

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

May 29, 2014 @ 2:00 p.m.
Howard Office Building, 700 2nd Avenue South, 1st Floor

The Investment Committee met on Thursday, May 29, 2014 at 2:00 p.m.

Those Investment Committee members present were:

Chairman: Richard Riebeling
Members: Christine Bradley 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, Metro Assistant Attorney
ING Representatives: John Cox, Ned Freer and Deltra Hayes

- **Establish a quorum:** Mr. Riebeling established that a quorum was present and the meeting was called to order.
- **Approval of minutes from the February 26, 2014 meeting:** Ms. Bradley made a motion to approve the February 26 minutes. Mr. Curtis seconded the motion. The motion passed unanimously.
- **Review Metro pension 1st quarter 2014 performance:** Mr. Ralph reviewed Summit Strategies' economic summary and the Metro Plan's performance. The total fund returned 2.00% for the quarter, outperforming the Policy Index of 1.60%. The Plan ranked in the 33rd percentile among peers for the quarter. The total fund returned 14.16% for the trailing 12 months, outperforming the Policy Index of 11.98% and ranking in the 26th percentile among peers.
- **Recommendations:** Mr. BouSamra and Mr. Ralph presented five investment recommendations and a risk reporting platform for consideration.

Real Assets: Mr. Ralph presented and reviewed the Real Asset Update. Summit and Mr. BouSamra recommended Savanna Real Estate Fund III.

Savanna Real Estate Fund III: Mr. Ralph reviewed a two-page presentation regarding Savanna Real Estate Fund III. Ms. Bradley made a motion to accept Staff's written

recommendation to make up to a \$30 million commitment to Savanna Real Estate Fund III. Mr. Curtis seconded the motion. The Committee voted unanimously in favor.

Alternative Fixed Income: Mr. BouSamra and Summit recommended Principal Real Estate Debt Fund as part of the Alternative Fixed Income allocation.

Principal Real Estate Debt Fund: Mr. Ralph reviewed a two-page presentation regarding Principal Real Estate Debt Fund. Mr. Curtis made a motion to accept Staff's written recommendation to commit \$30 million Principal Real Estate Debt Fund. Ms. Bradley seconded the motion. The Committee voted unanimously in favor.

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

Greenspring Opportunities III: Mr. Ralph reviewed the two-page presentation regarding Greenspring Opportunities III Fund. Mr. Curtis made a motion to accept Staff's written recommendation to commit \$10 million to Greenspring Opportunities III Fund. Ms. Bradley seconded the motion. The Committee voted unanimously in favor.

Dyal Capital Partners II: Mr. Ralph reviewed the two-page presentation regarding Dyal Capital Partners II Fund. Mr. Curtis made a motion to accept Staff's written recommendation to commit \$25 million to Dyal Capital Partners II Fund. Ms. Bradley seconded the motion. The Committee voted unanimously in favor.

LGT Co-investment fund: Mr. Ralph reviewed the two-page presentation regarding LGT Co-investment Fund. Mr. Curtis made a motion to accept Staff's written recommendation to commit \$30 million to LGT Co-investment Fund. Ms. Bradley seconded the motion. The Committee voted unanimously in favor.

Risk Analytics: Mr. BouSamra distributed and reviewed the BarraOne Total Plan Summary and the MSCI BarraOne proposal. The Committee discussed the potential benefits of the analysis and the value of using a market leader for the service. Mr. Curtis accepted Staff recommendation to implement BarraOne Risk Analytics for ex-ante analysis. Ms. Bradley seconded the motion. The Committee voted unanimously in favor.

- **General Updates:** Mr. BouSamra handed out a general and contracting update list and highlighted the following items:
 1. CBRE was unwilling to work with the liquidator the LPs selected per the LPA but a workable liquidation plan was agreed upon. Staff and Summit expect to be substantially out of the CBRE funds by the end of the 3rd quarter. The funds will be liquidated with gains most likely north of the current MV. The first auction on two CMBS loans on May 22nd went very well with a high number of bidders.
 2. Staff expects to bring Real Asset recommendations in the August meeting.

3. Staff did not have to put the Euro SWAP on the Hayfin fund since all U.S. investors were interested in the hedge; the fund created a feeder fund.
 4. Summit's annual client conference will be September 11 in St. Louis.
 5. Staff issued a master custody RFP.
 6. Staff expects to bring a Global Macro strategy to the Committee that could play a significant role in reducing volatility in the future.
- **MetroMax 457 Plan review:** Mr. Eddlemon introduced Mr. John Cox as the new region Vice-President with Voya replacing Jamie Wewetzer. Mr. Cox distributed and reviewed the 1st quarter 2014 MetroMax 457(b) Report.

The meeting was adjourned at 3:40 p.m. The next meeting is on August 28, 2014 at 8:00 a.m.

Approved 7/14 by Richard M. Riebeling
(Date) Richard M. Riebeling, Chairman