

**MINUTES OF MEETING  
OF THE  
KENTUCKY RETIREMENT SYSTEMS  
INVESTMENT COMMITTEE  
NOVEMBER 4, 2015 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 November 4, 2015, the following members were present: Dr. Daniel Bauer, Chair; Tommy Elliott, JT Fulkerson, Mary Helen Peter and Bill Summers; Trustees Ed Davis and Mike Cherry were 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, Connie Davis, Erica Bradley, Ann Case, Karen Roggenkamp and Bill Thielen. Also present: Tony Johnson and Kristen Steffens of R.V. Kuhns & Associates, Inc., Tad Furgesson and Ahman Dirks of PCA and Jussi Snellman and Bryant Ferguson of Reinhart Law.

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Dr. Bauer called the meeting to order, Alane Foley called roll. Dr. Bauer introduced the agenda item Approval of Minutes. Ms. Peter moved and was seconded by Mr. Elliott to approve the minutes of the August 25, 2015 meeting. The motion passed unanimously.

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

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Mr. David Peden presented the Standard Reports, Future Topics and Articles of Interest. All reports were for informational purposes only.

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Mr. David Peden recommended the termination of the relationship with fund of hedge fund manager, PAAMCO. This recommendation was moved by Mr. Elliott and seconded by Mr. Fulkerson. The motion passed unanimously.

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Mr. David Peden introduced Shankar "Nag" Nagarajan, Eric Wolf and Michael Rudzik from KKR Prisma. Mr. Nagarajan provided an educational piece on Risk Management.

Mr. Wolf and Mr. Rudzik from KKR Prisma provided information regarding Absolute Return Manager, Davidson Kempner. KRS is recommending a \$40 million investment in Davidson Kempner Funds. Mr. Elliott moved and was seconded by Ms. Peter to invest \$40 million in Davidson Kempner Funds. The motion passed unanimously.

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Mr. Rich Robben and Tony Johnson with RV Kuhns provided a presentation on multi-sector/ alternative credit search process. Mr. Robben then introduced Bruce Richards and Charlie Short with Marathon Asset Management.

Mr. Richards and Mr. Short provided an overview of Marathon Asset Management then exited the meeting.

KRS is recommending investing with Marathon Asset Management with a 2% target allocation which is presently approximately \$275 million. Motion was moved by Mr. Fulkerson and seconded by Mr. Elliott. The motion passed unanimously.

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Dr. Bauer called a short recess.

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Dr. Bauer called the meeting back in session.

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Mr. Brent Aldridge introduced Tad Fergusson with PCA. They provided an overview of Private Equity Manager, Harvest Partners. KRS is recommending an investment of up to \$50 million in Harvest Partners VII, LP. Mr. Elliott moved and was seconded by Mr. Fulkerson to invest up to \$50 million in Harvest Partners VII, LP. The motion passed unanimously.

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Mr. Peden introduced Mr. Tony Johnson with RV Kuhns. Mr. Peden and Mr. Johnson presented updated Asset Allocation/ Benchmark Composite recommendations for Pension and Insurance. Mr. Fulkerson moved to accept the asset allocation and benchmark changes as presented in the Insurance and Pension Target Allocation Appendix A and B, this was seconded by Ms. Peter. The motion passed unanimously.

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Mr. Peden introduced the agenda item *Investment Policy Statement Update*. Ms. Peter moved to accept all changes as presented and was seconded by Mr. Elliott. The motion passed unanimously.

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Mr. Peden introduced agenda item *Real Estate/Real Return Recommendations for Managers Identified in General Manager Risks Audit*. KRS recommends increasing the approved amount to be invested in Prima Mortgage Investment Trust from \$40 million to \$82 million. Mr. Elliott moved to accept this increase and was seconded by Ms. Peter. The motion passed unanimously.

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Dr. Bauer called for a short recess.

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Dr. Bauer called the meeting back in session.

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Mr. Peden reviewed the KRS Broker Dealer List. There were three new additions; Amherst Pierpont Securities, Duncan Williams, Inc and CYS. Mr. Elliott moved to accept the additions and was seconded by Mr. Fulkerson. The motion passed unanimously.

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Mr. Robben reviewed KRS' recommendation to terminate Investment Manager, Stone Harbor. Mr. Elliott moved to accept this termination and was seconded by Dr. Bauer. The motion passed unanimously.

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Mr. Joe Gilbert introduced agenda item *Public Equity and Fixed Income Recommended Changes*. KRS is recommending adopting a new strategy mix within the active component of the Non-US Equity allocation, terminating the relationship with The Boston Company and to increase the overall allocation to active management within the non-US Equity portfolio. Mr. Elliott moved to accept these changes and was seconded by Ms. Peter. The motion passed unanimously.

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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 1:18 p.m. The next scheduled quarterly meeting of the Investment Committee is February 2, 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 November 4, 2015.

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 blue ink, appearing to read "Alane Jones", written over a horizontal line.

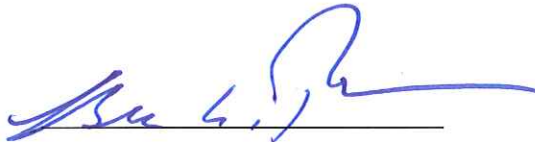
Recording Secretary

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 November 4, 2015 were approved by the Investment Committee on February 2, 2016.

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

Investment Committee Chair

I, Brian Thomas, have reviewed the Minutes of the Investment Committee Meeting held on November 4, 2015 for form, and legality.

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

General Counsel