

**A. Background Information**

**1.**

a. Primary Point of Contact

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor  
North Carolina Department of State Treasurer  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385  
(919) 508-1024 (phone)  
(919) 508-5167 (fax)  
[jay.chaudhuri@nctreasurer.com](mailto:jay.chaudhuri@nctreasurer.com)

b. Most recent numbers of employees

Pension Fund (Defined Benefits)

Teachers' and State Employees' Retirement System: 338,263  
Local Government Employees' Retirement System: 123,894  
Consolidated Judicial Retirement System: 551  
Legislative Retirement System: 169  
Firemen's and Rescue Squad Workers' Pension Fund: 36,160  
National Guard Pension Fund: 5,315  
Register of Deeds' Supplemental Pension Fund: 100

Retirement Fund (Defined Contributions)

Supplemental Retirement Income (401(k)): 218,059  
Deferred Compensation Plan (457): 29,154

c. Most recent amount of assets figures for each pension fund [as of 3/31/09]

Pension Fund (includes all 7 retirement funds): \$56,150,842,846  
Supplemental Retirement Income Plan (401k): \$3,386,863,141  
Deferred Compensation Plan (457): \$581,844,100

2. Yes, under North Carolina General Statutes section 147-69.2, the North Carolina State Treasurer ("Treasurer") is empowered to administer, maintain, and operate the investment of assets of seven funds described as Pension Fund (Defined Benefits) above. In addition, under North Carolina General Statutes section 147-69.3, the Treasurer has full powers as a fiduciary to hold, purchase, and sell any of the assets above.

***[NC Retirement and Supplemental]***

- a. Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor

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**From:** Jay Chaudhuri  
**Sent:** Friday, June 05, 2009 5:46 PM  
**To:** zehnerm@sec.gov  
**Cc:** Sandra Johnson  
**Subject:** SEC Inquiry Response

Dear Mark:

Please find enclosed (1) our cover letter; (2) response; and (3) five attached exhibits in excel format. In addition, we are expressing mailing you hard copies of the information requested. Please contact me if you have additional question at my direct number at (919) 508-1024.

Sincerely,

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor  
Department of State Treasurer  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385  
(919) 508-5176 (phone)  
(919) 508-5167 (fax)  
[www.nctreasurer.com](http://www.nctreasurer.com)



SEC Inquiry  
Response (Final)...



SEC Cover Letter  
(Final).doc



Exhibit D.5 Part 2  
Real Estate...



Exhibit A.3.a Part  
2 Supplemen...



Exhibit A.3.a.Part  
1 Investmen...



Exhibit D.3, D.7,  
and D.9.xls



Exhibit D.5 Part 1  
Private Equ...

Legal Consultant

Buck Consultants  
Deborah Schmieder  
One Pennsylvania Plaza  
New York, New York 10119-4798

Investment Managers for Mutual Funds

*See Attached Exhibit A.3.a. Part 2 – Supplemental Retirement Fund Managers*

**Deferred Compensation Plan (457)**

Record Keeper (until December 2008)

Great West Retirement Services  
Perry Christie, National Accounts  
8515 East Orchard Road  
Greenwood Village, Colorado 80111

Record Keeper (since December 2008)

Prudential Retirement  
Bill Walsh, Vice President, Relationship Executive  
30 Scranton Office Park  
Scranton, Pennsylvania 18507

Investment Advisory Services (until December 2008)

Advised Assets Group  
Al Cunningham, Director, Advised Assets Groups  
8515 East Orchard Road, 10T2  
Greenwood Village, Colorado 80111

Investment Advisory Services & General Consultant

Mercer  
Andrew Ness, Senior Associate  
Three James Center  
1051 East Cary Street, Suite 900  
Richmond, Virginia 23219

Consultant for Record Keeper Search

Hewitt Investment Group  
Bradley Smith, Principal  
3350 Riverwood Parkway, Suite 80  
Atlanta, Georgia 30339-3370

Legal Counsel

K&L Gates (formerly Kennedy Covington)  
Lacy Reeves

4350 Lassiter at North Hills, Suite 300  
Raleigh, North Carolina 27609

Legal Consultant  
Buck Consultants  
Deborah Schmieder  
One Pennsylvania Plaza  
New York, New York 10119-4798

**4. Pension Fund**

Teachers' and State Employees' Retirement System Board of Trustees  
Local Governmental Employees' Retirement System Board of Trustees  
Firemen's and Rescue Squad Workers' Pension Fund Board of Trustees  
Investment Advisory Committee

**Retirement Fund**

North Carolina Supplemental Retirement Board of Trustees for 401(k) and 457

**5.**

a. Actuarial Services

Buck Consultants  
Richard Mackesey  
14911 Quorum Drive, Suite 200  
Dallas, Texas 75254-7534

Hartman & Associates LLC  
Mark Hartman  
668 Link Road  
Lexington, North Carolina 27295

Custodians (Book of Record):  
State Street Bank  
Jacquelyn L. Lyons  
Institutional Investor Services, Public Funds  
Lafayette Corporate Center  
2 Avenue de Lafayette, Mailstop LCC 2  
Boston, MA 02111-2900

Bank of New York Mellon  
Joanne Whooley  
135 Santilli Highway  
Everett, MA 02149

Agreed Upon Procedures Review:

Blackman & Sloop, CPAs, PA  
1414 Raleigh Rd, Suite 300  
Chapel Hill, NC 27517

6. Yes. Under Article 5A of the North Carolina General Statutes section 147, the North Carolina State Auditor conducts an annual fiscal control audit of the North Carolina Department of State Treasurer.
  - a. Beth Wood  
North Carolina State Auditor  
20601 Mail Service Center  
Raleigh, North Carolina 27699-0601  
(919) 807-7500 (phone)

**B. Disclosure of Unfunded or Underfunded Liabilities**

1. When Bonds or other debt is issued by the State, the Department of State Treasurer is given the responsibility of coordinating the financing aspects. The Treasurer's Department works with other relevant departments of State Government, including the offices of the Governor, the Attorney General, the State Auditor, the State Controller, State Budget and Management as well as bond counsel and other professionals in preparing the offering document to be used in connection with the offering of the debt.

In addition to a narrative description of the State and its economic condition, the offering document includes the State's audited financial statements (CAFR) and relevant information regarding the current budget expense.

a. Primary Point of Contact

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor  
North Carolina Department of State Treasurer  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385  
(919) 508-1024 (phone)  
(919) 508-5167 (fax)  
[jay.chaudhuri@nctreasurer.com](mailto:jay.chaudhuri@nctreasurer.com)

2. No.
3. N/A.
4. Yes.

5.

- a. The demographic assumptions for all the major systems we administer were changed effective December 31, 2005 to reflect the results of the most recent five-year experience study. These changes increased the unfunded accrued liability in the Teachers' and State Employees' Retirement System by \$324 million. In the Local Governmental Employees' Retirement System, the changes increased the contribution rate by 0.07 percent of compensation.
- b. There were no changes to the actuarial costs method, the amortization, or actuarial assumptions regarding investment rate of return and projected salary increases or the method of valuing investments. Changes have been made to assumption of life expectancy, average length of service and separation rates based upon a review of actual experience. These specific assumptions are not disclosed in the State's CAFR and the changes to these specific assumptions were not disclosed.

6. No.

7. N/A.

8.

- a. Included in CAFR and Appendix A
- b. Included in CAFR
- c. Included in CAFR
- d. Included in CAFR
- e. Included in CAFR
- f. Included in CAFR
- g. Investment returns & policies are not disclosed. The State has not adopted formal investment policies as defined by generally accepted accounting principles. However, the North Carolina General Statutes which establish what are eligible investments are referenced and some informal investment policies are cited.

9.

- a. Included in CAFR
- b. Included in CAFR
- c. Included in CAFR
- d. Included in CAFR (only ratio disclosed)

10. The State has not changed its Official Statement.

11. The State has not changed its Official Statement.

12. Yes.

13.

- a. Contributions were not made to two of the smaller retirement systems: the Legislative Retirement System and the Register of Deeds' Supplemental Pension Fund. In both cases, the contribution was \$0 because the annual required contribution was \$0 due to significant overfunding.
- b. Contributions are disclosed in Official Statements.

14. Yes.

15.

- a. There are no anticipated effects because the State was contributing the annual required contribution (\$0).
- b. In CAFR.

16. No.

17. N/A.

18. Yes.

19. The State has not taken any additional action because it believes the current disclosure is adequate and sufficient.

20. Yes, but no specific training related to the pension fund. General training and guidance are provided when each Official Statement is produced.

21.

- a. Training began in early 1980s.
- b. Representatives from the Office of State Budget and Management, Office of the State Controller, Office of the State Auditor, and Department of State Treasurer due diligence sessions where general training is provided by bond counsel.

22. Yes.

23.

- a. The information has been shared by the Department of State Treasurer with the General Assembly which works on a two-year budget.
- b. These results are not disclosed in the Official Statement.

**C. Disclosure of Investment Risk**

1. No, not to our knowledge.
2. N/A.
3. No, not to our knowledge.
4. N/A.
5. No, not to our knowledge.
6. N/A.

**D. Payments and Conflicts of Interests**

1. As a general rule, the government entities identified above follow the rules and regulations for competitive bidding (request for proposal) and without collusion under North Carolina General Statutes section 143-54. Each third party investment manager is selected after a due diligence and negotiation process designed to verify the manager's qualifications for the investment strategy to be pursued and to ensure that the terms of all contractual arrangements meet the Treasurer's standards.
2. Yes, but only to the extent that the State Treasurer as a candidate for this office solicited lawful political contributions from individuals who may have been interested in seeking to obtain business from or provide services to the pension fund.
3. Pursuant to discussions with Mark Zehner of your staff, we have attached a list of investment professionals who we believe may have been interested in doing business with the pension fund.
  - a. State Treasurer
  - b. N/A
  - c. *See Attached Exhibit D.3 - Managers and Current*
  - d. We are unable to make a determination about those individuals on the list.
  - e. *See Attached Exhibit D.3 - Managers and Current*
  - f. N/A.
  - g. N/A.
4. Yes.
5. In a number of instances, external investment managers will hire placement agents. However, these fees are paid by the investment managers not the pension fund.
  - a. *See Attached Exhibit D.5 Part 1 and 2 - Private Equity Placement Agent and Real Estate Placement Agent Schedules.*



- b. We are unable to make such a determination.
  - c. *See Attached Exhibit D.5 Part 1 and 2 - Private Equity Placement Agent and Real Estate Placement Agent Schedules.*
  - d. The placement agents may be registered as broker-dealers with the SEC, but we have not attempted to verify such registrations.
  - e. N/A.
  - f. N/A.
  - g. *See Attached Exhibit D.5 Part 1 and 2 - Private Equity Placement Agent and Real Estate Placement Agent Schedules.*
  - h. Payments disclosed to Department of State Treasurer.
  - i. N/A.
6. Yes; however, please note that our response is limited to the current State Treasurer Janet Cowell who was elected in November 2008.
- 7.
- a. *See Attached Exhibit D.7 - Placement.* Please note that we have speculated on individuals that we believe may be placements agents.
  - b. We have only speculated on who may be a placement agent on this list. We have not attempted to ascertain whether they are registered broker-dealers with the SEC.
  - c. *See Attached Exhibit D.7 - Placement.*
  - d. *See Attached Exhibit D.7 - Placement.*
  - e. *See Attached Exhibit D.7 - Placement.*
  - f. *See Attached Exhibit D.7 - Placement.*
8. Yes.
- 9.
- a. *See Attached Exhibit D.9 – Current Managers*
  - b. We have not attempted to ascertain whether they are registered broker-dealers with the SEC.
  - c. *See Attached Exhibit D.9 – Current Managers*
  - d. *See Attached Exhibit D.9 – Current Managers*
  - e. *See Attached Exhibit D.9 – Current Managers*
  - f. *See Attached Exhibit D.9 – Current Managers*
10. No.
11. N/A.
12. Yes.
- a. So-called “covered” employees of the State who have decision-making responsibility for the pension fund are governed by the State Government Ethics Act. Specifically, Article 4 of the Act prohibits use of public position for private gains [N.C.G.S. section 138A-31] and general prohibition of gifts and other

compensation [N.C.G.S. section 138A-33]. External parties who have investment authority are investment professionals who have contractual and/or fiduciary duties to act only in the best interest of the assets under management.

13. Yes.

- a. Article 3 of the State Government Ethics Act requires covered employees to file Statements of Economic Interest [N.C.G.S. sections 138A-21 to 30]. The purpose of disclosure of the financial and personal interests by covered persons is to assist covered persons identify and avoid conflicts of interest and potential conflict of interest between the covered person's private interests and the covered persons' public duties.

**E. Internal Controls to Ensure Compliance with Federal Securities Laws**

1. No, however, the State Personnel Manual provides that any employee may be dismissed for job-related conduct that constitutes a violation of State or Federal law and each employee receives an orientation that includes a review of the State Personnel Manual.
2. N/A.
3. No. See responses to Questions E.1 and E.7.
4. N/A.
5. No.
6. N/A.
7. So-called "covered" employees of the State who have decision-making responsibility for the pension fund are governed by the State Government Ethics Act. Specifically, Article 4 of the Act prohibits use of public position for private gains [N.C.G.S. section 138A-31] and general prohibition of gifts and other compensation [N.C.G.S. section 138A-33].
8. N/A
9. Yes. The Department and so-called "covered" employees are required to attend annual training on the State Government Ethics Act. This includes prohibiting the use of nonpublic information for private gain. See Answers E.1 and E.7
10. N/A.
11. Yes.

12. No action has been taken since the release of the Report in view of the factors discussed in the responses to Questions E.1 and E.7 above.



## NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

June 5, 2009

### VIA ELECTRONIC MAIL AND PRIORITY MAIL

Mark R. Zehner  
Regional Municipal Securities Counsel  
United States Securities and Exchange Commission  
Mellon Independence Center  
701 Market Street, Suite 2000  
Philadelphia, Pennsylvania 19106-1532

**RE: Response to Certain Public Pension Fund Activities (MP-01603)**

Dear Mark:

Please find enclosed the response to the May 8, 2009 informal inquiry. As discussed, we are providing our information in both an electronic and hard format. As agreed upon during our discussion on May 28, 2009: (1) we have included a list of investors we believe may have been interested in doing business with the pension fund (question (D)(3)), (2) we have limited our response to contributors to the recent elected state Treasurer (question (D)(6)), and (3) we have not attempted to discern whether the placement agents we have listed are registered broker-dealers with the SEC (question (D)(7)).

We have also placed the legend "Confidential FOIA Treatment Requested by North Carolina State Treasurer" on this letter and each document provided. We hereby request pursuant to 17 C.F.R. section 200.83 that neither this letter nor any other documents provided by the North Carolina State Treasurer in connection with your inquiry be released in response to a request under the Freedom of Information Act. We also request that we be given at least ten days prior notice and an opportunity to object to the Commission to the granting of any Freedom of Information Act request and, if necessary, to seek an appropriate protective order in the courts. Furthermore, the North Carolina State Treasurer, by providing this information is not waiving any attorney-client privilege or any other privilege or immunity from disclosure that may be applicable.

If there is additional information that you are seeking, please do not hesitate to contact me.

Sincerely,

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor

cc: Enclosures

325 NORTH SALISBURY STREET, RALEIGH, NORTH CAROLINA 27603-1385 · (919) 508-5176 · FAX (919) 508-5167  
[WWW.NCTREASURER.COM](http://WWW.NCTREASURER.COM)

*Confidential FOIA Treatment Requested by North Carolina State Treasurer*

SSR-001717

**EXHIBIT D.5 Part 2**  
**REAL ESTATE PLACEMENT AGENT SCHEDULE**

<u>NC Commitment Date</u>	<u>Fund</u>	<u>Placement Agent</u>
September 1, 2004	AG Core Plus Realty Fund LP	None
August 4, 2006	AG Core Plus Realty Fund II, LP	None
December 27, 2007	American Value Partners Fund I, LP	None
May 19, 2006	Benson Elliot Real Estate Partners II, LP	Probitas
December 31, 2008	Benson Elliot Real Estate Partners III, LP	Probitas
June 2, 2006	Blackstone Real Estate Partners V, LP	Park Hill, a division of Blackstone
February 6, 2007	Blackstone Real Estate Partners VI	None
August 26, 2005	Campbell Timber Fund III, LLC	None
December 1, 2005	CB Richard Ellis Strategic Partners US IV, LP	Louis Dworsky
November 9, 2007	CB Richard Ellis Strategic Partners US Opp V, LP	None
November 1, 2002	Cherokee Investment Partners III, LP	None
December 19, 2005	Cherokee Investment Partners IV, LP	None
June 23, 2006	CIM Urban REIT	UBS Securities
December 15, 1987	CIGNA Realty Investors Open-End Fund	None
September 12, 2006	CrossHarbor Institutional Partners, L.P.	Credit Suisse
December 6, 2005	Crow Holdings Realty Partners IV, LP	None
December 6, 2005	Crow Holdings Realty Partners IV-A, LP	None
March 28, 2008	Crow Holdings Realty Partners V, LP	None
December 28, 2003	DB Real Estate Global Opps I-A, LP	Deutsche Bank Securities, through a RREEF affiliate Deutsche Bank Alex Brown
December 28, 2003	DB Real Estate Global Opps I-B, LP	Deutsche Bank Securities, through a RREEF affiliate Deutsche Bank Alex Brown
March 1, 1996	DLJ Real Estate Capital Partners, LP	Credit Suisse
September 1, 1999	DLJ Real Estate Capital Partners II, LP	Credit Suisse
September 19, 2005	DLJ Real Estate Capital Partners III, LP	Credit Suisse
December 26, 2007	DLJ Real Estate Capital Partners IV, LP	Credit Suisse
June 1, 2000	DRA Growth & Income Fund III, LLC	None
March 1, 2003	DRA Growth & Income Fund IV, LLC	None
May 24, 2005	DRA Growth & Income Fund V, LLC	None
December 1, 2005	DRA Growth & Income Fund V Co-Investment, LLC	None
May 4, 2007	DRA Growth & Income Fund VI, LLC	None
May 31, 2006	Frogmore Real Estate Partners, L.P.	Credit Suisse
July 25, 2008	Frogmore Real Estate Partners II, L.P.	Credit Suisse
May 17, 2006	Hawkeye Partners' Scout Fund I, L.P.	None
January 5, 2005	JER Real Estate Partners Fund III, LP	Lashine Group and Atlantic-Pacific Capital
November 18, 2006	JER Real Estate Partners Fund IV, LP	Atlantic-Pacific Capital
January 1, 1989	JP Morgan Strategic Property Fund	None
February 23, 2006	KTR Industrial Fund, L.P.	Deutsche Bank
December 12, 2007	KTR Industrial Fund II, L.P.	None
June 30, 2006	LEM Real Estate Mezzanine Fund II, L.P.	None
August 15, 2005	Morgan Stanley Real Estate Fund V International	None
December 29, 2006	Morgan Stanley Real Estate Fund VI International	None
September 30, 2008	Paladin Realty Latin America Investors III, LP	None
December 15, 2005	Penwood California Select Industrial Partners, LP	None
July 25, 2007	Penwood Select Industrial Partners II, LP	None
June 1, 2004	Prudential Property Investment Separate Account	None
June 16, 2006	RREEF Global Opportunity Fund II	Deutsche Bank Securities, through a RREEF affiliate Deutsche Bank Alex Brown
March 31, 2005	RLJ Urban Lodging Fund, LP	Presidio Partners
June 8, 2006	RLJ Urban Lodging Fund II, LP	Presidio Partners
August 14, 2007	RLJ Urban Lodging Fund III, LP	Presidio Partners
December 1, 1993	RMK Emerging Growth Timberland Fund	None

**EXHIBIT D.5 Part 2  
REAL ESTATE PLACEMENT AGENT SCHEDULE**

<u>NC Commitment Date</u>	<u>Fund</u>	<u>Placement Agent</u>
March 22, 2004	Rockpoint Real Estate Fund I, LP	Credit Suisse (Limited Financial Advisor)
June 30, 2005	Rockpoint Real Estate Fund II, LP	Credit Suisse (Limited Financial Advisor)
July 11, 2006	Rockpoint Land Co-Investment Fund, L.P.	Credit Suisse (Limited Financial Advisor)
July 17, 2007	Rockpoint Real Estate Fund III, LP	Credit Suisse (Limited Financial Advisor)
August 10, 2005	Rockwood Capital Real Estate Partners Fund VI, LP	None
August 9, 2006	Rockwood Capital Real Estate Partners Fund VII, LP	None
September 19, 2008	Rockwood Capital Real Estate Partners Fund VIII, LP	None
March 10, 2008	NorthRock Core Fund, LP	None
December 1, 1985	Sentinel Real Estate Fund	None
June 1, 1999	Sentinel Realty Partners V	None
October 1, 2004	Shorenstein Realty Investors VII, LP	None
August 8, 2006	Shorenstein Realty Investors VIII, LP	None
April 9, 2007	Shorenstein Realty Investors IX, LP	None
November 18, 2005	STAG Investments II, LLC	Roseview Capital
July 18, 2005	Starwood Opportunity Fund VII, LP	None
September 30, 2005	SDL SOF VII Co-Invest Fund, LP	None
May 24, 2006	Terra Firma Deutsche Annington	None
May 30, 2006	Timber Inv. Resources - Separate Account	None
March 1, 1984	UBS PMSA/Income Fund (TPI)	None
March 1, 1984	UBS RESA/Property Fund (TPF)	None
August 1, 1996	Value Enhancement Fund II	None
July 21, 1998	Value Enhancement Fund III	None
November 1, 1999	Value Enhancement Fund IV	None
September 22, 2006	Warburg Pincus Real Estate I, L.P.	None
March 1, 1995	Westbrook Real Estate Fund I, LP	DLJ (Credit Suisse)
May 1, 1997	Westbrook Real Estate Fund II, LP	DLJ (Credit Suisse)
September 1, 1998	Westbrook Real Estate Fund III, LP	DLJ (Credit Suisse)
October 1, 2000	Westbrook Real Estate Fund IV, LP	None

**EXHIBIT A.3.a. Part 1**  
**INVESTMENT MANAGEMENT DIVISION CONTACTS**

REAL ESTATE					
Firm	Pre	First Name	Last Name	Address	City, State Zip Code
American Value Partners	Ms.	Amy	Ko	11601 Wilshire Blvd, Suite 400	Los Angeles, CA 90025
Angelo, Gordon & Co.	Ms.	Aliana	Spungen	245 Park Avenue	New York, NY 10167
Apollo Real Estate Advisors	Ms.	Debbie	Tollis	Tower Place 100 3340 Peachtree Road NE, Ste. 1660	Atlanta, GA 30326
Benson Elliot Capital Management	Mr.	Jeremy	Hussey	50 Hans Crescent	London, SW1X 0NA
The Blackstone Group	Mr.	Mike	Casey	345 Park Avenue, 30th Floor	New York, NY 10154
The Campbell Group, LLC	Ms.	Angie	Davis	One S.W. Columbia, Suite 1700	Portland, OR 97258
CB Richard Ellis Group	Mr.	Michael	McMenomy	515 South Flower St., 31st Floor	Los Angeles, CA 90017
Cherokee Investment Partners, LLC	Mr.	John	Mazarino	111 E. Hargett Suite 300	Raleigh, NC 27601-1436
CIGNA Real Estate Investors	Mr.	James	Murphy	3 Gateway Center, 14th Floor	Newark, NJ 07102
CIM Group	Ms.	Lanhee	Yung	6922 Hollywood Blvd, Los Angeles, CA 90028	Los Angeles, CA 90028
CrossHarbor Capital Partners	Ms.	Jennifer	Dumas Hall	One Boston Place	Boston, MA 02108
Crow Holdings	Mr.	Chris	Bafo	3819 Maple Avenue	Dallas, TX 75219
Deutsche Bank	Mr.	W. Allen	Purser	3340 Peachtree Rd, NE, Suite 250	Atlanta, GA 30326
DLJ Real Estate Capital Partners, LP	Mr.	Jim	Allen	Eleven Madison Avenue	New York, NY 10010-3629
DRA - Advisors, INC.	Ms.	Diana	Tully	220 East 42nd St., 27th Fl	New York, NY 10017
Frogmore Property Company, Ltd.	Ms.	Ann	Straten	11-15 Wigmore St.	London, W1A 2JZ
Hawkeys Partners	Ms.	Jamie	Kingsley	3600 N. Capital of Texas Hwy, Building B, Suite 200	Austin, TX 78746
JER Real Estate Advisors	Mr.	Clyde	Robinson	1650 Tysons Blvd, Suite 1600	McLean, VA 22102
J.P. Morgan Investment Mgmt., Inc.	Ms.	Rebekah	Brown	245 Park Avenue	New York, NY 10167
KTR Capital Partners	Mr.	Peter	Lloyd	140 Broadway, 43rd Floor	New York, NY 10005
LEM Associates	Mr.	Jay	Eisner	1811 Chestnut Street, Suite 210	Philadelphia, PA 19103
Morgan Stanley Real Estate	Ms.	Paula	Schaefer	1585 Broadway	New York, NY 10036
Morgan Stanley Investment Management	Ms.	Christina	Chiu	1221 Avenue of the Americas, 34th Floor	New York, NY 10020
Paladin Realty Partners	Mr.	Frederick	Gortner	10880 Wilshire Blvd., Suite 1400	Los Angeles, CA 90024
Penwood RE Investment Management, LLC	Mr.	Joe	Koziol	One Financial Plaza, 12th Floor	Hartford, CT 06103
Prudential Investment Management	Mr.	James	Murphy	3 Gateway Center, 14th Floor	Newark, NJ 07102
RLJ Development, LLC	Mr.	Aaron	Mishler	3 Bethesda Metro Center, Suite 1000	Bethesda, MD 20814
RMK Timberland Group	Mr.	Jonathon	Williams	110 Oakwood Drive, Suite 480	Winston-Salem, NC 27103
Rockpoint Group	Ms.	Katherine	Corro	410 Park Avenue, Suite 930	New York, NY 10022
Rockwood Capital	Ms.	Denise	Tewes	10 Bank Street, 11th Floor	White Plains, NY 10606
Security Capital Research and Management, Inc.	Mr.	Robert	Culver	10 S. Dearborn Street, Suite 1400	Chicago, IL 60603
Sentinel Real Estate Corp.	Ms.	Robin	Blauer	1251 Avenue of the Americas, 35th Fl	New York, NY 10020
Shorenstein Realty Investors	Mr.	Robert	Underhill	450 Lexington Ave., 32nd Floor	New York, NY 10017
STAG Capital Partners, LLC	Mr.	Steven	Harrington	99 Chauncy Street, 10th Floor	Boston, MA 02111
Starwood Capital Group	Ms.	Heather	Goldman	591 West Putnam Avenue	Greenwich, CT 06830
Terra Firma Capital Partners	Mr.	Michael	Hewitt	2 More London Riverside	London SE1 2AP
Timberland Investment Resources	Mr.	Tom	Johnson	1691 Beacon Street, Suite 101	Brookline, MA 02446
UBS Global Asset Management	Ms.	Maria	Bascetta	242 Trumbull St	Hartford, CT 06103-1212
Warburg Pincus, LLC	Ms.	Kathleen	Allen	466 Lexington Avenue	New York, NY 10017
Westbrook Partners, LLC	Ms.	Karleen	Reynolds	13155 Noel Road	Dallas, TX 75240
PRIVATE EQUITY					
Firm	Pre	First Name	Last Name	Address	City, State Zip Code
Academy Funds	Mr.	John	Ciannamea	PO Box 99748	Raleigh, NC 27624
Access Capital Partners	Mr.	Dominique	Peninon	73, avenue des Champs Elysées	Paris, France 75008
Angeleno Group	Mr.	Daniel	Weiss	2029 Century Park East, Suite 2980	Los Angeles, CA 90067-3015
Angelo, Gordon & Co.	Ms.	Colleen	Casey	245 Park Ave., 26th Fl.	New York, NY 10167-0094
Ampersand Ventures	Ms.	Caroline	Marple	55 William Street, Suite 240	Wellesley, MA 02481
Apollo Investment Management	Ms.	Stephanie	Drescher	9 West 57th Street, 43rd Fl.	New York, NY 10019
ARCH Venture Partners	Mr.	Mark	McDonnell	8725 West Higgins Road, Suite 290	Chicago, IL 60631
Aurora Funds	Mr.	Jeff	Clark	2525 Meridian Parkway, Suite 220	Durham, NC 27713
Avista Capital Partners	Ms.	Amanda	Heravi	65 East 55th Street, 18th Floor	New York, NY 10022
Burrill & Company	Ms.	Helena	Sen	One Embarcadero Center, Suite 2700	San Francisco, CA 94111-3776
Carolinas Capital	Ms.	Elizabeth W	Goode	1408 Biltmore Dr.	Charlotte, NC 28207
Carousel Capital	Mr.	Bill	Hobbs	201 North Tryon St., Suite 2450	Charlotte, NC 28202
Castle Harlan Inc.	Ms.	Sylvia	Rosen	150 East 58th St.	New York, NY 10155
Catterton Growth Partners	Mr.	John	Scerbo	599 West Putnam Avenue, Suite 200	Greenwich, CT 06830
Chapter IV Investors, LLC	Mr.	Barnes	Hauptfuhrer	301 South Tryon Street, Suite 1850	Charlotte, NC 28202
Charterhouse Capital Partners, LLP	Mr.	Duncan	Aldred	7th floor, Warwick Court, Paternoster Square	London EC4M 7DX United Kingdom
Coller Capital	Mr.	Timothy	Jones	33 Cavendish Square	London, England W1G 022
Credit Suisse First Boston	Mr.	Nadim	Barakat	Eleven Madison Ave.	New York, NY 10010-3629
Crestview Partners	Ms.	Alexandra	Leonard	667 Madison Avenue, 10th Floor	New York, NY 10065
CVC Capital Partners	Mr.	Nick	Archer	111 Strand	London, England WC2R 0AG
Dogwood Equity	Ms.	Juanita	Young	316 West Edenton Street, Suite 110	Raleigh, NC 27603
DLJ Merchant Banking Partners	Mr.	Mike	Isikow	Eleven Madison Ave.	New York, NY 10010-3629
Elevation Partners	Ms.	Tracy	Hogan	2800 Sand Hill Road, Suite 160	Menlo Park, CA 94025
Francisco Partners	Mr.	Dipanjan	Deb	One Letterman Drive, Bldg. C, Suite 410	San Francisco, CA 94129
Franklin Fairview	Mr.	James	Lumsden	2424 Glenwood Ave. Suite 102	Raleigh, NC 27608
GSO Capital Partners	Ms.	Beth	Chartoff	280 Park Avenue, 11th Floor	New York, NY 10017
Halifax Group	Mr.	David	Dupree	1133 Connecticut Ave., N.W., Suite 725	Washington, DC 20036
HarbourVest Partners	Ms.	Julie	Ocko	One Financial Center, 44th Floor	Boston, MA 02111
Harvest Partners	Ms.	Debra	Kravetz	280 Park Ave., 33rd Fl.	New York, NY 10017
Hatteras Venture Partners	Mr.	John	Crumpler	280 S. Mangum Street, Suite 350	Durham, NC 27701
Highland Capital Partners	Ms.	Susan	Hoyt	92 Hayden Avenue	Lexington, MA 02421
Horsley Bridge International	Mr.	Fred	Giuffrida	505 Montgomery Street, Suite 2100	San Francisco, CA 94111
Intersouth Partners	Ms.	Bonnie	Layman	406 Blackwell Street, Suite 200	Durham, NC 27701
Kitty Hawk Capital	Ms.	Gloria	Johnson	2901 Coltsgate Rd.	Charlotte, NC 28211
KRG Capital Partners	Ms.	Carrie	Heintz	1515 Arapahoe St., Tower One, Suite 1500	Denver, CO 80202
Tenaya Capital	Mr.	James	Hinson	3000 Sand Hill Road, Buiding 3, Suite 190	Menlo Park, CA 94025
Lexington Partners	Ms.	Rebeca	John	660 Madison Avenue, 22nd Floor	New York, NY 10065

**EXHIBIT A.3.a. Part 1  
INVESTMENT MANAGEMENT DIVISION CONTACTS**

<b>PRIVATE EQUITY (CONT'D)</b>					
Lindsay Goldberg & Bessemer	Mr.	Robert	Roriston	630 Fifth Ave., 30th Floor	New York, NY 10111
Longreach Group	Ms.	Lisa	Herrell	Suite 1004, ICBC Tower, 3 Garden Road	Central, Hong Kong
Markstone Capital Partners	Mr.	Scott	Gluck	1801 Century Park East, Suite 2150	Los Angeles, CA 90067
MattlinPatterson Global Advisers LLC	Mr.	Dan	Smythe	520 Madison Ave	New York, NY 10022
NC Enterprise Fund c/o Enterprise Advisors	Ms.	Nancy	Owens	11109 Bremerton Ct.	Raleigh, NC 27613
Novak Biddle Venture Partners	Ms.	Tina	Anderson	7501 Wisconsin Avenue Suite 1380	Bethesda, MD 20814
Parish Capital Advisors	Ms.	Gabriele	Bowers Jackson	5915 Farrington Road, Suite 202	Chapel Hill, NC 27517
Pappas Capital Advisors	Mr.	Ford	Worthy	2520 Meridian Parkway, Suite 400	Research Triangle Park, NC 27709
Perseus, LLC	Mr.	Christopher	Davis	2099 Pennsylvania Ave., N.W., Suite 900	Washington, DC 20006
Quaker BioVentures Inc.	Mr.	Larry	Hollin	Cira Centre, 2929 Arch Street, Ste. 1650	Philadelphia, PA 19104
Quintana Minerals Corp.	Mr.	Loren	Soetenga	601 Jefferson St., Suite 3600	Houston, TX 77002
Robeco Asset Management	Mr.	Mikan	van Zanten	909 3rd Ave.	New York, NY 10022
Sprout Group	Ms.	Tracy M.	Urquiaga	Eleven Madison Ave., 13th Fl.	New York, NY 10010
Sheridan Production Partners	Mr.	J. Timothy	Blaine	9 Greenway Plaza, Suite 1300	Houston, TX 77046
Synecor, LLC	Ms.	Tracy	Pappas	3282 Alpine Road	Portola Valley CA, 94028
StarVest Partners	Mr.	Larry	Bettino	750 Lexington Avenue	New York, NY 10022
Technology Crossover Ventures	Mr.	Will	Griffith	528 Ramona Street	Palo Alto, CA 94301
Terra Firma Capital Partners	Mr.	Bill	Miles	5201 NE 32nd Avenue	Ft Lauderdale, Florida 33308
Texas Pacific Group	Ms.	Kristin	Horne	345 California St.	San Francisco, CA 94104
TrueBridge Capital	Mr.	Mel	Williams	2530 Meridian Parkway, Suite 200	Durham, NC 27713
Tudor Ventures	Mr.	Bob	Florenza	50 Rowes Wharf, 5th Fl.	Boston, MA 02110
Warburg Pincus	Mr.	Bowman	Cutter	466 Lexington Avenue	New York, NY 10017
WL Ross & Co. LLC	Mr.	Greg	Lamb	1166 Avenue of the Americas, 27th Floor	New York, NY 10036
<b>PUBLIC EQUITY</b>					
<b>Firm</b>	<b>Pre</b>	<b>First Name</b>	<b>Last Name</b>	<b>Address</b>	<b>City, State Zip</b>
Alliance Capital Management	Ms.	Elizabeth	Smith	1345 Avenue of the Americas	New York, NY 10105
Angelo, Gordon & Co.	Ms.	Colleen	Casey	245 Park Avenue, 26th Floor	New York, NY 10167
Ariel Capital Management	Mr.	James	Smith	200 East Randolph Drive, Suite 2900	Chicago, Illinois 60601
Baillie Gifford	Mr.	Edward	Hocknell	757 Third Avenue, 17th Floor	New York, NY 10017-2013
Barclays Global Investors	Ms.	Juliana	Hastings	400 Howard Street	San Francisco, CA 94105
Brown Advisory	Ms.	Trish	Carroll	901 S. Bond Street Suite 400	Baltimore, MD 21231
Capital Guardian Trust Company	Ms.	Paula	Pretlow	One Market Street, Steuart Tower, 18th Floor	San Francisco, CA 94105
Columbia Management Advisors	Mr.	John	Teague	101 South Tryon St	Charlotte, NC 28255
EARNEST Partners	Mr.	Trey	Greer	1180 Peachtree Street Suite 2300	Atlanta, GA 30309
Evergreen Inv. Mgt. Co., LLC	Mr.	William	Stokes	401 S Tryon St Suite 500-NC0969	Charlotte, NC 28202
First Citizens Bank	Mr.	Eric	Teal, CIO	PO Box 27131	Raleigh, NC 27611-7131
Grantham, Mayo, Van Otterloo & Co.	Mr.	Tom	Smith	40 Rowes Wharf	Boston, MA 02110
Hotchkis and Wiley Capital Mgmt	Mr.	Stan	Majcher	725 South Figueroa Street, 39th Floor	Los Angeles, CA 90017-5439
Invesco	Mr.	Marquette	Chester	One Midtown Plaza, 1360 Peachtree Street, N.E.	Atlanta, GA 30309
Jarislowsky Fraser Limited	Mr.	Michel	Brutti, CFA	1010 Sherbrooke Street West, Suite 2005	Montreal, Quebec H3A 2R7
Longview Partners LP	Mr.	Ramzi Y.	Founder	Thames Court, 1 Queenhithe	London, EC4V 3RL UK
Mondrian	Mr.	Paul	Ross	2001 Market Street, Suite 3810	Philadelphia, PA 19103-7039
Numeric	Ms.	Shana	Sobral	One Memorial Drive	Cambridge, MA 02142
Oechsle	Mr.	Stephen P.	Langer	One International Place	Boston, MA 02110
Piedmont Investment Advisors	Ms.	Clarissa	Parker	411 West Chapel Hill Street	Durham, NC 27701
Relational Investors	Mr.	Frank	Hurst	12400 High Bluff Drive Suite 600	San Diego, CA 92130
Sands Capital Management	Mr.	Michael	Hotchkiss	1100 Wilson Blvd, Ste 3050	Arlington, VA 22209
State Street Global Advisors	Mr.	Christopher	McNeillie	Prominence in Buckhead	3475 Piedmont Road, NE Suite 1920
Sterling Capital Management	Mr.	Mark	Whalen	Two Morrocroft Centre	4064 Colony Road, Suite 300
TimesSquare Capital Management	Mr.	Stephen	Green	1177 Avenue of the Americas, 39th Floor	New York, NY 10036
Turner Investments	Mr.	John	Finnegan	1205 Westlakes Drive, Ste 100	Berwyn, PA 19312
Walter Scott & Partners Limited	Dr.	Kenneth	Lyall, Director	One Charlotte Square	Edinburgh, EH2 4DZ
Wellington Management Co., LLP	Mr.	David	Eikenberry	75 State Street	Boston, MA 02109
<b>ABSOLUTE RETURN STRATEGIES</b>					
<b>Firm</b>	<b>PRE</b>	<b>First Name</b>	<b>Last Name</b>	<b>Address</b>	<b>City, State Zip Code</b>
Angelo Gordon & Co., LP	Ms.	Colleen	Casey	245 Park Avenue -26th Floor	New York, NY 10167-0094
Broyhill Asset Management	Mr.	Hunt	Broyhill	PO Box 500	Lenoir, NC 28645
DKR Capital Partners L.P.	Ms.	Kristin	Mott	1281 East Main Street	Stamford, CT 06902
Franklin Street Partners	Mr.	John	O'Hara	1450 Raleigh Road - Suite 300	Chapel Hill, NC 27517
Quellos Group, LLC	Mr.	Bryan	White	601 Union Street, 56th Floor	Seattle, WA 98101
SCS Financial	Mr.	Kenneth	Minklei	One Winthrop Square	Boston, Massachusetts 02110
Taconic Capital Advisors LLC	Mr.	Laura	Rose	450 Park Avenue - 9th Floor	New York, NY 10022
<b>EXTERNALLY MANAGED FIXED INCOME</b>					
<b>Firm</b>	<b>Pre</b>	<b>First Name</b>	<b>Last Name</b>	<b>Address</b>	<b>City, State Zip Code</b>
Angelo, Gordon & Co.	Ms.	Colleen	Casey	245 Park Avenue, 26th Floor	New York, NY 10167
<b>CONSULTANTS</b>					
<b>Firm</b>	<b>PRE</b>	<b>First Name</b>	<b>Last Name</b>	<b>Address</b>	<b>City, State Zip Code</b>
Courtland Partners, Ltd.	Mr.	Michael	Humphrey	200 Public Square, Suite 2530	Cleveland, OH 44114
Strategic Investment Solutions, Inc.	Mr.	Pete	Keliuotis	333 Bush Street, STE, 2000	San Francisco, CA 94104
<b>INVESTMENT ADVISORY COMMITTEE MEMBERS</b>					
<b>Firm</b>	<b>PRE</b>	<b>First Name</b>	<b>Last Name</b>	<b>Address</b>	<b>City, State Zip Code</b>
N/A	Mr.	Norwood	Clark	236 Waterville Street	Raleigh, NC 27603
N/A	Mr.	Steve	Nelson	101 Flagstone Court	Chapel Hill, NC 27517
N/A	Mr.	Paschal	Swann	2984 Ormond Drive	Winston-Salem, NC 27106
N/A	Dr.	Leigh	Hammond	4017 Edwards Mill Rd	Raleigh, NC 27612



EXHIBIT A.3.a. Part 1  
INVESTMENT MANAGEMENT DIVISION CONTACTS

PREVIOUS CONTRACT EMPLOYEES - Director Level					
Firm	PRE	First Name	Last Name	Address	City, State Zip Code
N/A	Mr.	John	Burns	151 E. 80th Street, Apt 6C	New York, NY 10021
N/A	Mr.	Mruts	Legesse	21 Saint Georges Road	East Brunswick, NJ 08816

EXHIBIT A.3.a. Part 2

SUPPLEMENTAL RETIREMENT FUND MANAGERS

FROZEN MUTUAL FUND MANAGERS					
Firm	Pre	First Name	Last Name	Address	City, State Zip Code
American Funds	Mr.	John	Smith	333 South Hope St.	Los Angeles, CA 90071-1406
Artisan	Mr.	John	Bonnell	875 East Wisconsin Ave. Suite 800	Milwaukee, WI 53202
Baron	Mr.	Matt	Kelly	767 Fifth Ave. 49th Floor	New York, NY 10153
BB&T	Mr.	Tony	DeLucia	434 Fayetteville Street Mall	Raleigh, NC 27601
Dodge & Cox	Mr.	Rick	Marino	555 California Street, 40th Floor	San Francisco, CA 94104
Federated	Mr.	Scott	Charlton	4000 Ericsson Dr.	Pittsburgh, PA 15237-7000
Fidelity	Ms.	Deborah	Mazza	82 Devonshire St.	Boston, MA 02109
Goldman Sachs	Mr.	Jason	Hudes	4900 Sears Tower, c/o Goldman Sachs & Co	Chicago, IL 60606
Lord Abbett	Mr.	Adam	Backman	90 Hudson Street	Jersey City, NJ 07302
Oppenheimer	Mr.	Vince	Vermette	6803 South Tucson Way	Centennial, CO 80112-3924
Putnam	Mr.	Jonathan	Cooley	One Post Office Square, Mailstop A 14	Boston, MA 02109
T. Rowe Price	Mr.	Andrew	Kyle	100 East Pratt St.	Baltimore, MD 21202
Van Kampen	Mr.	Chris	Fitzgerald	522 Fifth Avenue	New York, NY 10020
ACTIVE SEPARATE ACCOUNT MANAGERS					
Firm	Pre	First Name	Last Name	Address	City, State Zip Code
Baillie Gifford	Mr.	Edward	Hocknell	757 Third Avenue, 17th Floor	New York, NY 10017-2013
Barclays Global Investors	Ms.	Juliana	Hastings	400 Howard Street	San Francisco, CA 94105
Brown Advisory	Ms.	Trish	Carroll	901 S. Bond Street Suite 400	Baltimore, MD 21231
EARNEST Partners	Mr.	Trey	Greer	1180 Peachtree Street Suite 2300	Atlanta, GA 30309
Hotchkiss and Wiley Capital Mgmt	Mr.	Stan	Majcher	725 South Figueroa Street, 39th Floor	Los Angeles, CA 90017-5439
JP Morgan	Ms.	Melissa	Buccilli	1111 Polaris Parkway	Columbus, OH 43240
Mondrian	Mr.	Paul	Ross	2001 Market Street, Suite 3810	Philadelphia, PA 19103-7039
PIMCO	Mr.	Roger	Nieves	840 Newport Center Drive, Suite 100	Newport Beach, CA 92660
Sands Capital Management	Mr.	Michael	Hotchkiss	1100 Wilson Blvd, Ste 3050	Arlington, VA 22209
TimesSquare Capital Management	Mr.	Stephen	Green	1177 Avenue of the Americas, 39th Floor	New York, NY 10036
Wellington Management Co., LLP	Mr.	David	Eikenberry	75 State Street	Boston, MA 02109

SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
		<b>A. Background Information</b>
	X	1. Identify each statewide pension or retirement fund within the state of North Carolina
JC	X	a. Provide name and address information for the primary points of contact for each fund identified.
MW	X	b. Provide the most recent number of employees covered by each pension fund identified.
PG/MW	X	c. Provide the most recent amount of assets figure for each pension fund identified.
JC	X	2. Are there departments or entities within the State government with oversight and decision-making responsibilities for any of the pension funds identified in Question A.1 above?
JC	X	a. Provide name and address information for the primary points of contact for each government department or entity identified.
PG/MW	X	3. Has the State or any of the pension funds identified in Question A.1 above employed or retained within the last three years any non-state employees, contractors, consultants, placement agents, managers or advisors to serve in paid or unpaid advisory capacities in connection with the management, administration or investment decision-making of any of the State's pension funds?
PG/MW	X	a. Provide name and address information for the primary points of contact for each non-state employee, contractor, consultant, placement agent, manager or advisory identified, together with a brief description of the services they provide.
PG/MW	X	4. Identify each State investment board, advisory council, department or other similar State entity with the authority to set investment policy, retain consultants, advisory or other intermediaries or oversee investment decision-making with respect to amounts held in any of the pension funds identified in Question A.1 above.
PW	X	5. Identify any and all private actuaries and accountants employed or retained by the State or any of the pension funds identified in Question A.1 above in connection with the management, administration or investment decision-making of the State's pension funds.
PW	X	a. Provide name and address information for the primary points of contact for each actuary and accountant identified.
JC	X	6. Have any of the State's pension funds identified in Question A.1 above been the subject of any state attorney general, inspector general or similar external review, audit or government investigation during the past three(3) years? If so, please describe the circumstances and the results of such review, audit or investigation.
JC	X	a. Provide name and address information for the primary points of contact for each attorney general, inspector general, external auditor or government investigator identified.

SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
		<b>B. Disclosure of Unfunded or Underfunded Liabilities</b>
JC	X	1. Identify each department or entity within State government that has oversight and disclosure responsibilities for disclosure documents prepared in connection with the State's general obligation bonds or similar State-supported bond issues ("Official Statements").
JC	X	a. Provide name and address information for the primary points of contact for each government department or entity identified.
PG	X	2. During the past five(5) years, have any of the State's pension funds identified in Question A.1 above changed their actuarial asset valuation methods, namely, have any of the pension funds changed from smoothed value to market value (or vice versa) or from smoothed value to book value (or vice versa)?
	N/A	3. If the answer to Question B.2 above is yes:
PG		a. Provide an explanation for the change(s) and the effect of the change(s).
VH		b. Describe how the change was disclosed in Official Statements or other required continuing disclosure reports.
PG/MW	X	4. During the past five(5) years, have any of the pension funds identified in Question A.1 above changed their actuarial methods and assumptions, including, but not limited to, the actuarial cost method, the amortization method, or the method of determining the actuarial value of plan assets?
PG/MW		5. If the answer to Question B.4 is yes:
PG/MW	X	a. Provide an explanation for the change(s) and the effects of the change(s).
PG/MW	X	b. Describe how the change was disclosed in Official Statements or other required continuing disclosure reports.
PG/MW/PW	X	6. During the past five(5) years, have any of the pension funds identified in Question A.1 above created a separate asset account to separately account for investment earnings in excess of a stipulated benchmark?
PG/MW	N/A	7. If the answer to Question B.6 is yes:
PG/MW		a. Describe why the separate asset account was created.
PG/MW		b. Describe how the separate asset account was created.
PG/MW		c. Describe how the funds in the asset account have been used, including the date that was used to determine the investment earnings.
PG/MW		d. Describe how the creation of the separate asset account and its use was disclosed in the Official Statements or other required continuing disclosure reports.

SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
VH		8. Please identify whether Official Statements in the past five(5) years have included the following information relating to the pension funds identified in Question A.1 above:
VH	X	a. Funded ratio(including trends);
VH	X	b. Information related to unfunded actuarial accrued liability (UAAL)(including trends);
VH	X	c. ARC-related information (including trends);
VH	X	d. Measures related to annual pension cost (APC);
VH	X	e. Measures involving information about contributions, including, but not limited to, comparisons of contribution amounts by employers and employees, trends in contributions, and trends in the percentage of the ARC contributed;
VH	X	f. Net Pension Obligation (NPO);
VH	X	g. Information reported by the pension plan, including trends in system assets and liabilities, investment return, and investment policies.
VH		9. Please identify whether the Official Statements in the past five(5) years have included the following market value information relating to the pension funds identified in Question A.1 above:
VH	X	a. Funded ratio (including trends);
VH	X	b. Assets (including trends);
VH	X	c. Liabilities (including trends); and
VH	X	d. Ration of Actuarial Value of Assets (AVA) to Market Value of Assets (MVA) (including trends).
VH	X	10. If the State has changed its Official Statements in the last five(5) years to include or exclude any of the items in Question B.9, provide an explanation as to why they were excluded or included.
VH	X	11. If the State has changed its Official Statements in the last five(5) years to include or exclude any of the items in Question B.8, provide an explanation as to why they were excluded or included.
MW	X	12. In the past five (5) years, has the State taken a "Pension Holiday" or otherwise not made contributions to pension funds?
MW		13. If the answer to question B.12 is yes:
MW	X	a. Provide an explanation as to why contributions were not made.
MW	X	b. Describe how the failure to make contributions was disclosed in the Official Statements and other required disclosure statements.
MW	X	14. Did the State consider what effect(s) the failure to make contributions would have on future pension obligations?
MW		15. If the answer to Question B.14 is yes:
MW	X	a. Describe what the effects were.
MW	X	b. Describe how those effects were disclosed in Official Statements or other required disclosure statements.

SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
MW	X	16. In the past five(5) years, has the State adopted a “phase-in plan” or other method which resulted in the State making less than the Annual Required Contribution (as determined by the actuary) for a set number of years?
MW	N/A	17. If the answer to Question B.16 is yes:
MW		a. Provide an explanation as to why the plan or method was adopted.
MW		b. Did the State adhere to the plan or method?
MW		c. Describe how the plan or method was disclosed in Official Statements or other required continuing disclosure reports.
MW		d. Did the State consider what effect(s) the phase-in plan or method would have on future pension obligations?
MW		i. If the answer is yes, what were the effects and were those effects disclosed in Official Statements or other required continuing disclosure reports?
JC	X	18. Is the State or any of the pension funds identified in Question A.1 above aware of the Securities and Exchange Commission’s Order Instituting Cease-And-Desist Proceedings, Making Findings, and Imposing a Cease-And-Desist Order Pursuant to Section 8A of the Securities Act of 1993 and Section 21C of the Securities Exchange Act of 1934 in the <u>Matter of City of San Diego, California</u> (Securities Act Rel. No. 8751 (Nov. 14, 2006))?
JC	X	19. If the answer to Question B-18 is yes, state whether or to what extent the State or any of the pension funds identified in Question A. 1 above has taken any action, made any changes in its policies or procedures, or made any other changes in response to this Order.
VH	X	20. Does the State or any of the pension funds identified in Question A.1 above provide training to employees responsible for creating and/or updating disclosures regarding pension funds in Official Statements or other required continuing disclosure reports?
VH	X	21. If the answer to Question B20 is yes:
VH	X	a. When did the State or pension fund institute the training?
VH	X	b. Describe the nature of the training and the employees required to participate in the training.
MW	X	22. Has the State analyzed its ability to fund future pension obligations over the next 10 or more years?
MW		23. If the answer to Question 22 is yes:
MW	X	a. Describe the results of that analysis.
MW	X	b. Describe how those results were disclosed in Official Statements or other required continuing disclosure reports.

SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
<b>C. Disclosure of Investment Risks</b>		
JC	X	1. During the last 5 years, have any of the pension funds identified in Questions A.1 above or government entities identified in Questions A. 2, A. 4 above discussed with an investment adviser any investment product, program or strategy for which the level of risk associated with that investment product, program, or strategy may have been inadequately disclosed?
JC	N/A	2. If the answer to Question C.1 is yes, identify for each incident the investment adviser, investment product program or strategy, and the time period, and describe both the disclosure provided and the relevant risk.
JC	X	3. During the last 5 years, have any of the pension funds identified in Question A.1 above or government entities identified in Questions A.2 or A.4 above experienced any unexpected liquidity, credit, market or other risk by virtue of an investment produce, program or strategy suggested or recommended by an investment adviser that may have been inadequately disclosed at the time you made the investment?
JC	N/A	4. If the answer to Question C.3 is yes, identify for each incident the relevant investment product, program or strategy, the relevant investment adviser, and the disclosures provided at the time of the investment, and describe the unexpected risk.
JC	X	5. During the last 5 years, have any of the pension funds identified in Question A.1 above or government entities identified in Question A.4 above invested in a bond fund, hedge fund, private equity fund, cash collateral pool or similar investment vehicle where the actual investments were different than the stated investment objectives?
JC	N/A	6. If the answer to Question C.5 is yes, identify for each incident the relevant bond fund, hedge fund, private equity fund, cash collateral pool or similar investment vehicle, the date and amount of your investment(s), and the stated investment objectives, and describe why the actual investments differed from those investment objectives.
<b>D. Payments and Conflicts of Interest</b>		
JC	X	1. State whether any of the pension funds identified in Question A.1 above or government entities identified in Questions A.2 and A.4 above have rules, regulations and policies and procedures regarding payments in connection with solicitations or responses to requests for proposals to provide services in connection with State pension funds.
JC	X	2. Has any person in a position to exert influence over (a) any investment or management decision of a State pension fund or (b) the decision to hire or retain an investment adviser, investment company or money manager, ever directly or indirectly solicited a payment of any kind from a person seeking to obtain business from or provide services to the pension fund?

SECURITIES EXCHANGE COMMISSION RESPONSE

<b>RESPONSIBLE PARTY</b>	<b>STATUS (X)</b>	
JC	X	3. If the answer to Question D.2 is yes:
JC	X	a. Identify each person who made any such solicitation and the position he or she held at the time of the solicitation.
JC	X	b. State whether each person making such a solicitation was registered with the Securities and Exchange Commission ("SEC") or a state regulatory authority. If the answer is yes, identify the agency with which the person was registered.
JC	X	c. Identify each person to whom any such solicitation was made and the position he or she held at the time.
JC	X	d. State whether each recipient of such a solicitation was registered with the SEC or a state regulatory authority. If the answer is yes, identify the agency with which the person was registered.
JC	X	e. Detail each term of the solicitation.
JC	N/A	f. Identify the business obtained because of a favorable response to the solicitation.
JC	N/A	g. Identify the business denied because of an unfavorable response to the solicitation.
PG	X	4. In connection with the investment or management of any amounts held in any pension fund identified in Question A.1 above, has any person ever directly or indirectly paid a finders' or placement fee or other valuable consideration?
JC	X	5. If the answer to Question D.4 is yes:
JC	X	a. Identify each person who made such a payment and the position he or she held at the time of the payment.
JC	X	b. State whether each person making such a payment was registered with the SEC or a state regulatory authority. If the answer is yes, identify the agency with which each person was registered.
JC	X	c. Identify each person who was the recipient of such a payment and the position he or she held at the time of payment.
JC	X	d. State whether each recipient of such a payment was registered with the SEC or a state regulatory authority. If the answer is yes, identify the agency with which each person was registered.
JC	N/A	e. Detail the nature and amount of each such payment.
JC	N/A	f. Detail the services performed in exchange for each such payment.
JC	X	g. State whether or not the payments were disclosed.
JC	X	h. State to whom the payments were disclosed.
JC	N/A	i. State the frequency with which such payments and/or other consideration were paid to a given person.



SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
JC	X	6. Has any person in any firm, which was paid either directly or indirectly a finders or placement fee or other consideration in connection with the investment or management of any amounts held in any pension fund identified in Question A.1 above, ever directly or indirectly contributed to the election campaign of any State official who could exert influence over the investment decisions of the pension fund or to any political action committee ("PAC") associated with said official?
JC	X	7. If the answer to Question D.6 is yes, for each such contribution:
JC	X	a. Identify each person making such a contribution and the position he or she held at the time of the contribution.
JC	X	b. State whether each person making such a contribution was registered with the SEC or a state regulatory authority. If the answer is yes, identify the agency with which each person was registered.
JC	X	c. Identify the person or PAC to whom each contribution was made.
JC	X	d. Identify the date of each contribution.
JC	X	e. Identify the amount of each contribution.
JC	X	f. Identify the means employed to make each contribution.
JC	X	8. Has anyone in any firm in which pension funds were invested or, which was charged with the management of pension funds, ever directly or indirectly contributed to the election campaign of an official who could exert influence over the investment decisions of the pension fund or to any PAC associated with said official?
JC	X	9. If the answer to Question D.8 is yes, for each such contribution:
JC	X	a. Identify each person making such a contribution and the position the person held at the time the contribution was made.
JC	X	b. State whether each person making such a contribution was registered with the SEC or a state regulatory authority. If the answer is yes, identify the agency with which each person was registered.
JC	X	c. Identify the person or PAC to whom each contribution was made.
JC	X	d. Identify the date of each contribution.
JC	X	e. Identify the amount of each contribution.
JC	X	f. Identify the means employed to make each contribution.
JC	X	10. Have any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2 and A.4 above ever entered into or is it aware of any <i>quid pro quo</i> arrangements with any person in exchange for the investment or management of pension funds?
PG/JC	N/A	11. If the answer to Question D.10 is yes:
PG/JC		a. Identify each party to each <i>quid pro quo</i> arrangement and the position each party held at the time the arrangement was entered into and during the life of the arrangement.
PG/JC		b. State whether each party to each <i>quid pro quo</i> arrangement was registered with the SEC or a state regulatory authority. If the answer is yes, identify the agency with which each person was registered.
PG/JC		c. Detail each term of each <i>quid pro quo</i> arrangement.

SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
JC	X	12. Do any of the pension funds identified in Question A.1 above or any of the government entities identified in Question A.2 or A.4 above have a conflicts of interest policy that governs actual or potential conflicts of interest between State decision-makers having responsibility for the management, administration and investment decision-making activities of State pension funds, on one hand, and the investment advisors, investment managers and consultants who provide or seek to provide services to or on behalf of such funds or the entities that over see them, on the other?
JC	X	a. If so, please describe such policies.
JC	X	13. Do any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2 or A.4 above maintain records of payments, gifts, contributions, in-kind exchanges or other direct or indirect consideration received by persons having management, administration or investment decision-making responsibilities for or in connection with the pension funds identified in Question A.1 above?
JC	X	a. If so, please describe the associated reporting and record-keeping policies and procedures.
<b>E. Internal Controls to Ensure Compliance with Federal Securities Law</b>		
JC	X	1. Do any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2, A.4 or B.1 above have policies and procedures to ensure compliance with the federal securities laws?
JC	N/A	2. If the answer to Question E.1 is yes, please produce a copy of such policies and procedures.
JC	X	3. Do any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2, A.4 or B.1 above provide federal securities law training to its employees responsible for its pension funds?
JC	N/A	4. If the answer to Question E.3 is yes, please describe such training.
JC	X	5. Do any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2, A.4 or B.1 above have a compliance officer who is responsible for ensuring compliance with the federal securities laws?
JC	N/A	6. If the answer to Question E.5 is yes, please describe the compliance officer's duties.
JC	X	7. Do any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2, A.4 or B.1 above have policies and procedures to prevent the misuse of material nonpublic information in connection with the purchase or sale of securities?
JC	N/A	8. If the answer to Question E.7 is yes, please produce a copy of such policies and procedures.

SECURITIES EXCHANGE COMMISSION RESPONSE

RESPONSIBLE PARTY	STATUS (X)	
JC	X	9. Do any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2, A.4 or B.1 above provide training to its employees to prevent the misuse of material nonpublic information in connection with the purchase or sale of securities?
JC	N/A	10. If the answer to Question E.9 is yes, please describe such training.
JC	X	11. Are any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2, A.4 or B.1 above aware of the Securities and Exchange Commission's <u>Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The Retirement Systems of Alabama</u> , Securities Exchange Act Rel. No. 57446 (March 6, 2008)?
JC	X	12. If the answer to Question E.11 is yes, state whether and to what extent any of the pension funds identified in Question A.1 above or any of the government entities identified in Questions A.2, A.4 or B.1 above have taken any action, made any changes in its policies or procedures, or made any other changes in response to this Report.

**EXHIBIT D.5 Part 1  
PRIVATE EQUITY PLACEMENT AGENT SCHEDULE**

<u>NC Commitment Date</u>	<u>Fund</u>	<u>Placement Agent</u>
Dec 20, 2000	A.M. Pappas Life Science Ventures II, L.P.	none
Jan 4, 2005	A.M. Pappas Life Science Ventures III, L.P.	none
Oct 15, 2007	A.M. Pappas Life Science Ventures IV, L.P.	none
May 20, 2003	A.V. Management IV, LLC	none
May 3, 2000	Academy Venture Fund, LLC	none
Jul 31, 2002	Accesss Capital L.P. II D	Global Private Equity
Dec 31, 2005	AG Capital Recovery Partners V, L.P.	none
Jan 31, 2008	AG Capital Recovery Partners VI, L.P.	none
June 30,2008	AG Global Strategy Umbrella Fund	none
Sep 29, 2006	Ampersand 2006 Limited Partnership	none
Jun 30, 2006	Angeleno Investors II, L.P.	none
Dec 31, 2005	Apollo Investment Fund VI, L.P.	Avid Partners / Andrew Stein
Sep 5, 2008	Apollo Investment Fund VII, L.P.	none
Jun 7, 2007	ARCH Venture Fund VII, L.P.	none
Apr 17, 2002	Aurora Ventures IV, LLC	none
Sep 20, 2005	Aurora Ventures V, L.P.	none
Jul 25, 2008	Avista Capital Partners II, L.P.	Aqueduct Capital Group / Cue Capital
Apr 26, 2006	Avista Capital Partners, L.P.	Merrill Lynch / Andrew Stein
Dec 31, 2005	Burrill Life Sciences Capital Fund III, L.P.	Thomas Capital Group
Dec 18, 2002	Burrill Life Sciences Capital Fund, L.P.	Thomas Capital Group
Jun 1, 1990	Carolinas Capital, L.P. (expired)	manager deceased
Jan 31, 2006	Carousel Capital Partners III, L.P.	none
Jun 15, 2002	Castle Harlan Partners IV, L.P.	Merrill Lynch
Feb 27, 2008	Castle Harlan Partners V, L.P.	Merrill Lynch
Mar 14, 2008	Catterton Growth Partners, L.P.	Ineo Capital
Nov 8, 2006	Chapter IV Investors Special Situations Fund, L.P.	none
Oct 3, 2008	Charterhouse Capital Partners IX, L.P.	none
Nov 6, 2002	Coller International Partners IV, L.P.	Credit Suisse
Feb 16, 2006	Credit Suisse / NC Investment Fund I	none
Oct 30, 2007	Credit Suisse / NC Investment Fund II	none
Apr 17, 2008	Crestview Partners II, L.P.	none
Aug 6, 2008	CS/NC Investment Fund	none
Jul 14, 2005	CVC European Equity Partners IV (D), L.P.	none
Sep 23, 2007	CVE- Kauffman Fellows Endowment Fund I, L.P.	none
Nov 26, 1996	DLJ Merchant Banking Partners II, L.P.	none
Jun 14, 2005	Elevation Partners, L.P.	Merrill Lynch
Apr 28, 2006	Francisco Partners II, L.P.	Lazard
Feb 24, 1997	Franklin Fairview I, L.P.	none
Jul 18, 2007	GSO Capital Opportunities Fund LP	Park Hill Group
Mar 31, 2006	Halifax Capital Partners II, L.P.	Cue Capital
Jun 29, 1989	HarbourVest Partners III, L.P. (expired)	none
Jul 1, 2002	Harvest Partners IV, L.P.	Credit Suisse
May 16, 2006	Harvest Partners V, L.P.	Credit Suisse
Jan 24, 2007	Hatteras Venture Partners III, L.P.	none
Oct 22, 2001	Highland Capital Partners VI, L.P.	none
Oct 27, 2005	Highland Capital Partners VII, L.P.	none
Jun 27, 2007	Highland Consumer Fund I	none
Mar 30, 2007	Horsley Bridge International IV, L.P.	none
Aug 29, 2008	Horsley Bridge International V, L.P.	none
Jan 30, 2008	Horsley Bridge IX, L.P.	none
Sep 18, 1988	Intersouth Partners II, L.P. (expired)	none
Oct 28, 1994	Intersouth Partners III, L.P.	none
May 29, 2003	Intersouth Partners VI, L.P.	none
Jul 15, 1994	Kitty Hawk Capital III, L.P.	none
Apr 1, 2002	KRG Capital Fund II, L.P.	JP Morgan Chase
Jun 8, 2005	KRG Capital Fund III, L.P.	Probitas
Jul 12, 2007	KRG Capital Fund IV, L.P.	none
Sep 5, 2008	Lexington Middle Market Investors II, L.P.	none
May 31, 2005	Lexington Middle Market Investors, L.P.	none
Jul 14, 2006	Lindsay Goldberg & Bessemer II, L.P.	none
Jul 29, 2008	Lindsay Goldberg III, L.P.	none
Mar 31, 2006	Longreach Capital Partners 1, L.P.	Denning & Co.
Aug 2, 2005	Markstone Capital Partners, L.P.	none
Jun 28, 2007	MatlinPatterson Global Opportunities Partners III, L.P.	Lazard
Feb 7, 2002	North Carolina Economic Opportunities Fund	none
May 12, 1989	North Carolina Enterprise Fund	Liquidating Trust
May 11, 2001	Novak Biddle Venture Partners III, L.P.	none
Sep 3, 2004	Novak Biddle Venture Partners IV, L.P.	none
Oct 27, 2006	Novak Biddle Venture Partners V, L.P.	none
May 19, 2006	Parish Capital Europe I, L.P.	none
Mar 31, 2004	Parish Capital I, L.P.	none
May 12, 2006	Parish Capital II, L.P.	none
Dec 6, 2006	PCA-SYN Investments, L.L.L.P.	none

**EXHIBIT D.5 Part 1  
PRIVATE EQUITY PLACEMENT AGENT SCHEDULE**

<u>NC Commitment Date</u>	<u>Fund</u>	<u>Placement Agent</u>
Jan 6, 2004	Perseus Market Opportunity Fund, L.P.	Credit Suisse
Sep 29, 2006	Perseus Partners VII, L.P.	none
Mar 27, 2007	Quaker BioVentures II, L.P.	none
Sep 14, 2006	Quintana Capital Group, L.P.	Lehman
Jun 14, 2007	Quintana Energy Fund I Coinvestor - TH, L.P.	none
Jul 30, 2008	Quintana Energy Fund II Co-Investor-TH II, L.P.	none
Jul 30, 2008	Quintana Energy Partners II, L.P.	none
Jul 30, 2008	Robeco Clean Tech Co-Investment Fund II, L.P.	Lloyd Bridge
Jul 30, 2008	Robeco Clean Tech Private Equity II, L.P.	Lloyd Bridge
Aug 3, 2007	Sheridan Production Partners I-B, L.P.	none
May 7, 1989	Sprout Capital VI, L.P.	manager acquired - acquiror's records do not date back long enough
Jun 24, 1993	Sprout Growth II, L.P.	manager acquired - acquiror's records do not date back long enough
Jul 30, 2008	StarVest Partners II, L.P.	Howard Street Partners
Nov 28, 2006	Synergy Life Science Partners, L.P.	none
Nov 9, 2005	Technology Crossover Ventures VI, L.P.	none
Jul 16, 2007	Tenaya Capital V (formerly Lehman Brothers Venture Partners V, L.P.)	Lehman
Oct 2, 2002	Terra Firma Capital Partners II, LP.	CitiBank / Merrill Lynch
Mar 8, 2006	Terra Firma Capital Partners III, L.P.	CitiBank / Merrill Lynch
Dec 21, 2006	TPG Biotechnology Partners II, L.P.	none
Jul 30, 2008	TPG Biotechnology Partners III, L.P.	none
Dec 9, 2003	TPG Partners IV, L.P.	none
Apr 13, 2006	TPG Partners V, L.P.	none
Sep 3, 2008	TPG Partners VI, L.P.	none
Jan 26, 2007	Tudor Ventures III, L.P.	Bear Stearns
Dec 31, 1988	Venture First II, L.P. (expired)	defunct fund - no contacts
Sep 2, 2005	Warburg Pincus Private Equity IX, L.P.	none
Oct 5, 2007	Warburg Pincus Private Equity X, L.P.	none
May 2, 2008	WLR AGO Co-Invest, L.P.	none
Dec 7, 2007	WLR AHM Co-Invest, L.P.	none
Sep 25, 2007	WLR Recovery Fund IV, L.P.	none

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**From:** Zehner, Mark R. <ZehnerM@SEC.gov>  
**To:** Jay Chaudhuri  
**Sent:** Saturday, June 06, 2009 11:51 PM  
**Subject:** Read: SEC Inquiry Response

Your message

To: [ZehnerM@SEC.gov](mailto:ZehnerM@SEC.gov)  
Subject:

was read on 6/6/2009 11:51 PM.

---

**From:** Jay Chaudhuri  
**Sent:** Wednesday, July 15, 2009 3:26 PM  
**To:** zehnerm@sec.gov  
**Subject:** Call Me

Mark:

I left a message with you. You can reach me directly at 919.508.1024.

Jay

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor  
Department of State Treasurer  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385  
(919) 508-5176 (phone)  
(919) 508-5167 (fax)  
[www.nctreasurer.com](http://www.nctreasurer.com)

---

**From:** Zehner, Mark R. <ZehnerM@SEC.gov>  
**Sent:** Thursday, July 16, 2009 11:49 AM  
**To:** Jay Chaudhuri  
**Cc:** Hall, William Henry  
**Subject:** Followup to SEC Request

Jay:

Thank you for speaking with me this morning. Following up on our conversation, and as a supplement to my original request dated May 8, 2009, I am requesting additional information from the North Carolina State Treasurer's Office. In particular:

1) I am looking for the the dates of the initial and all subsequent contracts or commitments for each investment adviser, manager or fund, together with the compensation paid by year, the formulas pursuant to which that compensation was calculated, and any information in your files regarding any placement agent fees paid by those investment advisers, managers or funds, all since 2001. As you have explained, that is a significant undertaking, and we agreed to a "pilot" program pursuant to which you would provide that information (and/or copies of the relevant contracts) with the following investment advisers, mangers and/or funds:

Aurora Funds  
Aurora Ventures IV, LLC (4/17/02 ?)  
Aurora Ventures V, L.P. (9/20/05 ?)  
Broyhill Asset Management  
Castle Harlan Inc.  
Castle Harlan Partners IV, L.P. (6/15/02 ?)  
Castle Harlan Partners V, L.P. (2/27/08 ?)  
Franklin Street  
GSO Capital Opportunities Fund LP (7/18/07 ?)  
GSO Capital Partners  
Markstone Capital Partners  
Parish Capital Advisors  
Parish Capital Europe I, L.P. (5/19/06 ?)  
Parish Capital I, L.P. (3/31/04 ?)  
Parish Capital II, L.P. (5/12/06 ?)  
Quellos Group, LLC  
RLJ Development, LLC  
RLJ Urban Lodging Fund, LP (3/31/05 ?)  
RLJ Urban Lodging Fund II, LP (6/8/06 ?)  
RLJ Urban Lodging Fund III, LP (8/14/07 ?)  
Shorenstein Realty Investors  
Shorenstein Realty Investors VII, LP (10/1/04 ?)  
Shorenstein Realty Investors, VIII, LP (8/8/06 ?)  
Shorenstein Realty Investors IX, LP (4/9/07 ?)

We agreed that your response to this request would be provided by August 7, 2009.

2) As a follow-up to question B22 and B23, I have also requested copies of any analysis, study, report, or PowerPoint presentation prepared since 2001 regarding the State's ability to fund future pension fund obligations over 10 or more years, including but not limited to any such document distributed to individual legislators or legislative committees. You have agreed that you could provide me with these by August 7, 2009 as well.

Thank you for your time and attention to this matter. If you have any comments, concerns, or clarifying remarks, please feel free to contact me.

Mark R. Zehner



Regional Municipal Securities Counsel  
US Securities and Exchange Commission  
701 Market Street, Suite 2000  
Philadelphia, PA 19106  
(215) 597-5885 (fax)  
(215) 597-2936

---

**From:** Jay Chaudhuri  
**Sent:** Friday, August 07, 2009 6:12 PM  
**To:** Zehner, Mark R.  
**Cc:** Hall, William Henry  
**Subject:** RE: Followup to SEC Request

Mark:

As an update, I will need to request an additional week for the information you have provided. I may be able to provide some of the information by mid-week, and I will need to discuss this with you on Monday, if possible.

Please let me know. Direct line is 919.508.1024. Cell is 919.423.5281.

Sincerely,

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor  
Department of State Treasurer  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385  
(919) 508-5176 (phone)  
(919) 508-5167 (fax)  
[www.nctreasurer.com](http://www.nctreasurer.com)

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**From:** Zehner, Mark R. [<mailto:ZehnerM@SEC.gov>]  
**Sent:** Thursday, July 16, 2009 11:49 AM  
**To:** Jay Chaudhuri  
**Cc:** Hall, William Henry  
**Subject:** Followup to SEC Request

Jay:

Thank you for speaking with me this morning. Following up on our conversation, and as a supplement to my original request dated May 8, 2009, I am requesting additional information from the North Carolina State Treasurer's Office. In particular:

1) I am looking for the the dates of the initial and all subsequent contracts or commitments for each investment adviser, manager or fund, together with the compensation paid by year, the formulas pursuant to which that compensation was calculated, and any information in your files regarding any placement agent fees paid by those investment advisers, managers or funds, all since 2001. As you have explained, that is a significant undertaking, and we agreed to a "pilot" program pursuant to which you would provide that information (and/or copies of the relevant contracts) with the following investment advisers, mangers and/or funds:

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Aurora Ventures V, L.P. (9/20/05 ?)  
Broyhill Asset Management  
Castle Harlan Inc.  
Castle Harlan Partners IV, L.P. (6/15/02 ?)

Castle Harlan Partners V, L.P. (2/27/08 ?)  
Franklin Street  
GSO Capital Opportunities Fund LP (7/18/07 ?)  
GSO Capital Partners  
Markstone Capital Partners  
Parish Capital Advisors  
Parish Capital Europe I, L.P. (5/19/06 ?)  
Parish Capital I, L.P. (3/31/04 ?)  
Parish Capital II, L.P. (5/12/06 ?)  
Quellos Group, LLC  
RLJ Development, LLC  
RLJ Urban Lodging Fund, LP (3/31/05 ?)  
RLJ Urban Lodging Fund II, LP (6/8/06 ?)  
RLJ Urban Lodging Fund III, LP (8/14/07 ?)  
Shorenstein Realty Investors  
Shorenstein Realty Investors VII, LP (10/1/04 ?)  
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Mark R. Zehner  
Regional Municipal Securities Counsel  
US Securities and Exchange Commission  
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Philadelphia, PA 19106  
(215) 597-5885 (fax)  
(215) 597-2936

---

**From:** Zehner, Mark R. <ZehnerM@SEC.gov>  
**Sent:** Saturday, August 08, 2009 12:28 AM  
**To:** Jay Chaudhuri  
**Subject:** Re: Followup to SEC Request

Jay:  
An additional week is OK.  
Mark  
Sent from BlackBerry Wireless Handheld.

---

**From:** Jay Chaudhuri  
**To:** Zehner, Mark R.  
**Cc:** Hall, William Henry  
**Sent:** Fri Aug 07 18:11:50 2009  
**Subject:** RE: Followup to SEC Request  
Mark:

As an update, I will need to request an additional week for the information you have provided. I may be able to provide some of the information by mid-week, and I will need to discuss this with you on Monday, if possible.

Please let me know. Direct line is 919.508.1024. Cell is 919.423.5281.

Sincerely,

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---

**From:** Zehner, Mark R. [<mailto:ZehnerM@SEC.gov>]  
**Sent:** Thursday, July 16, 2009 11:49 AM  
**To:** Jay Chaudhuri  
**Cc:** Hall, William Henry  
**Subject:** Followup to SEC Request

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Broyhill Asset Management  
Castle Harlan Inc.  
Castle Harlan Partners IV, L.P. (6/15/02 ?)  
Castle Harlan Partners V, L.P. (2/27/08 ?)  
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GSO Capital Opportunities Fund LP (7/18/07 ?)  
GSO Capital Partners  
Markstone Capital Partners  
Parish Capital Advisors  
Parish Capital Europe I, L.P. (5/19/06 ?)  
Parish Capital I, L.P. (3/31/04 ?)  
Parish Capital II, L.P. (5/12/06 ?)  
Quellos Group, LLC  
RLJ Development, LLC  
RLJ Urban Lodging Fund, LP (3/31/05 ?)  
RLJ Urban Lodging Fund II, LP (6/8/06 ?)  
RLJ Urban Lodging Fund III, LP (8/14/07 ?)  
Shorenstein Realty Investors  
Shorenstein Realty Investors VII, LP (10/1/04 ?)  
Shorenstein Realty Investors, VIII, LP (8/8/06 ?)  
Shorenstein Realty Investors IX, LP (4/9/07 ?)

We agreed that your response to this request would be provided by August 7, 2009.

2) As a follow-up to question B22 and B23, I have also requested copies of any analysis, study, report, or PowerPoint presentation prepared since 2001 regarding the State's ability to fund future pension fund obligations over 10 or more years, including but not limited to any such document distributed to individual legislators or legislative committees. You have agreed that you could provide me with these by August 7, 2009 as well.

Thank you for your time and attention to this matter. If you have any comments, concerns, or clarifying remarks, please feel free to contact me.

Mark R. Zehner  
Regional Municipal Securities Counsel  
US Securities and Exchange Commission  
701 Market Street, Suite 2000  
Philadelphia, PA 19106  
(215) 597-5885 (fax)  
(215) 597-2936

---

**From:** Jay Chaudhuri  
**Sent:** Friday, August 14, 2009 4:27 PM  
**To:** zehnerm@sec.gov  
**Cc:** Sandra Johnson; Pam Wortham  
**Subject:** SEC Response

Mark:

Please find the cover letter and two broad documents to your response on July 16th. As indicated in the cover letter, we would like request additional time in fulfilling the request for documents from 2001 to 2005. However, we have provided everything else. I will be on vacation for the next two weeks, and I will attempt to check my email regularly. Cell is 919.423.5281. A hard copy is being fedexed to you as well.

Sincerely,

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor  
Department of State Treasurer  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385  
(919) 508-5176 (phone)  
(919) 508-5167 (fax)  
[www.nctreasurer.com](http://www.nctreasurer.com)



Manager  
Compensation S...



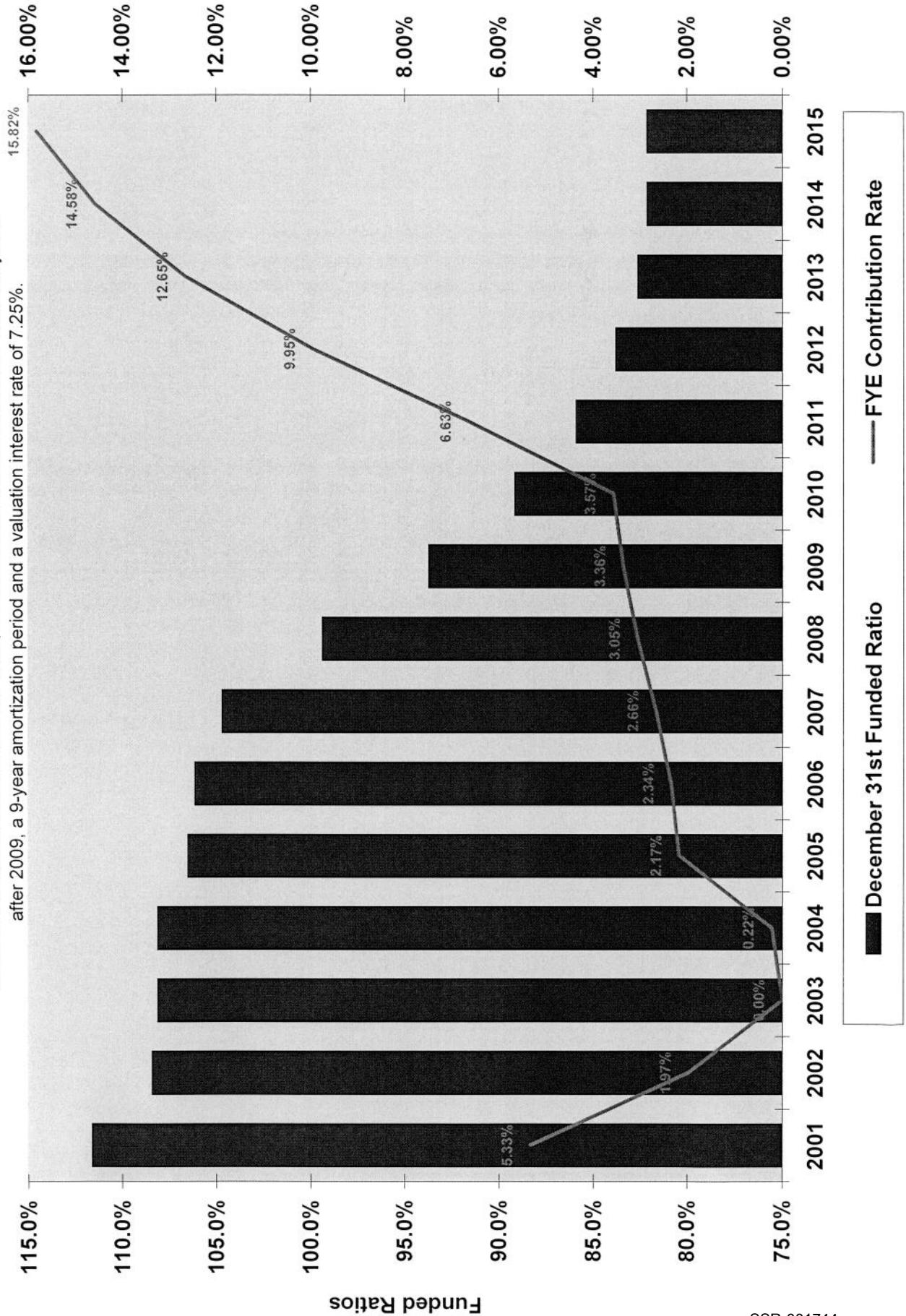
SEC Cover Letter  
August 14 200...



TSERS  
Projection.pdf

# Teachers' and State Employees' Retirement System of North Carolina Projection of Funded Ratios and Contribution Rates

Based on December 31, 2007 results with a COLA of 0% granted each year after 2008, annual market returns of -20% and 0% for 2008 and 2009, annual market returns of 7.25% for calendar years after 2009, a 9-year amortization period and a valuation interest rate of 7.25%.



## Aurora Ventures IV, L.P.

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**Commitment:** \$15.0 million

**Contract Date:** Original Dated: March 22, 2002  
Amendment No. 1 Dated: April 15, 2003  
Amendment No. 2 Dated: May 20, 2004  
Amendment No. 3 Dated: June 2009

**Fund Term:** Ten years from the initial closing date subject to two additional one-year extensions.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing until the seventh anniversary, the management fee shall be equal to 2.5% of the aggregate commitments; thereafter, the management fee shall equal 2.0% of the aggregate Committed Capital until the ninth anniversary of the initial closing. Thereafter the management fee shall be reduced to 1.5% of aggregate Committed Capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees.

**Management Fee Step Down Date:** March 22, 2009

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm** Ernst & Young



## Aurora Ventures IV, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Aurora Ventures IV, L.P.</b>			
Management Fees	\$ 375,000	\$ 375,000	\$ 375,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 375,000</b>	<b>\$ 375,000</b>	<b>\$ 375,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Management Fee Rate	x 2.50%	x 2.50%	x 2.50%

Estimated Management Fee Ceiling	\$ 375,000	\$ 375,000	\$ 375,000
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*Performance Fees:*

Fund has not yet generated positive carry.

**Assessment:**

Fees paid are within the terms of the LPA.

## Aurora Ventures V, L.P.

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**Commitment:** \$15.0 million

**Contract Date:** Original Dated: August 26, 2005  
Amendment No. 1 Dated: April 2006

**Fund Term:** Ten years from the initial closing date subject to two additional one-year extensions.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing until the sixth anniversary, the management fee shall be equal to 2.5% of the aggregate commitments; thereafter, the management fee shall equal 2.0% of the aggregate Committed Capital until the eighth anniversary of the initial closing when the management fee shall be reduced to 1.5% of aggregate Committed Capital. Management fees will be offset 100% of any financial consulting fees, advisory fees, transaction fees or other fees.

**Management Fee Step Down Date:** August 26, 2011

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm** Ernst & Young

**Aurora Ventures V, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Aurora Ventures V, L.P.:</b>			
Management Fees	\$ 419,800	\$ 374,979	\$ 375,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 419,800</b>	<b>\$ 374,979</b>	<b>\$ 375,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Management Fee Rate	x 2.50%	x 2.50%	x 2.50%
Additional days from 2005 true-up	43	-	-
Estimated Management Fee Ceiling	<u>\$ 419,178</u>	<u>\$ 375,000</u>	<u>\$ 375,000</u>

*Performance Fees:*

Fund has not yet generated positive carry.

**Assessment:**

Fees paid are within the terms of the LPA.

## Broyhill All Weather Fund, L.P.

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<b>Commitment:</b>	November 1, 2002: \$5.0 million June 30, 2003: \$5.0 million
<b>Contract Date:</b>	Original Dated: May 10, 2002
<b>Fund Term:</b>	The Partnership will continue until December 31, 2022.
<b><u>Compensation Overview:</u></b>	
<b>Management Fee:</b>	If there are net profits during a fiscal year, a quarterly charge equal to 1.5% annually of the capital account balance up to \$1.0 million and 0.75% of the capital account balance in excess of \$1.0 million. Annual minimum reallocation of capital account balance to General Partner equal to 1% of any profits and losses.
<b>Placement Fees:</b>	Purchasers generally will pay the General Partner a one-time placement fee of 3.0% of the subscription amount subject to the discretion of the General Partner to charge a less amount. In the event the General Partner employs registered broker-dealers or other persons excluded or exempt from broker-dealer registration to offer and sell the Limited Partnership Interests, a portion or all of the Placement Fee paid to the General Partner will generally be paid directly to the Placement Agent.
<b>Performance Fee:</b>	None
<b>Placement Agent:</b>	None. Manager specifically waived any placement fees by side-letter agreement with North Carolina.
<b>Financial Statements are Audited:</b>	Yes
<b>Audit Firm:</b>	McGladrey & Pullen

**Broyhill All Weather Fund, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Broyhill All Weather Fund, L.P.:</b>			
Management Fees	\$ -	\$ 98,657	\$ 101,259
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<u>\$ -</u>	<u>\$ 98,657</u>	<u>\$ 101,259</u>

**Manager Compensation Recalculation:**

*Management Fees:*

June 30 Capital Account Balance (est.)	\$ -	\$ 10,000,000	\$ 12,676,000
Minimum Annual Fee		x 1.00%	x 1.00%
Estimated Management Fee Ceiling	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 126,760</u>

*Performance Fees:*

Fund has not yet generated performance fees.

**Assessment:**

Fees paid for 2008 are within the terms of LPA.

## CARS, L.P. (a.k.a. Quellos)

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**Commitment:** July 31, 2003: \$20.0 million  
February 1, 2005: \$50.0 million  
March 1, 2005: \$25.0 million  
June 1, 2005: \$10.0 million  
August 1, 2005: \$40.0 million

**Contract Date:** Original Dated: September 3, 2002  
Amended: January 14, 2003  
Amended: January 28, 2005  
Amended: March 31, 2005  
Amended: January 7, 2008

**Fund Term:** Open ended

### Compensation Overview:

**Management Fee:** For quarters in which the actual portfolio return is less than the base return, the advisory fee shall be 0.125% multiplied by the value of the investor's capital account. The base return is defined as the annualized yield for the 90-day United States Treasury bill rate plus 0.125%.

**Performance Fee:** For quarters in which the actual portfolio return exceeds the base return, the advisory fee shall be increased by 20% of the additional profit but in no case more than 0.625% of the investor's capital account.

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

**CARS, L.P. (continued)**

	<u>Compensation Paid by Year</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>CARS, L.P.:</b>			
Management Fees (2006 est.)	\$ 2,047,210	\$ 2,249,480	\$ 1,847,134
Performance Fees	<u>4,758,018</u>	<u>4,375,228</u>	<u>-</u>
<b>Total Manager Compensation</b>	<u>\$ 6,805,228</u>	<u>\$ 6,624,708</u>	<u>\$ 1,847,134</u>

**Manager Compensation Recalculation:**

*Management Fees:*

June 30 Capital Account Balance	\$ 400,395,245	\$ 453,968,499	\$ 424,097,000
Management Fee	<u>x 0.50%</u>	<u>x 0.50%</u>	<u>x 0.50%</u>
Estimated Management Fee Ceiling	<u>\$ 2,001,976</u>	<u>\$ 2,269,842</u>	<u>\$ 2,120,485</u>

*Performance Fees:*

Calendar year gains	\$ 27,571,078	\$ 30,218,837	\$ -
Performance Fee	<u>x 20.00%</u>	<u>x 20.00%</u>	<u>x 20.00%</u>
Estimated Performance Fee Ceiling	<u>\$ 5,514,216</u>	<u>\$ 6,043,767</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of LPA.

## Castle Harlan Partners IV, L.P.

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**Commitment:** \$75.0 million

**Contract Date:** Original Dated: May 16, 2002  
Amendment No. 2: October 2002  
Amendment No. 3: January 21, 2003  
Amendment No. 4: April 20, 2003  
Amendment No. 5: May 5, 2003  
Amendment No. 6: December 3, 2007

**Fund Term:** Ten years from the initial closing date, subject to two one-year extensions if the General Partner obtains Consent of a majority in Interest of Limited Partners.

### Compensation Overview:

**Management Fee:** The Management Fee shall be paid semi-annually. For the six years from the Final Closing, the Management Fee shall be calculated at the annual rate of 1.5% of Committed Capital, and following the Commitment Period, calculated at the annual rate of 1.0%. Management fees will be offset by 50% of all Portfolio fees, including transaction fees paid with respect to the prior semi-annual period to the General Partner or any Affiliate.

**Management Fee Step Down Date:** June 28, 2008

**Performance Fee:** 20% carried interest

**Placement Agent:** Merrill Lynch. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche



**Castle Harlan Partners IV, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Castle Harlan Partners IV, L.P.:</b>			
Management Fees	\$ 414,829	\$ 224,605	\$ 83,406
Performance Fees	<u>2,378,716</u>	<u>4,033,731</u>	<u>(1,113,168)</u>
<b>Total Manager Compensation</b>	<u>\$ 2,793,545</u>	<u>\$ 4,258,336</u>	<u>\$ (1,029,762)</u>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000
Management Fee	x 1.50%	x 1.50%	x 1.25%
Estimated Management Fee Ceiling	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 937,500</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ 166,507,350	\$ 315,292,273	\$ (15,704,980)
Performance Fee/Pro-Rata Interest	x 20.00%	x 20.00%	
	x 7.35%	x 7.35%	x 7.35%
Estimated Performance Fee Ceiling	<u>\$ 2,448,637</u>	<u>\$ 4,636,651</u>	<u>\$ (1,154,778)</u>

**Assessment:**

Fees paid are within the terms of LPA.

## Castle Harlan Partners V, L.P.

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**Commitment:** \$100.0 million

**Contract Date:** Original dated: March 4, 2008  
Amended: March 23, 2009

**Fund Term:** The term of the Fund commenced on December 20, 2007 and shall continue, until the tenth anniversary of the Final Admission Date. The term of the Fund may be extended by the General Partner for a period of one year and with the consent of the Review Board for an additional period of two years thereafter.

### Compensation Overview:

**Management Fee:** Beginning April 1, 2008 to (i) last day of the Investment Period and (ii) the date a Successor Fund begins to pay Management Fees, the annual Management Fee shall be equal to 1.5% per annum of the Capital Commitment of each Limited Partner and, thereafter, 1.0% per annum of the Outstanding Capital Base.

**Management Fee Step Down Date:** April 30, 2015

**Performance Fee:** 20% carried interest

**Placement Agent:** Merrill Lynch. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** New Fund

**Audit Firm:** TBD

**Castle Harlan Partners V, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Castle Harlan Partners V, L.P.:</b>			
Management Fees	\$ -	\$ -	\$ 750,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ -	\$ -	\$ 100,000,000
Management Fee	x 0.00%	x 0.00%	x 1.25%
Beginning April 1, 2008		-	0.75
<b>Estimated Management Fee Ceiling</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 937,500</u>

*Performance Fees:*

Fund has not yet generated positive carry.

**Assessment:**

Fees paid are within the terms of the LPA.

## Franklin Street Multi-Strategy L.P.

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**Commitment:** December 30, 2002: \$50.0 million  
June 23, 2005: \$50.0 million

**Contract Date:** Original dated: August 23, 2002

**Fund Term:** Open ended fund

### Compensation Overview:

**Management Fee:** 0.1875% of the Book Capital Account balances at the end of each fiscal quarter or (0.75% annual rate) payable in arrears.

**Performance Fee:** 5% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** McGladrey & Pullen

## Franklin Street Multi-Strategy L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Franklin Street Multi-Strategy, L.P.:</b>			
Management Fees	\$ 3,120,307	\$ 3,421,426	\$ 3,192,400
Performance Fees	1,825,789	1,977,550	-
<b>Total Manager Compensation</b>	<b>\$ 4,946,096</b>	<b>\$ 5,398,977</b>	<b>\$ 3,192,400</b>
 <b>Manager Compensation Recalculation:</b>			
<i>Management Fees:</i>			
Year End Capital Account Balance	\$ 425,461,105	\$ 477,995,112	\$ 548,353,371
Management Fee	x 0.75%	x 0.75%	x 0.75%
Estimated Management Fee Ceiling	<b>\$ 3,190,958</b>	<b>\$ 3,584,963</b>	<b>\$ 4,112,650</b>
 <i>Performance Fees:</i>			
Calendar year gains	\$ 37,605,305	\$ 43,747,727	\$ (112,072,020)
Performance Fee	x 5.00%	x 5.00%	x 0.00%
Estimated Performance Fee Ceiling	<b>\$ 1,880,265</b>	<b>\$ 2,187,386</b>	<b>\$ -</b>

**Assessment:**

Fees paid are within the terms of the LPA.

## GSO Capital Opportunities Fund, L.P.

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**Commitment:** \$125.0 million

**Contract Date:** Original dated: July 17, 2007  
Amended: February 18, 2008

**Fund Term:** Ten years from final closing date, subject to three additional one-year extensions with the consent of the Advisory Board.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing until the end of the investment period, management fee shall be equal to 1.50% of the Aggregate Invested Capital; thereafter, the management fee shall equal 1.25% of the Aggregate Invested Capital.

**Management Fee Step Down Date:** July 17, 2012

**Performance Fee:** 20% carried interest

**Placement Agent:** Park Hill Group. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

## GSO Capital Opportunities Fund, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>GSO Capital Opportunities Fund, L.P.:</b>			
Management Fees	\$ -	\$ -	\$ -
Performance Fees	-	-	(510,541)
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (510,541)</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 125,000,000	\$ 125,000,000	\$ 125,000,000
Management Fee	x 1.50%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	<b>\$ 1,875,000</b>	<b>\$ 1,875,000</b>	<b>\$ 1,875,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ 37,707,293
Performance Fee	x 0.00%	x 0.00%	x 20.00%
Pro-rata Interest	x 0.0000%	x 0.0000%	x 6.1557%
Estimated Performance Fee Ceiling	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 464,230</b>

**Assessment:**

Management fees were waived. Performance fees were a credit that increased North Carolina's 2008 capital account balance. No fees were paid.

## Markstone Capital Partners, L.P.

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**Commitment:** \$50.0 million

**Contract Date:** Original dated: January 30, 2004  
Amendment No. 1: July 7, 2004  
Amendment No. 2: April 29, 2005  
Admission Date: August 2, 2005

**Fund Term:** Ten years from initial closing date, subject to two one-year extensions with the consent of members of the Investor Advisory Committee.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing and ending on the earlier of the last day of the Commitment Period or the date on which the General Partner first receives management fees from a successor fund the Management Fee shall equal 2.0% of committed capital. Following this period, the Management Fee shall be 1.75%. Management fees will be offset by 100% of any directors' fees and 80% of any fees including, financial consulting fees, advisory fees, transaction fees or breakup fees.

**Management Fee Step Down Date:** September 30, 2010

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** PriceWaterhouseCoopers



## Markstone Capital Partners, L.P.

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	Compensation Paid by Year		
	2006	2007	2008
<b>Markstone Capital Partners, L.P.:</b>			
Management Fees	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
Management Fee	x 2.00%	x 2.00%	x 2.00%
Estimated Management Fee Ceiling	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 20.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 7.1595%	x 7.1595%	x 7.1595%
Estimated Performance Fee Ceiling	\$ -	\$ -	\$ -

**Assessment:**

Fees paid are within the terms of the LPA.

## Parish Capital Europe I, L.P.

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**Commitment:** €150.0 million or approximately US\$200.0 million

**Contract Date:** Original dated: May 19, 2006  
Amendment No. 1: March 9, 2007  
Amendment No. 2: November 20, 2007  
Amendment No. 3: December 26, 2007

**Final Closing:** December 31, 2007

**Fund Term:** The Partnership shall terminate at close of business on the thirteenth anniversary of the Initial Closing Date (May 19, 2006), provided that such date may be extended by the General Partner for up to three additional one-year periods.

### Compensation Overview:

**Management Fee:** From the Initial Closing Date (May 19, 2006) until the eighth anniversary, the Limited Partner's Capital Commitment as of the end of the previous calendar quarter, multiplied by 0.25% (1.00% annually); and thereafter 0.125% (0.50% annually) multiplied by the lesser of the aggregate amount of investments and unfunded commitments to invest made by the Partnership, less amounts of invested capital returned to the Partnership and not otherwise reinvested.

**Management Fee Step Down Date:** May 19, 2014

**Performance Fee:** 8% carried interest. 4% on any profits applicable to an investor's commitment in excess of \$100.0 million.

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Ernst & Young

## Parish Capital Europe I, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Parish Capital Europe I, L.P.:</b>			
Management Fees	\$ 531,475	\$ 1,833,963	\$ 784,002
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 531,475</b>	<b>\$ 1,833,963</b>	<b>\$ 784,002</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment in Euros	€ 100,000,000	€ 150,000,000	€ 150,000,000
Management Fee (First €100.0MM)	x 1.00%	x 1.00%	x 1.00%
Management Fee (After €100.0MM)		x 0.50%	x 0.50%
	€ 1,000,000	€ 1,750,000	€ 1,750,000

**Estimated US\$ Management Fees**

	\$ 1,400,000	\$ 2,450,000	\$ 2,450,000
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*Performance Fees:*

Calendar year gains/(losses)	€ 0	€ 0	€ 0
Performance Fee (First	x 20.00%	x 20.00%	x 8.00%
Pro-rata Interest	x 7.1595%	x 7.1595%	x 7.1595%
	-	-	-
	€ 0	€ 0	€ 0

## Parish Capital I, L.P.

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<b>Commitment:</b>	\$140.0 million
<b>Contract Date:</b>	Original date: March 31, 2004 Amendment No. 1: December 16, 2004 Amendment No. 2: March 2005 Amendment No. 3: May 3, 2005 Amendment No. 4: May 31, 2005 Amendment No. 5: July 22, 2008
<b>Fund Term:</b>	The Partnership shall terminate at close of business on the thirteenth anniversary of the Initial Closing Date, provided that such date may be extended by the General Partner for up to three additional one-year periods.
<b><u>Compensation Overview:</u></b>	
<b>Management Fee:</b>	A Management Fee equal on a per annum basis to (a) 1% of the Total Capital Commitments from the Initial Closing Date to the earlier of (i) the date on which all Capital Commitments have been invested or called to pay Partnership Expenses and (ii) the eighth anniversary of the Initial Closing Date, and (b) thereafter, 0.50% of the aggregate value of the Partnership's assets.
<b>Management Fee Step Down Date:</b>	March 31, 2012
<b>Performance Fee:</b>	5%
<b>Placement Agent:</b>	None
<b>Financial Statements are Audited:</b>	Yes
<b>Audit Firm:</b>	Ernst & Young

**Parish Capital I, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Parish Capital I, L.P.:</b>			
Management Fees	\$ 1,138,013	\$ 1,174,488	\$ 1,178,993
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 1,138,013</b>	<b>\$ 1,174,488</b>	<b>\$ 1,178,993</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 140,000,000	\$ 140,000,000	\$ 140,000,000
Management Fee	x 1.00%	x 1.00%	x 1.00%
Estimated Management Fee Ceiling	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 5.00%	x 5.00%	x 5.00%
Pro-rata Interest	x 40.00%	x 40.00%	x 40.00%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## Parish Capital II, L.P.

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**Commitment:** \$125.0 million

**Contract Date:** May 12, 2006

**Fund Term:** The Partnership shall terminate at close of business on the thirteenth anniversary of the Initial Closing Date, provided that such date may be extended by the General Partner for up to three additional one-year periods.

### Compensation Overview:

**Management Fee:** From the Initial Closing Date until the sixth anniversary, the Limited Partner's Capital Commitment as of the end of the previous calendar quarter, multiplied by 1.0%. Thereafter, the annual management fee shall be 90% of the management fee in the preceding year.

**Management Fee Step Down Date:** May 12, 2012

**Performance Fee:** 5%

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Ernst & Young

**Parish Capital II, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Parish Capital II, L.P.:</b>			
Management Fees	\$ 725,488	\$ 579,777	\$ 1,004,831
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 725,488</b>	<b>\$ 579,777</b>	<b>\$ 1,004,831</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 125,000,000	\$ 125,000,000	\$ 125,000,000
Management Fee	x 1.00%	x 1.00%	x 1.00%
Estimated Management Fee Ceiling	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 5.00%	x 5.00%	x 5.00%
Pro-rata Interest	x 27.98%	x 27.98%	x 27.98%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## RLJ Urban Lodging Fund, L.P.

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**Commitment:** \$50.0 million

**Contract Date:** Original dated: August 26, 2004  
Amended: October 22, 2004  
Amended: December 1, 2004

**Fund Term:** The General Partner will liquidate the Partnership's assets and dissolve the Partnership no later than the seventh anniversary of the Initial Closing; provided that such time may be extended for an additional one year by the General Partner with majority consent of the Advisory Board.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing the third anniversary of the initial closing the Management Fee shall equal 1.25% of such Limited Partner's Capital Commitment. Thereafter, 1.25% of net invested capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees. Separate tiers of management fees apply for investors with less than \$25.0 million or more than \$75.0 million in commitments.

**Management Fee Step Down Date:** December 1, 2007

**Performance Fee:** 20% carried interest

**Placement Agent:** Presidio Partners. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** PriceWaterhouseCoopers



## RLJ Urban Lodging Fund, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>RLJ Urban Lodging Fund, L.P.:</b>			
Management Fees	\$ 625,000	\$ 592,006	\$ 37,215
Performance Fees	-	-	10,730,756
<b>Total Manager Compensation</b>	<b>\$ 625,000</b>	<b>\$ 592,006</b>	<b>\$ 10,767,971</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
Management Fee	x 1.25%	x 1.25%	x 1.25%
Estimated Management Fee Ceiling	<b>\$ 625,000</b>	<b>\$ 625,000</b>	<b>\$ 625,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ 344,044,983
Performance Fee	x 20.00%	x 20.00%	x 20.00%
Pro-Rata Interest	x 15.85%	x 15.85%	x 15.85%
Estimated Performance Fee Ceiling	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,906,226</b>

**Assessment:**

Fees paid are within the terms of the LPA.

## RLJ Lodging Fund II, L.P.

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**Commitment:** \$50.0 million

**Contract Date:** Original dated: February 17, 2006  
Amended: May 5, 2006  
Amended: June 8, 2006

**Fund Term:** The General Partner will liquidate the Partnership's assets and dissolve the Partnership no later than the eighth anniversary of the Initial Closing Date; provided that such time may be extended for two additional one year periods by the General Partner with the consent of a majority of the Advisory Board.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing the second anniversary of the initial closing the Management Fee shall equal 1.25% of such Limited Partner's Capital Commitment. Thereafter, 1.25% of net invested capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees. Separate tiers of management fees apply for investors with less than \$25.0 million and more than \$75.0 million in commitments.

**Management Fee Step Down Date:** February 17, 2008

**Performance Fee:** 20% carried interest

**Placement Agent:** Presidio Partners. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** PriceWaterhouseCoopers

**RLJ Lodging Fund II, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>RLJ Lodging Fund II, L.P.:</b>			
Management Fees	\$ 410,103	\$ 625,000	\$ 544,524
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 410,103</b>	<b>\$ 625,000</b>	<b>\$ 544,524</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
Management Fee	x 1.25%	x 1.25%	x 1.25%
Estimated Management Fee Ceiling	<u>\$ 625,000</u>	<u>\$ 625,000</u>	<u>\$ 625,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 20.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 27.98%	x 27.98%	x 27.98%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## RLJ Real Estate Fund III, L.P.

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**Commitment:** \$50.0 million

**Contract Date:** August 14, 2007

**Fund Term:** The General Partner will liquidate the Partnership's assets and dissolve the Partnership no later than the eighth anniversary of the Final Closing Date; provided that such time may be extended for two additional periods of one year by the General Partner with the consent of a majority of the Advisory Board.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing (July 12, 2007) until the third anniversary of the final closing date, Management Fee shall equal 1.25% of such Limited Partner's Capital Commitment. Thereafter, 1.25% of net invested capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees.

**Management Fee Step Down Date:** Three years from final closing date.

**Performance Fee:** 20% carried interest

**Placement Agent:** Presidio Partners. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** PriceWaterhouseCoopers

**RLJ Real Estate Fund III, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>RLJ Real Estate Fund III, L.P.:</b>			
Management Fees	\$ -	\$ 294,949	\$ 625,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ 294,949</b>	<b>\$ 625,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ -	\$ 50,000,000	\$ 50,000,000
Management Fee	x 0.00%	x 1.25%	x 1.25%
Pro-Rated for Number of Days		x 47.26%	
<b>Estimated Management Fee Ceiling</b>	<b>\$ -</b>	<b>\$ 295,377</b>	<b>\$ 625,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 0.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 0.00%	x 7.35%	x 7.35%
<b>Estimated Performance Fee Ceiling</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Assessment:**

Fees paid are within the terms of the LPA.

## Shorenstein Realty Investors VII, L.P.

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**Commitment:** \$75.0 million

**Contract Date:** Original dated: November 24, 2003  
Final Closing: February 5, 2004

**Fund Term:** Fifteen years; subject to five one-year extensions exercisable by the Board of Trustees of the Trust.

### Compensation Overview:

**Management Fee:** From the first closing on November 25, 2003 to the fourth anniversary, the sum of (a) 1.5% per annum of the lesser of (i) aggregate unfunded Capital Commitments and (ii) \$500 million; plus (b) 1.5% per annum of funded Capital Commitments. After the earlier of (x) the end of the Investment Period or (y) the Successor Fund Funding Date, the Management Fee shall be 1.5% per annum of funded Capital Commitments.

**Management Fee Step Down Date:** November 25, 2007 (estimated)

**Performance Fee:** 10% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

## Shorenstein Realty Investors VII, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Shorenstein Realty Investors VII, L.P.:</b>			
Management Fees	\$ (63,441)	\$ 812,814	\$ 980,246
Performance Fees	177,752	329,225	406,514
<b>Total Manager Compensation</b>	<b>\$ 114,311</b>	<b>\$ 1,142,039</b>	<b>\$ 1,386,760</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000
Management Fee	x 1.50%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000

*Performance Fees:*

Calendar year gains/(losses)	\$ 15,860,209	\$ 41,850,868	\$ 39,790,452
Performance Fee	x 10.00%	x 10.00%	x 10.00%
Pro-rata Interest	x 12.36%	x 12.36%	x 12.36%
Estimated Performance Fee Ceiling	\$ 195,999	\$ 517,189	\$ 491,726

**Assessment:**

Fees paid are within the terms of the LPA.

## Shorenstein Realty Investors VIII, L.P.

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**Commitment:** \$100.0 million

**Contract Date:** August 8, 2006

**Fund Term:** Fifteen years; subject to five one-year extensions at the discretion of the General Partner.

### Compensation Overview:

**Management Fee:** From the commencement date to the fourth anniversary, the annual Management Fee shall be 1.5% per annum of the aggregate Committed Capital. Thereafter, the annual Management Fee shall be 1.5% of aggregate Total Funded Capital.

**Management Fee Step Down Date:** August 8, 2010 (or earlier as outlined in LPA)

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche



## Shorenstein Realty Investors VIII, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Shorenstein Realty Investors VIII, L.P.:</b>			
Management Fees	\$ 305,708	\$ 994,606	\$ 957,286
Performance Fees	-	169,890	231,932
<b>Total Manager Compensation</b>	<b>\$ 305,708</b>	<b>\$ 1,164,496</b>	<b>\$ 1,189,218</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000
Management Fee	x 1.50%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ (3,884,271)	\$ 10,054,102	\$ 10,990,283
Performance Fee	x 0.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 11.35%	x 11.35%	x 11.35%
Estimated Performance Fee Ceiling	<b>\$ -</b>	<b>\$ 228,311</b>	<b>\$ 249,570</b>

**Assessment:**

Fees paid are within the terms of the LPA.

## Shorenstein Realty Investors IX, L.P.

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**Commitment:** \$75.0 million

**Contract Date:** Original dated: April 9, 2007  
Closing: May 21, 2007

**Fund Term:** Fifteen years; subject to five one-year extensions at the discretion of the General Partner.

### Compensation Overview:

**Management Fee:** From the commencement date to the fourth anniversary, the annual Management Fee shall be 1.5% per annum of the aggregate Committed Capital. Thereafter, the annual Management Fee shall be 1.5% of aggregate Total Funded Capital.

**Management Fee Offset:** N/A

**Carried Interest:** 20% carried interest

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

## Shorenstein Realty Investors IX, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Shorenstein Realty Investors IX, L.P.:</b>			
Management Fees	\$ -	\$ 819,024	\$ 1,125,000
Performance Fees	-	7,875	97,032
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ 826,899</b>	<b>\$ 1,222,032</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ -	\$ 75,000,000	\$ 75,000,000
Management Fee	x 0.00%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	<u>\$ -</u>	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ 2,413,560	\$ 36,342,080
Performance Fee	x 0.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 0.00%	x 4.43%	x 4.43%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ 21,370</u>	<u>\$ 321,773</u>

**Assessment:**

Fees paid are within the terms of the LPA.

August 14, 2009

**VIA EMAIL AND PRIORITY MAIL**

Mark R. Zehner  
Regional Municipalities Securities Counsel  
U.S. Securities and Exchange Commission  
701 Market Street, Suite 2000  
Philadelphia, PA 19106

Dear Mark:

In your July 16<sup>th</sup> email, you made two broad requests:

Investment Manager Fund Information

First, based on the eighteen (18) selected investments, the Securities Exchange Commission ("SEC") requested the following items: (1) dates of the initial investment; (2) dates of the subsequent investment contracts or partnership agreements; (3) commitments made to those funds or managers; (4) a summary of the compensation paid that year; (5) formulas pursuant to how that compensation was calculated; and (6) any information in our files regarding any placement fees paid to those advisers, managers, or funds.

Pursuant to your request, we have enclosed a summary of the information outlined above for each of the eighteen investment funds and managers listed in your correspondence dated July 16<sup>th</sup>. The enclosed summaries include compensation paid by year to each for 2006, 2007, and 2008. With each summary, we have also included the names of the placement agents for those managers that retained a placement agent. In order to fully satisfy your request for information from 2001 to 2005, we will need to request additional time. As I will be on vacation for the next two weeks, we would like to request at least four more weeks to fulfill this part of the request.

Page 2  
August 14, 2009

Information on State's Ability to Fund Future Pension Fund

Second, we have only included one document regarding the Department of State Treasurer's ("DST") response of the State's ability to fund future pension obligations over the last ten years. This is largely because, as shown in the attached chart, the retirement funded ratio (blue bars) was over 100 percent from 2001 through 2007. In other words, there was no funding gap. Therefore, DST had no discussions with the General Assembly during that period about actions needed to make up a funding gap. The attached chart is also the one document shared with the General Assembly in 2009 to communicate the contributions needed to make the funding gap that arose due to the 2008 returns.

We have also placed the legend "Confidential FOIA Treatment Requested by North Carolina State Treasurer" on this letter and each document provided. We hereby request pursuant to 17 C.F.R. section 200.83 that neither this letter nor any other documents provided by the North Carolina State Treasurer in connection with your inquiry be released in response to a request under the Freedom of Information Act. We also request that we be given at least ten days prior notice and an opportunity to object to the Commission to the granting of any Freedom of Information Act request and, if necessary, to seek an appropriate protective order in the courts. Furthermore, the North Carolina State Treasurer, by providing this information is not waiving any attorney-client privilege or any other privilege or immunity from disclosure that may be applicable.

If there is additional information that you are seeking aside from what we still need to provide, please do not hesitate to contact me.

Sincerely,

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor

cc: Enclosures

## Aurora Ventures IV, L.P.

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**Commitment:** \$15.0 million

**Contract Date:** Original Dated: March 22, 2002  
Amendment No. 1 Dated: April 15, 2003  
Amendment No. 2 Dated: May 20, 2004  
Amendment No. 3 Dated: June 2009

**Fund Term:** Ten years from the initial closing date subject to two additional one-year extensions.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing until the seventh anniversary, the management fee shall be equal to 2.5% of the aggregate commitments; thereafter, the management fee shall equal 2.0% of the aggregate Committed Capital until the ninth anniversary of the initial closing. Thereafter the management fee shall be reduced to 1.5% of aggregate Committed Capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees.

**Management Fee Step Down Date:** March 22, 2009

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm** Ernst & Young

## Aurora Ventures IV, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Aurora Ventures IV, L.P.</b>			
Management Fees	\$ 375,000	\$ 375,000	\$ 375,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 375,000</b>	<b>\$ 375,000</b>	<b>\$ 375,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Management Fee Rate	x 2.50%	x 2.50%	x 2.50%

Estimated Management Fee Ceiling	\$ 375,000	\$ 375,000	\$ 375,000
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*Performance Fees:*

Fund has not yet generated positive carry.

**Assessment:**

Fees paid are within the terms of the LPA.

## Aurora Ventures V, L.P.

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**Commitment:** \$15.0 million

**Contract Date:** Original Dated: August 26, 2005  
Amendment No. 1 Dated: April 2006

**Fund Term:** Ten years from the initial closing date subject to two additional one-year extensions.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing until the sixth anniversary, the management fee shall be equal to 2.5% of the aggregate commitments; thereafter, the management fee shall equal 2.0% of the aggregate Committed Capital until the eighth anniversary of the initial closing when the management fee shall be reduced to 1.5% of aggregate Committed Capital. Management fees will be offset 100% of any financial consulting fees, advisory fees, transaction fees or other fees.

**Management Fee Step Down Date:** August 26, 2011

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm** Ernst & Young



**Aurora Ventures V, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Aurora Ventures V, L.P.:</b>			
Management Fees	\$ 419,800	\$ 374,979	\$ 375,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 419,800</b>	<b>\$ 374,979</b>	<b>\$ 375,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Management Fee Rate	x 2.50%	x 2.50%	x 2.50%
Additional days from 2005 true-up	43	-	-
Estimated Management Fee Ceiling	<u>\$ 419,178</u>	<u>\$ 375,000</u>	<u>\$ 375,000</u>

*Performance Fees:*

Fund has not yet generated positive carry.

**Assessment:**

Fees paid are within the terms of the LPA.

## Broyhill All Weather Fund, L.P.

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**Commitment:** November 1, 2002: \$5.0 million  
June 30, 2003: \$5.0 million

**Contract Date:** Original Dated: May 10, 2002

**Fund Term:** The Partnership will continue until December 31, 2022.

### Compensation Overview:

**Management Fee:** If there are net profits during a fiscal year, a quarterly charge equal to 1.5% annually of the capital account balance up to \$1.0 million and 0.75% of the capital account balance in excess of \$1.0 million. Annual minimum reallocation of capital account balance to General Partner equal to 1% of any profits and losses.

**Placement Fees:** Purchasers generally will pay the General Partner a one-time placement fee of 3.0% of the subscription amount subject to the discretion of the General Partner to charge a less amount. In the event the General Partner employs registered broker-dealers or other persons excluded or exempt from broker-dealer registration to offer and sell the Limited Partnership Interests, a portion or all of the Placement Fee paid to the General Partner will generally be paid directly to the Placement Agent.

**Performance Fee:** None

**Placement Agent:** None. Manager specifically waived any placement fees by side-letter agreement with North Carolina.

**Financial Statements are Audited:** Yes

**Audit Firm:** McGladrey & Pullen

**Broyhill All Weather Fund, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Broyhill All Weather Fund, L.P.:</b>			
Management Fees	\$ -	\$ 98,657	\$ 101,259
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ 98,657</b>	<b>\$ 101,259</b>

**Manager Compensation Recalculation:**

*Management Fees:*

June 30 Capital Account Balance (est.)	\$ -	\$ 10,000,000	\$ 12,676,000
Minimum Annual Fee		x 1.00%	x 1.00%
Estimated Management Fee Ceiling	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 126,760</u>

*Performance Fees:*

Fund has not yet generated performance fees.

**Assessment:**

Fees paid for 2008 are within the terms of LPA.

## CARS, L.P. (a.k.a. Quellos)

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<b>Commitment:</b>	July 31, 2003: \$20.0 million February 1, 2005: \$50.0 million March 1, 2005: \$25.0 million June 1, 2005: \$10.0 million August 1, 2005: \$40.0 million
<b>Contract Date:</b>	Original Dated: September 3, 2002 Amended: January 14, 2003 Amended: January 28, 2005 Amended: March 31, 2005 Amended: January 7, 2008
<b>Fund Term:</b>	Open ended
<b><u>Compensation Overview:</u></b>	
<b>Management Fee:</b>	For quarters in which the actual portfolio return is less than the base return, the advisory fee shall be 0.125% multiplied by the value of the investor's capital account. The base return is defined as the annualized yield for the 90-day United States Treasury bill rate plus 0.125%.
<b>Performance Fee:</b>	For quarters in which the actual portfolio return exceeds the base return, the advisory fee shall be increased by 20% of the additional profit but in no case more than 0.625% of the investor's capital account.
<b>Placement Agent:</b>	None
<b>Financial Statements are Audited:</b>	Yes
<b>Audit Firm:</b>	Deloitte & Touche

**CARS, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>CARS, L.P.:</b>			
Management Fees (2006 est.)	\$ 2,047,210	\$ 2,249,480	\$ 1,847,134
Performance Fees	4,758,018	4,375,228	-
<b>Total Manager Compensation</b>	<b>\$ 6,805,228</b>	<b>\$ 6,624,708</b>	<b>\$ 1,847,134</b>

**Manager Compensation Recalculation:**

*Management Fees:*

June 30 Capital Account Balance	\$ 400,395,245	\$ 453,968,499	\$ 424,097,000
Management Fee	x 0.50%	x 0.50%	x 0.50%
Estimated Management Fee Ceiling	<u>\$ 2,001,976</u>	<u>\$ 2,269,842</u>	<u>\$ 2,120,485</u>

*Performance Fees:*

Calendar year gains	\$ 27,571,078	\$ 30,218,837	\$ -
Performance Fee	x 20.00%	x 20.00%	x 20.00%
Estimated Performance Fee Ceiling	<u>\$ 5,514,216</u>	<u>\$ 6,043,767</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of LPA.

## Castle Harlan Partners IV, L.P.

---

**Commitment:** \$75.0 million

**Contract Date:** Original Dated: May 16, 2002  
Amendment No. 2: October 2002  
Amendment No. 3: January 21, 2003  
Amendment No. 4: April 20, 2003  
Amendment No. 5: May 5, 2003  
Amendment No. 6: December 3, 2007

**Fund Term:** Ten years from the initial closing date, subject to two one-year extensions if the General Partner obtains Consent of a majority in Interest of Limited Partners.

### Compensation Overview:

**Management Fee:** The Management Fee shall be paid semi-annually. For the six years from the Final Closing, the Management Fee shall be calculated at the annual rate of 1.5% of Committed Capital, and following the Commitment Period, calculated at the annual rate of 1.0%. Management fees will be offset by 50% of all Portfolio fees, including transaction fees paid with respect to the prior semi-annual period to the General Partner or any Affiliate.

**Management Fee Step Down Date:** June 28, 2008

**Performance Fee:** 20% carried interest

**Placement Agent:** Merrill Lynch. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

## Castle Harlan Partners IV, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Castle Harlan Partners IV, L.P.:</b>			
Management Fees	\$ 414,829	\$ 224,605	\$ 83,406
Performance Fees	<u>2,378,716</u>	<u>4,033,731</u>	<u>(1,113,168)</u>
<b>Total Manager Compensation</b>	<u>\$ 2,793,545</u>	<u>\$ 4,258,336</u>	<u>\$ (1,029,762)</u>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000
Management Fee	<u>x 1.50%</u>	<u>x 1.50%</u>	<u>x 1.25%</u>
Estimated Management Fee Ceiling	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 937,500</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ 166,507,350	\$ 315,292,273	\$ (15,704,980)
Performance Fee/Pro-Rata Interest	<u>x 20.00%</u>	<u>x 20.00%</u>	<u>x 7.35%</u>
	<u>x 7.35%</u>	<u>x 7.35%</u>	<u>x 7.35%</u>
Estimated Performance Fee Ceiling	<u>\$ 2,448,637</u>	<u>\$ 4,636,651</u>	<u>\$ (1,154,778)</u>

**Assessment:**

Fees paid are within the terms of LPA.

## Castle Harlan Partners V, L.P.

---

**Commitment:** \$100.0 million

**Contract Date:** Original dated: March 4, 2008  
Amended: March 23, 2009

**Fund Term:** The term of the Fund commenced on December 20, 2007 and shall continue, until the tenth anniversary of the Final Admission Date. The term of the Fund may be extended by the General Partner for a period of one year and with the consent of the Review Board for an additional period of two years thereafter.

### Compensation Overview:

**Management Fee:** Beginning April 1, 2008 to (i) last day of the Investment Period and (ii) the date a Successor Fund begins to pay Management Fees, the annual Management Fee shall be equal to 1.5% per annum of the Capital Commitment of each Limited Partner and, thereafter, 1.0% per annum of the Outstanding Capital Base.

**Management Fee Step Down Date:** April 30, 2015

**Performance Fee:** 20% carried interest

**Placement Agent:** Merrill Lynch. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** New Fund

**Audit Firm:** TBD



**Castle Harlan Partners V, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Castle Harlan Partners V, L.P.:</b>			
Management Fees	\$ -	\$ -	\$ 750,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 750,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ -	\$ -	\$ 100,000,000
Management Fee	x 0.00%	x 0.00%	x 1.25%
Beginning April 1, 2008		-	0.75
<b>Estimated Management Fee Ceiling</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 937,500</b>

*Performance Fees:*

Fund has not yet generated positive carry.

**Assessment:**

Fees paid are within the terms of the LPA.

## Franklin Street Multi-Strategy L.P.

---

**Commitment:** December 30, 2002: \$50.0 million  
June 23, 2005: \$50.0 million

**Contract Date:** Original dated: August 23, 2002

**Fund Term:** Open ended fund

### Compensation Overview:

**Management Fee:** 0.1875% of the Book Capital Account balances at the end of each fiscal quarter or (0.75% annual rate) payable in arrears.

**Performance Fee:** 5% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** McGladrey & Pullen

**Franklin Street Multi-Strategy L.P. (continued)**

	<u>Compensation Paid by Year</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Franklin Street Multi-Strategy, L.P.:</b>			
Management Fees	\$ 3,120,307	\$ 3,421,426	\$ 3,192,400
Performance Fees	<u>1,825,789</u>	<u>1,977,550</u>	<u>-</u>
<b>Total Manager Compensation</b>	<u>\$ 4,946,096</u>	<u>\$ 5,398,977</u>	<u>\$ 3,192,400</u>

**Manager Compensation Recalculation:**

*Management Fees:*

Year End Capital Account Balance	\$ 425,461,105	\$ 477,995,112	\$ 548,353,371
Management Fee	<u>x 0.75%</u>	<u>x 0.75%</u>	<u>x 0.75%</u>
Estimated Management Fee Ceiling	<u>\$ 3,190,958</u>	<u>\$ 3,584,963</u>	<u>\$ 4,112,650</u>

*Performance Fees:*

Calendar year gains	\$ 37,605,305	\$ 43,747,727	\$ (112,072,020)
Performance Fee	<u>x 5.00%</u>	<u>x 5.00%</u>	<u>x 0.00%</u>
Estimated Performance Fee Ceiling	<u>\$ 1,880,265</u>	<u>\$ 2,187,386</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## GSO Capital Opportunities Fund, L.P.

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**Commitment:** \$125.0 million

**Contract Date:** Original dated: July 17, 2007  
Amended: February 18, 2008

**Fund Term:** Ten years from final closing date, subject to three additional one-year extensions with the consent of the Advisory Board.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing until the end of the investment period, management fee shall be equal to 1.50% of the Aggregate Invested Capital; thereafter, the management fee shall equal 1.25% of the Aggregate Invested Capital.

**Management Fee Step Down Date:** July 17, 2012

**Performance Fee:** 20% carried interest

**Placement Agent:** Park Hill Group. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

## GSO Capital Opportunities Fund, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>GSO Capital Opportunities Fund, L.P.:</b>			
Management Fees	\$ -	\$ -	\$ -
Performance Fees	-	-	(510,541)
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (510,541)</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 125,000,000	\$ 125,000,000	\$ 125,000,000
Management Fee	x 1.50%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	<b>\$ 1,875,000</b>	<b>\$ 1,875,000</b>	<b>\$ 1,875,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ 37,707,293
Performance Fee	x 0.00%	x 0.00%	x 20.00%
Pro-rata Interest	x 0.0000%	x 0.0000%	x 6.1557%
Estimated Performance Fee Ceiling	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 464,230</b>

**Assessment:**

Management fees were waived. Performance fees were a credit that increased North Carolina's 2008 capital account balance. No fees were paid.

## Markstone Capital Partners, L.P.

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**Commitment:** \$50.0 million

**Contract Date:** Original dated: January 30, 2004  
Amendment No. 1: July 7, 2004  
Amendment No. 2: April 29, 2005  
Admission Date: August 2, 2005

**Fund Term:** Ten years from initial closing date, subject to two one-year extensions with the consent of members of the Investor Advisory Committee.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing and ending on the earlier of the last day of the Commitment Period or the date on which the General Partner first receives management fees from a successor fund the Management Fee shall equal 2.0% of committed capital. Following this period, the Management Fee shall be 1.75%. Management fees will be offset by 100% of any directors' fees and 80% of any fees including, financial consulting fees, advisory fees, transaction fees or breakup fees.

**Management Fee Step Down Date:** September 30, 2010

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** PriceWaterhouseCoopers

## Markstone Capital Partners, L.P.

	Compensation Paid by Year		
	2006	2007	2008
<b>Markstone Capital Partners, L.P.:</b>			
Management Fees	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
Management Fee	x 2.00%	x 2.00%	x 2.00%
<b>Estimated Management Fee Ceiling</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 20.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 7.1595%	x 7.1595%	x 7.1595%
<b>Estimated Performance Fee Ceiling</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Assessment:**

Fees paid are within the terms of the LPA.

## Parish Capital Europe I, L.P.

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<b>Commitment:</b>	€150.0 million or approximately US\$200.0 million
<b>Contract Date:</b>	Original dated: May 19, 2006 Amendment No. 1: March 9, 2007 Amendment No. 2: November 20, 2007 Amendment No. 3: December 26, 2007
<b>Final Closing:</b>	December 31, 2007
<b>Fund Term:</b>	The Partnership shall terminate at close of business on the thirteenth anniversary of the Initial Closing Date (May 19, 2006), provided that such date may be extended by the General Partner for up to three additional one-year periods.

### Compensation Overview:

<b>Management Fee:</b>	From the Initial Closing Date (May 19, 2006) until the eighth anniversary, the Limited Partner's Capital Commitment as of the end of the previous calendar quarter, multiplied by 0.25% (1.00% annually); and thereafter 0.125% (0.50% annually) multiplied by the lesser of the aggregate amount of investments and unfunded commitments to invest made by the Partnership, less amounts of invested capital returned to the Partnership and not otherwise reinvested.
<b>Management Fee Step Down Date:</b>	May 19, 2014
<b>Performance Fee:</b>	8% carried interest. 4% on any profits applicable to an investor's commitment in excess of \$100.0 million.
<b>Placement Agent:</b>	None
<b>Financial Statements are Audited:</b>	Yes
<b>Audit Firm:</b>	Ernst & Young



**Parish Capital Europe I, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Parish Capital Europe I, L.P.:</b>			
Management Fees	\$ 531,475	\$ 1,833,963	\$ 784,002
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 531,475</b>	<b>\$ 1,833,963</b>	<b>\$ 784,002</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment in Euros	€ 100,000,000	€ 150,000,000	€ 150,000,000
Management Fee (First €100.0MM)	x 1.00%	x 1.00%	x 1.00%
Management Fee (After €100.0MM)		x 0.50%	x 0.50%
	€ 1,000,000	€ 1,750,000	€ 1,750,000
<b>Estimated US\$ Management Fees</b>	<b>\$ 1,400,000</b>	<b>\$ 2,450,000</b>	<b>\$ 2,450,000</b>

*Performance Fees:*

Calendar year gains/(losses)	€ 0	€ 0	€ 0
Performance Fee (First	x 20.00%	x 20.00%	x 8.00%
Pro-rata Interest	x 7.1595%	x 7.1595%	x 7.1595%
	-	-	-
	€ 0	€ 0	€ 0

## Parish Capital I, L.P.

---

<b>Commitment:</b>	\$140.0 million
<b>Contract Date:</b>	Original date: March 31, 2004 Amendment No. 1: December 16, 2004 Amendment No. 2: March 2005 Amendment No. 3: May 3, 2005 Amendment No. 4: May 31, 2005 Amendment No. 5: July 22, 2008
<b>Fund Term:</b>	The Partnership shall terminate at close of business on the thirteenth anniversary of the Initial Closing Date, provided that such date may be extended by the General Partner for up to three additional one-year periods.
<b><u>Compensation Overview:</u></b>	
<b>Management Fee:</b>	A Management Fee equal on a per annum basis to (a) 1% of the Total Capital Commitments from the Initial Closing Date to the earlier of (i) the date on which all Capital Commitments have been invested or called to pay Partnership Expenses and (ii) the eighth anniversary of the Initial Closing Date, and (b) thereafter, 0.50% of the aggregate value of the Partnership's assets.
<b>Management Fee Step Down Date:</b>	March 31, 2012
<b>Performance Fee:</b>	5%
<b>Placement Agent:</b>	None
<b>Financial Statements are Audited:</b>	Yes
<b>Audit Firm:</b>	Ernst & Young

**Parish Capital I, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>Parish Capital I, L.P.:</b>			
Management Fees	\$ 1,138,013	\$ 1,174,488	\$ 1,178,993
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<u>\$ 1,138,013</u>	<u>\$ 1,174,488</u>	<u>\$ 1,178,993</u>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 140,000,000	\$ 140,000,000	\$ 140,000,000
Management Fee	x 1.00%	x 1.00%	x 1.00%
Estimated Management Fee Ceiling	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 5.00%	x 5.00%	x 5.00%
Pro-rata Interest	x 40.00%	x 40.00%	x 40.00%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## Parish Capital II, L.P.

---

**Commitment:** \$125.0 million

**Contract Date:** May 12, 2006

**Fund Term:** The Partnership shall terminate at close of business on the thirteenth anniversary of the Initial Closing Date, provided that such date may be extended by the General Partner for up to three additional one-year periods.

### Compensation Overview:

**Management Fee:** From the Initial Closing Date until the sixth anniversary, the Limited Partner's Capital Commitment as of the end of the previous calendar quarter, multiplied by 1.0%. Thereafter, the annual management fee shall be 90% of the management fee in the preceding year.

**Management Fee Step Down Date:** May 12, 2012

**Performance Fee:** 5%

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Ernst & Young

**Parish Capital II, L.P. (continued)**

	<u>Compensation Paid by Year</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Parish Capital II, L.P.:</b>			
Management Fees	\$ 725,488	\$ 579,777	\$ 1,004,831
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<u>\$ 725,488</u>	<u>\$ 579,777</u>	<u>\$ 1,004,831</u>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 125,000,000	\$ 125,000,000	\$ 125,000,000
Management Fee	x 1.00%	x 1.00%	x 1.00%
Estimated Management Fee Ceiling	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 5.00%	x 5.00%	x 5.00%
Pro-rata Interest	x 27.98%	x 27.98%	x 27.98%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## RLJ Urban Lodging Fund, L.P.

---

**Commitment:** \$50.0 million

**Contract Date:** Original dated: August 26, 2004  
Amended: October 22, 2004  
Amended: December 1, 2004

**Fund Term:** The General Partner will liquidate the Partnership's assets and dissolve the Partnership no later than the seventh anniversary of the Initial Closing; provided that such time may be extended for an additional one year by the General Partner with majority consent of the Advisory Board.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing the third anniversary of the initial closing the Management Fee shall equal 1.25% of such Limited Partner's Capital Commitment. Thereafter, 1.25% of net invested capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees. Separate tiers of management fees apply for investors with less than \$25.0 million or more than \$75.0 million in commitments.

**Management Fee Step Down Date:** December 1, 2007

**Performance Fee:** 20% carried interest

**Placement Agent:** Presidio Partners. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** PriceWaterhouseCoopers

**RLJ Urban Lodging Fund, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>RLJ Urban Lodging Fund, L.P.:</b>			
Management Fees	\$ 625,000	\$ 592,006	\$ 37,215
Performance Fees	-	-	10,730,756
<b>Total Manager Compensation</b>	<b>\$ 625,000</b>	<b>\$ 592,006</b>	<b>\$ 10,767,971</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
Management Fee	x 1.25%	x 1.25%	x 1.25%
Estimated Management Fee Ceiling	<u>\$ 625,000</u>	<u>\$ 625,000</u>	<u>\$ 625,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ 344,044,983
Performance Fee	x 20.00%	x 20.00%	x 20.00%
Pro-Rata Interest	x 15.85%	x 15.85%	x 15.85%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,906,226</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## RLJ Lodging Fund II, L.P.

---

**Commitment:** \$50.0 million

**Contract Date:** Original dated: February 17, 2006  
Amended: May 5, 2006  
Amended: June 8, 2006

**Fund Term:** The General Partner will liquidate the Partnership's assets and dissolve the Partnership no later than the eighth anniversary of the Initial Closing Date; provided that such time may be extended for two additional one year periods by the General Partner with the consent of a majority of the Advisory Board.

### Compensation Overview:

**Management Fee:** Beginning on the date of the initial closing the second anniversary of the initial closing the Management Fee shall equal 1.25% of such Limited Partner's Capital Commitment. Thereafter, 1.25% of net invested capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees. Separate tiers of management fees apply for investors with less than \$25.0 million and more than \$75.0 million in commitments.

**Management Fee Step Down Date:** February 17, 2008

**Performance Fee:** 20% carried interest

**Placement Agent:** Presidio Partners. Terms of placement agent fee not disclosed by manager.

**Financial Statements are Audited:** Yes

**Audit Firm:** PriceWaterhouseCoopers



**RLJ Lodging Fund II, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>RLJ Lodging Fund II, L.P.:</b>			
Management Fees	\$ 410,103	\$ 625,000	\$ 544,524
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ 410,103</b>	<b>\$ 625,000</b>	<b>\$ 544,524</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
Management Fee	x 1.25%	x 1.25%	x 1.25%
Estimated Management Fee Ceiling	<u>\$ 625,000</u>	<u>\$ 625,000</u>	<u>\$ 625,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 20.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 27.98%	x 27.98%	x 27.98%
Estimated Performance Fee Ceiling	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## RLJ Real Estate Fund III, L.P.

---

<b>Commitment:</b>	\$50.0 million
<b>Contract Date:</b>	August 14, 2007
<b>Fund Term:</b>	The General Partner will liquidate the Partnership's assets and dissolve the Partnership no later than the eighth anniversary of the Final Closing Date; provided that such time may be extended for two additional periods of one year by the General Partner with the consent of a majority of the Advisory Board.

### Compensation Overview:

<b>Management Fee:</b>	Beginning on the date of the initial closing (July 12, 2007) until the third anniversary of the final closing date, Management Fee shall equal 1.25% of such Limited Partner's Capital Commitment. Thereafter, 1.25% of net invested capital. Management fees will be offset by 100% of any financial consulting fees, advisory fees, transaction fees or other fees.
<b>Management Fee Step Down Date:</b>	Three years from final closing date.
<b>Performance Fee:</b>	20% carried interest
<b>Placement Agent:</b>	Presidio Partners. Terms of placement agent fee not disclosed by manager.
<b>Financial Statements are Audited:</b>	Yes
<b>Audit Firm:</b>	PriceWaterhouseCoopers

**RLJ Real Estate Fund III, L.P. (continued)**

	Compensation Paid by Year		
	2006	2007	2008
<b>RLJ Real Estate Fund III, L.P.:</b>			
Management Fees	\$ -	\$ 294,949	\$ 625,000
Performance Fees	-	-	-
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ 294,949</b>	<b>\$ 625,000</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ -	\$ 50,000,000	\$ 50,000,000
Management Fee	x 0.00%	x 1.25%	x 1.25%
Pro-Rated for Number of Days		x 47.26%	
<b>Estimated Management Fee Ceiling</b>	<b>\$ -</b>	<b>\$ 295,377</b>	<b>\$ 625,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ -	\$ -
Performance Fee	x 0.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 0.00%	x 7.35%	x 7.35%
<b>Estimated Performance Fee Ceiling</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Assessment:**

Fees paid are within the terms of the LPA.

## Shorenstein Realty Investors VII, L.P.

---

**Commitment:** \$75.0 million

**Contract Date:** Original dated: November 24, 2003  
Final Closing: February 5, 2004

**Fund Term:** Fifteen years; subject to five one-year extensions exercisable by the Board of Trustees of the Trust.

### Compensation Overview:

**Management Fee:** From the first closing on November 25, 2003 to the fourth anniversary, the sum of (a) 1.5% per annum of the lesser of (i) aggregate unfunded Capital Commitments and (ii) \$500 million; plus (b) 1.5% per annum of funded Capital Commitments. After the earlier of (x) the end of the Investment Period or (y) the Successor Fund Funding Date, the Management Fee shall be 1.5% per annum of funded Capital Commitments.

**Management Fee Step Down Date:** November 25, 2007 (estimated)

**Performance Fee:** 10% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

**Shorenstein Realty Investors VII, L.P. (continued)**

	<u>Compensation Paid by Year</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Shorenstein Realty Investors VII, L.P.:</b>			
Management Fees	\$ (63,441)	\$ 812,814	\$ 980,246
Performance Fees	<u>177,752</u>	<u>329,225</u>	<u>406,514</u>
<b>Total Manager Compensation</b>	<u>\$ 114,311</u>	<u>\$ 1,142,039</u>	<u>\$ 1,386,760</u>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000
Management Fee	x 1.50%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>

*Performance Fees:*

Calendar year gains/(losses)	\$ 15,860,209	\$ 41,850,868	\$ 39,790,452
Performance Fee	x 10.00%	x 10.00%	x 10.00%
Pro-rata Interest	x 12.36%	x 12.36%	x 12.36%
Estimated Performance Fee Ceiling	<u>\$ 195,999</u>	<u>\$ 517,189</u>	<u>\$ 491,726</u>

**Assessment:**

Fees paid are within the terms of the LPA.

## Shorenstein Realty Investors VIII, L.P.

---

**Commitment:** \$100.0 million

**Contract Date:** August 8, 2006

**Fund Term:** Fifteen years; subject to five one-year extensions at the discretion of the General Partner.

### Compensation Overview:

**Management Fee:** From the commencement date to the fourth anniversary, the annual Management Fee shall be 1.5% per annum of the aggregate Committed Capital. Thereafter, the annual Management Fee shall be 1.5% of aggregate Total Funded Capital.

**Management Fee Step Down Date:** August 8, 2010 (or earlier as outlined in LPA)

**Performance Fee:** 20% carried interest

**Placement Agent:** None

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche

## Shorenstein Realty Investors VIII, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Shorenstein Realty Investors VIII, L.P.:</b>			
Management Fees	\$ 305,708	\$ 994,606	\$ 957,286
Performance Fees	-	169,890	231,932
<b>Total Manager Compensation</b>	<b>\$ 305,708</b>	<b>\$ 1,164,496</b>	<b>\$ 1,189,218</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000
Management Fee	x 1.50%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ (3,884,271)	\$ 10,054,102	\$ 10,990,283
Performance Fee	x 0.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 11.35%	x 11.35%	x 11.35%
Estimated Performance Fee Ceiling	<b>\$ -</b>	<b>\$ 228,311</b>	<b>\$ 249,570</b>

**Assessment:**

Fees paid are within the terms of the LPA.

## Shorenstein Realty Investors IX, L.P.

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**Commitment:** \$75.0 million

**Contract Date:** Original dated: April 9, 2007  
Closing: May 21, 2007

**Fund Term:** Fifteen years; subject to five one-year extensions at the discretion of the General Partner.

### Compensation Overview:

**Management Fee:** From the commencement date to the fourth anniversary, the annual Management Fee shall be 1.5% per annum of the aggregate Committed Capital. Thereafter, the annual Management Fee shall be 1.5% of aggregate Total Funded Capital.

**Management Fee Offset:** N/A

**Carried Interest:** 20% carried interest

**Financial Statements are Audited:** Yes

**Audit Firm:** Deloitte & Touche



## Shorenstein Realty Investors IX, L.P. (continued)

	Compensation Paid by Year		
	2006	2007	2008
<b>Shorenstein Realty Investors IX, L.P.:</b>			
Management Fees	\$ -	\$ 819,024	\$ 1,125,000
Performance Fees	-	7,875	97,032
<b>Total Manager Compensation</b>	<b>\$ -</b>	<b>\$ 826,899</b>	<b>\$ 1,222,032</b>

**Manager Compensation Recalculation:**

*Management Fees:*

Capital Commitment	\$ -	\$ 75,000,000	\$ 75,000,000
Management Fee	x 0.00%	x 1.50%	x 1.50%
Estimated Management Fee Ceiling	<b>\$ -</b>	<b>\$ 1,125,000</b>	<b>\$ 1,125,000</b>

*Performance Fees:*

Calendar year gains/(losses)	\$ -	\$ 2,413,560	\$ 36,342,080
Performance Fee	x 0.00%	x 20.00%	x 20.00%
Pro-rata Interest	x 0.00%	x 4.43%	x 4.43%
Estimated Performance Fee Ceiling	<b>\$ -</b>	<b>\$ 21,370</b>	<b>\$ 321,773</b>

**Assessment:**

Fees paid are within the terms of the LPA.

August 14, 2009

**VIA EMAIL AND PRIORITY MAIL**

Mark R. Zehner  
Regional Municipalities Securities Counsel  
U.S. Securities and Exchange Commission  
701 Market Street, Suite 2000  
Philadelphia, PA 19106

Dear Mark:

In your July 16<sup>th</sup> email, you made two broad requests:

Investment Manager Fund Information

First, based on the eighteen (18) selected investments, the Securities Exchange Commission ("SEC") requested the following items: (1) dates of the initial investment; (2) dates of the subsequent investment contracts or partnership agreements; (3) commitments made to those funds or managers; (4) a summary of the compensation paid that year; (5) formulas pursuant to how that compensation was calculated; and (6) any information in our files regarding any placement fees paid to those advisers, managers, or funds.

Pursuant to your request, we have enclosed a summary of the information outlined above for each of the eighteen investment funds and managers listed in your correspondence dated July 16<sup>th</sup>. The enclosed summaries include compensation paid by year to each for 2006, 2007, and 2008. With each summary, we have also included the names of the placement agents for those managers that retained a placement agent. In order to fully satisfy your request for information from 2001 to 2005, we will need to request additional time. As I will be on vacation for the next two weeks, we would like to request at least four more weeks to fulfill this part of the request.

Page 2  
August 14, 2009

Information on State's Ability to Fund Future Pension Fund

Second, we have only included one document regarding the Department of State Treasurer's ("DST") response of the State's ability to fund future pension obligations over the last ten years. This is largely because, as shown in the attached chart, the retirement funded ratio (blue bars) was over 100 percent from 2001 through 2007. In other words, there was no funding gap. Therefore, DST had no discussions with the General Assembly during that period about actions needed to make up a funding gap. The attached chart is also the one document shared with the General Assembly in 2009 to communicate the contributions needed to make the funding gap that arose due to the 2008 returns.

We have also placed the legend "Confidential FOIA Treatment Requested by North Carolina State Treasurer" on this letter and each document provided. We hereby request pursuant to 17 C.F.R. section 200.83 that neither this letter nor any other documents provided by the North Carolina State Treasurer in connection with your inquiry be released in response to a request under the Freedom of Information Act. We also request that we be given at least ten days prior notice and an opportunity to object to the Commission to the granting of any Freedom of Information Act request and, if necessary, to seek an appropriate protective order in the courts. Furthermore, the North Carolina State Treasurer, by providing this information is not waiving any attorney-client privilege or any other privilege or immunity from disclosure that may be applicable.

If there is additional information that you are seeking aside from what we still need to provide, please do not hesitate to contact me.

Sincerely,

Jay J. Chaudhuri  
General Counsel & Senior Policy Advisor

cc: Enclosures

## Teachers' and State Employees' Retirement System of North Carolina Projection of Funded Ratios and Contribution Rates

Based on December 31, 2007 results with a COLA of 0% granted each year after 2008, annual market returns of -20% and 0% for 2008 and 2009, annual market returns of 7.25% for calendar years after 2009, a 9-year amortization period and a valuation interest rate of 7.25%.

