance laws of the Commonwealth or the TRS Conflict of Interest and Confidentiality Policy.

7. **Relationship of the Parties.** Contractor warrants that all work performed by Contractor under this contract is and shall be performed as an independent contractor. Contractor shall be responsible for compliance with all laws, rules and regulations by its respective employees, including, but not limited to, employment of labor, hours of labor, health and safety, working conditions, workers' compensation insurance, and payment of wages. This contract shall not be construed so as to create a partnership or joint venture between Contractor and TRS. TRS retains exclusive fiduciary responsibility and authority for making all decisions with respect to plan matters, but in making those decisions, may draw upon the resources and expertise of AHIC to the extent it deems necessary to perform its responsibilities consistent with

the standard of care applicable to its members as fiduciaries. It is not intended, however, that Contractor will provide any services that causes Contractor to be a fiduciary. In providing the services described in paragraph one of this agreement, Contractor will provide no services, information or guidance with respect to the securities of any individual company, including the securities of TRS, nor shall Contractor provide any accounting or legal advice.

8. **Amendments and Renewal.** Written modifications, amendments or additions to this contract shall be effective only when signed by both parties.

9. **Notices of Material Changes.** Contractor shall notify the Board of Trustees in writing within five (5) business days of any material changes in senior officers providing or overseeing the services identified herein, significant legal actions instituted against Contractor, or any significant investigations, examinations, or other proceedings commenced by any governmental agency relating to the kinds of services identified herein. Notices required in this section shall be served on TRS by registered or certified mail.

10. **Assignment.** This contract may not be assigned by Contractor without the written consent of TRS. Further, the obligations of Contractor under this contract shall be considered personal obligations of Contractor, performable solely by the Contractor and Contractor may not delegate its duties hereunder to any entity other than an employee of Contractor without the express written consent of TRS.

11. **Controlling Law; Jurisdiction and Venue; Waiver.** All questions as to the execution, validity, interpretation, construction, and performance of this contract shall be construed in accordance with the laws of the Commonwealth of Kentucky, without regard to conflicts of laws principles thereof. Contractor hereby consents to the jurisdiction of the courts of the Commonwealth of Kentucky and further consents that venue shall lie in Franklin Circuit Court located in Franklin County, Kentucky. To the extent that in any jurisdiction Contractor may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Contractor, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, same.

12. **Auditing.** The Contractor agrees that TRS shall have reasonable access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review.

13. **Access to Confidential Information.** Access to information obtained by the Contractor regarding this project will be limited to those personnel assigned to this project. Contractor personnel who are working on the project will be advised not to discuss the project or share documents concerning the project with others. Contractor will maintain all documents pertaining to this project in segregated files, apart from other documents and matters concerning investment consulting or benefits services pertaining to TRS. Contractor will limit access to such files to individuals involved in conducting governance consulting services. Further, any communications that TRS personnel have with any Contractor personnel in connection with this project are deemed to be privileged and confidential, and will not be disclosed to any persons not involved with this project unless otherwise agreed or required by law.

- a. **No Dissemination of Confidential Information.** No confidential information collected, maintained, or used in the course of the contract shall be disseminated except as authorized by law and with the written consent of TRS either during the period of the contract or thereafter. Any information supplied to or created by the Contractor shall be considered the property of TRS. The Contractor must return any and all information collected, maintained, created or used in the course of the performance of the contract in whatever form it is maintained promptly at the request of TRS.
- b. **Subpoena.** In the event that a subpoena or other legal process is served upon the Contractor for records containing confidential information, the Contractor shall promptly notify TRS and cooperate with TRS in any lawful effort to protect the confidential information, at TRS's expense.
- c. **Reporting of Unauthorized Disclosure.** The Contractor shall immediately report to TRS any unauthorized disclosure of confidential information.
- d. **Survives Termination.** The Contractor's obligations under this section regarding the security, confidentiality, and ownership of information as set forth in this section shall survive termination of this contract.

14. **Authorized Signature.** The undersigned, Gary L. Harbin, CPA, is Executive Secretary of TRS and as such has been duly authorized by the Board of Trustees of TRS to sign this contract in behalf thereof, therefore, binding TRS to the provisions of this contract.

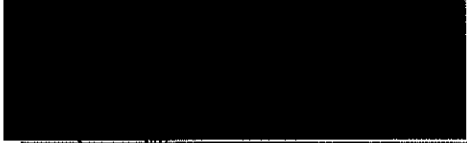
15. **Authorized Signature.** The undersigned, _____, is a Principal of the Contractor and is duly authorized to sign this contract on behalf of the Contractor and his signature, therefore, binds Contractor to the provisions of this contract.

16. **Severability.** The provisions of this contract shall be deemed severable, and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. In addition, if any provision of this contract, for any reason, is declared to be unenforceable, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

17. **Principal Contact.** Amy McDuffee shall be the principal contact for the Contractor for the implementation of the services set forth in this contract.


18. **Principal Contact.** Gary L. Harbin, shall be the principal contact for TRS for the implementation of the services set forth in this contract.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY



Gary L. Harbin, CPA
Executive Secretary
Teachers' Retirement System Kentucky
479 Versailles Road
Frankfort, Kentucky 40601
In behalf of TRS

AON HEWITT INVESTMENT CONSULTING, INC.



~~Principal~~ *VP - Legal*
AON Center
200 East Randolph Street, Suite 1500
Chicago, Illinois 60601
In behalf of Contractor

Approved as to Form and Legality:
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY



Robert B. Barnes
Deputy Executive Secretary Operations and
General Counsel



TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky

GARY L. HARBIN, CPA
Executive Secretary

ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

February 5, 2018

Jeanna Cullins
Aon Center
Aon Hewitt Investment Consulting, Inc.
200 East Randolph Street, Suite 1500
Chicago, IL 60601

RE: Contract Renewal

Dear Ms. Cullins:

This will confirm that the Teachers' Retirement System of the State of Kentucky (TRS) has elected to renew the July 1, 2016 "CONTRACT" by and between TRS and Aon Hewitt Investment Consulting, Inc. (Aon), for an additional period from July 1, 2017 through June 30, 2018.

As we discussed and agreed, TRS is paying herewith project fees of \$193,300. The remaining balance of fees, not to exceed the project fees maximum under the contract, will be billed and paid upon delivery and acceptance of the report by the TRS Board of Trustees.


As we also discussed and agreed, TRS is reviewing Aon's claimed travel expenses for compliance with the contract. Reimbursement for approved expenses will be forwarded separately.

If you have any questions or concerns, please call.

Otherwise, please sign both enclosed original letters. Keep one for your file and return the other to my attention.

Sincerely,

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY


Eric Wampler
Deputy Executive Secretary
479 Versailles Road
Frankfort, KY 40601
In behalf of TRS

Ms. Jeanna Cullins
February 5, 2018
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AON HEWITT INVESTMENT CONSULTING, INC.



Jennifer Hennikson
VP - Legal

Aon Center
200 East Randolph Street, Suite 1500
Chicago, IL 60601
In behalf of Contractor

Approved as to Form and Legality:
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY



Robert B. Barnes
Deputy Executive Secretary Operations and General Counsel

Enclosure: Check payable to Aon Hewitt Investment in the amount of \$193,300.00