

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES INVESTMENT COMMITTEE
AUGUST 22, 2017, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the August 22, 2017 Quarterly Investment Committee Meeting, the following Committee members were present: David Harris, (Chair), William Cook, Kelly Downard, Tommy Elliott (non-voting), Betty Pendergrass, Jerry Powell, Matthew Monteiro and Neil Ramsey; Trustee Mary Helen Peter, John Farris and Joe Brothers were also present. Staff members present were David Eager, Karen Roggenkamp, Rich Robben, Mark Blackwell, Brian Huffman, Anthony Chiu, Andy Kiehl, Joe Gilbert, Connie Davis, Ann Case, Shaun Case, and Alane Foley. Larry Totten, Rebecca Heckler, Michele Hill, Eric Kennedy, Bo Cracraft and Brianna Carroll were also present.

Mr. Harris called the meeting to order and introduced the agenda item *New Trustee Oath of Office – Mr. Matthew Monteiro*. Mr. Monteiro was introduced to the Committee and provided a brief personal introduction. Ms. Foley, as Notary, administered the Oath of Office to Mr. Monteiro. This item was provided for informational purposes only.

Mr. Harris introduced the agenda item *Approval of Committee Minutes*. Mr. Downard moved and was seconded by Ms. Pendergrass to approve the minutes of the July 12, 2017 special called meeting. The motion passed unanimously.

Mr. Harris introduced agenda item *General Investment Consultant Recommendation*. Mr. Eager gave a brief summary on the RFP process. Mr. Robben then provided a detailed presentation outlining the candidates and the recommendation to hire Wilshire Consulting as its new investment consultant responsible for all asset classes except Real Estate. Mr. Robben provided background information on the firm and introduced David Lindberg and Marc Freidberg from Wilshire Consulting. Mr. Lindburg and Mr. Freidburg presented an overview of their firm and answered questions from the Committee, they then exited the meeting. Two motions were made: 1) Ms. Pendergrass made a motion to revise the staff memo and presentation slide to outline the appropriate cost savings. This motion was seconded by Mr. Powell and passed unanimously. 2) Mr. Ramsey made a motion to approve the recommendation to hire Wilshire Consulting with

further definition of their roles and how hedge funds will be handled. This motion was seconded by Mr. Cook and passed unanimously.

Mr. Harris introduced agenda item *Direct Lending Manager Recommendations*. Mr. Robben provided an overview of Benefit Street Partners and White Oak. Ms. Catherine Sawnders and Mr. Blair Faulstich from Benefit Street Partners entered the meeting and provided details about their firm and answered questions from the Committee. They then exited the meeting. Mr. Andre Hakkak and Mr. Landy Pheloung from White Oak entered the meeting and provided details about their firm and answered questions from the Committee. They then exited the meeting. Mr. Ramsey made a motion to invest \$150 million each to Benefit Street Partners and White Oak (subject to due diligence visit). The motion was seconded by Mr. Cook and passed unanimously.

Mr. Harris called for a short recess.

Mr. Harris called the meeting back in session and introduced agenda item *Asset Allocation Transition Plan Recommendation*. Mr. Gilbert provided a verbal update on the asset allocation transition. This item was provided for informational purposes only.

Mr. Harris introduced agenda item *Standard Reports, Performance & Current Allocation Review*. Mr. Robben provided the committee with a performance update. This item was for informational purposes only.

Mr. Harris introduced agenda item *Plan Cash Flow FY 2017, Contribution Rates FY 2019 and 2020*. Ms. Roggenkamp provided a presentation to the committee detailing cash flows and contribution rates and answered questions from committee members. This item was provided for informational purposes only.

Mr. Powell moved and was seconded by Ms. Pendergrass to enter closed session; the motion passed. Mr. Harris read the following and the meeting entered Closed Session: "A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the

confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege." (*KRS Executive Staff and Trustees remained for Closed Session; all other attendees exited the meeting.*)

Mr. Harris called the meeting back into Open Session. There being no further business, Ms. Pendergrass moved and was seconded by Mr. Ramsey to adjourn the meeting at 11:39 a.m. The next meeting of the Investment Committee is scheduled for 9:00 a.m. on September 28, 2017. Copies of all documents presented are incorporated as part of the minutes of the Investment Committee Special Called meeting held August 22, 2017.

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 August 22, 2017 were approved by the Investment Committee on September 28, 2017.


Committee Chair

I have reviewed the Minutes of the Investment Committee Meeting on August 22, 2017, for form, content, and legality.


Office of Legal Services