

**MINUTES OF MEETING  
OF THE  
KENTUCKY RETIREMENT SYSTEMS  
INVESTMENT COMMITTEE  
FEBRUARY 2, 2016 AT 9:00 A.M., E.T.  
BOARD ROOM, 1270 LOUISVILLE ROAD  
FRANKFORT, KENTUCKY 40601**

At the meeting of the Kentucky Retirement Systems Investment Committee held on February 2, 2016, the following members were present: Dr. Daniel Bauer, Chair; Tommy Elliott, Joe Hardesty and Bill Summers; Trustee Ed Davis was also present. Staff members present were: David Peden, Brent Aldridge, Joe Gilbert, Alane Foley, Terry Metcalf, Lisa Watkins, Andy Kiehl, Rich Robben, Logan Burchett, Brian Thomas, Erica Bradley, Connie Davis, Ann Case, Karen Roggenkamp, Leigh Taylor, and Bill Thielen. Also present: Tony Johnson and Kristen Steffens of R.V. Kuhns & Associates, Inc., Tad Furgesson and Ahman Dirks of PCA, Andrew McCulloch of Albourne, Michael Rudzik and Eric Wolf of Prisma, Jonathon Berns and Yichao Mark and Ed Schwartz of ORG.

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Dr. Bauer called the meeting to order and introduced the agenda item Approval of Minutes. Mr. Elliott moved and was seconded by Mr. Hardesty to approve the minutes of the November 4, 2015 meeting. The motion passed unanimously.

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Ms. Erica Bradley presented the Compliance Report. This was provided for informational purposes only.

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Mr. David Peden presented the Management Update. All reports were provided for informational purposes only.

Mr. David Peden also provided an update on Investment staff. There are two open positions: Private Equity Director and Senior Analyst. Joe Gilbert was congratulated on earning his CAIA designation. Logan Burchett was congratulated on passing Level 1 of the CFA exam.

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Mr. David Peden introduced Michael Rudzik and Eric Wolf from KKR Prisma along with Andrew McCulloch from Albourne. They provided information regarding Absolute Return Managers DSAM, H2O and Myriad. KRS is recommending a \$20 million investment in DSAM, a \$35 million

investment in H2O and a \$35 million investment in Myriad. Mr. Hardesty moved and was seconded by Mr. Elliott to invest in these Managers as recommended. The motion passed unanimously.

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Mr. David Peden introduced Girish Reddy from Prisma. He provided an update on the relationship between KRS and Prisma since the May 2015 Investment Committee Meeting.

*Michael Rudzik, Eric Wolf and Girish Reddy exited the meeting.*

KRS recommends making the strategic partnership with KKR Prisma permanent to help staff continue to build and monitor its direct hedge fund portfolio. Mr. Hardesty moved and was seconded by Mr. Elliott to approve this recommendation. The motion passed unanimously.

Independent from the above recommendation, KRS recommends winding down its fund of hedge fund managed by Blackstone (BAAM). Mr. Hardesty moved and was seconded by Mr. Elliott to approve this recommendation. The motion passed unanimously.

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Mr. Andy Kiehl introduced Ed Schwarz with ORG and Keith Breslaur with Patron Capital. They provided a presentation on European Real Estate Manager, Patron. KRS is recommending a €50 million investment in Patron Capital V, L.P.

*Keith Breslaur exited the meeting.*

Mr. Elliott moved and was seconded by Mr. Hardesty to refer this recommendation to the full board at a later date. The motion passed unanimously.

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Mr. Brent Aldridge introduced Tad Furgesson and Ahman Dirks with PCA. They provided an overview on two Private Equity Managers, Green Equity Partners and Vista Equity Partners. KRS has recommended investing \$50 million in Green Equity Partners VII, L.P. and \$50 million in Vista Equity Partners VI, L.P.

Mr. Elliott moved and was seconded by Mr. Hardesty to approve the recommended investment in Green Equity Partners VII, L.P. The motion passed unanimously.

Mr. Elliott moved and was seconded by Mr. Hardesty to approve the recommended investment in Vista Equity Partners VI, L.P. The motion passed unanimously.

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Mr. Joe Gilbert introduced Tony Johnson with RVK. They provided a presentation on U.S. Public Equity Structure. They recommend the adoption of Scientific Beta's U.S. Multi-Beta Multi-Strategy Index as a core component of the U.S. public equity allocation.

Mr. Elliott moved and was seconded by Mr. Hardesty for approval of the KRS internally managed Scientific Beta Strategy as the core holding in the U.S. equity allocation and it will be funded by the proceeds of the current assets of the U.S. equity allocation. The initial dollar amount invested in this strategy will not exceed the dollar amount currently invested in the internally managed S&P 500 account, which is approximately \$2 billion. Latitude regarding the pacing of the transition from the current U.S. equity asset mix to the Scientific Beta Strategy will be given to staff so that they can appropriately react to market conditions. Staff will update the Investment Committee quarterly on all U.S. equity cash flow activity. The motion passed unanimously.

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Ms. Erica Bradley presented the Internal Performance Audit and Investment Financial Review. These were provided for information purposes only.

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Ms. Karen Roggenkamp and Ms. Ann Case presented the Investment Accounting Update. This was provided for information purposes only.

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Mr. Brian Thomas and Ms. Erica Bradley introduced Jussi Snellman and Bryant Fergusson from Reinhart Law to discuss our Investment Contract Procedure. This was an educational discussion.

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There being no further business, Dr. Bauer adjourned the meeting at 12:24 p.m. The next scheduled quarterly meeting of the Investment Committee is May3, 2016 at 9:00 a.m. Copies of all documents presented are incorporated as part of the minutes of the Investment Committee meeting as of February 2, 2016.

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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.

A handwritten signature in black ink, appearing to read "Alane Greig", written over a horizontal line.

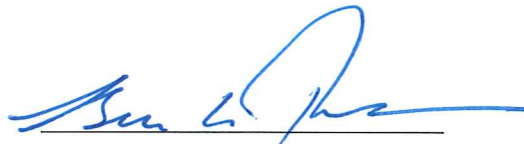
Recording Secretary

I, 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 February 2, 2016 were approved by the Investment Committee on May 3, 2016.

A handwritten signature in blue ink, appearing to read "Mary White", written over a horizontal line.

Investment Committee Chair

I, Brian Thomas, have reviewed the Minutes of the Investment Committee Meeting held on February 2, 2016 for form, and legality.

A handwritten signature in blue ink, appearing to read "Brian Thomas", written over a horizontal line.

General Counsel