

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

March 13, 2017 at 11:30a.m.
Howard Office Building, 700 Second Avenue South, 1st Floor

The Investment Committee met on Monday March 13, 2017 at 11:30am.

Those Investment Committee members present were:

Members: Dr. Stephanie Bailey, Christine Bradley, and G. Thomas Curtis

Other attendees:

Summit Strategies Group: Eric Ralph

Finance Department: Tom Eddlemon, Treasurer; Fadi BouSamra, CIO, and Katelyn Arnold

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

Voya Representatives: John Cox and Deltra Hayes

- **Nominate Alternative Chair:** Dr. Bailey made a motion to nominate Mr. G. Thomas Curtis as the Alternative Chair. Ms. Bradley seconded the motion; Mr. Curtis accepted the nomination.
- **Establish a quorum:** G. Thomas Curtis established that a quorum was present and the meeting was called to order.
- **Approval of minutes from the November 10, 2016 meeting:** Dr. Bailey made a motion to approve the November 10, 2016 minutes. Ms. Bradley seconded the motion. The motion passed unanimously.
- **Review Metro pension 4th quarter 2016 performance:** Mr. Ralph reviewed Summit Strategies' economic summary and the Metro Plan's performance. Mr. Ralph discussed how the recent Presidential election relates to the plan with regards to tax cuts and trade restrictions. The total fund returned 1.66% for the quarter, in the 14th percentile, trailing the Policy Index by a -.07%.
- **Recommendations:** Mr. BouSamra and Mr. Ralph presented three items for consideration.

Fixed Income Alternatives:

OSP Value Fund II: Mr. Ralph presented the OSP Value Fund II, LP. The Plan invested in the fund in December 2014 and increased the commitment in May 2015. Metro receives a favorable fee schedule on the first \$30 million and carries that discount to fund II. After discussion, concerns and questions were addressed; Ms. Bradley made a motion to accept

Staff's written recommendation to commit up to \$30 million in OSP Value Fund II, LP . Dr. Bailey seconded the motion, and the Committee voted unanimously in favor.

Private Equity:

Harbourvest Partners Co-Investment fund IV: Mr. Ralph explained that MEBS invested in the predecessor fund. Harbourvest continues to source co-investments from top general partners at favorable economics and focusing on the core competence of each GP. After discussions and questions, Dr. Bailey made a motion to accept Staff's written recommendation to commit up to \$15 million in Harbourvest Partners Co-Investment fund IV. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

LGT Crown Co-Investment Opportunities II: Mr. Ralph explained the fund seeks co-investments in midsize opportunities that are primarily US based. The MEBS invested in the predecessor fund. After discussion and questions Dr. Bailey made a motion to accept staff's written recommendation to commit up to \$10 million in the Principal Real Estate Debt Fund II. 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. In final contract negotiations with VOYA for MetroMax Administrator. The fixed account and VOYA's role in the fixed account are likely to change over the next two years.
 2. Purchasing is scheduling interviews with finalists in the pension consultant search.

- **MetroMax 457(b) Plan Review:** Mr. Cox distributed and reviewed the 4th quarter 2017 MetroMax 457(b) Activity Report.

The meeting was adjourned at 1:17p.m. The next meeting will be scheduled at a later date.

Approved 5-30-17 by Talia Lomax-O'dneal
(Date) Talia Lomax-O'dneal, Finance Director