

**Minutes of the Meeting of the Investment Committee
December 12, 2017**

The Investment Committee of the Tennessee Consolidated Retirement System (TCRS) met on December 12, 2017 in the State Capitol. The Honorable David H. Lillard, Jr., State Treasurer, called the meeting to order at 3:00 PM. Investment Committee members in attendance included: Treasurer Lillard; Honorable Tre Hargett, Secretary of State; Bob Wormsley, President/CEO of Local Government Insurance Pool; Bill Kemp, Sumner County Clerk. Additional attendees included: Richard Newton, F&A Division of Budget; Keith Boring, Director of Policy & Research; William Wood, Comptroller's Office; Michael Brakebill, Chief Investment Officer; Derrick Dagnan, Deputy Chief Investment Officer; Daniel Crews, Director of Private Equity; Jeff Dunn, Senior Portfolio Manager; Grant Leslie, Senior Portfolio Manager; Austin Monsrud, Junior Investment Analyst.

Treasurer Lillard began the meeting with a motion to approve the minutes from November 17, 2017. The motion was approved unanimously by voice vote.

The Treasurer then asked Grant Leslie to present a private equity transaction for approval. Mr. Leslie briefly discussed the Berkshire Fund IX co-investment fund and the TCRS relationship with the firm. However, after extensive legal negotiations, the team decided not to recommend the fund.

Next, the Treasurer asked Daniel Crews to present a second private equity transaction for approval. Mr. Crews recommended a \$100 million commitment to H.I.G. Advantage Buyout Fund. He described H.I.G. Capital as a highly coveted manager that offers superior returns and noted it would add to the portfolio's core middle-market buyout strategy.

The Treasurer then motioned to approve the transaction which was seconded by Secretary Hargett. The motion was approved unanimously by voice vote.

Following Private Equity, Jeff Dunn presented for approval a proposal to increase an allocation to a current TCRS Strategic Lending portfolio investment. Mr. Dunn recommended authorizing up to a \$150 million additional allocation on top of an initial allocation of \$75 million to Oaktree Real Estate Debt SMA. This would increase TCRS commitments to the separate account portfolio to \$225 million, with a maximum allocation of \$300 million. Mr. Dunn elaborated that the \$150 million in previous commitments is fully invested and has performed well.

The Treasurer then motioned to approve the transaction which was seconded by Mr. Wormsley. The motion was approved unanimously by voice vote.

Jeff Dunn then presented a second Strategic Lending transaction for approval. Mr. Dunn recommended authorizing up to a \$350 million commitment with an initial \$150 million commitment to H.I.G. Whitehorse Direct Lending Fund. The team discussed the expertise of H.I.G.'s team which is as notable in direct lending as it is with the buyout strategy Mr. Crews discussed. Additionally, Mr. Dunn noted how the participation of TCRS in multiple H.I.G. funds allows for synergies to be achieved.

Secretary Hargett then motioned to approve the transaction which was seconded by the Treasurer. The motion was approved unanimously by voice vote.

Michael Brakebill then discussed overall TCRS performance, particularly Fixed Income. Mr. Brakebill reflected upon the current credit environment with credit spreads being below 1%, citing how that has affected fixed income returns versus the portfolios equity returns.

The Treasurer then adjourned the meeting at 3:40 PM.

Respectfully submitted,



Michael Brakebill
Chief Investment Officer

APPROVED:



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