

**DRAFT VERSION – MINUTES OF THE INVESTMENT ADVISORY COUNCIL MEETING  
WEDNESDAY, JUNE 11, 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, JULY 9, 2014**

**MEETING NO. 417**

**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  
Joanne Dombrosky, Principal Investment Officer  
Laura Jordan, Interim Assistant Treasurer of Policy  
Harvey Kelly, Analyst  
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  
Adriana Borges, Summer Worker  
Devin Dillard, Summer Worker  
Oren Faircloth, Summer Worker  
Joseph Felix, Summer Worker  
Jerald Gooden, Summer Worker  
Javim Gordon, Summer Worker  
Breana Green, Summer Worker  
Will Greene, Loop Capital Markets  
Mark Johnson, Cliffwater, LLC

Hafsa Khanum, Summer Worker  
Michael Lefton, Starwood Capital Group Global, L.P.  
Kevin Meehan, Goldman Sachs Asset Management  
Robert Minatti, Summer Worker  
Ellis Rinaldi, Starwood Capital Group Global, L.P.  
Lionel Samuel, Summer Worker  
Jerome Silvey, Starwood Capital Group Global, L.P.  
Lynn Sliwa, Summer Worker  
Claire Shaugnessy, Hewitt EnnisKnupp, Inc.  
Diane Smola, Hewitt EnnisKnupp, Inc.  
Adrianna Soldevila, Summer Worker

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 May 14, 2014 IAC Meeting**

Chair Thomas called for a motion to approve the minutes of the May 14, 2014 IAC meeting.

**Jan Carpenter moved to approve the minutes of the May 14, 2014 IAC meeting as drafted.**

**The motion was seconded by Steven Muench. There was one abstention, 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 introducing the summer workers who have joined the Office of the State Treasurer for the summer months. She then commented on the investment performance as of April 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, and the due diligence process, she had

decided to make a commitment of up to \$100 million to Clarion Lion Industrial Trust, contingent upon successful negotiation of the partnership documents.

Next, regarding the Currency Overlay mandate in the Developed Markets International Stock Fund, Treasurer Nappier also announced that after considering the feedback from the IAC and the due diligence process conducted by the investment staff and the general investment consultant, Hewitt EnnisKnupp (“HEK”), she had decided to hire First Quadrant and Pareto Investment Management, pending successful contract negotiations.

Finally, Treasurer Nappier commented on the agenda and provided highlights on an investment opportunity that would be presented for consideration for the REF; Starwood Global Opportunity Fund X (“SOF X”).

**Update on the Market, the Connecticut Retirement Plans and Trust Funds (“CRPTF”) Final Performance for Month Ended April 30, 2014**

Lee Ann Palladino, Chief Investment Officer (“CIO”), provided an update on the capital market environment, its impact on the performance of the Connecticut Retirement Plans and Trust Funds (“CRPTF”) and the economic outlook. Next, she reported on the investment performance for the month ended March 31, 2014. Ms. Palladino then commented on the Watch List.

Next, Claire Shaughnessy, Partner, and Diane Smola, Senior Consultant, of Hewitt EnnisKnupp, reported on the Combined Investment Funds and the Connecticut Horizon Fund for the quarter ended March 31, 2014.

**Presentation by and Consideration of Starwood Distressed Opportunity Fund X**

Cherie Santos-Wuest, PIO, provided opening remarks and introduced Starwood Distressed Opportunity Fund X, an REF opportunity.

Starwood Distressed Opportunity Fund X, represented by Jerome Silvey, Executive Vice President and Chief Financial Officer, Ellis Rinaldi, General Counsel and Michael Lefton, Director, made a presentation to the IAC.

**Roll Call of Reactions to Starwood Distressed Opportunity Fund X**

Thomas Fiore, David Himmelreich, Mr. Murray, Ms. Carpenter, Mr. Muench, Joshua Hall, Peter Thor, and Chair Thomas provided feedback on the Starwood Distressed Opportunity Fund X.

Chair Thomas called for a motion to waive the 45-day comment period. **A motion was made by Ms. Carpenter, seconded by Mr. Thor, to waive the 45-day comment period for the Starwood Distressed Opportunity Fund X. There being no discussion, the Chair put the question to a vote and the motion was passed, with the abstention of Mr. Hall.**

**Alternative Investment Fund Review as of March 31, 2014**

Terrence Purcell, PIO, reported on the performance of the Alternative Investment Fund (“AIF”) for the quarter ended March 31, 2014. 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 December 31, 2013**

Mr. Purcell reported on the performance of the Private Investment Fund (“PIF”) for the quarter ended December 31, 2013. He introduced PIF’s consultant, Brad Atkins, Chief Executive Officer of Franklin Park Associates, who assisted in presenting the quarterly report.

**Short-Term Investment Fund Review as of March 31, 2014**

Michael Terry, PIO, reported on the performance of the Short Term Investment Fund for the quarter ended March 31, 2014.

**Report on the CRPTF Compliance Policy for Implementation of Statutory Investment Restrictions**

Shelagh McClure, Director of Compliance, provided information on the CRPTF Compliance Policy for Implementation of Statutory Investment Restrictions.

Chair Thomas called for a motion to accept the report on the CRPTF Compliance Policy for Implementation of Statutory Investment Restrictions. **A motion was made by Mr. Himmelreich, seconded by Mr. Hall, to accept the report on the CRPTF Compliance Policy for Implementation of Statutory Investment Restrictions. Chair Thomas put the question to a vote and the motion was passed unanimously.**

**Report on Corporate Governance**

Laura Jordan, Interim Assistant Treasurer - Policy, reported on corporate governance activities for the quarter ended March 31, 2014.

**Other Business**

Chair Thomas invited the IAC members to submit agenda items for the July 9, 2014 IAC meeting.

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

**Mr. Thor moved to adjourn the meeting and the motion was seconded by Ms. Carpenter.**

**There being no discussion, the meeting was adjourned at 12:04 p.m.**

**This meeting was electronically recorded.**

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