

**Minutes of the Meeting of the Investment Committee of the TCRS Board of Trustees
May 31, 2013**

The Investment Committee of the TCRS Board of Trustees ("Investment Committee") met at 9:00 a.m. on May 31, 2013 in the Executive Conference Room on the Ground Floor of the State Capitol. The Honorable David H. Lillard, Jr., State Treasurer; and The Honorable Tre Hargett, Secretary of State; were present in person. Mr. Greg Elliott participated in the meeting by telephone. The Honorable Mark Emkes, Commissioner of Finance and Administration was unable to attend the meeting. Also in attendance were Mr. Bill Abney, Assistant Treasurer, Ms. Janice Cunningham, Chief of Staff to the Treasurer, Mr. Michael Brakebill, Chief Investment Officer, Mr. Andrew Palmer, Deputy Chief Investment Officer, Mr. Peter Katseff, Director of Real Estate, Mr. Lamar Villere, Director of Private Equity and Mr. Matthew Haitas, Real Estate Analyst.

The Honorable David H. Lillard, Jr., the Chairperson of the Investment Committee, called the meeting to order, took roll of the participating members and read the following:

Tenn. Code Ann. §8-44-108(b)(2) provides that in the event that a governing body does not have a physical quorum of the members present at the location of the meeting, then a quorum of members can participate by electronic or other means as long as the governing body makes a determination that a necessity exists for the teleconference participation. The necessity determination and a recitation of the facts and circumstances on which it is based, must be included in the minutes of the meeting. The Investment Committee determined that it was necessary to meet by teleconference so that it could consider proposed investments for the Tennessee Consolidated Retirement System in a timely manner. In order to meet the established time frames to complete these investments, the Committee determined that there was not enough time to convene a physical quorum of the Committee for the expeditious consideration of this investment, necessitating that the Committee meet by electronic or other means of participation through a teleconference.

Due to the importance and need for timely action of the matter to be considered at this meeting, Secretary Hargett moved that the Committee find that the telephone participation in this meeting by some Committee members is necessary. Mr. Elliott seconded the motion and the motion was unanimously approved by the committee.

Mr. Andrew Palmer was asked to introduce the proposed investment by TCRS in the Credit Suisse Asset Management Leveraged Loan Portfolio. This portfolio will invest in the levered loan sector. Levered loans are typically secured variable rate loans made to borrowers of lower credit quality. TCRS staff recommended authorizing a commitment up to \$500 million. Mr. Palmer noted that the initial investment would likely be \$100 million, but staff would like the authority to invest up to \$500 million as the investment appears more attractive over time. Secretary Hargett made a motion to approve the investment in Credit Suisse Asset Management Leveraged Loan Portfolio

by TCRS pending successful legal negotiations. The motion was seconded by Mr. Greg Elliott and unanimously approved.

Mr. Peter Katseff next presented the proposed investment in Gables Town Lake, an apartment community in Austin, Texas. The transaction had been proposed by RREEF, a Real Estate Investment Advisor engaged by TCRS. Secretary Hargett made a motion to approve the investment in Gables Town Lake pending successful legal negotiations. The motion was seconded by Treasurer Lillard and unanimously approved.

Mr. Peter Katseff next presented the proposed investment in CentreWest, an office building in San Diego, California. The transaction had been proposed by Cornerstone, a Real Estate Investment Advisor engaged by TCRS. Secretary Hargett made a motion to approve the investment in CentreWest pending successful legal negotiations. The motion was seconded by Mr. Greg Elliott and unanimously approved.

Mr. Lamar Villere was asked to introduce the proposed investment by TCRS in the Redwood Drawdown Fund. The Redwood Drawdown Fund invests in distressed credit situations in the U.S. and Europe. TCRS staff recommended making a \$100 million commitment to the Redwood Drawdown Fund. Treasurer Lillard made a motion to approve the investment in the Redwood Drawdown Fund pending successful legal negotiations. The motion was seconded by Secretary Hargett and unanimously approved.

Mr. Lamar Villere next presented the proposed investment by TCRS in Harren Investors III. Harren Investors III is a buyout fund focusing on small businesses. TCRS staff recommended making a \$30 million commitment to Harren Investors III. Treasurer Lillard made a motion to approve the investment in the Harren Investors III pending successful legal negotiations. The motion was seconded by Secretary Hargett and unanimously approved.

Secretary Hargett made a motion to adjourn the meeting of the Investment Committee. The motion was seconded by Treasurer Lillard and unanimously approved.

The members of the Investment Committee had no additional questions and the meeting of the Investment Committee was adjourned.

Respectfully Submitted,


Michael Brakebill
Chief Investment Officer

APPROVED:


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