

**Summary Minutes: Portfolio Investors Committee**  
**Wednesday, October 8, 2003**  
**3:30 PM ET**  
**Conducted via Conference Call**

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**Chair:**

**Thomas C. Jensen, Senior Portfolio Manager**  
**Allstate Investments, LLC**

**Vice Chairs:**

**Michael P. Kelly, Director**  
**New York Life Investment Management**

**Rembert R. Owen, Vice President**  
**AIG Global Investment Corporation**

**Deborah C. Towner, Senior Vice President**  
**GE Asset Management Real Estate Finance**

**MBA Staff Representative:**

**Leanne Tobias**  
**Director, Commercial Real Estate Finance**  
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The Portfolio Investors Committee of the Mortgage Bankers Association (MBA) convened by conference call at 3:30 pm ET on Wednesday, October, 8 2003. The meeting was led by Committee Chair Thomas Jensen, Senior Portfolio Manager of Allstate Investments and Vice Chairs Michael Kelly, Director of New York Life Insurance Company; Rem Owen, Vice President, AIG Global Investment Corporation; and Deborah Towner, Senior Vice President of GE Asset Management Real Estate Finance.

Committee leadership briefed members on the Committee's ongoing initiatives to be continued in 2004.

- 1) Regional forums: 2003 forums for portfolio investors who hold loans on balance sheet were held in Atlanta, Chicago and Newport Beach, California. The forums were well-received. The 2003 format included morning presentations by leading commercial real estate economists, investment advisors or brokers, followed by networking lunches and afternoon discussions among portfolio lender attendees. Attendance is limited to senior executives and is by invitation only to allow for meaningful discussion. Presenters at the 2003 forums included Ray Torto of Torto Wheaton, Daniel Van Dyke of Rosen Consulting Group, Stanley Iezman of American Realty Advisors, John Ross of the Appraisal Institute, and top investment sales and leasing brokers from CB Richard Ellis and Cushman & Wakefield.

The 2004 regional forum initiative will be headed by Committee Vice Chair Deborah Towner. 2004 forums will be held in New York City in the first half of April, in Chicago in late June, and in Seattle in early September. Members of the Portfolio Investor Committee are invited to

contact Leanne Tobias of MBA ([leanne\\_tobias@mbaa.org](mailto:leanne_tobias@mbaa.org)) with suggestions for speakers and discussion topics for the 2004 forums.

- 2) Participation Agreement. A standard form loan participation agreement for pari passu mortgage loan investments is being developed by a working group led by Committee Vice Chair Michael Kelly. The Participation Agreement Working Group includes portfolio lenders and attorneys. A working draft of the agreement is being revised for presentation to the industry in February 2004. Portfolio lenders and attorneys interested in participating in the comment and revision process are invited to contact Michael Kelly at [michael\\_kelly@nylim.com](mailto:michael_kelly@nylim.com) or Leanne Tobias at [leanne\\_tobias@mbaa.org](mailto:leanne_tobias@mbaa.org).

Committee members proposed the following additional areas of Committee action for 2004. Members with interest on any of the following initiatives are encouraged to contact Leanne Tobias at [leanne\\_tobias@mbaa.org](mailto:leanne_tobias@mbaa.org).

- 1) Best practices discussions, educational events or classes on valuation methods, portfolio benchmarking and asset/liability matching and portfolio duration management, with emphasis on commercial and multifamily portfolios. Potential vehicles for such events include conference calls, discussion meetings, classroom instruction or online instruction. Committee members are encouraged to submit ideas on how events or training might be structured.
- 2) Occasional joint conference calls or regional forums for portfolio investors and mortgage bankers. These calls or regional forums would supplement, rather than replace, our events for portfolio investors. The intent would be to improve mortgage bankers' understanding of the investment concerns of portfolio lenders, and allow attendees to network and forge relationships for transaction development. The Committee will develop this initiative in conjunction with MBA's Mortgage Banking Committee.
- 3) Benchmarking discussions: The Portfolio Investors Committee is receptive to engaging in discussions with MBA's Research Committee on how to develop industry-wide benchmarking data for mortgage loans, with potential avenues including Life Comps, Debt-X's portfolio valuation model, and the use of various software packages (S&P, Moody's, PPR and others). While the Portfolio Investors Committee is committed to exploring a variety of options, members caution that the development of meaningful industry benchmarking data poses problems of dollar and labor cost, definitional and data collection challenges, and possible confidentiality issues. Committee members also note that a mortgage loan benchmarking system might best encompass all portfolio investors (pension funds, banking institutions and finance companies), not just life insurance companies.

Vice Chair Rem Owen reviewed themes that emerged at the September 2003 conference of Dutch Treat, more formally known as the Life Mortgage and Real Estate Officers Council. Conference speakers observed that U.S. economic data were beginning to trend upward, and that commercial mortgages continued to receive positive investor attention relative to other asset classes.

MBA Portfolio Investors Committee members concluded the call with a review of industry fundamentals. Committee members agreed that significant capital continues to flow into the mortgage industry, although the Committee's consensus was that real estate fundamentals remain weak. Committee members observed that continued care in underwriting is warranted in light of ongoing uncertainty in commercial real estate markets.

**Next Meeting: The Committee's next meeting will take place at MBA's February 1-4, 2004 CREF Convention in Orlando, Florida. Committee members are invited to contact Leanne Tobias of MBA ([leanne\\_tobias@mbaa.org](mailto:leanne_tobias@mbaa.org)) by December 1, 2003 with suggestions on discussion topics for the meeting, and whether they would prefer a roundtable discussion format or formal presentations by Committee members or others.**