

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED INVESTMENT COMMITTEE
FEBRUARY 2, 2021, 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 February 2, 2021 Special Called Investment Committee Meeting, the following Committee members were present: Prewitt Lane (Chair), Joseph Grossman, Kelly Downard, Keith Peercy, David Harris, John Cheshire, III, Matthew Monterio, and Betty Pendergrass. Trustees Secretary Gerina Whethers, Jerry Powell, W. Joe Brothers and J.T. Fulkerson were also present. Staff members present were David Eager, Steven Herbert, Kathy Rupinen, Victoria Hale, Rebecca Adkins, Erin Surratt, Jared Crawford, Steve Willer, Anthony Chiu, Joseph Gilbert, 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 *Public Comment*. Ms. Alane Foley stated that no public comments were submitted.

Mr. Prewitt Lane introduced agenda item *Approval of Minutes November 4, 2020 and December 2, 2020*. Mr. Joseph Grossman moved and was seconded by Mr. David Harris to approve both sets of minutes as presented. The motion passed unanimously.

Mr. Prewitt Lane introduced agenda item *Investment Compliance Report*. Mr. Jared Crawford reviewed the Investment Compliance Report that was presented to the Committee members. It was pointed out by Mr. Crawford that we are currently under weight in the real return allocation and that the primary reason for that is managers being terminated. Mr. Crawford also explained to the Committee members why the S&P 500 Portfolio was not in compliance. Mr. Crawford stated that there is a warrant that is not marketable and we cannot sell that is causing the non-compliance. Mr. Joseph Gilbert discussed the options with the Committee members to correct the non-compliance issue. Mr. David Eager and Mr. Joseph Grossman both asked that an asterisk be added to include an explanation as to why the S&P 500 Portfolio showed non-compliance. Mr. Jared Crawford stated that some type of language will be added to the report to explain the non-compliance. Mr. David Harris stated that the investment team needs to adjust and rebalance the portfolio when targets are out of range. Mr. Joseph Grossman suggested that we include an explanation as to the reason why a target is out of range. Mr. Joseph Gilbert stated that the allocations were changed effective January 1, 2021 and that is why the targets are showing out of range. Ms. Betty Pendergrass suggested moving the quarterly Investment Committee meeting to the second week of the month to allow staff more time to complete the financial reports that need to be reviewed prior to the meeting. Mr. Prewitt Lane stated that the meeting dates will be reviewed to see if a change is needed or even possible. This was provided for informational purposes only.

Mr. Prewitt Lane introduced agenda item *Performance Review*. Mr. Steven Herbert reviewed the Monthly Performance Update with the Committee members. This was provided for informational purposes only.

Mr. Prewitt Lane introduced agenda item *Standard Reports*. Mr. Steven Herbert stated that the standard reports were included for the Committee members review. This was provided for informational purposes only.

Mr. Prewitt Lane introduced agenda item *Real Return Allocation*. Mr. Steven Herbert stated that the investment team is looking to rebuild the real return allocation and to make sure that the allocations that were set are met.

Mr. Prewitt Lane introduced agenda item *Personnel Update*. Mr. David Eager gave an update regarding staffing in the investment division since the resignations of Mr. Rich Robben and Mr. Andy Kiehl in September 2020. In the Board Bylaws Mr. Eager is responsible for staffing decisions. Mr. David Eager and several Investment Committee members narrowed down candidates for the vacant CIO position without hiring a recruiting firm. After conducting multiple interviews Mr. Steven Herbert was determined to be the best candidate and was hired for the position. Mr. Herbert began working for Kentucky Retirement Systems in mid-January 2021. Mr. David Eager also reported that Steve Willer was promoted to the position of Deputy Executive Director of the Office of Investments. Mr. David Eager stated that he is currently looking to fill one other vacant position at this time. Mr. David Harris suggested that Kentucky

Retirement Systems initiate a year round internship program to give students hands on experience in the investment field and help with future recruitment. Mr. Eager stated that we have had an intern in the Investment Office in the past and are open to having interns at the Kentucky Retirement Systems.

There being no further business, Ms. Betty Pendergrass moved and was seconded by Mr. Joseph Grossman to adjourn the meeting at 10:00 a.m. The next meeting of the Investment Committee is scheduled for 9:00 a.m. on May 4, 2021. Copies of all documents presented are incorporated as part of the minutes of the Special Called Investment Committee meeting held February 2, 2021.

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.

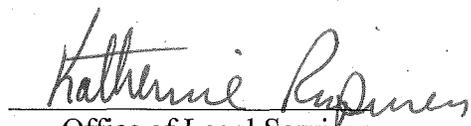

Recording Secretary

I, as Chair of the Investment Committee of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of the meetings held on November 4, 2020 and December 2, 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 February 2, 2021 for form, content, and legality.



Office of Legal Services