

# MINUTES

## METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

August 28, 2014 at 8:00 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 Thursday, August 28, 2014 at 8:00 a.m.

Those Investment Committee members present were:

Chairman: Richard Riebeling

Members: Dr. Stephanie Bailey, 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: Jason Bobo and Margaret Darby, Metro Assistant Attorney

ING Representatives: John Cox, Seth Crosby, 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 May 29, 2014 meeting:** Ms. Bradley made a motion to approve the May 29 minutes. Dr. Bailey seconded the motion. The motion passed unanimously.
- **Review Metro pension 2<sup>nd</sup> quarter 2014 performance:** Mr. Ralph reviewed Summit Strategies' economic summary and the Metro Plan's performance. The total fund returned 4.34% for the quarter, outperforming the Policy Index of 3.38%. The Plan ranked in the 11<sup>th</sup> percentile among peers for the quarter. The total fund returned 18.37% for the trailing 12 months, outperforming the Policy Index of 15.36% and ranking in the 22<sup>nd</sup> percentile among peers.
- **Recommendations:** Mr. BouSamra and Mr. Ralph presented eleven investment recommendations for consideration.

### Real Assets:

**Angelo Gordon Realty Fund IX:** Mr. Ralph reviewed a two-page presentation regarding Angelo Gordon Realty Fund IX. Metro invested in the predecessor fund.

**Ares European Real Estate Fund IV:** Mr. Ralph reviewed a two-page presentation regarding Ares European Real Estate Fund IV.

**Riverstone Global Energy & Power Fund VI:** Mr. Ralph reviewed a two-page presentation regarding Riverstone Global Energy & Power Fund VI. Metro invested in the predecessor fund.

**Sheridan Production Partners:** Mr. Ralph reviewed a two-page presentation regarding Sheridan Production Partners. The recommendation to Sheridan Productions Partners will be subject to final Staff due diligence. (Staff made the commitment after review)

After discussion and questions, Mr. Curtis made a motion to accept Staff's written recommendations to commit: up to \$40 million to Angelo Gordon Realty Fund IX, up to \$30 million to Ares European Fund IV, up to \$30 million to Riverstone Global Energy & Power VI, and up to \$30 million to Sheridan Production Partners, pending final Staff due diligence. Dr. Bailey seconded the motion and the Committee voted unanimously in favor.

**Alternative Fixed Income:**

**Athyrium Opportunities Fund II:** Mr. Ralph reviewed a two-page presentation regarding Athyrium Opportunities Fund II.

**Centerbridge Capital Partners III:** Mr. Ralph reviewed a two-page presentation regarding Centerbridge Capital Partners III. Metro invested in the predecessor fund.

**Garrison Opportunities Fund IV:** Mr. Ralph reviewed a two-page presentation regarding Garrison Opportunities Fund IV. Metro has invested in the previous two vintages as well as well as a middle market lending fund with Garrison.

**Marathon Loan Opportunities Fund:** Mr. Ralph reviewed a two-page presentation regarding Marathon Loan Opportunities Fund. Staff intends to size up the commitment based on Metro's capacity and the opportunity.

**Heitman Real Estate Debt Partners:** Mr. Ralph reviewed a two-page presentation regarding Heitman Real Estate Debt Partners.

After discussions and questions, Dr. Bailey made a motion to accept Staff's written recommendations to commit: up to \$25 million to Athyrium Opportunities Fund II, up to \$30 million to Centerbridge Capital Partners III, up to \$30 million to Garrison Opportunities Fund IV, a \$10 million initial commitment to Marathon Loan Opportunities Fund, and up to \$30 million to Heitman Real Estate Debt Partners. Mr. Curtis seconded the motion, pending information regarding the origination fee for Heitman Real Estate Debt Partners. The Committee voted unanimously in favor. (He Heitman fee was satisfactorily resolved)

**Private Equity:**

**Raine Partners:** Mr. Ralph reviewed the two-page presentation regarding Raine Partners.

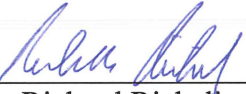
**Helios Investors:** Mr. Ralph reviewed the two-page presentation regarding Helios Investors.

After discussions and questions, Ms. Bradley made a motion to accept Staff's written recommendations to commit up to \$30 million to Raine Partners and up to \$30 million to Helios Investors. 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 presented historical performance table by asset class and highlighted FI, AFI and PE performance percentages.
  2. Staff withdrew \$70 million in June to replenish cash at Metro for benefit payments.
  3. The Actuary has projected the funding level of the Plan at 87.8% based on June 30, 2014 valuation, compared to 82.6% as of June 30, 2013. Also, funding is projected to reach 96.6% on a market value basis.
  4. BNY Mellon was awarded the Master Custody contract pending final negotiations.
- **MetroMax 457 Plan review:** Mr. Cox introduced Seth Crosby as a new field representative for Metro. Ms. Hayes confirmed the name change from ING to Voya Financial as of April 1, 2014. Mr. Cox distributed and reviewed the 2<sup>nd</sup> quarter 2014 MetroMax 457(b) Report.

Mr. Riebeling announced the retirement of Lannie Holland as Treasurer and acknowledged Tom Eddlemon as the appointed Treasurer beginning August 29, 2014. Mr. Riebeling and the Committee thanked Mr. Holland for his role and tenure as Treasurer.

The meeting was adjourned at 9:40 a.m. The next meeting is on December 9, 2014 at 8:00 a.m. (Subsequently moved to 9:30a.m.)

Approved 12/9 by   
(Date) Richard Riebeling, Chairman