

**MINUTES OF MEETING
OF THE
KENTUCKY RETIREMENT SYSTEMS
INVESTMENT COMMITTEE
MAY 3, 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 May 3, 2016, the following members were present: Tommy Elliott, David Eager, JT Fulkerson, Mary Helen Peter and Bill Summers. Staff members present were: David Peden, Brent Aldridge, Joe Gilbert, Alane Foley, Terry Metcalf, Andy Kiehl, Rich Robben, Logan Burchett, Brian Thomas, Erica Bradley, Connie Davis, Ann Case, Natalie Young, Blake Atkinson, Leigh Taylor, and Bill Thielen. Also present: Tony Johnson of R.V. Kuhns & Associates, Inc., Tad Furgesson and Ahman Dirks of PCA, Andrew McCulloch of Albourne, Michael Rudzik and Jackie Rosner of KKR Prisma, Jonathon Berns and Yichao Mark and Ed Schwartz of ORG.

Mr. Bill Thielen called the meeting to order. A motion was presented to select a Chair for the meeting. Mr. Elliott recommended Mary Helen Peter, this was seconded by Mr. Fulkerson. The motion passed unanimously.

Ms. Peter then began the meeting by introducing Mr. David Eager as the newest Investment Committee Board Member. He was then sworn in by Ms. Leigh Taylor.

Mr. Fulkerson moved and was seconded by Mr. Elliott to approve the minutes of the February 2, 2016 meeting. The motion passed unanimously.

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. Ann Case introduced Blake Atkinson, the new Investment Analyst.

Ms. Erica Bradley presented the Quarterly Compliance Report. It was noted that the ten year annualized return is below its benchmark. It was also noted that the policy regarding fixed income securities that settle trade date plus one day was not in compliance. Mr. Eager moved and was

seconded by Mr. Fulkerson to suspend this policy until the November Investment Committee Meeting where updated policies regarding fixed income liquidity will be presented. The motion passed unanimously.

Mr. Joe Gilbert introduced Tony Johnson with R.V. Kuhns. They provided an overview of River Road Asset Management.

Andrew Beck and Thom Forsha with River Road Asset Management entered the meeting.

Mr. Beck and Mr. Forsha provided a presentation to the committee.

Andrew Beck and Thom Forsha exited the meeting.

KRS is recommending increasing its investment with River Road Asset Management to 2.25%. Motion was moved by Mr. Fulkerson and seconded by Mr. Eager. The motion passed unanimously.

Ms. Peter called for a short recess.

Ms. Peter called the meeting back in session.

Mr. David Peden introduced Michael Rudzik and Jackie Rosner with KKR Prisma and Andrew McCulloch with Albourne. They provided an overview on three new Absolute Return investments; Anchorage, BlackRock GAO and Finisterre. KRS has recommended investing \$20 million in Anchorage, \$30 million in BlackRock GAO and \$25 million in Finisterre.

Mr. Fulkerson moved and was seconded by Mr. Eager to invest \$20 million in Anchorage Capital Partners. The motion passed unanimously.

Mr. Eager moved and was seconded by Mr. Fulkerson to invest \$30 million in BlackRock GAO. The motion passed unanimously.

Mr. Eager moved and was seconded by Mr. Fulkerson to invest \$25 million in Finisterre Global Opportunity fund. The motion passed unanimously.

Mr. Peden spoke to the committee regarding the Prisma Daniel Boone portfolio. KRS has recommended increasing the target allocation for the Prisma Daniel Boone portfolio to 5% from 3.33%. Mr. Eager moved and was seconded by Mr. Fulkerson to approve this recommendation. The motion passed unanimously.

Mr. Andy Kiehl introduced Ed Schwartz, Jon Berns and Yichao Mark with ORG. Additional information was provided on Patron Capital as a continuation from the February 2016 Investment Committee Meeting. KRS has recommended a €50 million investment with Patron Capital V, LP.

Mr. Eager moved and was seconded by Mr. Fulkerson to approve the recommended investment. The motion passed unanimously.

Ms. Peter called for a short recess.

Ms. Peter called the meeting back in session.

Mr. Peden introduced Brian Luftman from American Farm Investors and Bill Peterson from Peterson Farms. They provided an education piece on investing in local farm land.

Mr. Rich Robben provided information regarding FactSet MAC Risk Plan Sponsor system. KRS is recommending the purchase of this system for portfolio management. Mr. Eager moved and was seconded by Mr. Fulkerson to move forward with the purchase FactSet MAC Risk Sponsor Plan after fee negotiations are complete and the budget allows. The motion passed unanimously.


Ms. Erica Bradley reviewed the Alternative Investments Due Diligence Audit. This was for informational purposes only.

Ms. Ann Case provided the Investment Accounting Update. This was for informational purposes only.

Mr. Fulkerson moved and was seconded by Ms. Peter to appoint Mr. David Eager as Chair of the Investment Committee. The motion passed unanimously.

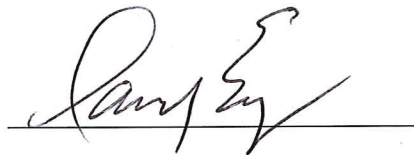
There being no further business, Ms. Mary Helen Peter adjourned the meeting at 1:42 p.m. The next scheduled quarterly meeting of the Investment Committee is August 23, 2016 at 9:00 a.m. Copies of all documents presented are incorporated as part of the minutes of the Investment Committee meeting as of May 3, 2016.

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 Bailey", written over a horizontal line.

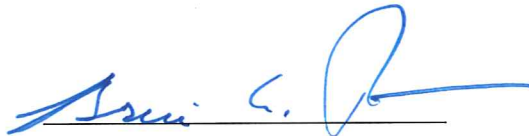
Recording Secretary

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 May 3, 2016 were approved by the Investment Committee on August 23, 2016.

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

Investment Committee Chair

I, Brian Thomas, have reviewed the Minutes of the Investment Committee Meeting held on May 3, 2016 for form, and legality.

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

General Counsel