

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
QUARTERLY INVESTMENT COMMITTEE
MAY 16, 2019, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the May 16, 2019 Quarterly Investment Committee Meeting, the following Committee members were present: John Farris (Chair), William Cook, Kelly Downard, Dave Harris, Sherry Kremer (arrived at 9:02 a.m.), Matthew Monteiro, Jerry Powell and Keith Percy. Trustee Betty Pendergrass was also present. Staff members present were David Eager, Rich Robben, Anthony Chiu, Joe Gilbert, Ann Case, Shaun Case, Jared Crawford, Kristen Coffey, Natalie Young, Connie Davis, Joe Bowman, Victoria Hale, Phillip Cook and Alane Foley. Chris Tessman and Chris Shelby from Wilshire Associates were also present.

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

Mr. Farris introduced the agenda item *Approval of Minutes- February 12, 2019*. Mr. Downard moved and was seconded by Mr. Powell to approve the minutes as presented. The motion passed unanimously.

Mr. Farris introduced agenda item *Standard Reports and Performance*. Mr. Rich Robben provided an overview of investment performance. This was provided for informational purposes only.

Mr. Robben then notified the Committee of an error by BNY Mellon recently discovered by staff with the composition of several plan level performance benchmarks. He stated that he had directed BNY to fix the issue, and requested the BNY restate the benchmark performance going back to July 1st, 2018. Mr. Robben also recommended that the Committee approve a change to the Fixed Income benchmarks used for all plans to bring those benchmarks in line with recent changes to our Fixed Income investments. His suggestion is to benchmark the Core Fixed Income allocation to the Bloomberg Barclays US Aggregate Index, and to benchmark the Specialty Credit / High Yield allocation to a 50-50 blend of the Bloomberg Barclays US High Yield Index, and the S&P

LSTA Leveraged Loan Index. After discussion, Mr. Downard moved and was seconded by Mr. Powell to approve the change to the benchmarks, and making that change retroactive to January 1, 2019. The motion passed unanimously.

Mr. Farris introduced agenda item *New Fund Recommendation- Middle Ground I*. Mr. Anthony Chiu introduced Mr. John Stewart from Middle Ground Partners. Mr. Stewart provided an overview of the firm and the investment to the committee. Due to the fact that Middle Ground is a Kentucky based company, Mr. Harris voiced concerns for transparency during the due diligence process. He instructed KRS investment staff and Wilshire to obtain background checks and conflict of interest statements. Mr. Harris moved and was seconded by Mr. Monteiro to invest up to \$75 mil in Middle Ground Partners I. The motion passed unanimously.

There being no further business, Mr. Powell moved and was seconded by Mr. Harris to adjourn the meeting at 9:55 a.m. The next meeting of the Investment Committee is scheduled for 9:00 a.m. August 27, 2019. Copies of all documents presented are incorporated as part of the minutes of the Investment Committee meeting held May 16, 2019.

CERTIFICATION

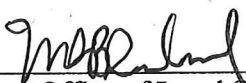
I do certify that I was present at this meeting and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.


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 May 16, 2019 were approved by the Investment Committee on July 25, 2019.


Committee Chair

I have reviewed the Minutes of the Investment Committee Meeting on May 16, 2019 for form, content, and legality.


Office of Legal Services