MINUTES
METROPOLITAN EMPLOYEE BENEFIT SYSTEM
INVESTMENT COMMITTEE

August 29, 2019 at 9:30 a.m.  Howard Office Building- OMB Conference Room
Investment Committee Meeting  700 2nd Ave. South, 2nd Floor

The Investment Committee met on Thursday August 29, 2019 at 9:30 a.m.

Those Investment Committee members present were:

   Stephanie Bailey, Christine Bradley, G. Thomas Curtis, and Talia Lomax-O’dneal

Other attendees:

   NEPC: Dan Beaton, Rhett Humphreys, & Keith Stronkowski
   Voya: John Cox
   Staff: Katelyn Arnold, Finance Officer, Fadi BouSamra, CIO, and Tom Eddlemon, Treasurer
   Others Attending: Jason Bobo, Nicki Eke, Kim McDaniel, and Sean McGuire

- **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 30th, 2019 meeting:** Ms. Bradley made a motion to
  approve the minutes as written. Ms. Bailey seconded the motion. The motion passed
  unanimously.

- **2nd Quarter 2019 Pension Performance:** Mr. Stronkowski reviewed the Metro Plan’s
  performance. He discussed the total fund returned 3.22% for the quarter; outperforming
  the policy index by 0.37%. The total fund returned 7.20% YTD; underperforming the policy
  index by 4.14%. The total fund returned 9.32% for the 1 year period; outperforming the
  policy index by 4.02%. Mr. Stronkowski explained Metro ranked in the 2nd percentile
  relative to public fund peers for the 1 year.

   Mr. Stronkowsky & Mr. BouSamra explained the plan ranks 1st in risk adjusted returns
   compared to over 340 other public plans. Mr. Stronkowsky explained this means we are
   getting more return for less risk compared to the other public plans within the investor force
   universe.

- **Recommendations:** Mr. BouSamra and Mr. Stronkowski reviewed the following
  recommendations:

   **Public Markets:**
   - **Extend Champlain relationship** - Mr. BouSamra and Mr. Stronkowski
     discussed extending the relationship with Champlain to manage the Mid Cap Core
Portfolio. Mr. Stronkowsky explained Champlain has outperformed their benchmark (Russell MidCap) for trailing time periods of 1,3,5,7 year and since inception. Mr. Curtis made a motion to extend the relationship with Champlain; Ms. Bradley seconded the motion, and the recommendation passed unanimously.

➢ Move assets from AJO to Champlain- Mr. BouSamra and Mr. Stronkowsky discussed the intention to move assets from AJO to Champain Mid Cap Core strategy. Ms. Bradley made a motion to move the assets from AJO to Champlain Mid Cap Core strategy. Ms. Bailey seconded the motion, and the motion passed unanimously.

Alternative Fixed Income:
➢ Invest up to $20 million in Oaktree European Principal Fund V.- Mr. Stronkowsky explained this fund is a Europe focused value oriented mid-market for control or significant influence strategy. He also explained Metro invested in the two previous vintages, and this is a familiar manager to Metro. Ms. Bradley made a motion to accept the recommendation as presented. Ms. Bailey seconded the motion, and the motion passed unanimously.

➢ Invest up to $20 million in Oaktree European Capital Solutions fund II.- Mr. Stronkowsky explained this fund invests in senior secured or unitranche debt in European companies. Metro invested in the predecessor fund as well. Mr. Curtis made a motion to accept the recommendation as presented. Ms. Bailey seconded the motion, and the motion passed unanimously.

Contracting Update: Mr. BouSamra discussed the NEPC contract as MetroMax advisor has been completed and took effect July 1st. He also explained we have stepped back from sourcing managers focused on asset backed securities and securitized credit. Mr. BouSamra discussed a full redemption from Cyrus Capital has been submitted, and staff is considering one other hedge fund redemption. He also mentioned the investment policy allows him to rebalance the portfolio with any investments that offer liquidity.

• 2nd Quarter 2019 MetroMax review: Mr. Beaton discussed the fiduciary calendar which breaks down several items in transition to NEPC taking over the 457 consultant role beginning July 1st. He explained the fiduciary calendar includes items such as review plan document, and review investment policy which are in motion currently. Mr. Beaton reviewed the executive summary which highlights plan performance including the range of core fund returns from 0.7% to 4.4% for the quarter. He also explained NEPC is not recommending any action as it relates to the plan’s managers at this time due to performance or other concerns.

• MetroMax Plan Document and Investment Policy update: Mr. BouSamra discussed staff made a decision to wait until NEPC took over as 457 consultant to revisit updating the MetroMax Plan Document and Investment Policy. He also explained Staff, Voya, Summit
Strategies, and NEPC all participated in updating the two documents. Mr. BouSamra explained the revised plan document and the new Investment Policy will be brought to the Benefit Board for consideration. Mr. BouSamra and Ms. Eke explained staff and legal will make final reviews of both documents before they are taken to the Benefit Board.

Ms. Bradley made a motion to send the revised Metro Max Plan document to the Benefit Board for further review and action. Mr. Curtis seconded the motion, and the motion passed as presented.

Ms. Bailey made a motion to send the new MetroMax Investment Policy to the Benefit Board for further review and action. Ms. Bradley seconded the motion, and the motion passed as presented.

Approved 11/21/2019 by

(Date)