

**MINUTES OF MEETING
OF THE
KENTUCKY RETIREMENT SYSTEMS
INVESTMENT COMMITTEE
FEBRUARY 4, 2014 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 4, 2014 the following members were present: Tommy Elliott, Randy Overstreet and Joseph Hardesty; Trustee Ed Davis and JT Fulkerson were also present. Staff members present were: Brent Aldridge, David Peden, Christopher Schelling, Joe Gilbert, Tom Masthay, Brian Carter, Bill Murnighan, Alane Foley, Kurt Kemper, Erica Bradley, Connie Davis, Karen Roggenkamp, Jennifer Jones and Bill Thielen. Also present: Tony Johnson of R.V. Kuhns & Associates, Inc.; Mark White and Gailen Krug of Albourne Financial.

In Dr. Bauer's absence, Mr. Elliott called the meeting to order and introduced the agenda item Approval of Minutes. Mr. Hardesty moved and was seconded by Mr. Overstreet to approve the minutes of the November 4, 2013 meeting. The motion passed unanimously. Mr. Hardesty moved and was seconded by Mr. Overstreet to approve the minutes of the November 20, 2013 meeting. The motion passed unanimously.

Mr. Peden introduced Mr. Tony Johnson of R.V. Kuhns. Together they provided a background on Cerberus Business Finance Lending Platform and answered questions from the committee. R.V. Kuhns supports this investment.

Mr. Peden then introduced Mr. Dan Wolf and Mr. Keith Read from Cerberus, who joined the meeting via conference call. They provided an overview of their services and answered questions presented by the committee.

Mr. Hardesty moved and was seconded by Mr. Overstreet to invest \$125 Million or up to 1% of each the Pension and Insurance portfolios with Cerberus Business Finance Lending Platform. The motion passed unanimously.

Mr. Thielen announced that KERS election candidate, Peter Wolf, passed away February 3, 2014 due to an accident at his home.

Mr. Elliott called for a short recess and the room emptied.

Mr. Elliott called the meeting back in session. Erica Bradley reviewed the Compliance Checklist. This report was provided for informational purposes only.

Mr. Joe Gilbert and Mr. Tony Johnson of R.V. Kuhns provided a background on Non-U.S. Equity Investment Managers; American Century Investments, Franklin Templeton Investments, LSV Asset Management and Lazard Asset Management.

Mr. Overstreet moved and was seconded by Mr. Hardesty to hire American Century Investments, Franklin Templeton Investments, LSV Asset Management and Lazard Management as Non-U.S. Equity Investment Managers. The motion passed unanimously.

Mr. Chris Schelling introduced Gailen Krug and Mark White of Albourne, together they provided a background on Absolute Return Managers; Luxor Capital Partners, Coatue Qualified Partners and Pine River Fund.

Mr. Overstreet moved and was seconded by Mr. Hardesty to invest approximately \$20 Million in Luxor Capital Partners, Coatue Qualified Partners and Pine River Fund for a total investment of approximately \$60 Million. The motion passed unanimously.

Mr. Elliott called a short recess. The room emptied.

Mr. Elliott called the meeting back in session. Mr. Brent Aldridge addressed the committee regarding the termination of Private Equity Consultant, Altius Associates Limited and the hiring of Pension Consultant Alliance(PCA).

Mr. Aldridge introduced Tad Furgesson and Ahmen Dirks of Pension Consultant Alliance(PCA). They provided a background of their company and services and answered all questions presented by the committee.

Tad Furgesson and Ahmen Dirks exited the meeting.

Mr. Overstreet moved and was seconded by Mr. Hardesty to terminate Altius Associates Limited and hire Pension Consultant Alliance(PCA) to serve as KRS' non-discretionary Private Equity Consultant. The motion passed unanimously.

Mr. Schelling along with Ms. Gailen Krug and Mr. Mark White from Albourne presented the Real Return Annual Review. This report was presented for informational purposes only.

Mr. Schelling along with Ms. Gailen Krug and Mr. Mark White from Albourne presented the Absolute Return Annual Review. This report was presented for informational purposes only.

Sec. Timothy Longmeyer entered the meeting during this presentation.

Mr. Brian Carter presented an educational piece on Bi-Lateral REPO.

Mr. Brian Carter introduced Mr. Jeff Kidwell from AVM Solutions. Mr. Kidwell provided additional education regarding bi-lateral REPO.

Mr. Kidwell then exited the meeting.

Mr. David Peden provided an update to the committee regarding promotions within the Investment Department; Bill Murnighan was promoted to Investment Analyst III, Tom Masthay was promoted to Director of Real Return and Real Estate, Joe Gilbert was promoted to the Director of Equity and Chris Schelling has been promoted to Deputy CIO. Kurt Kemper was introduced as the newly hired Investment Analyst.

Mr. David Peden reviewed the Standard Reports. All reports presented were for informational purposes only.

Mr. Overstreet moved and was seconded by Mr. Hardesty to go into Closed Session. The motion passed unanimously.

Mr. Elliott then read the guidelines for closed session and the room emptied.

Mr. Elliott called the meeting back to session.

There being no further business, Mr. Elliott adjourned the meeting at 2:52 p.m. The next scheduled quarterly meeting of the Investment Committee is May 6, 2014 at 9:00 a.m.

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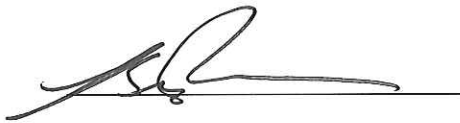
I do certify that I was present at this meeting and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.


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 4, 2014 were approved by the Investment Committee on May 6, 2014.


Investment Committee Chair

I, Brian Thomas, have reviewed the Minutes of the Investment Committee Meeting held on February 4, 2014, for form, and legality.


General Counsel