

# MINUTES

## METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

November 07, 2017 at 8:00 a.m.  
Howard Office Building, 700 Second Avenue South, 1<sup>st</sup> Floor

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The Investment Committee met on Tuesday, November 7<sup>th</sup>, 2017 at 8:00 a.m.

Those Investment Committee members present were:

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

Other attendees:

NEPC: Keith Stronkowsky

Staff: Katelyn Arnold, Finance Officer, Fadi BouSamra, CIO, Tom Eddlemon, Treasurer, and Kim McDoniel, Deputy Finance Director

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

Summit Strategies: Eric Ralph and Neil Silverman

Voya Representatives: John Cox and Deltra Hayes

- **MetroMax 457(b) Plan Review:** Mr. Silverman reviewed the MetroMax 457 Defined Contribution Report for Q3 2017. He discussed Legal and Regulatory updates including how fees are collected for record keeping. The MetroMax plan is competitive on fees offering active and passive management and recordkeeping fees are competitive and in line with best practices. Mr. Silverman also discussed the plans performance and a summary of the cash flows for Q3 2017; he explained the plans fees are very competitive relative to peers. Mr. Silverman reviewed the Wells Fargo Target Date Fund Changes report, and mentioned Summit does not recommend any action at this time, and will continue to monitor performance.
- **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 October 19, 2017 meeting:** Ms. Bradley made a motion to approve the October 19, 2017 minutes. Dr. Bailey seconded the motion. The motion passed unanimously.
- **MetroMax 457(b) Plan Review, continued:** Mr. Cox distributed and reviewed the 3rd quarter 2017 MetroMax 457(b) Activity Report.
- **Conflict of Interest Policy Review:** Ms. Darby provided the committee a memorandum: Overview of Conflict of Interest Rules, and a copy of Tennessee Code-Title 35, Chapter 14:

Uniform Prudent Investor Act. Ms. Lomax-O'dneal requested the committee review the Conflict of Interest Policy annually.

- **Liquidity Study:** Mr. Stronkowsky explained the liquidity study is based on a base-case scenario and stressed-case scenario over a 5-year time period.

The stressed-case was based on the following assumptions:

- Returns 0.0% in year 1, -20.5% in year 2 (-2 standard deviation), -6.8 in year 3 (-1 standard deviation), 7% in year 4 and -6.8% in year 5 (-1 standard deviation)
- Benefit payments and expenses 10% higher per year
- Contributions 10% lower
- No change to commitments
- Capital Calls and Distributions: Capital calls are doubled in year 2 and 3 while distributions are halved in Year 2 and 3.

The report concluded that even under the aggressive stress test the plan would be able to meet its liquidity needs even without utilizing any of the options available to increase liquidity during a crisis.

Mr. Stronkowsky discussed the overall goal of this report is to provide a basis for the asset allocation recommendations. Ms. Lomax-O'dneal requested revisiting the liquidity report at the next Committee Meeting.

- **Recommendations and Updates:** Mr. BouSamra explained there were no recommendations made this meeting, and gave the following updates:
  - Secondary Buyers are reviewing the Purchase and Sale Agreement. One made comments that Jason Bobo is reviewing.
  - We may recommend the sale of the Alinda Infrastructure Fund II at the December meeting.
  - Staff will have the Alternative Budget report to present at December meeting along with the Asset Allocation report.
  - We will have web page to demonstrate at the December meeting.

Mr. BouSamra also discussed the travel for education and due-diligence since the last meeting. Mr. BouSamra attended the EIG annual meeting in DC, the GMO annual conference in Boston, and met with NEPC in the Boston office. Ms. Arnold attended the PIMCO Institute in Newport Beach, CA which discussed various topics, and included a portfolio simulation.

The meeting adjourned at 9:11 a.m. The next meeting is scheduled for December 5<sup>th</sup>, 2017.

Approved 12-05-17 by Talia Lomax-O'dneal  
(Date) Talia Lomax-O'dneal, Chair