

Minutes of the TCRS Board of Trustees meeting on March 22, 2013

The Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, March 22, 2013 at 10:00 a.m. The meeting was held in Room 30 of the Legislative Plaza with Chairman David Lillard presiding.

Chairman Lillard asked Ms. Bachus to conduct an attendance roll call. The following members were present: Chairman David Lillard, State Treasurer; Mr. Tre Hargett, Secretary of State; Commissioner Rebecca Hunter, Department of Human Resources; Ms. Jill Bachus, Director of TCRS; Mr. Michael Barker, Ms. Patsy Moore, Mr. Bill Kemp, Ms. Traci Jefferson, Mr. Ken Wilber, and Mr. Greg Elliott.

Approval of the December 7, 2012 Minutes of the Board of Trustees

On a motion by Mr. Wilber and seconded by Mr. Elliott, the minutes of the December 7, 2012 TCRS Board of Trustees meeting were unanimously approved.

Board of Trustees Committee Report

Chairman Lillard recognized Mr. Barker to provide the audit committee report. Mr. Barker mentioned the audit report released from the Comptroller of the Treasury stated the audit disclosed no instances of noncompliance. Mr. Andy Furlong reviewed financial statements and significant accounting reporting and standards. The audit committee discussed the private equity disclosure. Ms. Bachus provided an update on Concord.

Chairman Lillard recognized Ms. Bachus to provide the administrative committee report. Ms. Bachus mentioned Mr. Fred Marshall provided the committee an update on Concord. The committee reviewed two political subdivisions seeking participation into TCRS. Mr. Jamie Wayman provided an update on the actuarial experience study.

Chairman Lillard mentioned the investment committee did not meet.

Political Subdivisions Petitioning for Membership in TCRS

Ms. Bachus advised that the Administrative Committee had reviewed the requests for participation in TCRS for the following entities: Second South Cheatham Utility District and Madison Suburban Utility District.

On a motion by Ms. Bachus and seconded by Mr. Kemp, the Board unanimously approved the requests for participation in TCRS.

Investment Report

Chairman Lillard mentioned that Money Management Intelligence had awarded TCRS the Large Public Plan of the Year Award for 2013, and that Mr. Brakebill was out of town to accept the

award. Chairman Lillard next introduced Mr. Pete Keliuotis of Strategic Investment Solutions (SIS) to review the investment report.

Mr. Keliuotis began by reviewing the performance of the capital markets in the fourth quarter of 2012. Mr. Keliuotis discussed how investors were concerned about the fiscal cliff and the disparity of economic growth between the United States and Europe. Equity markets have been strong over the past year while interest rates stayed flat for the quarter.

Next, Mr. Keliuotis reviewed the asset allocation. As of December 31, 2012, TCRS ended with \$36.6 billion in assets. The target asset allocation percentage relative to the actual is slightly overweight to North American and International Equities because private equity has not been fully deployed.

Mr. Keliuotis reviewed investment performance. TCRS had a 1% return for the quarter and the fund has strong returns for the past one and three years. The international managers struggled during the quarter, but performance for the past year had outperformed their benchmark. The real estate portfolio had a strong absolute performance and slightly lagged its benchmark.

Other Business

Chairman Lillard mentioned the proposed new hybrid pension plan is pending in the General Assembly. Information concerning the pension plan is on the TCRS website.

Adjournment

Chairman Lillard announced the completion of the business at hand and asked if there was any other business to come before the Board.

On a motion by Mr. Hargett and seconded by Mr. Barker, the Board unanimously approved the TCRS Board of Trustees meeting be adjourned.

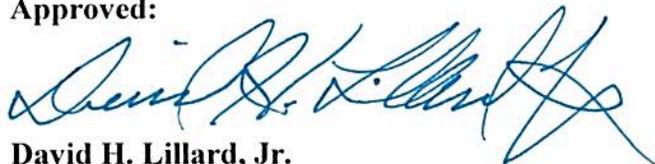
With no other business, the Board of Trustees adjourned at 10:27 a.m. on March 22, 2013.

Respectfully Submitted,



Jill Bachus
Director, TCRS

Approved:



David H. Lillard, Jr.
Chairman of the Board