

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

September 5, 2017 at 8:00 a.m.
Howard Office Building, 700 Second Avenue South, 1st Floor

The Investment Committee met on Tuesday, September 5, 2017 at 8:00 a.m.

Those Investment Committee members present were:

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

Other attendees:

NEPC: Keith Stronkowsky

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

Metro Legal: Margaret Darby, Metro Assistant Attorney

Summit Strategies: Eric Ralph and Neil Silverman

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 May 30, 2017 meeting:** Dr. Bailey made a motion to approve the May 30, 2017 minutes. Mr. Curtis seconded the motion. The motion passed unanimously.
- **Transition Update: New Consultant- NEPC:** Mr. Stronkowsky introduced himself to the committee. Mr. Stronkowsky discussed the monitoring and reporting, asset allocation, and Investment Policy tasks planned for the transition; he also provided a timeline for these items. The committee discussed transparency and communication strategies. Mrs. Lomax-O'dneal requested for NEPC to provide a recommended format and content for the committee to consider.
- **Review Metro Pension 2nd quarter 2017 performance:** Mr. Stronkowsky reviewed NEPC's economic summary and the Metro Plan's performance. The total fund returned 3.98% for the quarter, outperforming the policy index by 1.35%. Mr. Stronkowsky also discussed performance amongst peers. The committee discussed differences in the peer universe used by the previous consultant compared to the universe used by NEPC. Mr. Ralph said he would do a spot check on differences and biases in the two universes to use for comparison.

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

1. MetroMax 457 fund change:

Allianz – NJF Dividend Value Fund- Mr. Ralph discussed the committee previously requested recommendations for a possible replacement fund. Mr. Ralph discussed the stability in Dodge and Cox Stock fund, and the reasoning for the recommendation. Ms. Bradley made a motion to approve the recommendation made; Dr. Bailey seconded the motion. The motion passed; Ms. Lomax-O'dneal abstained from voting.

Recommendation: Replace Allianz – NJF Dividend Value Fund with Dodge and Cox Stock fund.

1. Secondary Sale Review and Recommendation:

Greenhill Secondary Sale: Mr. BouSamra discussed compelling offers for the secondary sale. Mr. Curtis made a motion to approve the recommendation made; Ms. Bradley seconded the motion. The motion passed; Ms. Lomax-O'dneal abstained from voting.

- Sell Bain Capital Middle Market Credit at 103% or higher as of 3/31 valuation with 50% payment at closing and 50% 12 months later.
- Pursue the CenterBridge II at 98% or higher
- Pursue the sale of the Pantheon and HarbourVest funds at 88% or higher.

Recommendation: Permission to move forward to pursue the sale.

- **General Updates:** Mr. BouSamra handed out a general update list and highlighted the following items:
 - We have retained Voya as plan administrator the contract is pending signatures.
 - We retained NEPC as general pension consultant effective July 1, 2017.
 - We withdrew \$30 million from assets at BNY Mellon to fund 3rd quarter pension payments and other expenses.
 - EMG III sale has been finalized.
- **MetroMax 457(b) Plan Review:** Mr. Cox distributed and reviewed the 2nd quarter 2017 MetroMax 457(b) Activity Report.

The meeting was adjourned at 9:27 a.m. The next meeting will be scheduled at a later date.

Approved 10-19-17 by Talia Lomax-O'dneal
 (Date) Talia Lomax-O'dneal, Chair