

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees
September 27, 2013**

The Investment Committee of the TCRS Board of Trustees ("Investment Committee") met at 9:00 a.m. on September 27, 2013 in Room 31 of the Legislative Plaza. The Honorable David H. Lillard, Jr., State Treasurer; The Honorable Tre Hargett, Secretary of State and Mr. Bill Kemp were present in person. The Honorable Larry Martin, Commissioner of Finance and Administration and Mr. Bob Wormsley were unable to attend. Mr. Rick Newton, representing the Department of Finance and Administration, attended in the absence of Commissioner Larry Martin. Also in attendance were Bill Abney, Keith Boring, Michael Brakebill, Daniel Crews, Derrick Dagnam, Matthew Haitas, Mike Keeler, Tim McClure, Andrew Palmer, and Jennifer Selliers.

Treasurer Lillard chaired the meeting and called the meeting to order. The Treasurer began by presenting the minutes of the June 28, 2013, August 20, 2013, and September 16, 2013 meetings for discussion. There were no comments regarding the minutes and Secretary Hargett made a motion for approval of the minutes. The Treasurer seconded a motion to approve the minutes and the motion was approved by voice vote.

Mr. Michael Brakebill was asked to provide a review of the portfolio and its performance. Mr. Brakebill reviewed key initiatives that had taken place during the fourth quarter and into the fall. He noted that Staff continues to adjust the portfolio for the new asset allocation targets put in place by the Board on December 31, 2012. Considerable due diligence activity has been underway in Real Estate, Private Equity and Strategic Lending. Mr. Brakebill reviewed additions to the staff and personnel searches that would begin momentarily.

Mr. Brakebill next reviewed the fund's investment performance, which was illustrated in the Investment Report and in the Strategic Investment Solutions (SIS) quarterly performance report. He noted that 1-year performance of 9.9% beat 18% of funds. The fund outperformed its benchmark by 0.9% for 1-year returns and 0.6% for 3-year returns. The 3-year performance beat 54% of peers (11.6%) and the 5-year performance of the fund beat 64% of peers (5.3%).

Mr. Andrew Palmer was next asked to present the proposed investment by TCRS in the Oaktree Strategic Credit Portfolio. This separate account portfolio will invest in inefficiently priced fixed income products including senior and secured debt of stressed issuers priced at a discount. TCRS Staff recommended authorizing a commitment of up to \$300 million with an initial investment of \$150 million. Secretary Hargett made a motion to approve the investment in the Oaktree Strategic Credit Portfolio pending successful legal negotiations. The motion was seconded by Treasurer Lillard and unanimously approved.

Mr. Andrew Palmer next presented the proposed investment by TCRS in the Oaktree Opportunistic Real Estate Debt Portfolio. This separate account portfolio will invest in real estate debt products including CMBS, corporate, residential and non-US real estate

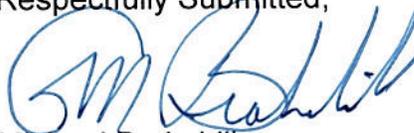
debt sourced at discounted valuations. TCRS Staff recommended authorizing a commitment up to \$150 million with an initial investment of \$75 million. Treasurer Lillard made a motion to approve the investment in the Oaktree Opportunistic Real Estate Debt Portfolio pending successful legal negotiations. The motion was seconded by Secretary Hargett and unanimously approved.

Mr. Andrew Palmer next presented the proposed investment by TCRS in the Blackstone Tactical Opportunities Fund. The fund will invest in a broad range of opportunities that reflect the overall Strategic Lending Portfolio. TCRS Staff recommended authorizing a commitment of \$50 million. Secretary Hargett made a motion to approve the investment in the Blackstone Tactical Opportunities Fund pending successful legal negotiations. The motion was seconded by Bill Kemp and unanimously approved.

Mr. Matthew Haitas was asked to introduce the proposed real estate investment by TCRS in an apartment community in Denver, Colorado. The transaction had been proposed by TA Associates, a Real Estate Investment Advisor engaged by TCRS. Treasurer Lillard made a motion to approve the investment pending successful legal negotiations. 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