

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees  
April 23, 2014**

The Investment Committee ("Investment Committee") of the Tennessee Consolidated Retirement System ("TCRS") Board of Trustees met at 9:30 a.m. on April 23, 2014 in the Executive Conference Room on the Ground Floor of the State Capitol. The Honorable David H. Lillard, Jr., State Treasurer, called the meeting to order promptly at 9:30 a.m. Investment Committee members in attendance included: The Honorable Tre Hargett, Secretary of State; Mr. Bill Kemp, Sumner County Clerk; Treasurer Lillard; Mr. Justin Wilson, Comptroller of the Treasury; and Mr. Bob Wormsley, Local Government Insurance Pool. Mr. Rick Newton, representing the Department of Finance and Administration, attended in the absence of Commissioner Larry Martin. Additional attendees included Mr. Bill Abney, Assistant to the Treasurer for Investments; Mr. Keith Boring, Director of Policy & Research; Mr. Michael Brakebill, Chief Investment Officer; Mr. Daniel Crews, Director of Private Equity; Mr. Derrick Dagnan, Strategic Lending Portfolio Manager; Mr. Matthew Haitas, Real Estate Analyst; Mr. Arthur Henderson, Senior Portfolio Manager; Mr. J.P. Rachmaninoff, Director of Real Estate; and Mrs. Jennifer Selliers, Compliance.

Treasurer Lillard began the meeting by asking for a vote to approve minutes from three previous Investment Committee meetings dated December 16, 2013, February 11, 2014 and March 28, 2014. Mr. Hargett made a motion to approve, which was then seconded by Mr. Wormsley and unanimously approved.

Treasurer Lillard moved to the next agenda item, asking Mr. Dagnan to introduce a proposed investment of up to \$75 million by TCRS in Taurus Mining Finance Fund I ("Taurus"). Mr. Dagnan commented that Taurus, which is based in Sydney, Australia, is a \$500 million co-mingled fund focused on global mining, and that the fund's strategy is to originate and build a concentrated portfolio of investments in global mining projects. Mr. Dagnan noted that the Taurus management team is very experienced and that higher yielding investment opportunities in mining have increased now that large European banks are capital constraints. Mr. Dagnan concluded his comments by saying that an investment in Taurus allows TCRS to gain exposure to natural resource credit investment that is uncorrelated to existing Strategic Lending investments. Treasurer Lillard asked if there were any questions, which there were none. Mr. Hargett made the motion to approve, which was seconded by Mr. Wormsley and then unanimously approved.

Treasurer Lillard then moved to the next agenda item, asking Mr. Rachmaninoff to introduce the proposed \$60 million investment by TCRS in Berkshire Multifamily Value Plus Fund III ("Berkshire" or the "Fund"). Mr. Rachmaninoff commented that this is the third in a series of value-added apartment closed-end commingled funds led by Berkshire Property Advisors LLC, which is a registered investment advisor and real estate investment manager and service provider with a long and proven track record. The Fund is focused on value-added

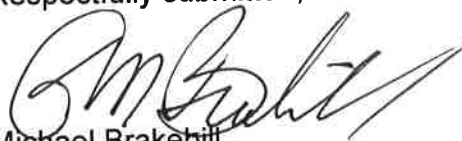
apartment investments, primarily within Tier I and Tier II markets. Treasurer Lillard noted the attractiveness of this opportunity and asked if there were any questions. With no questions, Treasurer Lillard asked for a motion to approve. Mr. Wormsley made a motion, which seconded by Mr. Kemp and unanimously approved.

Treasurer Lillard proceeded to the next agenda item and asked Mr. Crews to discuss the proposed investment of \$75 million by TCRS in Thoma Bravo Fund XI ("Thoma Bravo"). Mr. Crews commented that Thoma executes control- and value-oriented leveraged buyouts in middle market software companies. Once targets are identified and acquired, Thoma Bravo looks to create value through operating improvements and consolidation. Treasurer Lillard asked if there were questions. Mr. Hargett asked about the planned retirement of the lead operating partner, Mr. Marcel Bernard, and any successions plans in place. Mr. Crews confirmed that Mr. Bernard will retire in 2-3 years, but that he has strong institutionalized and systemized investment and operating processes in place at Thoma Bravo that is overseen by a deep bench of talented executives. Mr. Lillard asked if there were further questions, which there were none. Treasurer Lillard then made a motion to approve the investment, which was seconded by Mr. Wormsley and then unanimously approved.

Treasurer Lillard then asked Mr. Brakebill to provide an update on the TCRS portfolio. Mr. Brakebill indicated that the fund had grown to \$41.4 billion, up from \$41 billion at the most recent quarter, and had returned an estimated fiscal year-to-date return of 11.8%. Mr. Wilson asked whether the Fund is taking on too much risk. Mr. Brakebill noted that the TCRS fund's risk is generally a third lower than comparable funds, and that the group's investment in strategic lending will be helpful in reducing risk and boosting fund returns.


Treasurer Lillard thanked Mr. Brakebill for his leadership and asked if there were any other questions. There were none, and the meeting of the Investment Committee adjourned at 10:06 a.m.

Respectfully submitted,



Michael Brakebill  
Chief Investment Officer

APPROVED:



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