

**MINUTES OF MEETING
OF THE
KENTUCKY RETIREMENT SYSTEMS
INVESTMENT COMMITTEE
FEBRUARY 5, 2013 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 5, 2013, the following members were present: Daniel Bauer, Chair; Vince Lang, and Robert Brown as proxy for Timothy Longmeyer; Mike Cherry was also in attendance. Staff members present were: TJ Carlson, Brent Aldridge, Bo Cracraft, David Peden, Christopher Schelling, Joe Gilbert, Tom Masthay, Laura Miller, Brian Carter, Ann Case, Connie Davis, and Leigh Taylor. Also present was Tony Johnson; R.V. Kuhns & Associates, Inc., and Charles Magnay and Brad Young of Altius Financial, Inc.

Dr. Bauer called the meeting to order and introduced the agenda item *Approval of Minutes*. Mr. Brown moved and was seconded by Mr. Lang to approve the minutes of the November 7, 2012 meeting. The motion passed unanimously.

Mr. Carlson introduced Mr. Magnay and Mr. Young who provided background information on Triton. This presentation was for informational purposes only.

Mark Weston and Marius Østlie of Triton entered the meeting.

Mr. Magnay introduced Mr. Weston and Mr. Østlie, who gave a presentation on Triton Fund IV and answered questions from the Committee.

Mr. Weston and Mr. Østlie exited the meeting. Gailen Krug and Andrew McColluch of Albourne Consultants entered the meeting.

Mr. Lang moved and was seconded by Mr. Brown to invest €50 million subject to successful contract negotiation. The motion passed.

Mr. Masthay and Mr. Young presented background information on HIG Capital Partners. This presentation was for informational purposes only.

Robert Hays of HIG Capital Partners entered the meeting.

Mr. Masthay introduced Mr. Hays, who presented on HIG Capital Partners V, LP and answered question from the Committee.

Mr. Hays exited the meeting.

Mr. Lang moved and was seconded by Mr. Brown to approve the recommendation of an investment allocation of up to \$55 million in HIG Capital Partners V, LP. The motion carried.

Gailen Krug and Andrew McColluch of Albourne Partners entered the meeting.

Mr. Peden presented a summary of the 2013 Broker Dealer List and highlighted the new additions. Mr. Brown moved and was seconded by Mr. Lang to approve the KRS Broker Dealer list for 2013. The motion passed.

Mr. Carlson presented the memo *Renewal of Contract with Reinhart Boerner Van Deuren, SC* which was prepared by Investment and Legal Staff regarding the first renewal of the original two year contract. Mr. Lang moved and was seconded by Mr. Brown to approve negotiation of a renewal of the contract with Reinhart Boerner Van Deuren, SC. The motion passed.

Mr. Lang exited the meeting; William Thielen and Karen Roggenkamp entered the meeting.

Mr. Thielen introduced Karen Roggenkamp, KRS Chief Operations Officer, to the Committee.

Ms. Case presented the *Quarterly Compliance and Audit Reports*. These reports were provided for informational purposes only. Mr. Carlson Reviewed the *Monthly Portfolio Plan Allocations, Monthly Performance Update, Investment Expenses, Net of Fees, and Commissions Reports*. These reports were provided for informational purposes only.

Mr. Aldridge presented the memo *Management Update – Altius Associates* and noted two key executives had exited Altius; Mr. Young and Mr. Magnay continue to be the day-to-day account managers for KRS. Mr. Masthay reported on the KRS site visit to Altius. These reports were provided for informational purposes only.

Mr. Peden presented the memo *Credit Roadmap*. Mr. Carlson presented the *KERS Real Estate Allocation Report, Standing Topics List, Potential Future Topics, and Articles of Interest*. These reports were provided for informational purposes only.

Mr. Masthay and Mr. Schelling presented the *Placement Agent Education and Whitepaper Review*. This report was provided for informational purposes only.

Dr. Bauer called for a short recess and the room emptied.

Mr. Magnay and Mr. Young exited the meeting during the break.

Dr. Bauer called the meeting back into session and introduced the agenda item *Real Return Annual Review and Recommendations*. Mr. Schelling provided an annual review of Real Return strategies, performance, and investment activity and answered questions from the Committee.

Mark White of Albourne Consultants joined the meeting via teleconference.

Ms. Krug, Mr. McCullouch, and Mr. White provided a review of KRS Real Return strategies, performance, and investment activity and answered questions from the Committee. These reports were presented for informational purposes only.

Randy Overstreet entered the meeting during the presentation.

Mr. Schelling presented the agenda item *Absolute Return Annual Review and Recommendations*. Mr. Schelling provided an annual review of Absolute Return strategies, performance, and investment activity and answered questions from the Committee. Ms. Krug, Mr. McCullough, and Mr. White provided a review of KRS Absolute Return strategies, performance, and investment activity and answered questions from the Committee. These reports were presented for informational purposes only.

Mr. White exited the meeting following the presentation.

There being no further business, Dr. Bauer adjourned the meeting at 2:05 p.m. The next scheduled quarterly meeting of the Investment Committee is May 7, 2013 at 9:00 a.m. Copies of all documents presented are incorporated as part of the minutes of the Investment Committee special meeting as of February 5, 2013.

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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, 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 5, 2013, were approved by the Investment Committee on May 7, 2013.


Investment Committee Chair

I, Jennifer A. Jones, have reviewed the Minutes of the Investment Committee Meeting held on February 5, 2013, for form, content, and legality.


Interim General Counsel