

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

May 30th, 2017 at 8:00 a.m.

Howard Office Building, 700 Second Avenue South, 1st Floor

The Investment Committee met on Tuesday, May 30th, 2017 at 8:00 a.m.

Those Investment Committee members present were:

Members: Talia Lomax-O'dneal, G. Thomas Curtis, and Christine Bradley

Other attendees:

Summit Strategies Group: Eric Ralph

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

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

Voya Representatives: John Cox

- **Establish a quorum:** Mrs. Lomax-O'dneal established that a quorum was present and the meeting was called to order.
- **Approval of minutes from the March 13th, 2017 meeting:** Mr. Curtis made a motion to approve the March 13, 2017 minutes. Ms. Bradley seconded the motion. The motion passed unanimously.
- **Message from the Chair:** In regards to recent media attention, Mrs. Lomax-O'dneal appreciated the Committee's work and expressed support for all of the Committee's prior decisions. Mrs. Lomax-O'dneal attended a Trustee educational seminar in Ft. Lauderdale
- **Review Metro Pension 1st quarter 2017 performance:** Mr. Ralph reviewed Summit Strategies' economic summary and the Metro Plan's performance. The total fund returned 3.93% for the quarter, outperforming the policy index by 0.44%. Mr. Ralph also discussed how Politics in Washington is driving markets.
- **Investment Committee Meeting Frequency:** Mrs. Lomax-O'dneal discussed the need for the Committee to meet monthly through the transition period.
- **New Pension Consultant Transition:** Mrs. Lomax-O'dneal asked that someone make the following motion: The new investment consultant do an independent review of the items that follow: investment policy, asset allocation, risk management, liquidity strategy, investment performance measurement, due diligence around private investments, investment manager and general partner reporting requirements, and the structure roles of investment committee, investment consultant, and investment staff. After review is completed report the findings

back to the investment committee. Mr. Curtis made the motion to approve, and Ms. Bradley seconded the motion. Ms. Bradley asked about transparency, and the previous motion was amended to include communication strategies and transparency. Mr. Curtis made a motion to approve the amendment and Ms. Bradley seconded the motion. The motion passed unanimously.

Additionally Mrs. Lomax-O'dneal wanted to discuss liquidity and the timing of transfers to Metro to cover pension payments. After discussion Mr. Curtis made a motion to have pension payments prefunded at the beginning of the quarter starting July 1st. Ms. Bradley seconded the motion, and the motion passed unanimously.

- **Recommendations:** Mr. BouSamra and Mr. Ralph presented two items for consideration.

Real Assets:

Michelson Real Estate Fund: Mr. BouSamra explained Michelson Real Estate Fund is considering switching to acquisition fee instead of a management fee. The acquisition fee approach is more favorable to Metro. The acquisition fee will be included in the original \$50 million commitment. There are two parts to the approval request: first, switching to an acquisition fee instead of a management fee. Secondly, investment committee approving signing a credit facility agreement with a financial institution. Mr. Curtis made a motion to accept the two previous requests, knowing the amount of the commitment will not increase as a result, and Ms. Bradley seconded the motion. The motion passed unanimously.

Private Equity:

OpenView: Mr. BouSamra explained Openview focuses on expansion stage and proprietary deal flow in business to business software mainly in the industrial sector.. The recommendation to the committee is a \$5 million commitment to Openview Venture Partners V. Mr. BouSamra proposed pulling an additional \$5 million from next year's budget to make the commitment \$10 million. The committee declined pulling from next year's budget and Mr. Curtis made a motion to approve the original recommendation and Ms. Bradley seconded the motion. Mrs. Lomax-O'dneal was not in agreement; the motion passed by majority.

- **General Updates:** Mr. BouSamra handed out a general update list and highlighted the following items:
 1. We are considering rebidding the MetroMax contract and separating the administration/recordkeeping function from the fixed account and switching to a managed separate account option.
 2. In final negotiations with NEPC as pension consultant.
 3. We will be moving approximately \$91 million from BNY Mellon to fund pension payments. (Subsequent to the meeting the amount changed to \$95 million- \$4 million to the Teacher Plan and \$91 million to the Metro Plan.)

4. Working on a contract with Greenhill to get secondary market prices on some funds to potentially sell – this action was previously approved by the committee.
5. EMG III is in final stages of a sale at 100% of 12/31/16 market value.

- **MetroMax 457(b) Plan Review:** Mr. Ralph and Mr. Cox distributed and reviewed the 1st quarter 2017 MetroMax 457(b) Activity Report.

The meeting was adjourned at 10:47 a.m. The next meeting will be scheduled at a later date.

Approved 9-5-17 by 
(Date) Talia Lomax-O'dneal, Chair