

**Minutes of the Meeting of the Investment Committee
February 27, 2018**

The Investment Committee of the Tennessee Consolidated Retirement System (TCRS) met on February 27, 2018 in the State Capitol. The Honorable David H. Lillard, Jr., State Treasurer, called the meeting to order at 1:00 PM. Investment Committee members in attendance included: Treasurer Lillard; Honorable Tre Hargett, Secretary of State; Bill Kemp, Sumner County Clerk. Additional attendees included: 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; Carrie Green, Senior Portfolio Manager; Jeff Dunn, Senior Portfolio Manager; Grant Leslie, Senior Portfolio Manager; Jennifer Selliers, Investment Compliance Officer; Gillian Johnson, Assistant Director of Communications; Richard Newton, F&A Division of Budget; Austin Monsrud, Junior Investment Analyst.

Treasurer Lillard began the meeting by asking Derrick Dagnan to present a Strategic Lending transaction for approval.

Mr. Dagnan recommended a \$125 million commitment to ICG North American Private Debt Fund II. This opportunity would allow for the addition of Domestic Mezzanine and Junior Debt exposure to the Strategic Lending portfolio. Elaborating on the current TCRS relationship with ICG through Europe Fund VI, Dagnan explained that the track record and quality of the ICG investment team is worthy of expanding. While the firm only has two North American funds, the team has been successfully investing this strategy together since 1996 under the Nomura and Blackstone organizations, giving TCRS confidence in ICG's ability to execute the strategy.

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

The Treasurer called on Daniel Crews who provided the Investment Committee with an update on the Private Equity portfolio. Mr. Crews discussed scaling the portfolio to its allocation target. Staff intends to select high quality managers expected to outperform while focusing on the importance of sector and strategy diversification, along with risk tolerance. To execute this strategy, Crews explained that the team is currently expecting to increase the portfolios growth equity exposure relative to venture capital, in addition to seeking out top-tier managers that specialize in individual sectors.

Following the portfolio update, Carrie Green presented a private equity transaction for approval. Mrs. Green recommended a commitment of up to \$100 million to General Catalyst Group IX, L.P. TCRS has previously committed \$25 million to both General Catalyst Group VI and VII. Mrs. Green identified the team's relationship with General Catalyst as excellent and complemented their reporting standards. Although TCRS was unable to participate in fund VIII, staff was able to obtain a meaningful increase in commitment during this fundraising. Ms. Green stated that this is possible as a result of TCRS's relationship with the team along with an increase in fund size, adding that she is confident in General Catalyst ability to scale its successful track record.

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

Grant Leslie then presented two related Private Equity transactions for approval. Mr. Leslie proposed a \$160 million commitment to Roark Capital Partners V LP as well as a \$10 million commitment to Roark Capital Partners II Sidecar LP. Describing Roark as a consumer sector specialist, he stated that this opportunity is attractive from a diversification standpoint. Particularly successful in the restaurant space, Roark's Sidecar offering is an opportunity to participate in a restaurant investment which has been very successful. Staff is confident in Roark's ability to continue to grow this business.

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

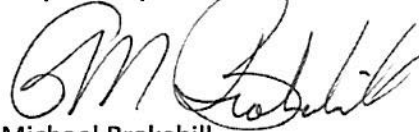
Following Mr. Leslie, Carrie Green then presented another private equity transaction for approval. Mrs. Green proposed a \$100 million commitment to Raine Partners III, L.P. Raine is considered to be sector specialist, focusing on the technology, media, and telecommunications sector with a primary historical focus on media. She stated that TCRS has had a relationship with Raine for a number of years and highlighted the value of the team's significantly proprietary deal flow.

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. Highlighting that prior to the recent equity market volatility, fund assets had reached \$52 billion, and remain above \$50 billion today. On the topic of portfolio construction, Mr. Brakebill noted the progress that has been made toward the increasing alternative asset exposure. Then, reflecting on the Federal Reserve's recent commentary on rising interest rates, Brakebill remarked that TCRS has been selling Public Equities when given attractive opportunities and staying close to the benchmark.

The Treasurer then adjourned the meeting at 1:40 PM.

Respectfully submitted,



Michael Brakebill
Chief Investment Officer

APPROVED:



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