

CONTRACT

THIS CONTRACT, made and entered into this ^{as of} 30th day of June 2010, by and between the Teachers' Retirement System of the State of Kentucky, 479 Versailles Road, Frankfort, Kentucky, 40601, hereinafter referred to as "KTRS", and Bevis Longstreth, [REDACTED], New York, NY 10025, hereinafter referred to as the "Investment Advisor."

WHEREAS, the KTRS by its Board of Trustees at a meeting held on the 21 day of June 2010 has by order pursuant to authority granted in KRS 161.340(3) selected the Investment Advisor to provide advisory services in connection with the investment of funds of KTRS as described in KRS 161.430; and

WHEREAS, KTRS has determined that the Investment Advisor meets KTRS's requirements for "investment experience;" and

WHEREAS, the Investment Advisor has agreed to act as a fiduciary to KTRS as defined in KRS 161.430(2) in providing advisory services to KTRS; and

WHEREAS, KTRS is responsible for the investment and management of the funds of the retirement system and to assist it in fulfilling its fiduciary responsibilities in the investment and management of those trust funds, KTRS desires to avail itself of the services of the Investment Advisor by having the Investment Advisor serve as a non-voting member of the Investment Committee of the Board of Trustees of KTRS;

NOW THEREFORE, it is hereby mutually agreed as follows:

1. **Scope of Services**

A. Investment Advisor shall be a fiduciary to KTRS as defined in KRS 161.430(2), and shall provide advisory services described as follows:

1. Act as a non-voting member of the Investment Committee.
2. Attend regularly scheduled and special meetings of the Investment Committee, as requested by KTRS.
3. Attend meetings of the Board of Trustees, as requested by KTRS.
4. Prior to meetings, read, review, view online, and examine documents and materials provided by staff. Be available by telephone, or other means, to discuss documents and materials with staff prior to or after meetings.
5. Question the staff, investment consultants, and money managers concerning the investment and management of the funds of KTRS on behalf of the Investment Committee, as appropriate.

6. Make recommendations to the staff or Investment Committee concerning the investment and management of the funds of KTRS, as appropriate.
7. Make recommendations to the staff or Investment Committee concerning the investment policies, practices, and procedures of KTRS, as appropriate.
8. Be available by telephone, or other means, for consultations on fiduciary training and standards, tactical and strategic planning for the KTRS investment program, asset allocation, governance, SEC actions/enforcement trends, and the evaluation of opportunistic ventures in public and private markets, as necessary.
9. Make presentations to the staff or Investment Committee concerning Investment Advisor's publications, white papers, and other scholarly works, as requested.
10. Be available by telephone, or other means, to discuss or consult regarding scheduling meetings and other matters affecting the KTRS investment program, as necessary.
11. Appear before the Kentucky General Assembly or other government body, as requested by KTRS.

B. The services outlined in Section 1A above shall not be construed to give the Investment Advisor any discretionary authority or discretionary responsibility in the management of KTRS's investment program, business operations, or the administration of the KTRS retirement plan. Investment Advisor shall not communicate with any investment consultant, money manager, or other vendor on behalf of KTRS, unless Investment Advisor is specifically authorized in writing by KTRS to make such contact.

2. **Fees.** For the services to be rendered by Investment Advisor under paragraph 1.A.1—10, KTRS shall pay a quarterly fee of \$12,500. For the services to be rendered by Investment Advisor under paragraph 1.A.11, KTRS and Investment Advisor shall agree in writing concerning a fee for particular services to be provided for such appearance. KTRS shall also pay the Investment Advisor's actual and reasonably necessary travel expenses incurred in providing advisory services set forth hereunder.

3. **Duration of Contract.** The subject services are to be performed beginning on July 1, 2010, and shall continue thereafter on a quarterly basis until the contract is terminated or cancelled by either party. Termination or cancellation may be effected by either party by giving thirty (30) days written notice of the intent to terminate prior to such termination, which shall be served on the other party by personal delivery or registered or certified mail. Upon such

termination, KTRS will only pay such fees as had been incurred until the date of termination as specified in the notice of termination.

4. **Conflict of Interest.** Investment Advisor hereby certifies that he has not and will not pay or cause to be paid any money, fees, political contributions or other things of value to any third party as a result of or in relation to investment advisory services provided to KTRS, without KTRS's informed written consent. Investment Advisor hereby certifies that he has not and will not accept any money, fees, or other things of value from any third party as a result of or in relation to the investment counseling provided to KTRS, without KTRS's informed written consent. In addition, Investment Advisor agrees to act as a fiduciary to KTRS in regard to any payments, fees or other things of value nevertheless received from a third party in relation to providing investment counseling to KTRS, unless the Investment Advisor's acceptance and retention of such item was fully disclosed to and approved by KTRS in writing. Investment Advisor agrees to exercise independent professional judgment, without conflict of interest, in providing independent investment counseling to KTRS. Investment Advisor shall certify as to his compliance with this section and the KTRS Conflict of Interest and Confidentiality Policy by executing the KTRS External Service Provider Conflict of Interest Statement. The KTRS Conflict of Interest and Confidentiality Policy and External Service Provider Conflict of Interest Statement are attached hereto and incorporated herein as Exhibit 1. Investment Advisor hereby certifies that he is legally entitled to enter into the subject contract with KTRS and certifies that Investment Advisor is not and will not be violating any conflict of interest statute (KRS 121.056 or any other applicable statute) or principle by the performance of this contract. The Investment Advisor shall not engage directly or indirectly in any financial or other transaction with a trustee or employee of KTRS which would violate standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A. Further, the Investment Advisor hereby certifies that he has not knowingly violated any of the Executive Branch Ethics provisions or the campaign finance laws of the Commonwealth, and the award of a contract to him will not violate any of the Executive Branch Ethics provisions, the campaign finance laws of the Commonwealth, or the KTRS Conflict of Interest and Confidentiality Policy.

5. **Relationship of the Parties.** Investment Advisor warrants that all work performed by Investment Advisor under this Contract is and shall be performed as an independent contractor. Investment Advisor shall be responsible for compliance with all laws, rules and regulations by his respective employees, including, but not limited to, employment of labor, hours of labor, health and safety, working conditions, workers' compensation insurance, and payment of wages. This contract shall not be construed so as to create a partnership or joint venture between Investment Advisor and KTRS.

6. **Amendments and Renewal.** Written modifications, amendments or additions to this contract shall be effective only when signed by both parties.

7. **Notices of Material Changes.** Investment Advisor shall notify the Board of Trustees in writing within five (5) business days of any material changes concerning providing the services identified herein, significant legal actions instituted against Investment Advisor, or any significant investigations, examinations, or other proceedings commenced by any

governmental agency. Notices required in this section shall be served on KTRS by registered or certified mail.

8. **Assignment.** This contract may not be assigned by Investment Advisor without the written consent of KTRS. Further, the obligations of Investment Advisor under this Contract shall be considered personal obligations of Investment Advisor, performable solely by the Investment Advisor and Investment Advisor may not delegate his duties hereunder to any entity other than an employee of Investment Advisor without the express written consent of KTRS.

9. **Controlling Law; Jurisdiction and Venue; Waiver.** All questions as to the execution, validity, interpretation, construction, and performance of this contract shall be construed in accordance with the laws of the Commonwealth of Kentucky, without regard to conflicts of laws principles thereof. Investment Advisor hereby consents to the jurisdiction of the courts of the Commonwealth of Kentucky and further consents that venue shall lie in Franklin Circuit Court located in Franklin County, Kentucky. To the extent that in any jurisdiction Investment Advisor may now or hereafter be entitled to claim for himself or his assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Investment Advisor, to the extent he may effectively do so, irrevocably agrees not to claim, and he hereby waives, same.

10. **Access to Confidential Information.** The Investment Advisor (his employees, agents or subcontractors) may have access to confidential information maintained by KTRS to the extent necessary to carry out his responsibilities under the contract. The Investment Advisor shall presume that all information received pursuant to this contract is confidential unless otherwise designated by KTRS. The Investment Advisor shall provide to KTRS a written description of its policies and procedures to safeguard confidential information. The Investment Advisor shall provide KTRS updates or changes to these policies in a timely manner. Policies of confidentiality shall address, as appropriate, information conveyed in verbal, written, and electronic formats. The Investment Advisor shall provide physical and logical protection for all KTRS written and electronic information. Electronic information shall be encrypted during transport and at rest. The Investment Advisor shall remain the responsible authority in charge of all information collected, used, or disseminated by the Investment Advisor in connection with the performance of this contract. The Investment Advisor shall provide adequate supervision and training to his agents, employees and subcontractors to ensure compliance with the terms of this contract. The private or confidential information shall remain the property of KTRS at all times.

A. **No Dissemination of Confidential Information.** No confidential information collected, maintained, or used in the course of the contract shall be disseminated except as authorized by law and with the written consent of KTRS either during the period of the contract or thereafter. Any information supplied to or created by the Investment Advisor shall be considered the property of KTRS. The Investment Advisor must return any and all information collected, maintained, created or used in the course of the performance of the contract in whatever form it is maintained promptly at the request of KTRS.

B. **Subpoena.** In the event that a subpoena or other legal process is served upon the Investment Advisor for records containing confidential information, the Investment Advisor shall promptly notify KTRS and cooperate with KTRS in any lawful effort to protect the confidential information, at KTRS's expense.

C. **Reporting of Unauthorized Disclosure.** The Investment Advisor shall immediately report to KTRS any unauthorized disclosure of confidential information. KTRS will manage the disclosure in accordance with KTRS's established policies.

D. **Survives Termination.** The Investment Advisor's obligations under this section regarding the security, confidentiality, and ownership of information as set forth in this section shall survive termination of this contract.

11. **Authorized Signature.** The undersigned, Gary L. Harbin, CPA, is Executive Secretary of KTRS and as such has been duly authorized by the Board of Trustees of KTRS to sign this contract in behalf thereof, therefore, binding KTRS to the provisions of this contract.

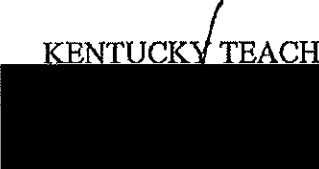
12. **Authorized Signature.** The undersigned, Bevis Longstreth, is Investment Advisor and is duly authorized to sign this contract and his signature, therefore, binds Investment Advisor to the provisions of this contract.

13. **Severability.** The provisions of this contract shall be deemed severable, and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. In addition, if any provision of this contract, for any reason, is declared to be unenforceable, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

14. **Principal Contact.** Bevis Longstreth shall be the principal contact for the Investment Advisor for the implementation of the services set forth in this contract.

15. **Principal Contact.** Gary L. Harbin shall be the principal contact for KTRS for the implementation of the services set forth in this contract.

KENTUCKY TEACHERS' RETIREMENT SYSTEM


Gary L. Harbin, CPA
Executive Secretary
Kentucky Teachers' Retirement System
479 Versailles Road
Frankfort, Kentucky 40601
In behalf of KTRS

BEVIS LONGSTRETH

Bevis Longstreth

New York, NY 10025

In behalf of Investment Advisor

Approved as to Form and Legality:
KENTUCKY TEACHERS' RETIREMENT SYSTEM

Robert B. Barnes
Deputy Executive Secretary Operations and
General Counsel