

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

February 26, 2014 @ 8:30 a.m.
Howard Office Building, 700 2nd Avenue South, 1st Floor

The Investment Committee met on Wednesday, February 26, 2014 at 8:30 a.m.

Those Investment Committee members present were:

Chairman: Richard Riebeling

Members: Dr. Stephanie Bailey and G. Thomas Curtis

Other attendees:

Summit Strategies Group: Eric Ralph

Office of the Treasurer: Lannie Holland, Treasurer; Fadi BouSamra, CIO; Tom Eddlemon, Deputy Treasurer and Katherine Martin

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

ING Representatives: John Cox, Ned Freer, Katherine Schoeff and Deltra Hayes

Other attendees: Doris Ann Hendrix and Mike Winter

- **Establish a quorum:** Mr. Riebeling established that a quorum was present and the meeting was called to order.
- **Approval of minutes from the November 26, 2013 and January 15, 2014 meetings:** Mr. Curtis made a motion to approve the November 26 and January 15 minutes. Dr. Bailey seconded the motion. The motion passed unanimously.
- **Review Metro pension 4th quarter 2013 performance:** Mr. Ralph reviewed Summit Strategies' economic summary and the Metro Plan's performance. The total fund returned 5.78% for the quarter, outperforming the Policy Index of 4.95%. The Plan ranked in the 41st percentile among peers for the quarter. The total fund returned 18.26% for the trailing 12 months, outperforming the Policy Index of 15.31% and ranking in the 32nd percentile among peers.

Mr. Riebeling asked Mr. Ralph and Staff to construct a summary of the Plan with historical snapshots that shows the growth of the Plan and the more recent mitigation of risk. The report could be provided to Metro Council, Benefit Board and the public to better understand the funding level and risk management.

- **Recommendations:** Mr. BouSamra and Mr. Ralph presented five investment recommendations for consideration.

Alternative Fixed Income: Mr. BouSamra and Summit recommended two commitments as part of the Alternative Fixed Income allocation.

Accel-KKR Structured Capital Partners II, LP: Mr. Ralph reviewed a two-page presentation regarding Accel-KKR Structured Capital Partners II Fund. The Plan invested \$10 million in the first fund. Mr. Curtis made a motion to accept Staff's written recommendation to make up to 25 million commitment to Accel-KKR Structured Capital Partners II Fund. Dr. Bailey seconded the motion. The Committee voted unanimously in favor.

Marathon European Credit Opportunities II: Mr. Ralph reviewed a two-page presentation regarding Marathon European Credit Opportunities Fund II. The Plan is invested in the predecessor fund and other investments with Marathon. Mr. Curtis made a motion to accept Staff's written recommendation to make a \$50 million commitment to Marathon European Credit Opportunities II Fund. Dr. Bailey seconded the motion. The Committee voted unanimously in favor.

Private Equity: Summit and Mr. BouSamra recommended three Greenspring commitments as part of the private equity portfolio.

Greenspring: Mr. Ralph reviewed the two-page presentation regarding Greenspring Global Partners VI Fund and Greenspring Secondary Fund. Mr. Curtis made a motion to accept Staff's written recommendation to commit \$40 million to Greenspring Global Partners VI, up to \$10 million in direct fund investments sourced through Greenspring and \$20 million to the Greenspring Secondary Fund. Dr. Bailey seconded the motion. The Committee voted unanimously in favor.

Real Assets: Summit and Mr. BouSamra recommended EMG Fund III. Staff had not completed review but a decision needed to be made before the next meeting in order to secure desired allocation.


EMG Fund III: Mr. Ralph reviewed a two-page presentation regarding Energy & Minerals Group Fund III. Dr. Bailey made a motion to accept Staff's written recommendation to make up to a \$35 million commitment, approval subject to Staff review, to EMG Fund III. Mr. Curtis seconded the motion. The Committee voted unanimously in favor pending staff final review.

Contract Renewals: Mr. Ralph went over analytics for GMO and Mellon Capital. Summit and Mr. BouSamra recommended renewing the GMO and Mellon Capital contracts in accordance with procurement language adopted last year. Both managers continued to fit in the Plan's allocation and did not see reason to replace at this time. Mr. Curtis made a motion to accept Staff's recommendation to renew the GMO and Mellon Capital contracts. Dr. Bailey seconded the motion. The Committee voted unanimously in favor.

- **General Updates:** Mr. BouSamra handed out a general update list and highlighted the following items:
 1. Staff would like the flexibility of increasing or decreasing semi-liquid investments in the same way traditional fixed income and equity is currently managed. Mr. Curtis made a motion to grant the flexibility. Dr. Bailey seconded the motion and the Committee voted unanimously in favor. Mr. BouSamra informed the Committee that Cyrus and Waterfall will be increased by \$10 million each.
 2. Staff is exploring engaging Summit or a third party to provide the Plan with risk analytics.
 3. Summit's annual meeting will be September 11 in St. Louis.
 4. Staff will be issuing a custody RFP.
 5. The next Lunch & Learn is March 18 after the Benefit Board meeting.

- **MetroMax 457 Plan review:** Mr. Cox distributed and reviewed the 4th quarter 2013 MetroMax 457(b) Report. Ms Jamie Wewetzer resigned in January 2014.

The meeting was adjourned at 9:40 a.m. The next meeting is on May 29, 2014 at 2:00 pm.

Approved 5/29/14 by 
(Date) Richard Riebeling, Chairman