

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees
October 18, 2012**

The Investment Committee of the TCRS Board of Trustees ("Investment Committee") met at 9:00 a.m. on October 18, 2012 in the Bedford Room of the William R. Snodgrass Tennessee Tower. A quorum of the Investment committee participated in the meeting which included The Honorable David H. Lillard, Jr., State Treasurer, The Honorable Tre Hargett, Secretary of State, and Mr. Greg Elliott. Mr. David Seivers participated in the meeting by telephone. Mr. Rick Newton, representing the Department of Finance and Administration, attended in the absence of Commissioner Mark Emkes and Mr. Keith Borings, representing the Office of Comptroller of the Treasury, attended in the absence of Comptroller Justin Wilson. Also in attendance were Ms. Janice Cunningham, Mr. Michael Brakebill, Chief Investment Officer, Mr. Andy Palmer, Deputy Chief Investment Officer, Mr. Peter Katseff, Director of Real Estate, and Mr. Matthew Haitas, Real Estate Analyst.

Peter Katseff was asked to introduce the proposed real estate investments by TCRS in an office building in San Francisco, California. The transaction had been proposed by Clarion Partners, a Real Estate Investment Advisor engaged by TCRS.

Mr. Katseff began by reviewing the risks of an earthquake at the property and the insurance coverage on the property. Mr. Katseff stated that the redevelopment of the property in 1991 was done to standards very near current construction standards and current codes for withstanding earthquakes in San Francisco. Clarion Partners, the real estate advisor on the transaction, will not acquire buildings with a high probable maximum loss and seismic expected loss.

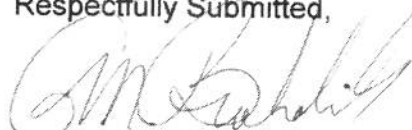
The proposed acquisition is a Class A-, 15-story, 256,985 square foot LEED certified office tower located in San Francisco's North Financial District. It is 93.5% leased to 18 tenants (13 office and 5 retail). Its location in the North Financial District of San Francisco has traditionally been popular amongst financial firms and law firms. However, this location has become increasingly attractive to media and technology tenants that have traditionally chosen to locate on the Peninsula or in Silicon Valley. These tenants are choosing to locate offices in downtown San Francisco in order to attract young workers, who want to live and work in the city's vibrant 24/7 "live/work/play" environment.

Mr. Katseff noted that this was a rare opportunity for TCRS to acquire an office building located in a "Central Business" location in one of the "gateway" office markets. This opportunity is available for two reasons. First, the property is encumbered by a large mortgage loan with an above-market interest rate, which limited competition in acquiring the property. Second, the property is smaller in size and price than most assets in this market. Typically, TCRS would be unable to acquire similar assets without a joint venture partner due to the size of the investment.

Greg Elliot made a motion to approve the investment by TCRS. The motion was seconded by Secretary Hargett and unanimously approved.

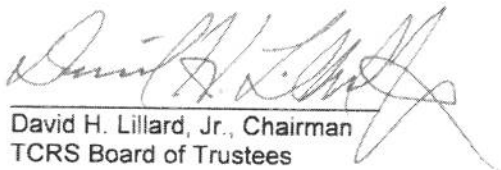
The members of the Investment Committee had no additional questions and the meeting of the Investment Committee was adjourned.

Respectfully Submitted,



Michael Brakebill
Chief Investment Officer

APPROVED:



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