

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees
January 16, 2013**

The Investment Committee of the TCRS Board of Trustees ("Investment Committee") met at 9:45 a.m. on January 16, 2013 in the Executive Conference Room on the Ground Floor of the State Capitol. 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, Commissioner Mark Emkes, Mr. David Seivers and Mr. Greg Elliott. 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. Bill Abney, Mr. Michael Brakebill, Chief Investment Officer, Mr. Andy Palmer, Deputy Chief Investment Officer, Mr. Lamar Villere, Director of Private Equity, Mr. Peter Katseff, Director of Real Estate, and Mr. Matthew Haitas, Real Estate Analyst. Mr. Pete Keliuotis of SIS participated by telephone.

The Honorable David H. Lillard, Jr., State Treasurer, called the meeting of the Investment Committee of the TCRS Board of Trustees to order. He asked Mr. Michael Brakebill to give an overview of the agenda for the meeting.

Mr. Brakebill stated that there were three items to cover. The items included a presentation to provide an update on the Strategic Lending Program and the presentation of two private equity investments for approval by the Investment Committee. Mr. Brakebill also provided a brief update on the overall TCRS portfolio. He noted that the current value of the fund is \$37.2 billion. He noted that, while the numbers are not finalized, the 2012 calendar year performance is expected to be approximately 12%. Mr. Brakebill next asked Mr. Andy Palmer to present the update on the Strategic Lending Program.

Mr. Palmer provided a review of the Strategic Lending Program. He noted that the primary goal of the program is to broaden the types of fixed income investments to include below investment grade and unrated investments in order to increase the returns of the fixed income portfolio. He also noted that the increased returns are accompanied with increased risk. Mr. Palmer next discussed the timeline for creating the program. All of the key steps have been completed including engaging a consultant, establishing legal support, creating policy and guidelines and receiving approval. He noted that the fixed income staff has already met with over 75 managers and are ready to begin making new investments over the next few months.

Mr. Pete Keliuotis next discussed the types of investments and implementation of these investments. He noted that the types of investments can be divided into two buckets, public and liquid investments and private and illiquid investments. Staff expects to initially invest primarily in bank loans and high yield loans, which are both public and liquid. These investments are expected to provide a 5% return with a 7% to 8% volatility.

Mr. Palmer moved the presentation to a chart in the presentation that plots the returns and risks of different asset classes. The chart illustrates that a mix of different strategic lending investments could provide superior risk adjusted returns to both core fixed income and equities. He next reviewed the expected pace of investments in the

strategic lending space. He noted that staff expects to have fully funded the five percent allocation by 2017.

Mr. Palmer concluded by reviewing the next steps for the program. Staff will be finalizing the strategic lending investment guidelines shortly and will be looking for investment opportunities in a flexible manner over the next eighteen months.

There were no questions from the investment committee and the meeting moved on to the proposed investments in two private equity funds.

Mr. Lamar Villere began by presenting the proposed investment in General Atlantic Investment Partners 2013 LP, a global and growth focused fund. Mr. Villere noted that General Atlantic tends to take minority positions primarily in companies located outside the U.S. He noted that that TCRS would be the first public pension investor in a General Atlantic fund, but that Vanderbilt endowment fund has invested with them in the past with strong results. TCRS staff recommended making a \$100 million commitment to this fund.

Secretary Hargett made a motion to approve the investment in General Atlantic Partners 2013 LP by TCRS. The motion was seconded by David Seivers and unanimously approved.

Mr. Villere next presented the proposed investment in Triton Fund IV LP, a Northern European focused buyout fund. He stated that this firm is a high quality firm that focuses on buying distressed companies in Northern Europe including the Nordic countries. They are an operationally focused firm that focuses on adding value through operational changes in struggling companies. TCRS staff recommended making a €50 million commitment to this fund. Mr. Villere noted that since the commitment is being made in Euros, the actual commitment in Dollars will be subject to fluctuations in the exchange rate between the two currencies. Commissioner Emkes asked if this investment was based on trying to time the bottom in the European economy. Mr. Villere stated that it was not based on timing. The investment is about investing with a strong general partner who will provide additional global and buyout exposure.

Commissioner Emkes made a motion to approve the investment in Triton Fund IV LP by TCRS. The motion was seconded by David Seivers and unanimously approved.

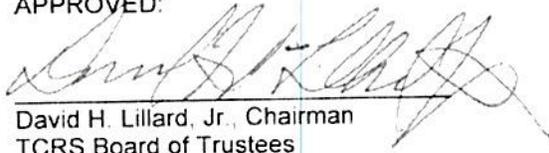
The members of the Investment Committee had no additional questions and the meeting of the Investment Committee was adjourned.

Respectfully Submitted,



Michael Brakebill
Chief Investment Officer

APPROVED:



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