

**Minutes of the Meeting of the Investment Committee
November 17, 2017**

The Investment Committee of the Tennessee Consolidated Retirement System (TCRS) met on November 17, 2017 via a conference call to review private equity investments. The Honorable David H. Lillard, Jr., State Treasurer, called the meeting to order at 9:00 AM. Investment Committee members in attendance included: Treasurer Lillard, Mr. Bob Wormsley, and Mr. Bill Kemp, Sumner County Clerk. Additional attendees included: Michael Brakebill, Chief Investment Officer; Derrick Dagnan, Deputy Chief Investment Officer; Jennifer Selliers, Investments Compliance Officer; Shelli King, Director Communications; Alison Cleaves, Legal Services Director; Heather Iverson, Assistant General Counsel; Daniel Crews, Director of Private Equity Investment; Carrie Green, Senior Portfolio Manager; Austin Monsrud, Junior Alternatives Investment Analyst; Jay Bullie, Senior Credit Analyst.

The meeting began with Michael Brakebill reading the Statement of Necessity. The statement was adopted by the Honorable David H. Lillard, Jr. after the readings completion. The adoption was seconded by Mr. Wormsley and all the present committee members affirmed the adoption through a roll call administered by Michael Brakebill.

Daniel Crews presented a recommendation to commit up to \$200 million to Olympus Growth Fund VII, L.P. Olympus is an existing manager relationship for TCRS with a track record of strong performance in the middle market buyout category. The firm is considered a top quartile manager with consistent industry leading returns, a stable operational model, a long standing senior leadership team, and an investment strategy of investing in quality businesses with strong market positions. The manager's key competency of market discipline and timing in pursuing acquisitions has ensured strong performance even in poor investment cycles. The terms of the fund and performance fees are aligned with the interests of the limited partners.

Treasurer Lillard motioned to approve the \$200 million investment in Olympus Growth Fund VII, L.P. and it was seconded by Mr. Bill Kemp. Michael Brakebill took a roll call where the Honorable David H. Lillard, Jr., Mr. Bob Wormsley, and Mr. Bill Kemp gave verbal affirmations of the motion for the record.

Carrie Green presented a recommendation to commit a total of \$165 million to Quantum EnergyPartners VII, L.P., including a \$150 million commitment to the main fund and a \$15 million commitment to a co-investment vehicle. The investment manager would be a new investment relationship for TCRS that would diversify the roster of managers in the natural resource industry. The firm is headquartered in Houston, Texas and focuses on investing in companies that specialize in the exploration and production of new oil and natural gas wells. The typical fund investment will average \$200 million.

Treasurer Lillard motioned to approve the \$165 million investment in Quantum Energy Partners VII, L.P. and it was seconded by Bob Wormsley. Michael Brakebill took a roll call where the Honorable David H. Lillard, Jr, Mr. Bob Wormsley, and Mr. Bill Kemp gave verbal affirmations of the motion for the record.

Mr. Brakebill provided a brief overview of TCRS performance. As of September 30, 2017, the fund was valued at \$48.3 billion after distributions. The fund exhibited strong returns during the quarter attributable to outperformance in the international equity portfolio. Mr. Brakebill indicated that TCRS's investment team was very cognizant of recent run-up in security valuations and were positioning the

fund to be neutral to respective fixed income and equity benchmarks to address market risk concerns. Additionally, the private equity, real estate, and strategic lending portfolios exhibited strong relative performance compared to benchmarks through calendar year 2017.

Based on the need to reschedule the TCRS Board of Trustees meeting to late November, the meeting was held via teleconference in order to attain the investment committee's approval prior to the imminent closing of Olympus Growth Fund VII, L.P. and Quantum Energy Partners VII, L.P.

The Treasurer adjourned the meeting at 9:30 AM.

Respectfully submitted,



Michael Brakebill
Chief Investment Officer

APPROVED:



David H. Lillard, Jr. Chairman
TCRS Board of Trustees