

INVESTMENT POLICY STATEMENT
STATE OF CONNECTICUT RETIREMENT PLANS & TRUST FUNDS
Recommended by the Treasurer on March 13, 2003

Article VI. Asset Class Guidelines-Real Estate Fund¹

Fund Benchmark

The Real Estate Fund's ("REF" or the "Fund") portfolio performance shall be benchmarked against the total rate of return of the National Council of Real Estate Investment Fiduciaries Property Index ("NCREIF Property Index"). Additional criteria will be applied to the performance of individual managers, investments having a focus on a particular property sector or geographic location and for investments having higher risk strategies. Investments in publicly traded Real Estate Investment Trusts ("REITs") and real estate operating companies are expected to outperform the National Association of Real Estate Investment Trusts Composite Index ("NAREIT Composite Index").

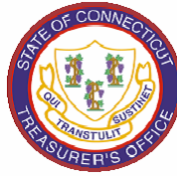
Description of the Fund

The Fund is the vehicle by which the CRPTF makes investments in the real estate asset class. The Fund investments may consist of a number of different investment strategies and investment vehicles, including externally managed commingled funds, separate accounts and/or publicly traded real estate securities. These investments shall be primarily equity-orientated but may also include fixed income investments in real estate, such as mortgages.

All investments in real estate assets are expected to adhere to the standards of fiduciary obligations to the beneficiaries of the CRPTF, and shall be considered in the context of the relevant risk/reward factors of this asset class and consistent with the statutory requirements for consideration of investments by the Treasurer in accordance with Section 3-13d(a) of the Connecticut General Statutes. These investments will also adhere to the Responsible Contractor Policy included as an exhibit to this document. In the event the preconditions of Section 3-13d(d) of the Connecticut General Statutes are met with respect to a "lame duck" period, the IAC shall assume the principal fiduciary authority of the Treasurer for investment decisions for the Fund until such time as a duly elected Treasurer is officially sworn into office.

The Fund shall comply with the guidelines as approved by the IAC for CRPTF's asset allocation to the real estate asset class. The real estate allocation may be amended from time to time. If the Fund's actual allocation falls outside these policy allocation targets, the CRPTF will reallocate capital, as dictated by prudence, to come into compliance to the asset allocation guidelines. The Fund shall move tactically within the recommended allocation range for real estate in response to changes in market conditions, the Fund's return objectives and liquidity requirements, as well as other relevant factors.

¹ These guidelines supersede PART I, Article V, Section D.1. the Asset Class Definition for the Real Estate Fund.



From time-to-time, the actual allocation to the real estate asset class may not fall within the recommended range. In these instances, adjustments from actual to the prescribed allocation range shall be implemented over a reasonable time frame (within a one to three year period, unless otherwise specified) and with ample consideration given to preserving investment returns to the CRPTF.

Responsibilities and Delegations of Authority:

The investment of the Fund's assets shall be the primary responsibility of the Treasurer, and will be carried out in conjunction with the IAC, taking into account the overall CRPTF investment policy. The Treasurer shall have responsibility for the management and administration of the Fund's real estate investments.

Investment Objectives

The strategic objectives of the REF are the following:

1. To provide diversification to the overall CRPTF investment program.
2. To preserve investment capital and generate attractive risk-adjusted rates of return.
3. To provide consistent current income to the CRPTF.
4. To provide a hedge against inflation.

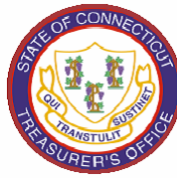
Expected returns for CRPTF's real estate investments shall be: (i) at minimum, CRPTF's actuarially determined assumed rate of return and (ii) competitive, on a risk-adjusted basis, with other asset classes in which the CRPTF invests. Expected returns for each of the CRPTF's real estate investments shall also be commensurate with the attendant risks associated with each investment.

The real estate asset class shall be managed to: (i) ensure a consistent flow of qualified investment opportunities that represent the most attractive investment vehicles currently available in the marketplace, (ii) produce a diversified and balanced portfolio of investments that are structured so that the risks inherent in these generally illiquid and long-lived assets may be minimized, and (iii) consider solely the interests of the CRPTF's participants and beneficiaries.

Fund Structure²

The REF shall be divided in four segments, the Core Portfolio, the Value-Added Portfolio, the Opportunistic Portfolio and the Publicly Traded Portfolio. Assignment of an investment to a particular portfolio shall be based on the investment's risk and return characteristics.

² Including up to 5% of the REF for partnerships targeting underserved geographical areas and populations, with a focus on Connecticut.



Strategic Objectives of the Core, Value-Added Opportunistic and Publicly Traded Portfolios:

Under this structure, the strategic objectives of the Core Portfolio are to: (i) produce stable current income and (ii) market level returns commensurate with a low to moderate level of risk. Hence, the performance of the Core Portfolio is expected to mirror the composite NCREIF Property Index, on a net-of-fee basis.

The Value-Added Portfolio is expected to produce higher returns than the Core Portfolio, subject to an incrementally greater amount of risk, thereby enhancing the overall performance of the REF. The Value-Added Portfolio is expected to provide solid income and greater levels of appreciation than anticipated in the Core Portfolio. The Value-Added Portfolio is expected to outpace the NCREIF Property Index by 200 basis points, on a net-of-fee basis.

The Opportunistic Portfolio is expected to enhance performance of the REF, and to provide additional diversification to the real estate portfolio. The Opportunistic Portfolio may offer limited current income and returns are often largely dependent on future appreciation. The Opportunistic Portfolio is expected to outpace the NCREIF Property Index by 500 basis points, on a net-of-fee basis.

The Publicly Traded Portfolio is intended to provide performance in excess of the NAREIT Composite Index. The Publicly Traded Portfolio is expected to enhance performance and liquidity to the REF as well as contribute to the portfolio's diversification. Furthermore, investments in publicly traded real estate investments can provide the REF with access to some property types in which exposure is difficult to obtain due to the nature or size of the individual assets (i.e. regional malls).

Allocation to the Core, Value-Added, Opportunistic, and Publicly Traded Portfolios:

Allocations to the Core, Value-Added, Opportunistic and Publicly Traded Portfolios shall be made to maximize the total return to CRPTF while mitigating risk. As a moderate risk investor and given the CRPTF's current requirements for cash flow and liquidity, the REF's target allocations to the Core, Value-Added, Opportunistic and Publicly Traded Portfolios shall be:

Portfolio Segment	Allocation Range	Target Allocation
Core	50% to 70%	60%
Value-Added	5% to 25%	15%
Opportunistic	5% to 25%	15%
Publicly Traded	0% to 20%	10%

From time-to-time, the actual allocation to the Core, Value-Added, Opportunistic, and Publicly Traded Portfolios may not fall within the recommended range. In these instances, adjustments from actual to the prescribed allocation range shall be implemented over a reasonable time frame (within a one to three year period, unless otherwise specified) and with ample consideration given to preserving investment returns to the CRPTF.

Characteristics of Core Portfolio Investments:



The Core Portfolio is expected to produce market level returns over time with a commensurate level of risk. Performance is expected to mirror the composite NCREIF Property Index, on a net-of-fee basis. Income is expected to make up the majority of the total return for the Core Portfolio.

To mitigate risk, the Core Portfolio shall be well diversified by property type, geography and, to the extent feasible, by manager. Usually, investments in the Core Portfolio shall be limited to office, retail, industrial and apartment properties. The Core Portfolio may also include limited investment in "other" property types that are generally considered non-core.

Typical Core Portfolio properties shall exhibit "institutional" qualities. Generally, they are well located within their local and regional markets, of high-quality design and construction and have significant occupancy levels. Leverage may be used in the Core Portfolio on a limited basis to enhance investment returns. Leverage within the Core Portfolio will have a targeted guideline of 30% or less of the aggregate net assets. Consideration shall be given to the impact of debt financing on the risk and return characteristics of the leveraged investments as well as the total Core Portfolio.

Characteristics of Value-Added Portfolio Investments:

The Value-Added Portfolio is expected to produce above market level returns over time. Performance is expected to exceed the NCREIF Property Index, on a net-of-fees basis, by 200 basis points. While income is expected to be a part of the total return for the Value-Added Portfolio, appreciation may be the source for much of the total return.

The Value-Added Portfolio contains investments with expected returns in excess of investments contained within the Core Portfolio in addition to commensurately higher risk. Value-Added Portfolio investments involve efforts to increase property value such as releasing, repositioning, redevelopment, or development, as well as higher levels of debt. Value-Added investments may include traditional and non-traditional property types (e.g. hotels, mini-storage, senior housing, timber, etc.).

Characteristics of the Opportunistic Portfolio:

The Opportunistic Portfolio is expected to produce above market level returns over time. Performance is expected to exceed the NCREIF Property Index, on a net-of-fees basis, by 500 basis points.

Opportunistic Portfolio investments are often in niche opportunities (e.g. distressed debt, mezzanine debt, hospitality, etc.) or exist because of inefficiencies in the real estate or capital markets. In addition, the Opportunistic Portfolio may contain investments in special purpose properties with a narrow user market (e.g., mobile home parks and parking structures). Investment strategies for the Opportunistic Portfolio are characteristically "tactical" in nature and are based on prevailing market conditions at the time of investment. International investments are also a part of the Opportunistic Portfolio.

Within the Opportunistic Portfolio, expected returns may vary considerably, based on differences in investment program strategies and structures, and the level of risk associated with each program, among other factors. As noted above, investments included in the Opportunistic Portfolio are likely to generate limited current income. The bulk of the return on



these investments is expected to come from appreciation. Moderate to high levels of leverage may be also employed by some programs to augment investment performance.

Characteristics of the Publicly Traded Portfolio:

The Publicly Traded Portfolio is expected to deliver performance in excess of the NAREIT Composite Index. Publicly traded real estate investments are typically more volatile than their private market counterparts, however, liquidity is greater. The Publicly Traded Portfolio is expected to be well diversified and include a wide array of property types. Generally speaking, investments will be limited to publicly traded real estate investment trusts and real estate operating companies owning office, retail, industrial, apartment, healthcare, mobile homes, self storage, hotels and R&D properties.

Investment Guidelines

All investments will be managed as approved by the Treasurer consistent with the objectives and policies of the CRPTF and subject to the provisions of the CRPTF, the contractual arrangements governing the relationship between the CRPTF and its investment managers, and the investment guidelines outlined below.

To the extent possible, the fund shall adhere to the following investment guidelines:

Discretion:

The Fund may enter into discretionary separate account relationships with real estate investment managers, subject to pre-approved investment guidelines, whenever possible, or clearly defined investment strategies. This delineation is known in the real estate industry as "discretion in a box", which means the manager shall have the authority and discretion to execute a particular investment strategy only so long as each and every investment falls within the preapproved guidelines for the portfolio. For this reason, investments shall be structured to facilitate alignment of interests between management and the Fund, management accountability, investment monitoring and ultimately, liquidity.

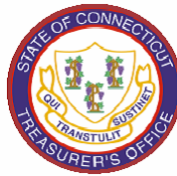
In these separate accounts, CRPTF shall have sole ownership of the assets or may joint venture with other institutional investors to acquire the asset. CRPTF will reserve the right to remove the real estate manager of any separate account, with or without cause, in a timely manner.

Alignment of Interests:

Preferred investments for the REF will be those that exhibit the highest degree of management accountability and the greatest alignment of interests. As a matter of policy, REF will seek, but is not limited to, dedicated management teams that co-invest or have substantial ownership interest in the investment entity, controlling positions with provisions for liquidity, disclosure, as well as the mitigation of conflicts of interest.

Leverage:

The Fund shall employ leverage in the real estate portfolio in order to enhance investment returns. Such leverage may be at the portfolio, manager or investment level. In order to utilize debt in this manner, positive arbitrage should exist at the investment entity level. Because



leverage also increases the volatility of the real estate portfolio, careful consideration will be given to the impact of leverage on investment and portfolio risk. In addition, limitations on the amount of leverage at the individual asset or investment entity level as well as debt service coverage requirements will be negotiated or arranged wherever possible.

Leverage at the aggregate Fund level should be limited to 50%. To preserve the character of the asset class within CRPTF's composite investment portfolio, the aggregate asset class shall not be over leveraged. This shall be measured by comparing the principal amount of debt secured by real estate investments in the portfolio annually to the gross market value of the real estate portfolio. Specifically, leverage in the Core Portfolio will be targeted at 30% or less. In the Value-Added and Opportunistic Portfolios, certain investments may be highly leveraged, however, the leverage maximum shall be that amount which would cause the aggregate Fund leverage to exceed 50%. To the extent leverage in any portfolio exceeds the maximum, the Fund shall make all reasonable efforts to reduce the leverage ratio to below the maximum allowable amount within a reasonable time frame.

Liquidity:

Real estate investments shall be structured to include clearly defined redemption provisions that offer investors liquidity. In addition, whenever possible, investments shall include features that enhance liquidity to investors such as, (i) shorter investment time horizons and holding periods, (ii) provisions for interim liquidation of investments, (iii) multiple exit strategies, (iv) alignment of interests between management and investors as well as management accountability and (v) a readily tradable market for investor holdings.

Valuations:

The Fund's separate account managers will be responsible for the ongoing valuations of each property or investment in their respective portfolios. Investment managers shall value all investments at least annually using internal valuations. Independent third-party valuations shall be obtained, at a minimum, every three years or on an as-needed basis in any CRPTF separate account portfolio. The third-party appraiser selection and engagement process will incorporate a competitive bidding process amongst qualified firms. An appraiser will not be utilized for more than three consecutive independent valuation engagements on a particular investment.

In commingled funds, CRPTF shall review the manager's proposed valuation policy and request that each investment be valued at least annually using internal valuations. Core and value-added funds may secure third party appraisals, but the opportunistic funds generally value investments using internal valuations.

Eligible Investment Vehicles

The selection of appropriate investment vehicles with structural aspects that provide for (i) maximum liquidity and control, while mitigating risk and (ii) the highest level of accountability on the part of management and alignment of interests is critical to the Fund's ability to meet its objectives in the real estate asset class. For this reason, the following investment vehicles are allowable:

Commingled Vehicles:



To enable greater diversification and to reduce risk, investments in the real estate portfolio shall be made in participation with other institutional investors. Real estate investments shall be made in commingled vehicles including, but not limited to: (i) closed-end funds such as group trusts and limited partnerships, (ii) open-end funds (primarily bank and insurance company commingled accounts), (iii) private REITs and REOCs, and (iv) public REITs and REOCs.

Investments in closed-end commingled vehicles shall have clearly articulated and viable exit strategies through which assets can be disposed of or liquidated upon termination of the investment and on an interim basis. The term of these investments shall also be limited to no more than seven to ten years and shall provide for a winding-up and orderly liquidation within this time period. Investment agreements for closed-end commingled vehicles shall include flexible provisions for removal of management by investors and interim liquidation of investor holdings.

Open-end commingled fund investment shall include flexible redemption provisions, though such provisions often do not provide investors with liquidity at times when it is most needed. Therefore, it is critically important that such investments be made with the most proactive of managers. In addition, to the extent possible, investments in closed and open-end commingled fund vehicles shall include an opportunity for investors to participate on advisory boards.

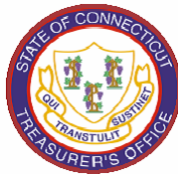
To ensure adequate diversification and to reduce risk, no more than 10% of the CRPTF real estate portfolio shall be allocated to any one individual commingled fund in which CRPTF does not exercise control over its capital. For the purpose of this document, control over its capital refers to the ability to time the exit from an investment vehicle or the termination of the manager of such vehicle.

Public and Private REITs and REOCs:

Public and private REITs and REOCs can provide the REF with greater access to property markets and assets as well as captive and focused management in a structure that includes corporate governance. These types of investments may offer additional benefits to the Fund in the way of opportunities to share in the operators' fee income and franchise value. Investments in private companies often offer multiple exit strategies that include a public listing, merger or portfolio sale. Though investments in publicly traded vehicles can offer the Fund greater liquidity over private market opportunities, they are more highly correlated with equities than private real estate investments. As such, the maximum allocation to publicly traded REITs or REOCs in the real estate portfolio shall be 20%. However, the actual allocation to publicly traded REITs or REOCs at any point in time could be substantially less than these amounts, or even zero. The balance of the real estate portfolio shall be invested in private market investments.

Investments in publicly traded REITs and REOCs shall be made through investment managers as part of a structured investment program [such programs may include both long and short positions (short positions not to exceed 30% of the respective portfolio) as well as options (for defensive positioning only)].

From time to time, the Fund may acquire investments in publicly traded REITs or REOCs by way of dissolution or restructuring of its private market investments. These investments shall be placed under the management of a suitable investment manager. Investments that are deemed inappropriate for the Fund shall be liquidated in a reasonable time frame.



Investments in publicly traded REITs and REOCs will be monitored for compliance with the statutory cap on common stock.

Separate Account Vehicles:

The REF may invest in separate account vehicles that allow the Fund 100% ownership and control of direct investments, however, such separate account vehicles shall not be the primary or preferred investment vehicle of the Fund (due to the current size of the Fund and the diversification difficulties associated with small separate accounts), prudent care shall be taken to ensure that diversification of such an account is not detrimental to the overall real estate portfolio.

Eligible Investment Types

Equity real estate investments may include direct or indirect equity investment in real estate (including all rights and interests incident thereto) such as: (i) interests in corporations, partnerships and other entities whose primary business is the acquisition, development and operation of real property including publicly traded, or private real estate investment trusts ("REITs") and real estate operating companies ("REOCs"), (ii) participating or convertible participating mortgages or other debt instruments convertible to equity interest in real property based on investment terms (and not merely by foreclosure upon default), (iii) options to purchase real estate, leaseholds, and sale-leasebacks, (iv) all other real estate related securities such as lower or un-rated tranches of pre-existing securities or structured debt instruments, which have equity features.

Leveraged equity investments are permissible. Properties may also be acquired subject to ground leases and reversionary interests may be acquired in properties subject to ground leases.

International investments are permitted for the Opportunistic Portfolio given appropriate review of the experience and strength of potential investment management organizations, and the real estate and capital markets, practices and laws of countries selected, among other factors.

Management of the Fund

The Treasurer, in consultation with the Investment Advisory Council, shall select the advisors for the REF. In accordance with Section 3-13i of the Connecticut General Statutes, the Investment Advisory Council will have up to a forty-five day period following presentation of the investment opportunity in which to file a written review of the Treasurer's recommendation. While the Investment Advisory Council's response will be given full consideration, the ultimate decision to invest, or not resides with the Treasurer. The Treasurer and the Investment Advisory Council shall also review at least quarterly the activity and financial condition of the REF. In the event the preconditions described in Section 3-13d of the Connecticut General Statutes are met with respect to a "lame duck" period, the IAC shall assume the principal fiduciary authority of the Treasurer for investment decisions in the real estate investment fund until such time that a duly elected Treasurer is officially sworn into office.



Diversification

The principle of diversification in portfolio theory is defined as the reduction of risk in a portfolio without a corresponding reduction in the portfolio's return. This shall be accomplished in the real estate portfolio through the investment of capital among a number of different investment management organizations and in a variety of investment strategies and structures, property types and geographic regions, among other factors.

Diversification by Investment Advisor:

To reduce risk, the REF shall be diversified by investment manager organization. No single investment manager organization shall manage more than 40% of the market value of the REF allocation.

Diversification by Geography:

To reduce risk, investments in the real estate portfolio shall be (i) well diversified by geography and (ii) primarily located in the United States. The allocation ranges for real estate located in the United States versus overseas shall be 80% to 100% to the United States and 0% to 20% to real estate markets abroad.

Based on the geographic classification system used in the NCREIF Property Index, the target allocation ranges for regions within the United States shall be as follows:

<u>Region</u>	<u>Allocation Range</u>
West	25% - 45%
Midwest	5% - 25%
East	20% - 40%
South	20% - 40%

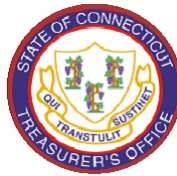
It should be noted that these target geographic region allocation ranges are based on the NCREIF Property Index (as of March 31, 2002) and may change over time as the composition of the NCREIF Property Index changes. As such, periodic adjustments to the target ranges may need to be made based on changes in the benchmark.

The distribution of states by region as included in the NCREIF Property Index is in Appendix I of the Guidelines.

While there are no specific guidelines for diversification based on exposure to geographies having similar economic profiles and/ or industry concentrations, the real estate portfolio shall be prudently diversified and monitored in this aspect.

Diversification by Property Sector:

To reduce risk, the real estate portfolio shall be well diversified by property type and primarily invested in apartment, industrial, office and retail assets. The target allocation ranges for the four basic property types as well as "other" property types to be included in the Core Portfolio are as follows:



<u>Property Type</u>	<u>Allocation Range</u>
Apartment	10% - 30%
Industrial	10% - 30%
Office	30% - 45%
Retail	10% - 30%
Hotel	0% - 10%

It should be noted that these target property type allocation ranges are based on the NCREIF Property Index (as of March 31, 2002) and may change over time as the composition of the NCREIF Property Index changes. As such, periodic adjustments to the target ranges may need to be made based on changes in the benchmark.

Diversification by Investment Life Cycle:

The basic phases of a property's life cycle include predevelopment, development, initial leasing, operating and redevelopment, as defined in Appendix. In general, properties in the earlier stages of their respective life cycles and redevelopments possess greater risks and thus should offer the Fund incrementally higher expected returns.

To reduce risk, the real estate portfolio shall be appropriately diversified according to life cycle with the Core Portfolio having a majority of investments in operating properties that are substantially leased. The Opportunistic Portfolio may contain a higher concentration of investments undergoing redevelopment or development.

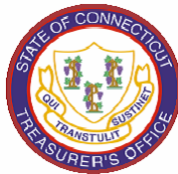
Diversification by Investment Size:

To mitigate risk within the real estate portfolio, the following standards shall apply. First, with regard to publicly traded real estate securities, the Fund's holdings of any single publicly traded real estate security shall be limited to no more than 5% of the real estate portfolio. Second, with regard to private market real estate investments – the Fund's holdings of any private market commingled real estate investment shall be limited to no more than 10% of the outstanding equity capitalization of the vehicle at the time of investment, but may increase to more than 20% of the outstanding equity capitalization of the vehicle over the life of the investment, but larger holdings may be appropriate if the Fund receives commensurate control premiums associated with the investment. In these circumstances, a limit on Fund holdings shall be established on a case-by-case basis.

Diversification by Currency:

There are no specific guidelines regarding currency diversification. However, in accordance with the Fund's overall investment objectives of safety and convertibility, the investments in the real estate portfolio shall provide adequate currency diversification and, to the extent possible, shall be readily and fully convertible to U.S. dollars.

To this end, investments in markets which either restrict, limit or control the conversion of local currency into U.S. dollars shall be avoided or, whenever possible, US dollar denominated. In addition, careful attention shall be given to the overall strength and stability of currencies at the time of investment in a local economy and ongoing basis. Due consideration shall be given to the positives and negatives of currency protection programs including the potential to add incremental risk. For example, high amounts of leverage are often used to provide an element of currency protection for foreign investors and to shelter current income from local taxes. To



the extent sheltering techniques are employed, expected returns for such investments shall take into account the risks associated with the financial overlay.

Dollar Cost Averaging:

To reduce market risk, the Fund shall employ dollar cost averaging, or buying into investments over a period of time rather than all at once. More specifically, with regard to higher risk investments such as Value-Added and Opportunistic investments, the Fund shall endeavor to own Value-Added and Opportunistic investments that are diversified by vintage year.

Guidelines for Selection, Monitoring, Evaluation and Termination of Managers

The selection of real estate investments shall be guided by the "prudent expert" standard, embracing the prudent decision making process typically employed by experts in the areas of real estate acquisition, development, operation, disposition, and portfolio management.

Selection Procedures:

The selection process for real estate investments and management organizations will be established by the Treasurer in consultation with and subject to the approval of the Investment Advisory Council. The investment selection process is included herein as an exhibit to this document.

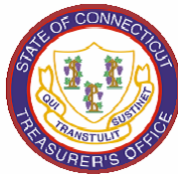
Selection of Investment Management Organizations:

The Fund seeks to retain investment management organizations that possess superior capabilities in the selection and management of real estate assets. With this objective in mind, prospective investment management organizations shall be evaluated for selection based on criteria including, but not limited to: (i) the suitability of the organization's investment Fund relative to the Fund's investment guidelines and objectives; (ii) the quality, stability, integrity and experience of the management team; (iii) the ability and willingness of the organization to dedicate sufficient resources and personnel to optimally manage the Fund's investments; (iv) the reasonableness of investment terms and conditions including provisions to align interests of management and CRPTF; (v) the appropriateness of management controls and reporting systems, among other factors; and (vi) committed to responsible contracting policies, workplace diversity and community involvement.

The Fund will give preference to Connecticut-based, minority and women-owned or emerging organizations and to funds that will invest in under-served urban areas, provided such firms and funds will be subject to the selection criteria noted above. In the case of emerging firms, the stability of the organization's management team will, by definition, be de-emphasized.

Monitoring, Evaluation and Termination of Investment Management Organizations:

The Fund's investment management organizations shall be monitored and evaluated on an on going basis based on their performance relative to stated objectives and benchmarks, and relative to the performance of firms managing similar investments in the marketplace. In addition, investment management organizations shall be monitored for compliance with investment guidelines, policies and procedures of the Fund and other contractual provisions. Manager performance should be evaluated over meaningful time intervals to ensure that performance is indicative of management's efforts. The performance of the Core and Publicly



Traded Portfolio investments should be evaluated on a three year trailing performance basis, while the performance of the Value-Added and Opportunistic Portfolio investments should be evaluated on a three to five year trailing performance basis.

Consideration shall also be given to the financial strength of the investment management organization, the level of client service given CRPTF as well as changes within the managing organization such as the continuity of personnel assigned to the Fund's investments, among other items. The Fund shall seek to liquidate investments with management organizations found to be deficient relative to the Fund's standards.

Contracts with General Partner

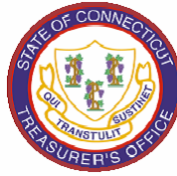
The CRPTF will seek to negotiate partnership agreements that ensure accountability, alignment of interests between general partners and the limited partners, complete disclosure of all actions taken that affect or have the potential to affect the limited partners, language that ensures no conflicts of interests, provisions that allow the CRPTF to sell its limited partnership interest, a "no fault divorce clause" and protections for the limited partners in the event of changes within the general partnership, the existence of an advisory board and language that describes how any conflicts would be handled, specific language on valuation standards for investments, provisions that limit the general partner's ability to concentrate investments of the partnership in one company or enterprise, and the ability for the CRPTF to have co-investment rights in any underlying investment of the partnership. CRPTF will seek to obtain all of the above provisions, but recognizes that each provision may not be obtainable in each and every partnership. When or if there are deviations from this policy, the rationale for deviating from the policy shall be documented and submitted to the Treasurer for approval.

Communications, Reporting, Notification

A comprehensive performance measurement report for the real estate portfolio shall be prepared on a quarterly basis ("Performance Report").

The Performance Report shall include a market valuation of and historical returns for each of the Fund's investments. The valuations and returns shall be presented on a US dollar basis and aggregated, along with information on investment attributes, on a portfolio basis. In addition, comparisons shall be made of actual results to benchmarks, investment parameters and other guidelines or objectives contained herein. The Performance Report shall also contain information on significant events impacting the real estate portfolio and updated information on the status of global real estate markets.

The Staff shall endeavor to insure that investment valuations and returns which are prepared by investment managers and included in the Performance Report are calculated in accordance with guidelines established by the Association for Investment Management and Research ("AIMR") and the National Council of Real Estate Investment Fiduciaries ("NCREIF"), the Pension Real Estate Association ("PREA") and the National Association of Real Estate Investment Managers ("NAREIM") as included in the most recent editions of the Real Estate Information Standards and the NCREIF Market Value Accounting Policy Manual. To the extent



that managers do not report on the Fund's investments in a manner consistent with the Fund's guidelines, the Staff shall work with these managers to obtain the most appropriate information. The Fund's managers shall be notified at the inception of their contracts that the failure or inability of the manager to provide accurate and timely financial reporting including performance results computed in a manner consistent with AIMR guidelines may constitute grounds for termination.

Review and Modification of Real Estate Investment and Management Guidelines

The guidelines contained herein shall be reviewed periodically to determine if modifications are necessary or desirable. Any changes shall be subject to the approval of the Investment Advisory Council.

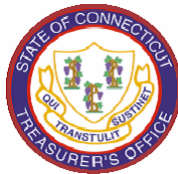


Appendix I

Distribution of States by NCREIF Regions and Sub-regions

West Region	Midwest Region	East Region	South Region
<u>Mountain</u> <i>Arizona</i> <i>Colorado</i> <i>Idaho</i> <i>Montana</i> <i>Nevada</i> <i>New Mexico</i> <i>Utah</i> <i>Wyoming</i>	<u>East North Central</u> <i>Illinois</i> <i>Indiana</i> <i>Michigan</i> <i>Ohio</i> <i>Wisconsin</i>	<u>Northeast</u> <i>Connecticut</i> <i>Maine</i> <i>Massachusetts</i> <i>New Hampshire</i> <i>New Jersey</i> <i>New York</i> <i>Pennsylvania</i> <i>Rhode Island</i> <i>Vermont</i>	<u>Southeast</u> <i>Alabama</i> <i>Florida</i> <i>Georgia</i> <i>Mississippi</i> <i>Tennessee</i>
<u>Pacific</u> <i>Alaska</i> <i>California</i> <i>Hawaii</i> <i>Oregon</i> <i>Washington</i>	<u>West North Central</u> <i>Iowa</i> <i>Kansas</i> <i>Minnesota</i> <i>Missouri</i> <i>Nebraska</i> <i>North Dakota</i> <i>South Dakota</i>	<u>MidEast</u> <i>Delaware</i> <i>District of Columbia</i> <i>Kentucky</i> <i>Maryland</i> <i>North Carolina</i> <i>South Carolina</i> <i>Virginia</i> <i>West Virginia</i>	<u>Southwest</u> <i>Arkansas</i> <i>Louisiana</i> <i>Oklahoma</i> <i>Texas</i>

Note: Information above based on NCREIF Property Index as of March 31, 2002.



Appendix II

Definitions

Appreciation Return is the percentage change in the market value of a property or portfolio adjusted for capital improvements and partial sales, over a period of analysis.

Convertible Participating Mortgage is an investment structure wherein the lender's (CRPTF) return consists of mortgage interest plus potential contingent interest expressed as a percentage of property operating cash flow and/or property appreciation upon sale or refinancing and where the lender has an option to convert a portion or all of the loan balance into a percentage of equity.

Income Return is the component of return derived from property or portfolio operations during a period of analysis, expressed as a percentage of property market value.

Leverage is the use of fixed-cost funds (or debt) to acquire or develop an income-producing property.

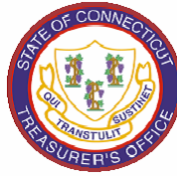
Leveraged Equity Investment refers to investments in real estate in which the investor (CRPTF) has an equity interest and the purchase or ownership of the investment is or partially financed with debt.

Life Cycle Definitions:

- **Pre Development** refers to raw land.
- **Development** refers to properties under construction, including the preparation and installation of infrastructure.
- **Initial Leasing** is completed construction that is less than 60% leased, and that has been available for occupancy for one year or less.
- **Operating** are properties that have achieved 60% leased status since construction, or that have been available for occupancy for more than one year.
- **Redevelopment** refers to properties that are undergoing substantial expansion or retenanting, rehabilitation or remodeling.

Participating Mortgage is an investment structure wherein the lender's (CRPTF) return consists of mortgage interest plus potential contingent interest expressed as a percentage of property operating cash flow and/or property appreciation upon sale or refinancing.

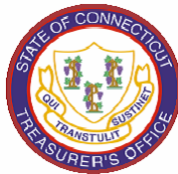
Real Estate Investment Trust ("REIT") refers to a private or publicly traded company which typically invests in income producing properties and which qualifies as a REIT under Sections 856-860 of the Internal Revenue Code of 1986. As a REIT, a company must distribute to its shareholders at least 95% of its taxable income and is not subject to federal (and typically state) income tax to the extent income is distributed, among other requirements.



Risk-Adjusted Rate of Return is the Total Return adjusted for volatility of returns over time. That is, for two investments having an equal Total Return over an investment period, that investment which experiences the least volatility of returns has the higher risk-adjusted rate of return. The standard calculation of risk-adjusted rate of return is the "Sharpe Ratio" defined as the difference between the investment return and the average T-bill rate over the same period, divided by the standard deviation of the investment return over the period.

Total Return is the sum of the Appreciation Return and Income Return.

Unleveraged Equity Investment refers to real estate investments in which the investor (CRPTF) has an ownership interest and the purchase or ownership of the investment is financed without the use of debt. The term "equity investment" in real estate is generally used in contrast with conventional mortgage investments.



Article VI. Asset Class Guidelines-Real Estate Fund

EXHIBIT 1 STATE OF CONNECTICUT RETIREMENT PLANS & TRUST FUNDS RESPONSIBLE CONTRACTOR POLICY – REAL ESTATE FUND

I. INTRODUCTION

The State of Connecticut Retirement Plans & Trust Funds ("CRPTF" or "the Plan") has a deep interest in the condition of workers employed by the Plan and its advisors. The Plan, through the Responsible Contractor Policy ("Policy") described below, supports and encourages fair wages and fair benefits for workers employed by its contractors and subcontractors, subject to fiduciary principles concerning duties of loyalty and prudence, both of which further require competitive returns on the Plan's real estate investments. The Plan endorses small business development, market competition, and control of operating costs. CRPTF supports many of the ideals espoused by labor unions and encourages participation by labor unions and their signatory contractors in the development and management of the Plan's real estate investments. The Plan believes that an adequately compensated and trained worker delivers a higher quality product and service.

II. DEFINITION OF A RESPONSIBLE CONTRACTOR

A Responsible Contractor, as used in this Policy, is a contractor or subcontractor who pays workers a fair wage and a fair benefit as evidenced by payroll and employee records. "Fair benefits" are defined as including, but are not limited to, employer-paid family health care coverage, pension benefits, and apprenticeship programs. What constitutes a "fair wage" and "fair benefit" depends on the wages and benefits paid on comparable real estate projects, based upon local market factors, that include the nature of the project (e.g., residential or commercial; public or private), comparable job or trade classifications, and the scope and complexity of services provided.

III. INITIAL REQUIREMENTS OF THE RESPONSIBLE CONTRACTING POLICY

- A. Duty of Loyalty: Notwithstanding any other considerations, assets shall be managed for the exclusive benefit of the participants and the beneficiaries of CRPTF. CRPTF's as well as its advisors', duty to the participants and their beneficiaries shall take precedence over any other duty.
- B. Prudence: CRPTF's Investment Advisory Council, Treasurer, staff and advisors are charged with the fiduciary duty to exercise the care, skill, prudence and diligence appropriate to the task.
- C. Competitive Return: To comply with duties of loyalty and prudence, all investments and services must be made and managed in a manner that produces a competitive risk-adjusted return.
- D. Competitive Bidding: Contractors and their subcontractors for construction, maintenance, and services shall be selected through a competitive bidding and selection process. The purpose of this provision is to encourage fair competition and



to actively seek bids from all qualified sources within an area, particularly those identified as Responsible Contractors. Advisors and their subcontractors shall create a bidding process that includes notification and invitations to bid, distributed to a broad spectrum of potential bidders, particularly those identified as Responsible Contractors. The review of the bids shall include consideration of loyalty, prudence, and competitive risk-adjusted returns (factors to be considered include experience, reputation for honesty, integrity, timeliness, dependability, fees, safety record, and the adherence to the Responsible Contracting Policy.)

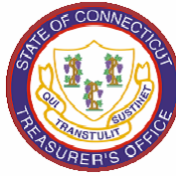
- E. Local, state and national laws: All advisors, property managers, contractors, and their subcontractors shall observe all local, state, and national laws (including, by way of illustration, those pertaining to insurance, withholding taxes, minimum wage, labor relations, health, and occupational safety).

IV. SELECTION PREFERENCE OF A RESPONSIBLE CONTRACTOR

If Initial Requirements A through D (see Section III. above) are satisfied, CRPTF expresses a strong preference that Responsible Contractors be hired.

V. TRANSITION, ENFORCEMENT, MONITORING, AND ADMINISTRATION

- A. Applicable Investments and Phasing: This Policy shall apply to all applicable real estate advisors. The Policy shall not apply to investments such as hybrid debt, joint ventures, opportunity funds and other real estate investments where CRPTF does not have 100% ownership and/or full control of the investment. However, in those instances where CRPTF does not have 100% ownership and/or full control of the investment, staff will make reasonable attempts to encourage partners to comply with the spirit and practice of Responsible Contracting. In addition, reasonable efforts will be made to include fund managers that have adopted responsible contractor policies and to seek out investment opportunities that have responsible contractor policies in place for investment consideration.
- B. Notification: CRPTF shall provide all applicable current and prospective real estate advisors with a copy of this Policy, including investments where CRPTF does not have 100% ownership and/or full control of the investment.
- C. Solicitation Documents: All requests for proposal and invitations to bid covered by this Policy shall include the terms of this Policy. Responses by bidders shall include information to assist the staff in evaluating a bid.
- D. Contracts and Renewals: All contracts entered into after the effective date of this Policy and pertaining to applicable real estate investments, including renewals of such contracts, shall include the terms of this Policy.
- E. Responsibilities: The responsibilities of CRPTF's staff, advisors, property managers, contractors, and unions are defined as follows:
 - 1. Staff: CRPTF staff shall have the following responsibilities:
 - a. Review the advisors' annual certification statement regarding compliance with



the Policy.

- b. Develop and maintain contact lists for all CRPTF's properties and provide a copy to inquiring parties.
 - c. Insert appropriate contract language where applicable.
 - d. In those instances where CRPTF does not have 100% ownership and/or full control of an investment, make reasonable attempts to encourage partners to comply with the spirit and practice of Responsible Contracting.
2. Advisors: Advisors' responsibilities shall include:
- a. Communicate the Policy to all property managers.
 - b. Review a contract listing for each property prepared by each property manager.
 - c. Maintain a simplified bid summary for each applicable contract. The summary should include identifying contract, successful bidder, and bidder's status as Responsible Contractor.
 - d. Maintain an annual report in their home office, describing their own efforts as well as those by property managers and their subcontractors.
 - e. Monitor and enforce the Policy including investigation of potential violations.
 - f. Annually, the signatory to the CRPTF contract will file a certification statement that their firm complied with the Responsible Contractor Policy for the preceding year and upon request will provide written substantiation of such compliance. This provision will be subject to periodic audits.
3. Property Managers: Property managers will have responsibility for the following:
- a. Communicate in bid documents the Responsible Contractor Program Policy to contractors seeking to secure construction or building service contracts.
 - b. Communicate the Policy to any interested party.
 - c. Ensure there is a competitive bidding process that is inclusive of potentially eligible Responsible Contractors.
 - d. Require bidders to provide to property manager a Responsible Contractor self-certification on a form approved by CRPTF.
 - e. Prepare and send to advisors a contract listing for applicable service contracts for each property under management. The building trades and service trades and other potential bidders will have access to this list.
 - f. Provide advisors with a simplified bid summary for each contract.



- g. Provide property level annual report information to advisor.
 - h. Maintain documentation for successful bidders.
 - i. Seek from trade unions/service unions input in the development of Responsible Contractor lists.
 - j. Maintain list of any interested Responsible Contractors (names, addresses and telephone numbers).
- 4. Contractors: Contractors will have the responsibility for the following:
 - a. Submit to property manager a Responsible Contractor self-certification on a form approved by CRPTF.
 - b. Communicate to subcontractors the Responsible Contractor Program Policy.
 - c. Provide to property manager Responsible Contractor documentation.
- 5. Unions: Trade unions/service unions shall be asked to perform the following tasks:
 - a. Deliver to the property manager or advisor lists of names and phone numbers of Responsible Contractors.
 - b. Refer interested and qualified Responsible Contractors to the property manager.
 - c. Continually monitor the local labor markets to update the lists.
 - d. Provide technical input as appropriate.
- F. Outreach: CRPTF's staff will develop and maintain a list of all CRPTF 100% owned and/or fully controlled properties. The list will include the property name, address, advisor and property manager, and phone number of the property manager and real estate advisors. The CRPTF's staff will provide this list to anyone who requests a copy. Actual contract expiration inquiries will be referred to the property level. Property managers shall provide solicitation documents to any potential contractor who has, in writing, expressed an interest in bidding for the relevant contract.
- G. Minimum Contract Size: The Policy shall absolutely apply to all contracts of a minimum size of \$25,000, individually or annually as applicable. Minimum contract size refers to the total project value of the work being contracted for and not to any desegregation by trade or task. For example, a \$25,000 contract to paint two buildings in a single office complex would not be treated as two \$12,500 contracts, each less than the minimum contract size. Desegregation designed to evade the requirements of the Policy is not permitted.
- H. Applicable Expenditures Categories: The Policy shall apply to tenant improvements,



capital expenditures, and operational service contracts (such as cleaning).

- I. Fair Wage, Fair Benefits, Training: The Policy avoids a narrow definition of “fair wage”, “fair benefits”, and “training” that might not be practical in all markets. Furthermore, the Policy does not require a “prevailing wage”, as defined by government surveys. Instead, the Policy looks to local practices with regard to type of trade and type of project. The Policy recognizes that practices and labor market conditions vary across the country and that flexibility in its implementation is very important.

In determining “fair wages” and “fair benefits” with regard to a specific contract in a specific market, items that may be considered include local wage practices, state laws, prevailing wages, labor market conditions, and other items.

In place of a prevailing wage standard, the Policy requires a broad outreach and competitive bidding program, as described in Section III.D, and V.F and J. This program is premised upon the availability of a list of Responsible Contractors in every market in which CRPTF directly owns a property. While advisors and their property managers and contractors are responsible for gathering and analyzing information relevant to identifying and hiring a Responsible Contractor, compilation of this list does not depend solely on the advisors, property managers, or contractor. This Policy instead invites the various local trades to suggest contractors, which in their view qualify as Responsible Contractors. Sources of information include local building and service trade councils, builders association, and governments.

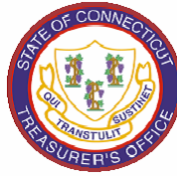
- J. Competitive Bidding: Property managers and contractors should give notice for applicable bids in local trade publications, bulletin Investment Advisory Councils and union building trades councils. Property managers should seek input from building trades councils to develop lists of Responsible Contractors for inclusion in the bidding process.

Property managers may choose from the list of Responsible Contractors a reasonable number of contractors to be invited to bid. Given the time and expense required to solicit and evaluate bids, it is not essential that advisors, property managers, and contractors invite all potential bidders.

The property manager must ensure that there is a competitive bidding process, which is inclusive of potentially eligible Responsible Contractors. Inclusion is not necessarily assured by large numbers of bidders. Care must be taken that bidders include potentially eligible Responsible Contractors.

Although the Policy does not require hiring union workers, the trade unions will be invited to (1) deliver to the property manager or advisor lists of names and phone numbers of Responsible Contractors including those Responsible Contractors who have expressed any interest in bidding, and (2) continually monitor the local markets to update the lists, Property managers shall maintain these lists supplied by the trade unions.

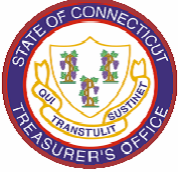
- K. Neutrality: CRPTF recognizes the rights of employees to representation, and supports and strongly encourages a position of neutrality, in the event there is a



legitimate attempt by a labor organization to organize workers employed in the construction, maintenance, operation, and services at a CRPTF owned property.

Resolution of any inter-jurisdictional trade disputes will be the responsibility of the trades and the various state and national building trades councils. This Policy does not call for any involvement by the advisors, property managers, or contractors in inter-jurisdictional trade disputes.

- L. Enforcement: If Staff becomes aware of non-compliance, this Plan will place a non-complying advisor or property manager on a probation watch list. If the advisor or property manager does not modify this pattern of conduct even after discussions with CRPTF's staff, the Plan will consider this pattern of conduct along with other information when it reviews the advisor or property manager contract for possible renewal. The key indicator is a pattern of conduct that is inconsistent with the provisions of the Policy.



Article VI. Asset Class Guidelines-Real Estate Fund
EXHIBIT 2
STATE OF CONNECTICUT RETIREMENT PLANS & TRUST FUNDS (CRPTF)
INVESTMENT SELECTION PROCESS -REAL ESTATE FUND
Part 1: For Investments not subject to RFI, RFP or RFQ

Step	Time Frame	Process Step	Consultant/Other Involvement	Staff Involvement	Executive Office Involvement	I. IAC Involvement
1	In process.	Guidelines.	Consultant provides input/ advice on development of appropriate Real Estate Fund guidelines. Along with the "Real Estate Fund Due Diligence Process" (to be developed), these guidelines will detail CRPTF's real estate strategy and procedures.	Staff develops guidelines, based on consultant's input, taking into account CRPTF's legal constraints and fiduciary responsibilities.	Treasurer will review, modify, and ultimately approve guidelines for presentation to IAC.	IAC reviews the guidelines and offers comment.
2	Pending.	Log.	New real estate offerings (private placement memoranda, or "PPMs") are sent to consultant for review.	Any PPMs received directly by staff will be forwarded to outside consultant for review.	Any PPMs received directly by Executive Office may be referred to staff, who will convey them to the consultant.	Any PPM's or inquiries received by IAC members will be referred to staff, who will convey them to the consultant.
3	Pending.	Review	Periodically, consultant prepares a "deal log" of all offerings received.	Deal log is received and reviewed for offerings from existing CRPTF general partners ("existing GP").	A copy of the deal log is sent to the Treasurer.	None.
4	Pending.	Screen.	For each PPM from an existing GP and for each PPM of interest from a general partner with which CRPTF does not have an existing relationship, consultant prepares a brief (approximately 4-5 page) analysis/ assessment and recommendation on whether to proceed with full due diligence.	Analysis is reviewed and recommendation is either seconded or an alternate opinion is offered.	Consultant's written assessment and staff comments are sent to Treasurer for either authorization to proceed with full due diligence or decision to pass.	None.
5	After completion of Step 4. (All parts of this step may take 6-8 weeks).	Due Diligence and Recommendation	Consultant proceeds with full due diligence on the offering, as outlined in "Real Estate Due Diligence Process". This step includes a meeting with the prospective GP. Full report is sent to staff. Staff makes recommendation on whether to invest and, if so, size of commitment.	Staff may participate in some portion of the due diligence process. Report is reviewed and cover memo with recommendation is prepared for Treasurer's review.	Treasurer reviews report and recommendations and may elect to meet with the GP. Treasurer then makes a decision to either (1) proceed with a recommendation to the IAC or (2) decline the opportunity. If Treasurer decides to proceed, then process step 6 is taken.	None.
6	Prior to next IAC meeting.	Notice to IAC.	None.	None.	Treasurer notifies IAC of recommendation to invest.	Informational materials regarding the Treasurer's recommendation to invest are included in the IAC agenda package.
7	Next IAC meeting	Presentation of recommendation/ candidate interview.	None.	None.	Treasurer presents the investment opportunity and may make formal recommendation to the IAC. Candidate makes presentation of the fund's merits to IAC.	IAC reviews the investment and evaluates the recommendation.



Article VI. Asset Class Guidelines-Real Estate Fund
EXHIBIT 2
STATE OF CONNECTICUT RETIREMENT PLANS & TRUST FUNDS (CRPTF)
INVESTMENT SELECTION PROCESS -REAL ESTATE FUND
 Part 1: For Investments not subject to RFI, RFP or RFQ
(Continued)

Step	Time Frame	Process Step	Consultant/Other Involvement	Staff Involvement	Executive Office Involvement	IAC Involvement
8	Within 45 days of Step 7.	IAC review and comment.	None.	None.	None.	IAC may (within 45 days) file a written review of the Treasurer's recommendation with the Office of the Treasurer, where it will be available for public inspection.
9	After receipt of IAC review and comment.	Decision.	None.	None.	Treasurer makes determination on whether to invest in the fund. If decision is to proceed, then process step 10 is taken.	None.
10	Next several weeks.	Contract negotiation.	Treasurer's General Counsel, in concert with the Attorney General's office, directs the engagement of outside legal counsel. Consultant and Staff receive and review documentation. Consultant assists with negotiation of terms and conditions as needed.	Staff analyzes/ reviews documentation, provides advice, participates in negotiation.	Treasurer reviews key deal issues and makes final decisions on all major deal points.	None.
11	After completion of Step 10.	Closing.	Closing date is set. Deal is signed and funded.	Documents are finalized.	Treasurer signs partnership agreement.	None.



Article VI. Asset Class Guidelines-Real Estate Fund
EXHIBIT 2
STATE OF CONNECTICUT RETIREMENT PLANS & TRUST FUNDS (CRPTF)
INVESTMENT SELECTION PROCESS -REAL ESTATE FUND
Part 2: For Investments subject to RFI, RFP or RFQ

Step	Time Frame	Process Step	Consultant/Other Involvement	Staff Involvement	Executive Office Involvement	II. IAC Involvement
1.	Subsequent to adoption of REF IPS.	Determine investment types for which RFI, RFP and RFQ are to be utilized.	Consultant to provide recommendations consistent with Real Estate Fund Investment Policy Statement.	Staff to provide review, analysis and advice to Treasurer.	Treasurer makes decision regarding the issuance of RFI, RFP or RFQ.	Treasurer announces these processes to IAC.
2.	Subsequent to Treasurer's decision to issue RFP/RFI.	Determine the target range of investment dollars to be allocated to these investment types.	Consultant to provide recommendation and supporting analysis.	Staff to provide review, analysis and provide advice to Treasurer.	Treasurer makes final decision regarding the specific parameters of the proposed RFI ,RFP or RFQ.	Treasurer announces these processes to IAC.
3.	Subsequent to decision regarding the specific parameters of the proposed RFP and/or RFI.	Development of RFP/RFI.	Consultant to recommend selection process and criteria as well as the requisite qualifications.	Staff to review the selection process and criteria as well as the requisite qualifications.	Treasurer to determine selection process and criteria as well as the requisite qualifications and present to IAC for approval.	Consider recommendation of Treasurer regarding the selection criteria.
4.	Subsequent to the determination of the selection process and criteria as well as the requisite qualifications	Issuance of RFI/RFP/RFQ.	Consultant to recommend content of RFI/RFP/RFQ.	Staff to review the content of RFI/RFP/RFQ and place RFI/RFP/RFQ.	Treasurer reviews RFI/RFP/RFQ and makes changes at her discretion	N/A
5.	45 days after RFP/RFI issuance.	Receipt of responses.	Consultant to receive and categorize by type. Summary/updates provided to PFM.	Staff to review summaries.	N/A	N/A
6.	30 days after response deadline.	Screening of responses.	Consultant to report on responses and rankings of respondents.	Staff to review PCA reporting. Consultant reporting and staff comments forwarded to Treasurer.	Treasurer to review consultant reporting and PFM comments.	N/A
7.	45 days after response deadline.	Selection of respondents for interview.	Consultant to review and comment on all qualifying respondents and recommend those to be interviewed.	Staff to review Consultant recommendations. Consultant recommendation and staff comments forwarded to Treasurer.	Treasurer to review consultant reporting and PFM comments	N/A



Article VI. Asset Class Guidelines-Real Estate Fund
EXHIBIT 2
STATE OF CONNECTICUT RETIREMENT PLANS & TRUST FUNDS (CRPTF)
INVESTMENT SELECTION PROCESS -REAL ESTATE FUND
Part 2: For Investments subject to RFI, RFP or RFQ
(Continued)

Step	Time Frame	Process Step	Consultant/Other Involvement	Staff Involvement	Executive Office Involvement	III. IAC Involvement
8.	Between 60 and 90 days after response deadline.	Scheduling of respondent interviews.	Consultant to arrange and serve as lead participant in interviews.	Staff to assist with logistical support and participate in interviews.	Participate in interviews.	Participate in interviews.
9.	After completion of Step 8. (All parts of this step may take 6-8 weeks).	Due Diligence and Recommendation	Consultant proceeds with full due diligence on the offering, as outlined in "Real Estate Due Diligence Process". This step includes a meeting with the prospective GP. Full report is sent to staff. Staff makes recommendation on whether to invest and, if so, size of commitment.	Staff may participate in some portion of the due diligence process. Report is reviewed and cover memo with recommendation is prepared for Treasurer's review.	Treasurer reviews report and recommendations and may elect to meet with the GP. She then makes a decision to either (1) proceed with a recommendation to the IAC or (2) decline the opportunity. If she decides to proceed, then process step 6 is taken.	None.
10.	Prior to next IAC meeting.	Notice to IAC.	None.	None.	Treasurer notifies IAC of recommendation to invest.	Informational materials regarding the Treasurer's recommendation to invest are included in the IAC agenda package.
11.	Next IAC meeting	Presentation of recommendation/candidate interview.	None.	None.	Treasurer presents the investment opportunity and may make a formal recommendation to the IAC. Candidate makes presentation of the fund's merits to IAC.	IAC reviews the investment and evaluates the recommendation.
12.	Within 45 days of Step 11.	IAC review and comment.	None.	None.	None.	IAC may (within 45 days) file a written review of the Treasurer's recommendation with the Office of the Treasurer, where it will be available for public inspection.
13.	After receipt of IAC review and comment.	Decision.	None.	None.	Treasurer makes determination on whether to invest in the fund. If decision is to proceed, then process step 10 is taken.	None.
14.	Next several weeks.	Contract negotiation.	Treasurer's General Counsel, in concert with the Attorney General's office, directs the engagement of outside legal counsel. Consultant and Staff receive and review documentation. Consultant assists with negotiation of terms and conditions as needed.	Staff analyzes/ reviews documentation, provides advice, participates in negotiation.	Treasurer reviews key deal issues and makes final decisions on all major deal points.	None.
15.	After completion of Step 14.	Closing.	Closing date is set. Deal is signed and funded.	Documents are finalized.	Treasurer signs partnership agreement.	None.