

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

August 27, 2015 at 8:00 a.m.
Howard Office Building, 700 2nd Avenue South, 1st Floor

The Investment Committee met on Thursday, August 27, 2015 at 8:00 a.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: Tom Eddlemon, Treasurer, Fadi BouSamra, CIO and Katherine Banani
Metro Legal: Jason Bobo and Margaret Darby, Metro Assistant Attorneys
Voya Representatives: John Cox, Deltra Hayes and Nathan Freer
Other attendees: Stuart Nicholson and Doris Hendrix

- **Establish a quorum:** Mr. Riebeling established that a quorum was present and the meeting was called to order.
- **Approval of minutes from the May 26, 2015 and July 28, 2015 meetings:** Mr. Curtis made a motion to approve the May 26 and July 28 minutes. Ms. Bradley seconded the motion. The motion passed unanimously.
- **Review Metro pension 2nd quarter 2015 performance:** Mr. Ralph reviewed Summit Strategies' economic summary. Mr. BouSamra and Mr. Ralph reviewed the Metro Plan's performance. The total fund returned 1.26% for the quarter, outperforming the Policy Index of 0.65%. The Plan ranked in the 1st percentile among peers for the quarter. The fund returned 5.44% for year, outperforming the Policy Index of 3.99%.
- **Recommendations:** Mr. BouSamra and Mr. Ralph presented six items for consideration.

Real Assets:

Anchorage Illiquid Opportunities V: Mr. Ralph reviewed a two-page presentation for the Anchorage Illiquid Opportunities IV Fund, for reference to Fund V, which will invest in various illiquid opportunities sourced through the firm's large global platform. After discussions and questions, Ms. Bradley made a motion to accept Staff's written recommendation to commit up to \$40 million in the Anchorage Illiquid Opportunities V, subject to finalizing the due diligence. Mr. Curtis seconded the motion and the Committee voted unanimously in favor.

Oaktree European Capital Solutions: Mr. Ralph reviewed a two-page presentation regarding the Oaktree European Capital Solutions Fund. This fund will be focused on the opportunity in Europe due to the ongoing bank deleveraging and the resulting need for capital. After discussions and questions, Mr. Curtis made a motion to accept Staff's written recommendation to commit up to \$40 million in the Oaktree European Capital Solutions Fund, subject to final due diligence. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

EIG Global Private Debt Fund: Mr. Ralph reviewed a two-page presentation regarding the EIG Global Private Debt Fund. This fund will be focused on providing a diversified portfolio of debt collateralized by hard assets in the energy value chain. After discussions and questions, Mr. Curtis made a motion to accept Staff's written recommendation to commit up to \$40 million in the EIG Global Private Debt Fund, subject to final due diligence. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

Fixed Income Alternatives:

Marathon European Credit Opportunities III: Mr. Ralph reviewed a two-page presentations regarding Marathon European Credit Opportunities III. This fund will be focused on distressed and non-performing loans as Europe works through the deleveraging cycle. After discussion and questions, Mr. Curtis made a motion to accept Staff's written recommendation to commit up to \$40 million in Marathon European Credit Opportunities III fund, subject to final due diligence. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

Private Equity:

Axiom Asia IV: Mr. Ralph reviewed a one-page presentation regarding Axiom Asia Fund IV. He explained that this was a fund of funds focused on small and mid-market funds in buyout, venture capital and growth capital opportunities. Mr. Curtis made a motion to accept Staff's written recommendation to commit up to \$60 million to Axiom Asia IV, subject to final due diligence. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

Astorg Partners Fund VI: Mr. Ralph reviewed a three-page presentation regarding Astorg Partners Fund VI, showing a track record in acquiring and growing market leading B2B companies with potential for growth. After discussion and questions, Mr. Curtis made a motion to accept Staff's written recommendation to commit up to \$15 million to Astorg Partners Fund VI, subject to final due diligence. 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 is implementing risk analytics with MSCI BarraOne and Bloomberg.
 2. Summit and staff will be updating all alternative commitment budgets.

3. Summit and staff are working on finding a separate account in the credit space and another low volatility strategy.
 4. Staff is considering moving the Marathon Loan Opportunities Fund and Opry One from the AFI strategies to Fixed Income to allow more flexibility to rebalance.
 5. Staff is looking to move invoice payments to the BNY Mellon custody system in order to pick accurate performance numbers.
- **MetroMax 457(b) Activity Report:** Mr. Cox distributed and reviewed the 2nd quarter 2015 MetroMax 457(b) Activity Report. He also demonstrated new features on the participant website and showed the new updated logo for the MetroMax Plan.

Mr. Riebeling addressed the Committee and expressed his thanks to the Committee members, Staff, and Consultant for the success of the Pension Plan over his last 8 years. He explained that this meeting might be his last due to the upcoming mayoral election.

Mr. Stuart Nicholson expressed his thanks to the Committee and Mr. BouSamra for their service to the Pension Plan. He was a former Administrative Retirement Committee member who, while serving, approved the Teachers' Pension Plan investing alongside the Metro Pension Plan.

Mr. BouSamra thanked Mr. Riebeling for allowing many of the changes that led to the success of the investment plan.

The meeting was adjourned at 9:52 a.m. The next meeting was scheduled on December 11, 2015 at 8:00 a.m. (The December meeting was subsequently rescheduled for January 13, 2016 at 10:00 a.m.)

Approved 1/13/16 by 
(Date) Talia Lomax-O'dneal, Finance Director