

# MINUTES

## METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

January 13, 2016 at 10:00 a.m.  
Howard Office Building, 700 2<sup>nd</sup> Avenue South, 1<sup>st</sup> Floor

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The Investment Committee met on Wednesday, January 13, 2016 at 10:00 a.m.

Those Investment Committee members present were:

Members: Talia Lomax-O'dneal, Christine Bradley and G. Thomas Curtis

Other attendees:

Summit Strategies Group: Eric Ralph

Office of the Treasurer: Tom Eddlemon, Treasurer, Fadi BouSamra, CIO and Katherine Banani

Metro Legal: Jason Bobo and Margaret Darby, Metro Assistant Attorneys

Voya Representatives: John Cox and Seth Crosby

Other attendees: Erick Huth, Stan Romine

- **Establish a quorum:** Mrs. Lomax-O'dneal established that a quorum was present and the meeting was called to order. She declared the first order of business to amend the agenda to elect a new chairperson, as Mr. Richard Riebeling is no longer the Finance Director.
- **Elect a new chairperson:** Ms Bradley made a motion to elect Mrs. Lomax-O'dneal, the current Finance Director, as the new chairperson. Mr. Curtis seconded the motion and the Committee voted unanimously in favor. Mrs. Lomax-O'dneal accepted the position as chairperson.
- **Approval of minutes from the August 27, 2015 meeting:** Mrs. Lomax-O'dneal deferred to the existing committee members to approve the minutes. Mr. Curtis made a motion to approve the August 27 minutes. Ms. Bradley seconded the motion. The motion passed unanimously.

Mr. Curtis asked the members of the audience to introduce themselves and what organization they represent.

- **Review Metro pension 3<sup>rd</sup> quarter 2015 performance:** Mr. Ralph introduced himself for Mrs. Lomax-O'dneal per her request. Mr. Ralph reviewed Summit Strategies' economic summary. Mr. BouSamra and Mr. Ralph reviewed the Metro Plan's performance. The total fund returned -2.48% for the quarter, outperforming the Policy Index of -4.25%. The Plan ranked in the 3<sup>rd</sup> percentile among peers for the quarter. The fund returned 2.72% for year, outperforming the Policy Index of 0.09%.

Mr. Curtis inquired about the risk relative to the performance. Mr. Ralph presented that the portfolio's risk is among the lowest quartile relative to peers on the rolling 3-year analysis. Mr. Curtis credited the portfolio's advantageous diversification to the dynamic leadership between Mr. BouSamra and Summit Strategies.

Mr. BouSamra presented the Comparative Performance of the Equities and explained that the management fees were high relative to value added in the last five years, and that more efficient ways to manage this will be explored.

- **Recommendations:** Mr. BouSamra and Mr. Ralph presented two items for consideration.

**Fixed Income Alternatives:**

**PIMCO Global Credit Opportunities Fund:** Mr. Ralph reviewed the two-page presentation regarding PIMCO Credit Opportunities Fund. This fund will be focused on investing in relative value opportunities within and across assets in the broad global credit market. After discussion and questions, Mr. Curtis made a motion to accept Staff's written recommendation to commit up to \$40 million in PIMCO Global Credit Opportunities Fund. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

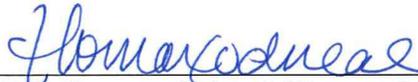
**Equity:**

**Harvest Volatility Management Long/Short:** Mr. Ralph reviewed a two-page presentation regarding Harvest Volatility Management Long/Short. He explained that this designed to give equity market exposure with protection on the downside, by using option contracts. After discussions and questions, Mr. Curtis made a motion to accept Staff's written recommendation for the initial commitment of up to \$100 million of notional value to Harvest Volatility Management Long/Short. The exposure could go substantially over \$100 million if the fund is used tactically. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

- **General Updates:** Mr. BouSamra handed out a general update list and highlighted the following items:
  1. Staff will be launching risk analytics with MSCI BarraOne early February.
  2. Summit and staff intend to focus on US liquid fixed income strategies going forward.
  3. The Asset Allocation will be updated at the next meeting.
  4. The EMG III position has not been sold yet.
- **MetroMax 457(b) Plan Review:** Mr. Ralph reported that there will be a change to a real asset fund's benchmark to make it more reflective of the strategy. He also reported that the Allianz NFJ Dividend Value Instl Fund, will be monitored for performance/value.

Mr. Cox distributed and reviewed the 3<sup>rd</sup> quarter 2015 MetroMax 457(b) Activity Report.

The meeting was adjourned at 11:36 a.m. The next meeting was scheduled for February 11, 2016 at 8:00 a.m.

Approved 2-11-16 by   
(Date) Talia Lomax-O'dneal, Finance Director