

**DRAFT VERSION – MINUTES OF THE INVESTMENT ADVISORY COUNCIL MEETING
WEDNESDAY, SEPTEMBER 10, 2014– SUBJECT TO REVIEW AND APPROVAL
FINAL VERSION OF THESE MINUTES WILL BE POSTED AFTER APPROVAL OF THE INVESTMENT
ADVISORY COUNCIL AT THE NEXT MONTHLY MEETING, WHICH WILL BE HELD ON
WEDNESDAY, OCTOBER 8, 2014**

MEETING NO. 418

Members present:

Janice (Jan) Carpenter
Thomas Fiore, representing Benjamin Barnes
Joshua Hall
David (Duke) Himmelreich
Steven Muench
William Murray
Denise L. Nappier, Treasurer*
Carol Thomas, Interim Chair
Peter Thor**

Absent:

Laurence Hale

Others present:

Christine Shaw, Deputy Treasurer
Lee Ann Palladino, Chief Investment Officer
Deborah Spalding, Deputy Chief Investment Officer
David Barrett, Director of Communications
Gary L. Carter, Principal Investment Officer
Laura Jordan, Interim Assistant Treasurer of Policy
Catherine LaMarr, General Counsel
Shelagh McClure, Director of Compliance
Christina McGinnis, Executive Secretary
Terrence Purcell, Principal Investment Officer
Cherie Santos-Wuest, Principal Investment Officer
Michael Terry, Principal Investment Officer
Linda Tudan, Executive Assistant

Guests:

Bradley Atkins, Franklin Park Associates
Gustave Christakos, Deutsche Bank
Francis Gambino, Deutsche Bank
Will Greene, Loop Capital Markets
Jonathan Hogstad, Service Employees International Union
Mark Johnson, Cliffwater, LLC
Claire Shaugnessy, Hewitt EnnisKnupp, Inc.
Michael Stark, The Townsend Group
Kevin Sullivan, BNY Mellon Asset Servicing

* Arrived at 9:05a.m.

**Arrived at 9:43a.m.

With a quorum present, Interim Chair Carol Thomas called the Investment Advisory Council (“IAC”) meeting to order at 9:00 a.m.

Approval of Minutes of the June 11, 2014 IAC Meeting

Chair Thomas called for a motion to approve the minutes of the June 11, 2014 IAC meeting. **Duke Himmelreich moved to approve the minutes of the June 11, 2014 IAC meeting as drafted. The motion was seconded by William Murray. There being no discussion, the Chair called for the vote. The motion passed unanimously.**

Comments by the Treasurer

Treasurer Nappier began her opening remarks by commenting on the investment performance as of June 30, 2014 for the State Employees’ Retirement Fund and the Teachers’ Retirement Fund; the two largest pension plans in the Connecticut Retirement Plans and Trust Funds (“CRPTF”).

Next, Treasurer Nappier announced that after considering the feedback from the IAC, the Real Estate Fund (“REF”) consultant, The Townsend Group (“Townsend”), and the due diligence process, she had decided to make a commitment of up to \$100 million to Starwood Global Opportunity Fund; she further stated that the partnership documents were successfully negotiated and the fund closed on August 13th.

Update on the Market, the Connecticut Retirement Plans and Trust Funds Final Performance for Months Ended June 30 and July 31, 2014

Lee Ann Palladino, Chief Investment Officer, provided an update on the capital market environment, its impact on the performance of the CRPTF and the economic outlook. Next, she reported on the investment performance for the months ended June 30 and July 31, 2014. Ms.

Palladino then commented on the Watch List.

Next, Claire Shaughnessy, Partner, of Hewitt EnnisKnupp, reported on the Combined Investment Funds and the Connecticut Horizon Fund for the quarter ended June 30, 2014.

Consideration of the Search Process for a Private Investment Fund Consultant

Terrence Purcell, Principal Investment Officer (“PIO”), gave an overview of the project plan timeline and evaluation/selection criteria for a Private Investment Fund (“PIF”) consultant search.

Chair Thomas called for a motion to endorse the search process for a PIF consultant. **A motion was made by Mr. Murray, seconded by Mr. Himmelreich, to endorse the search process for a PIF consultant. There being no discussion, Chair Thomas put the question to a vote and the motion passed unanimously.**

Alternative Investment Fund Review as of June 30, 2014

Mr. Purcell reported on the Alternative Investment Fund (“AIF”) for the quarter ended June 30, 2014 (absolute return portfolio) and the quarter ended March 31, 2014 (real assets and opportunistic portfolios). He introduced AIF’s consultant, Mark Johnson, Senior Managing Director of Cliffwater LLC, who assisted in presenting the quarterly report.

Private Investment Fund Review as of March 31, 2014

Mr. Purcell reported on the PIF for the quarter ending March 31, 2014. He introduced the PIF’s consultant, Bradley Atkins, Chief Executive Officer of Franklin Park Associates, who assisted in presenting the quarterly report.

Real Estate Fund Review as of March 31, 2014

Cherie Santos-Wuest, PIO, reported on the performance of the REF for the quarter ended March 31, 2014. She introduced Michael Stark, Principal, of Townsend, who assisted in presenting the quarterly report.

Securities Lending Review as of June 30, 2014

Frank Gambino, Managing Partner, and Gustave Christakos, Assistant Vice President of Deutsche Bank, reported on Securities Lending activity for the quarter ended June 30, 2014.

Short-Term Investment Fund Review as of June 30, 2014

Michael Terry, PIO, reported on the performance of the Short Term Investment Fund for the quarter ending June 30, 2014.

Report on Corporate Governance

Laura Jordan, Interim Assistant Treasurer - Policy, reported on Corporate Governance activities for the quarter ended June 30, 2014.

Chair Thomas called for a motion to accept the report on Corporate Governance activities. **A motion was made by Joshua Hall, seconded by Jan Carpenter, to accept the report on Corporate Governance activities. There being no discussion, Chair Thomas put the question to a vote and the motion passed unanimously.**

Other Business

Chair Thomas invited the IAC members to submit agenda items for the October 8, 2014 IAC

meeting.

Mr. Himmelreich expressed gratitude to the recently retired State Auditor, Thomas Willametz, and acknowledged with praise the dedicated service and assistance Mr. Willametz provided to the IAC and to Mr. Himmelreich personally, and also to the many contributions Mr. Willametz made on behalf of the citizens of Connecticut over the tenure of his career.

There being no further business, Chair Thomas called for a motion to adjourn the meeting.

Ms. Carpenter moved to adjourn the meeting and the motion was seconded by Mr. Himmelreich. There being no discussion, the meeting was adjourned at 11:30 a.m.

This meeting was electronically recorded.