

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
MEETING OF THE INVESTMENT COMMITTEE
MAY 21, 2020

Minutes of Meeting:

After giving proper notice of a quarterly meeting, and a quorum being present, Chair Hollis Gritton called the TRS Investment Committee to order at 9 a.m., Thursday, May 21, 2020. The meeting was conducted by live video teleconference.

Members present:

Hollis Gritton, Chair
Brenda McGown, Vice Chair
John Boardman
Frank Collecchia
Josh Underwood
Alison Wright
Lynn Patterson, alternate
Laura Schneider, 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
Rahim Jadoon, Teachers' Retirement System
Fei Ma, Teachers' Retirement System
Mike Nohalty, Teachers' Retirement System
Brad Cook, Teachers' Retirement System
Felicia Penn, Teachers' Retirement System
Lorri Stepp, Teachers' Retirement System
Bo Cracraft, Legislative Research Commission
Teresa Sanders, Office of the State Budget Director
P. J. Kelly, Aon Investment Consulting
Tom Digenan, UBS Global Asset Management
Nicole Jenkins, UBS Global Asset Management
Scott Wilkin, UBS Global Asset Management
Adam Abramson, Audax Private Equity
Asheesh Gupta, Audax Private Equity
Joe Rogers, Audax Private Equity
Garz Soule, Audax Private Equity

Donna House, Kentucky Association of Professional Educators
Jennie Watkins, Kentucky Association of Professional Educators
David Melton

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on February 20, 2020.

Committee Action: Upon motion duly made by Mr. Collechia and seconded by Ms. Schneider, the minutes of meeting held on February 20, 2020, 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, 2020. 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, 2020. 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, 2020. Ms. Ashby's report was informational, and the committee took no action.

2.4. Private Equity Discussion — Secondary Funds: Ms. Ashby reported to the committee on the Landmark Equity Partners XVII fund.

Committee Action: Upon motion duly made by Ms. Schneider and seconded by Ms. McGown, the committee unanimously approved staff's recommendation of a commitment of \$50 million from the TRS Retirement Annuity Trust, \$10 million from the TRS Health Insurance Trust and \$500,000 from the TRS Life Insurance Trust to the Landmark Equity Partners XVII fund.

Ms. Ashby reported to the committee on the Fort Washington Opportunity Funds IV and IV-S.

Committee Action: Upon motion duly made by Dr. Patterson and seconded by Ms. Schneider, the committee unanimously approved staff's recommendation of a commitment of \$35 million from the TRS Retirement Annuity Trust, \$5 million from the TRS Health Insurance Trust and \$500,000 from the TRS Life Insurance Trust to Fort Washington Opportunities Fund IV; and a commitment of \$35 million from the TRS Retirement Annuity Trust, \$5 million from the TRS Health Insurance Trust and \$500,000 from the TRS Life Insurance Trust to Fort Washington Opportunities Fund IV-S (a sidecar created for TRS).

2.5. Timber Property Update: Mr. Siderewicz reported to the committee on the Molpus Timber Co. investment.

Committee Action: Upon motion duly made by Ms. McGown and seconded by Dr. Patterson, the committee unanimously approved staff's recommendation to increase the TRS investment commitment to Molpus Timber Co. to \$375 million.

2.6. Asset Allocation Targets and Ranges Discussion: Mr. Siderewicz presented reports detailing staff's recommendation on proposed asset allocation ranges and targets for fiscal year 2021 for the Retirement Annuity Trust, the Health Insurance Trust and the Life Insurance Trust. The presentation included memorandums from Aon Investment Consulting concurring with all staff recommendations.

Committee Action: Upon motion duly made by Mr. Boardman and seconded by Mr. Underwood, the committee unanimously approved staff's recommendation on proposed asset allocation ranges and targets for fiscal year 2021 for the Retirement Annuity Trust.

Committee Action: Upon motion duly made by Ms. Schneider and seconded by Mr. Boardman, the committee unanimously approved staff's recommendation on proposed asset allocation ranges and targets for fiscal year 2021 for the Health Insurance Trust.

Committee Action: Upon motion duly made by Mr. Boardman and seconded by Dr. Patterson, the committee unanimously approved staff's recommendation to maintain the current asset allocation ranges and targets for fiscal year 2021 for the Life Insurance Trust.

2.7. Contracts Discussion – Investment Managers and Service Providers: Mr. Harbin reported to the committee on discussions with investment managers regarding contract renewals for fiscal year 2021. He recommended that the investment manager contracts for fiscal year 2021 be renewed under the same terms and conditions as last fiscal year for Wellington, Todd, UBS, State Street and Fort Washington.

Committee Action: Upon motion duly made by Ms. McGown and seconded by Dr. Patterson, the committee unanimously approved the executive secretary's recommendation that the investment manager contracts be renewed for fiscal year 2021 as reported.

Mr. Wampler reported to the committee on the renewal of service provider contracts for fiscal year 2021. He recommended that the contracts for Aon Investment Consulting, Ice Miller and Reinhart Boerner Van Deuren be renewed under the same terms and conditions as last fiscal year.

Committee Action: Upon motion duly made by Ms. Wright and seconded by Ms. McGown, the committee unanimously approved staff's recommendation that the service manager contracts be renewed for fiscal year 2021 as reported.

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, 2020. The report was informational, and the committee took no action.

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. Audax Private Equity: Representatives from Audax Private Equity 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. Schneider and seconded by Ms. Wright, the committee adjourned at 12:12 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 20, 2020.

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 21, 2020.

Felicia Penn, Recording Secretary