

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees
August 20, 2013**

The Investment Committee of the TCRS Board of Trustees ("Investment Committee") met at 2:00 p.m. on August 20, 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, The Honorable Larry Martin, Commissioner of Finance and Administration, and Mr. Bill Kemp. Mr. Bob Wormsley participated by telephone. Also in attendance were Mr. Bill Abney, Ms. Jennifer Selliers, Mr. Keith Boring, Mr. Michael Brakebill, Chief Investment Officer, Mr. Andy Palmer, Deputy Chief Investment Officer, Mr. Peter Katseff, Director of Real Estate, Ms. Sarah, Real Estate Portfolio Manager and Mr. Matthew Haitas, Real Estate Analyst.

Peter Katseff was asked to introduce the proposed real estate investment by TCRS in a student housing community in Tucson, Arizona at the University of Arizona. The transaction had been proposed by Clarion Partners, a Real Estate Investment Advisor engaged by TCRS. Secretary Hargett made a motion to approve the investment pending successful legal negotiations. The motion was seconded by Commissioner Martin and unanimously approved.

Peter Katseff provided a brief overview of the due diligence process for direct real estate investment by TCRS. He also informed the committee of the upcoming procurement process for hiring separate account real estate advisors, the external managers who assist TCRS in acquiring, managing and disposing of direct real estate investments. The current advisors' contracts expire on October 31, 2013.

Sarah Angus was asked to inform the committee of an additional \$10 million investment in KTR Industrial Fund III by TCRS through a secondary purchase from an endowment fund. TCRS had previously closed on a \$20.75 million commitment in KTR Fund III. TCRS had originally pursued a larger commitment but due to strong investor demand, TCRS received a smaller allocation. Due to both investments being under \$30 million, the Treasurer approved both transactions without prior approval of the investment committee.

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