

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
MEETING OF THE INVESTMENT COMMITTEE
MAY 23, 2019

Minutes of Meeting:

After giving proper notice of a quarterly meeting, and a quorum being present, Chair Ron Sanders called the TRS Investment Committee to order at 9 a.m., Thursday, May 23, 2019, in the boardroom of the Teachers' Retirement System office, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Ron Sanders, Chair
Hollis Gritton, Vice Chair
John Boardman
Frank Collecchia
Brenda McGowan
Josh Underwood
Alison Wright
Lynn Patterson, alternate
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
Paul Keaton, Teachers' Retirement System
Brad Cook, Teachers' Retirement System
Felicia Penn, Teachers' Retirement System
Noah Friend, Office of the State Treasurer
Chuck Truesdell, Legislative Research Commission
Seth Dawson, Legislative Research Commission
P. J. Kelly, Aon Hewitt Investment Consulting
Tom Digenan, UBS Global Asset Management
Nicole Jenkins, UBS Global Asset Management
Scott Wilkin, UBS Global Asset Management
Bernardo Carvalho, Gávea Investimentos

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on February 14, 2019.

Committee Action: Upon motion duly made by Mr. Gritton and seconded by Mr. Boardman, the minutes of meeting held on February 14, 2019, 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, 2019. 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 March 31, 2019. 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 March 31, 2019. Ms. Ashby's report was informational, and the committee took no action.

2.4. Private Equity Manager Discussion-Large Buyout: Ms. Ashby reported to the committee on the Apax X LP.

Committee Action: Upon motion duly made by Mr. Boardman and seconded by Mr. Collecchia, the committee unanimously approved staff's recommendation of up to \$50 million from the TRS pension fund, up to \$10 million from the TRS medical trust and up to \$500,000 from the life insurance fund into the Apax X LP.

2.5. Real Estate Manager Discussion-Oaktree Mezzanine Fund V LP: Ms. Ashby reported to the committee on the Oaktree Mezzanine Fund V LP.

Committee Action: Upon motion duly made by Mr. Gritton and seconded by Ms. Wright, the committee unanimously approved staff's recommendation of a commitment of up to \$50 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 the Oaktree Mezzanine Fund V LP.

2.6. Asset Allocation Targets and Ranges Discussion: Mr. Siderewicz presented reports detailing staff's recommendation to maintain the current asset allocation ranges and targets for fiscal year 2020 for the Retirement Annuity Trust, the Health Insurance Trust and the Life Insurance Trust. The presentation included memorandums from Aon Hewitt Investment Consulting concurring with all staff recommendations.

Committee Action: Upon motion duly made by Mr. Boardman and seconded by Ms. McGown, the committee unanimously approved staff's recommendation to maintain the current asset allocation ranges and targets for fiscal year 2020 for the Retirement Annuity Trust.

Committee Action: Upon motion duly made by Ms. Wright and seconded by Mr. Boardman, the committee unanimously approved staff's recommendation to maintain the current asset allocation ranges and targets for fiscal year 2020 for the Medical Insurance Trust.

Committee Action: Upon motion duly made by Dr. Patterson and seconded by Mr. Boardman, the committee unanimously approved staff's recommendation to maintain the current asset allocation ranges and targets for fiscal year 2020 for the Life Insurance Trust.

2.7. Investment Managers Contracts Discussion: Mr. Harbin reported to the committee an analysis of the investment manager contracts for renewal for fiscal year 2020. He recommended that the investment manager contracts for fiscal year 2020 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 Mr. Gritton and seconded by Ms. McGown, the committee unanimously approved the executive secretary's recommendation that the investment manager contracts be renewed for fiscal year 2020.

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, 2019. The report was informational, and the committee took no action.

The committee recessed for lunch at 12 p.m. and resumed its meeting at 12:50 p.m.

3. Quarterly Reports by Managers

3.1. 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.

3.2. Gávea Investimentos: A representative from Gávea Investimentos 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. Underwood and seconded by Ms. McGown, the committee adjourned at 1:47 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 22, 2019.

Hollis Gritton, 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 23, 2019.

Felicia Penn, Recording Secretary