

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees
July 19, 2012**

The Investment Committee of the TCRS Board of Trustees ("Investment Committee") met at 2:00 p.m. on July 19, 2012 in the office of The Honorable David H. Lillard, Jr., State Treasurer. A quorum of the Investment committee participated in the meeting which included The Honorable David H. Lillard, Jr., State Treasurer, The Honorable Mark Emkes, Commissioner of Finance and Administration, Mr. David Seivers, and Mr. Greg Elliott. The Honorable Tre Hargett, Secretary of State, was unable to attend the meeting. Also in attendance were Mr. Justin Wilson, Comptroller of the Treasury, Mr. Rick Newton, Ms. Janice Cunningham, Mr. Peter Katseff, Director of Real Estate, Mr. Ken McDowell, Senior Real Estate Portfolio Manager, and Mr. Matthew Haitas, Real Estate Analyst. Mr. Michael Brakebill, Chief Investment Officer, and Ishika Bansal from The Townsend Group, TCRS's Real Estate Consultant, participated by telephone.

Peter Katseff was asked to introduce the proposed real estate investment by TCRS in Oak Park Place in Chicago, Illinois. The transaction had been proposed by Cornerstone, a Real Estate Investment Advisor engaged by TCRS.

Oak Park Place is a Class-A 204-unit six and 14-story luxury mid-rise apartment complex located in Chicago, IL in the suburb of Oak Park, one of the oldest suburbs in Chicago and located eight miles from downtown Chicago. Oak Park is known for its significant barriers to new development due to limited development sites and local opposition to multifamily development. Access to downtown is provided by the Chicago Transit Authority's Green line or the Metra commuter rail system.

Oak Park Place's units feature high-end finishes including granite countertops, stainless steel appliances, nine and ten foot ceilings, and floor-to-ceiling windows. The ground floor of the building is occupied by a Trader Joe's grocery store, which provides an additional amenity to the residents. Other amenities include a green roof garden with an outdoor rooftop terrace as well as an indoor fitness center. The property is further enhanced by the ability of residents to walk to public transportation, many different national retailers, restaurants, coffee shops, and a public park and tennis club located across the street from the property.

Mr. Katseff noted that that Oak Park Place is an expensive transaction on a per unit basis and more expensive on a per unit basis than the typical community in the TCRS apartment portfolio (suburban, three-story, no elevator). However, it is difficult to add new supply in Oak Park and the in place rents support the acquisition price.

David Seivers referred to the Investment Summary that stated that the current property managers had not managed the property to its full potential. He asked why that had occurred. Mr. Katseff noted that current owners, whose expertise is apartment development and not property management, had installed their own property managers to manage the property. He noted that the inability for the property to reach its full income potential was most likely due to an inexperienced leasing team with a strategy

to fully lease the property as soon as possible (rather than achieving the highest rents over a longer leasing period).

Greg Elliott asked about the neighborhoods surrounding Oak Park. Mr. Katseff noted that Chicago was similar to other large U.S. cities in that its areas can change from very high quality to low quality very quickly. Oak Park is a high quality area with strong schools that is surrounded by some lower demographic areas with weaker schools.

Greg Elliott made a motion to approve the investment by TCRS. The motion was seconded by David Seivers and unanimously approved.

Ken McDowell was asked to introduce the proposed real estate investment by TCRS in Parmenter Realty Fund IV. The transaction has the support of The Townsend Group, TCRS's Real Estate Consultant.

Parmenter Realty Fund IV seeks to invest in well located, in-fill office properties in the Southwest, Southeast, and Mid-Atlantic regions of the U.S. The primary target markets include Dallas, Houston, Atlanta, South Florida, Denver, Phoenix and Washington D.C. The management team, Parmenter Realty Partners, seeks to target distressed or underperforming office buildings, of 200,000 square feet or greater ranging in cost from \$25 to \$100 million. Once the buildings are fully repositioned, the management team hopes to sell them into the institutional core marketplace.

Parmenter Realty Partners is a vertically integrated real estate manager that has invested and managed over \$3.0 billion of real estate for institutional investors. Currently, Parmenter manages 8.9 million square feet of office that is valued at approximately \$1.0 billion in gross asset value. The executive team consists of Darryl Parmenter, the founder, chairman and CEO of the firm, Andrew Weiss, Steve Bronner and John Davidson, who all have over 20 years of real estate experience and have all been working together at Parmenter for at least 10 years.

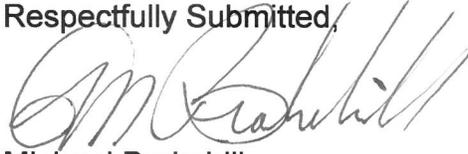
Greg Elliott asked how this investment differed from a Private Equity investment by TCRS. The Treasurer noted that it is similar to a Private Equity deal but differs in that it is structured differently and will invest only in real estate. He further noted that this structure would allow TCRS to gain additional deal flow in real estate and access to deals that would otherwise be difficult for TCRS to acquire.

The Treasurer stated that TCRS would be a member of the Advisory Committee of Parmenter Realty Fund IV. He noted that this was important for TCRS, since it is conceding control by investing in this fund.

Commissioner Emkes made a motion to approve the investment by TCRS. The motion was seconded by Greg Elliott and unanimously approved.

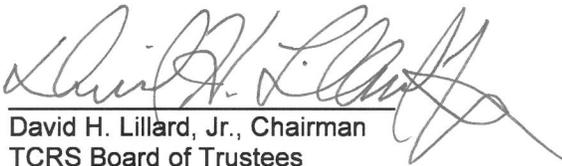
The members of the Investment Committee had no additional questions and the meeting of the Investment Committee was adjourned.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Michael Brakebill", written in a cursive style.

Michael Brakebill
Chief Investment Officer

APPROVED:

A handwritten signature in black ink, appearing to read "David H. Lillard, Jr.", written in a cursive style.

David H. Lillard, Jr., Chairman
TCRS Board of Trustees