

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED INVESTMENT COMMITTEE
NOVEMBER 4, 2020, 9:00 A.M., E.T.
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF
EMERGENCY EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the November 4, 2020 Special Called Investment Committee Meeting, the following Committee members were present: Prewitt Lane (Chair), Joseph Grossman, Kelly Downard, Keith Peercy, David Harris, Sherry Kremer, Matthew Monterio, John Cheshire, III and Betty Pendergrass. Trustees Jerry Powell and Joe Brothers were also present. Staff members present were David Eager, Victoria Hale, Kathy Rupinen, Rebecca Adkins, Erin Surratt, Anthony Chiu, Joseph Gilbert, Steve Willer, Ann Case, Jared Crawford, Alane Foley and Carol Johnson. Also in attendance were Chris Tessman, Craig Morton, Chris Shelby and David Lindberg from Wilshire.

Mr. Prewitt Lane called the meeting to order and Ms. Alane Foley called roll.

Mr. Prewitt Lane introduced agenda item *Approval of Minutes- August 25, 2020*. Mr. Kelly Downard moved and was seconded by Ms. Betty Pendergrass to approve the minutes as presented. The motion passed unanimously.

Mr. Prewitt Lane introduced agenda item *Public Comment*. Ms. Alane Foley stated that no public comments were submitted.

Mr. Prewitt Lane introduced agenda item *Standard Reports*. Mr. Prewitt Lane stated that the standard reports are included in Board Books as an addendum. Ms. Betty Pendergrass requested that the standard reports that are discussed in depth during the Investment Committee meeting be included under Standard Reports and not as an addendum. Ms. Pendergrass suggested that the Staff Monthly Update, Security Litigation Report, Internal Asset Transaction Report, Investment Compliance Report, Wilshire's Quarterly Board Summary and Management Fees by Asset Class be included under Standard Reports so that they can be referenced during the meeting. Mr. David Harris asked Ms. Betty Pendergrass to provide him with a list of the reports that she would like added to Standard Reports. Ms. Betty Pendergrass agreed. Mr. Prewitt Lane provided a brief overview of how the plans performed during the first quarter of the fiscal year for the Committee members. All reports were provided for informational purposes only.

Mr. Prewitt Lane introduced agenda item *Hedge Funds and Private Equity*. Mr. Anthony Chiu reviewed the Kentucky Retirement Systems' alternative assets liquidation update slides with the Committee members. Ms. Betty Pendergrass asked if a broad industry breakdown on our private equity portfolio and our high yield specialty credit portfolio could be provided to the Committee members. Mr. Anthony Chiu stated that he and Wilshire will compile that breakdown for the Committee members. Mr. David Harris also asked the Wilshire team for a report on the private equity market. Mr. David Lindberg stated that they have that report available and will be able to send the report electronically prior to the upcoming Board meeting. This was provided for informational purposes only.

Mr. Prewitt Lane introduced agenda item *Review and Approval of Proposed Investment Policy Statement and Asset Allocation Study*. Mr. David Lindberg reviewed the redlined changes that were made to the Investment Policy Statement. After a lengthy discussion among the Committee members, Mr. David Harris made a motion to accept the policies as presented by Wilshire. Ms. Betty Pendergrass wanted clarification on which of the three policies presented he was recommending. Mr. David Harris stated that he would motion to have the 5.25 discount rate policy that is shown on page 5 of Wilshire's Executive Summary and appearing in the last column to the right titled 5.25 return policy and the 6.25 return policy contained on page 6 of Wilshire's Executive Summary and appearing in the last column to the right titled 6.25 return policy. Mr. Joseph Grossman seconded the motion. A roll call vote was taken and the motion passed unanimously.

An additional discussion ensued regarding the language contained in the Investment Policy Statement. Ms. Victoria Hale stated that she recommended three material changes to the Statement of Investment Policy. The first is where we list the 6.25 and the 5.25 they are inappropriately titled because it says not including KERS, but KERS-Hazardous is actually under the 6.25; secondly, the Investment Policy Statement is titled Statement of Investment Policy and the terminology is used interchangeably throughout the document between Investment Policy Statement and Statement of Investment Policy. It was recommended that the document be titled Investment Policy Statement (IPS) and that the terminology needs to be corrected accordingly throughout the entire document; thirdly, at the very end of the Statement of Investment Policy on page 22, A. through G. where it says these other policies are incorporated by reference, the dates are wrong and need to be corrected. It was recommended by Ms. Betty Pendergrass to update the language to remove

the dates and only reference the policies by name, as amended from time to time, are incorporated herein by reference. Ms. Victoria Hale agreed. Mr. David Harris then made a motion to approve the language of the Statement of Investment Policy with the three recommended changes as presented by Ms. Victoria Hale. John Cheshire, III seconded the motion. A roll call vote was taken and the motion passed unanimously.

Mr. David Harris asked that agenda item *Closed Session [Personnel KRS 61.810(1)(f)]* be moved to next week's Board meeting since several Committee members have other commitments since the meeting was lasting longer than scheduled. It was unanimously agreed to move the *Closed Session [Personnel KRS 61.810(1)(f)]* agenda item to next week's Board meeting.

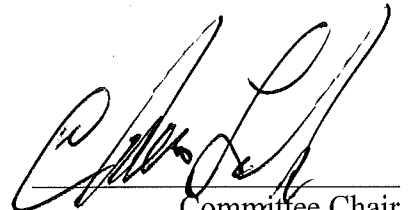
There being no further business, Mr. Joseph Grossman moved and was seconded by Mr. David Harris to adjourn the meeting at 11:19 a.m. The next meeting of the Investment Committee is scheduled for 9:00 a.m. February 2, 2021. Copies of all documents presented are incorporated as part of the minutes of the Special Called Investment Committee meeting held November 4, 2020.

CERTIFICATION

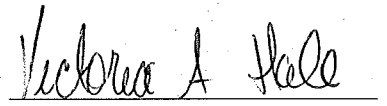
I do certify that I was present at this meeting and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.


Recording Secretary

I, as Chair of the Investment Committee of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of the meeting held on November 4, 2020 were approved by the Investment Committee on February 2, 2021.


Committee Chair

I have reviewed the Minutes of the Special Called Investment Committee Meeting on November 4, 2020 for form, content, and legality.


Office of Legal Services