

**MINUTES OF MEETING
BOARD OF TRUSTEES INVESTMENT COMMITTEE
KENTUCKY RETIREMENT SYSTEMS
AUGUST 25, 2015, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the August 25, 2015 meeting of the Investment Committee of the Board of Trustees, the following Committee members were present: Dr. Daniel Bauer; Chair, Tommy Elliott, Mary Helen Peter, William Summers, and Sharron Burton as proxy for Sec. Tim Longmeyer. KRS Staff present were: William Thielen, David Peden, Karen Roggenkamp, Connie Davis, Erica Bradley, Brian Thomas, Terry Metcalf, Joe Gilbert, Brent Aldridge, Rich Robben, Logan Burchett, Lisa Watkins, Andy Kiehl, and Leigh Taylor. Larry Totten, Jon Scolnik, Nicole Gallagher, Trevor Benyack, Tad Ferguson. Sam Schar, Bo Cracraft, Michael Rudzik and Eric Wolfe (KKR Prisma), Tony Johnson and Kristen Steffens (RVK), Andrew McCulloch (Albourne), Barbara McDowell and Heathyr Ullmo (ORG), and Rogier Slingerland (CEM) were also present.

Dr. Bauer called the meeting to order and introduced the agenda item *Approval of Committee Minutes*. Mr. Elliott moved and was seconded by Ms. Burton to approve the minutes of the May 5, 2015 meeting. The motion passed unanimously.

Dr. Bauer introduced the agenda item *Management Update – CIO*. Mr. Peden reviewed the Standard Reports, which were presented for informational purposes only. Following discussion, Mr. Elliot moved and was seconded by Ms. Burton to suspend discussion regarding SEC Rule 144(a) until the November Investment Committee meeting to discuss a permanent solution and final recommendation on reporting. The motion passed unanimously.

Dr. Bauer introduced the agenda item *Absolute Return Manager Presentation and Recommendation*. Mr. Peden introduced Michael Rudzik and Eric Wolfe from KKR Prisma and noted all three managers had been vetted, including operational due diligence and risk management. Following the KKR Prisma presentation, Mr. Peden introduced Andrew McCulloch from Albourne Partners. Mr. McCulloch noted all three managers had been vetted by Albourne as well. After discussion, Sec. Longmeyer moved and was seconded by Mr. Elliott to approve the following: a \$40 million subscription to Tourbillion Global Master Fund to the Absolute Return Portfolio; a \$20 million subscription to Glenview Funds to the Absolute Return

Portfolio; a \$20 million subscription to QMS Diversified Global Macro Strategy to the Absolute Return Portfolio. The motion passed unanimously.

Sec. Longmeyer and Rogier Slingerland entered the meeting during the above discussion; Ms. Burton exited the meeting.

Dr. Bauer introduced the agenda item *CEM Fee Study*. Mr. Peden introduced Rogier Slingerland from CEM Benchmarking. Mr. Slingerland presented *Investment Benchmarking Draft Results 2014* for the Trustees and answered questions. This report was provided for informational purposes only.

Mr. Slingerland exited the meeting.

Dr. Bauer introduced the agenda item *Asset Liability Study Presentation*. Mr. Peden introduced Tony Johnson and Kristen Steffens from RV Kuhns. Mr. Johnson and Ms. Steffens reviewed key findings from the insurance plans for KERS Hazardous and Non-hazardous, CERS Hazardous and Non-hazardous, and State Police. This report was presented for informational purposes only.

Mr. Johnson and Ms. Steffens presented the results of the *Asset Allocation Recommendations for Pension and Insurance Systems*. This report was provided for informational purposes only and will be revisited at the November 4, 2015 Investment Committee meeting.

Dr. Bauer introduced the agenda item *Internal Audit*. Erica Bradley presented the findings of the General Manager Risk Absolute Return, Real Return, and Real Estate audit. Sec. Longmeyer moved and was seconded by Mr. Elliott to affirm the authorization of 90 bps for investment in a closed-end real estate manager deal from November 3, 2011. The motion passed unanimously.

There being no further business, the meeting adjourned at 1:43 p.m. The next meeting of the Investment Committee is scheduled for November 4, 2015. Copies of all documents presented are incorporated as part of the minutes of the Investment Committee meeting as of August 25, 2015.

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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, 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 25, 2015 were approved by the Investment Committee on November 4, 2015.


Committee Chair

I, Brian C. Thomas, have reviewed the Minutes of the Investment Committee Meeting on August 25, 2015, for form, content, and legality.


General Counsel