

**Minutes of the Meeting of the Investment Committee**  
**March 29, 2019**

The Investment Committee of the Tennessee Consolidated Retirement System (TCRS) met on March 29, 2019 in the State Capitol. The Honorable David H. Lillard, Jr., State Treasurer, called the meeting to order at 9:00 AM. Investment Committee members in attendance included: Honorable David H. Lillard, Jr., Honorable Tre Hargett, Secretary of State; Mr. Bob Wormsley, President/CEO of Local Government Insurance Pool; Mr. Bill Kemp, Sumner County Clerk; Honorable Stuart McWhorter, Commissioner of the Department of Finance and Administration. Additional attendees included: Michael Brakebill, Chief Investment Officer; Derrick Dagnan, Deputy Chief Investment Officer; Daniel Crews, Director of Private Equity; Carrie Green, Director of Equities; JP Rachmaninoff, Director of Real Estate; Matthew Haitas, Senior Portfolio Manager; Jeff Dunn, Senior Portfolio Manager; Grant Leslie, Senior Portfolio Manager; Tim McClure, Director of Cash Management and Assistant CIO; Jennifer Selliers, Investment Compliance Officer; Andrew Messer, Compliance Analyst; Jay Bullie, Senior Credit Analyst.

The meeting began with the Honorable David H. Lillard, Jr. introducing the new Commissioner of Finance and Administration, Stuart McWhorter, who is the newest member of the investment committee. The attending investment professionals proceeded to fully introduce their individual roles and responsibilities to the committee. The committee then approved minutes for the two previous committee meetings on November 30, 2018 and February 14, 2019. Mr. Wormsley motioned to approve the minutes and it was seconded by Mr. Bill Kemp.

Mr. Jeff Dunn presented a request for a new investment for the Strategic Lending Portfolio. Mr. Dunn recommended a commitment of up to \$150 million to Taurus Mining Finance Fund No. 2, L.P. Taurus's investment strategy is to invest in late stage mine development financing and refinancing opportunities. The underlying commodities targeted by the fund include base metals, industrial minerals, precious metals and steel raw materials. The team has deep financial and industry experience in the mining sector and will continue to deploy an investment strategy that has been successful in previous funds. TCRS previously committed \$75 million to Taurus Mining Finance Fund 1 and \$40 million to the Taurus Mining Finance Annex Fund. Mr. Dunn highlighted key aspects of the existing Taurus platform, previous risk adjusted returns, fund terms, and areas of risk or concern.

Mr. Bob Wormsley motioned to approve Taurus Mining Finance Fund No. 2, L.P. and it was seconded by Secretary Hargett. The committee approved the \$150 million investment by unanimous voice vote.

A notification of investment in Livingbridge Enterprise III L.P. was given to the Investment Committee by Mr. Daniel Crews. The investment commitment of £40 million was approved by Treasurer Lillard on December 12, 2018. The investment represents a tactical investment in a growth oriented European private equity manager specializing in the United Kingdom market. Livingbridge is an existing relationship.

The next investment considered was a commitment of up to \$200 million to Advent International GPE IX, L.P., for the Private Equity portfolio. Mr. Grant Leslie reviewed the investment strategy,

return profile, key terms, investment concerns, and the history of the firm. The firm is a control-oriented, large global buyout manager that seeks to create value for investors by growing the earnings of its portfolio companies in five sectors: business & financial services; healthcare; industrial; retail, consumer & leisure; and Technology, media and telecom. Advent plans to hold 30-35 positions in each fund. Based on a favorable track record and favorable diligence, Staff recommended expanding the current relationship with Advent to include fund IX.

Commissioner Stuart McWhorter motioned to approve the investment and it was seconded by Mr. Bob Wormsley. The committee approved the commitment of up to \$200 million to Advent International GPE IX, L.P. by unanimous voice vote.

Mr. Daniel Crews presented a recommendation to commit up to \$200 million for TA XIII, L.P. for the Private Equity portfolio. TA primarily deploys a buyout strategy focused primarily on growth-oriented companies in the technology, healthcare, financial services, consumer, and business services sectors. TA is an existing relationship. Staff recommended continuing the relationship based on favorable operational and financial due diligence of the long investment track record, fund terms, strategy, team, and investment concerns. Additionally, Mr. Crews highlighted the large general partner investment, fund transparency, fee structure, and other terms that create a strong alignment of interests with TCRS.

The chair moved to approve the investment and it was seconded by Secretary Hargett. The committee approved the commitment of up to \$200 million to TA XIII, L.P. by unanimous voice vote.

Mr. Crews then presented a recommendation to commit up to €150 million to The Seventh Cinven Fund, L.P. for the Private Equity portfolio. The fund's manager has a 27 year history in the leveraged buyout sector. Cinven primarily invests in European firms with a greater than €300 million enterprise value. The firm has a long track record of outperformance for previous funds. The only fund to experience performance issues, The Fourth Cinven Fund, experienced idiosyncratic sector issues associated with the Global Financial Crisis. This performance misstep necessitated sweeping business improvements in the areas of financial underwriting, capital discipline, investment committee overhaul and revamped surveillance process. The changes resulted in noticeable investment improvement from that point on. Cinven is an existing relationship for TCRS. Staff recommended continuing the relationship based on favorable operational and financial due diligence of the long investment track record, fund terms, strategy, team, and investment concerns.

The chair moved to approve the investment and it was seconded by Commissioner Stuart McWhorter. The committee approved the commitment of up to €150 million to The Seventh Cinven Fund L.P. by unanimous voice vote.

The final request that the investment committee reviewed was a recommendation to commit up to \$200 million to a Pathway Private Equity Co-Investment Separate Account for the Private Equity portfolio. Mr. Grant Leslie presented the key diligence items, terms, and structure of this new relationship. The firm has a history of creating separately managed accounts for public pensions and operates commingled co-investment funds. Pathway will exercise discretion within a

structured investment plan to deploy capital into co-investment opportunities within TCRS's current private equity manager roster. This structure allows TCRS to prudently control deployment across vintage years, company, sector, and strategy. The main benefit of this strategy is a dramatic reduction in the fee burden of private equity investments.

The chair moved to approve the investment and it was seconded by Secretary Hargett. The committee approved the commitment of up to \$200 million to the Pathway Private Equity Co-Investment Separate Account by unanimous voice vote.

The meeting ended with Mr. Brakebill reviewing TCRS initiatives, organizational personnel changes, operational process updates, and the TCRS quarterly performance review was deferred to the Board of Trustees Meeting, which immediately followed the Investment Committee Meeting.

Treasurer Lillard then adjourned the meeting at 11:00 AM.

Respectfully submitted,

**/s/Michael Brakebill**  
**Michael Brakebill**  
**Chief Investment Officer**

APPROVED:

/s/ David H. Lillard, Jr. 6.28.2019  
David H. Lillard, Jr. Chairman  
TCRS Board of Trustees