

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
MEETING OF THE INVESTMENT COMMITTEE
May 26, 2022

Minutes of Meeting:

After giving proper notice of a quarterly meeting, and a quorum being present, Chair Hollis Gritton called the Investment Committee to order at 9 a.m., Thursday, May 26, 2022. The meeting was conducted by live video teleconference.

Members present:

Hollis Gritton, Chair
Brenda McGown, Vice Chair
Frank Collecchia
Josh Underwood
Bevis Longstreth
George Philip

Others present:

Gary L. Harbin, Teachers' Retirement System
Robert Barnes, Teachers' Retirement System
Eric Wampler, 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
Fei Ma, Teachers' Retirement System
Mike Nohalty, Teachers' Retirement System
Lucas Nyerges, Teachers' Retirement System
Brad Cook, Teachers' Retirement System
J. P. Cordray, Teachers' Retirement System
Brian Webb, Teachers' Retirement System
Margaret Hockensmith, Teachers' Retirement System
Greg Hall, Teachers' Retirement System
P.J. Kelly, Aon Investments USA
William Sandow, State Street Global Advisors
Mary Guy, State Street Global Advisors

1. Consideration/Approval of Minutes: The Investment Committee considered the minutes of the previous meeting held on February 24, 2022.

Committee Action: Upon motion duly made by Mr. Underwood and seconded by Mr. Collecchia, the minutes of meeting held on February 24, 2022, 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, 2022. The 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, 2022. The report was informational, and the committee took no action.

2.3 Report on Alternative Investments: Ms. Ashby reported to the committee on the private equity portfolio for the quarter ended March 31, 2022. The report was informational, and the committee took no action.

2.4. Private Equity Discussion-Secondary Fund: Ms. Ashby reported to the committee on Apax XI.

Committee Action: Upon motion duly made by Mr. Collecchia and seconded by Ms. McGown, the committee unanimously approved staff's recommended investments in Apax XI of \$50 million from the Retirement Annuity Trust, \$10 million from the Health Insurance Trust and \$500,000 from the Life Insurance Trust.

2.5. Private Equity Discussion – Buyout Fund: Ms. Ashby reported to the committee on Natural Gas Partners (NGP) Energy Technology Partners (ETP) IV.

Committee Action: Upon motion duly made by Mr. Collecchia and seconded by Mr. Underwood, the committee unanimously approved staff's recommended investments in NGP ETP IV of \$30 million from the Retirement Annuity Trust and \$5 million from the Health Insurance Trust.

2.6. Private Equity Discussion – Renewables Fund: Ms. Ashby reported to the committee on Carlyle Renewable and Sustainable Energy II.

Committee Action: Upon motion duly made by Mr. Underwood and seconded by Mr. Collecchia, the committee unanimously approved staff's recommended investments in Carlyle Renewable and Sustainable Energy II of \$50 million from the Retirement Annuity Trust, \$10 million from the Health Insurance Trust and \$500,000 from the Life Insurance Trust.

2.7. Alternative Credit Discussion-Direct Lending Fund: Mr. Combest reported to the committee on the Deerpath Capital Direct Lending.

Committee Action: Upon motion duly made by Ms. McGown and seconded by Mr. Underwood, the committee unanimously approved staff's recommended investments in Deerpath Capital Direct Lending of \$130 million from the Retirement Annuity Trust, \$20 million from the Health Insurance Trust and \$1 million from the Life Insurance Trust.

2.8. Real Estate Discussion-Oppportunistic Fund: Mr. Nohalty reported to the committee on the Blackstone Real Estate Partners X.

Committee Action: Upon motion duly made by Mr. Underwood and seconded by Mr. Collecchia, the committee unanimously approved staff's recommended investments in Blackstone Real Estate Partners X of \$65 million from the Retirement Annuity Trust, \$10 million from the Health Insurance Trust and \$500,000 from the Life Insurance Trust.

2.9. Asset Allocation Targets and Ranges Discussion: Mr. Siderewicz presented reports detailing staff's recommendation on proposed fiscal year 2023 asset allocation ranges and targets for the Retirement Annuity Trust, the Health Insurance Trust and the Life Insurance Trust. The presentation included memorandums from Aon Investments USA concurring with all staff recommendations.

Committee Action: Upon motion duly made by Mr. Collecchia and seconded by Ms. McGown, the committee unanimously approved staff's recommendation on proposed fiscal year 2023 asset allocation ranges and targets for the Retirement Annuity Trust, Health Insurance Trust and Life Insurance Trust.

2.10. Investment Contracts Discussion: Mr. Harbin reported to the committee on discussions with investment managers regarding contract renewals for fiscal year 2023. He recommended that the investment manager contracts for fiscal year 2023 be renewed under the same terms and conditions for Baillie Gifford, Fort Washington, Galliard, State Street, Todd, UBS and Wellington. Mr. Harbin also recommended continuing the contracts of Columbia Threadneedle, Lord Abbett and Schenkman.

Mr. Harbin also recommended that the investment-related contracts for fiscal year 2023 be renewed under the same terms and conditions as last fiscal year for Aon Investments USA and Reinhart Boerner Van Deuren.

Mr. Harbin reported that investment attorneys Michael Jordan and Evan Sarosi, formerly of Ice Miller, have worked with the law firm of Seyfarth Shaw since April; and he recommended contract ratification with Seyfarth Shaw for the last three months of fiscal 2022 and approval for fiscal year 2023.

Committee Action: Upon motion duly made by Mr. Collecchia and seconded by Mr. Underwood, the committee unanimously approved the executive secretary's recommendations regarding investment manager and investment service provider contracts as reported.

2.11. Report on Internally Managed Portfolios: Mr. Siderewicz reported to the committee on the internally managed portfolios for the quarter ended March 31, 2022. The report was informational, and the committee took no action.

3. Quarterly Reports by Managers

3.1. State Street Global Advisors: State Street representatives reported on the TRS funds managed by the firm. The report was informational, and the committee took no action.

Adjournment: There being no further business for the committee, and upon motion duly made by Mr. Underwood and seconded by Mr. Collecchia, the committee adjourned at 10:37 a.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 25, 2022.

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, Margaret Hockensmith, 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 26, 2022.

Margaret Hockensmith, Recording Secretary