Real Return Recommendation
May 24–25, 2018

Texas Municipal Retirement System

Presenters: Tom Masthay, Eddie Schultz, Mark White (Albourne)
I. Executive Summary
II. Portfolio Construction
III. Manager Selection & Recommendation
IV. Requested Board Action

*Names used in this presentation are a shortened version that is used for ease of communication purposes throughout this document. The formal recommendation to the Board on the last page of this presentation reflects the full legal name of the investment.
Section I

EXECUTIVE SUMMARY
Manager Recommendation

Executive Summary

<table>
<thead>
<tr>
<th>Summary of Recommendation</th>
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<tbody>
<tr>
<td><strong>Recommended Manager/Fund</strong></td>
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<tr>
<td>Orion Mineral Royalty Fund, LP (Orion)</td>
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</tbody>
</table>

Total Approximate Recommended Investment/Commitment: Up to $75 million

Inclusive of the recommendation noted above, total real return allocation activity for 2018 is $75 million, on pace to be within the approved range of targeted pacing of $400 – $800 million.
Section II

PORTFOLIO CONSTRUCTION
TMRS is well diversified across public markets and private allocations are growing as commitments are drawn.

Current Private vs. Public Assets
as of 3/31/18

Projected Private vs. Public Assets
based on current commitments/recommendations

All charts presented on an adjusted committed basis and inclusive of recommendations.
Private investment strategy commitments will begin to draw down real return public markets exposure going forward.

All charts presented on an adjusted committed basis and inclusive of recommendations.
Section III

MANAGER SELECTION & RECOMMENDATION
Orion Resource Partners is a leading global mining fund manager. The firm’s flagship fund offering generally provides multiple forms of capital investment for construction completion and related capex projects for the mining of precious, base, and industrial metals and minerals.

Orion has extended its fund offerings to include a long lived royalty fund which seeks to provide long duration royalty, stream and offtake financing on projects not reserved for the flagship mine finance fund. Royalties in the mining sector are typically structured based on a percentage of revenues of mine production and those rights are associated with the total life of the mine. Royalty holders bear no liability for operator actions and no additional capital is required to be provided by the royalty holder after its initial creation.

Top Candidate Characteristics – Orion

$75 million Recommendation

<table>
<thead>
<tr>
<th>Orion Resource Partners</th>
<th>Orion OMRF</th>
</tr>
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<tbody>
<tr>
<td>Date of First TMRS Meeting</td>
<td>2/05/15 (Austin)</td>
</tr>
<tr>
<td>Dates of Subsequent Meetings*</td>
<td>9/22/16; 1/18/17; 6/27/17; 8/25/17; 9/13/17; 3/12/18; 3/19/18; *Royalty Fund only</td>
</tr>
<tr>
<td>Dates of Diligence Advancement</td>
<td>‘A’ Rating – 3/29/18</td>
</tr>
<tr>
<td>Date of Consultant Report</td>
<td>May, 2018</td>
</tr>
<tr>
<td>Legal Negotiation Initiated</td>
<td>May 2018</td>
</tr>
<tr>
<td>Comparable Strategies Reviewed</td>
<td>Private Natural Resource Credit (33) Mining Credit (6) Long Life Royalty (1) Public Companies (16)</td>
</tr>
</tbody>
</table>
Section IV

REQUESTED BOARD ACTION
Approval of Recommendation

TMRS Staff and Albourne recommend that the Board of Trustees approve the selection of the following fund as detailed in the Board Communication Memo:

**Recommendation:**

- Orion Mineral Royalty Fund, LP  Up to $75 million
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