

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

June 5, 2018 at 8:00 a.m.
Investment Committee Meeting

Howard Office Building- OMB Conference Room
700 2nd Ave. South, 2nd Floor

The Investment Committee met on Tuesday, June 5, 2018 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 & Eric Harnish

Summit: Neil Silverman

Voya: John Cox, Scott Darcey & Deltra Hayes

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

Others Attending: Margaret Darby, Metro Assistant Attorney, and Kim McDoniel, Deputy Finance Director.

- **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 February 27th meeting:** Minutes were amended to add the following statement to the Metro Timeline section: "including review of the investment policy & other reports." Dr. Bailey made a motion to approve the amended minutes. Ms. Bradley seconded the motion. The motion passed unanimously.
- **Recommendations:** Mr. BouSamra and Mr. Harnish presenting eight items for consideration.

Alternative Fixed Income Recommendations:

Up to \$80 Million to BlueBay Direct Lending SMA – Mr. Harnish explained staff will negotiate a Separate Managed Account with up to \$200 million capacity. He also explained the fund will focus on making loans to companies with 10 to 100 million Euros in earnings before interest, taxes, depreciation, and amortization (EBITDA). Ms. Bradley made a motion to accept staff's written recommendation to commit up to \$80 million in BlueBay Direct Lending SMA. Dr. Bailey seconded the motion and the Committee voted unanimously in favor.

\$20 million to Courage Capital IV – Mr. Harnish discussed the fund will focus on corporate credits that are distressed. He also explained Metro invested in the two predecessor funds. Dr. Bailey made a motion to accept staff's written recommendation to

commit \$20 million in Courage Capital IV. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

Up to \$25 million to Accel-KKR Growth Capital III – Mr. Harnish discussed the fund capitalizes on Accel-KKR’s expertise in software and technology by providing senior equity to companies. He also explained Metro’s Pension invested in the two predecessor funds. Ms. Bradley made a motion to accept staff’s written recommendation to commit up to \$25 million in Accel-KKR Growth Capital III. Dr. Bailey seconded the motion and the Committee voted unanimously in favor.

Private Equity Recommendations:

\$25 million Axiom Asia Fund V – Mr. Harnish discussed the fund is a Private Equity Fund of Funds focused on Emerging Markets. He also explained Metro’s pension invested in two predecessor funds.

\$10 million Axiom Asia Co-investment Fund I – Mr. Harnish explained the fund will invest in Co-investment opportunities sourced from the fund commitments in Axiom Asia Fund V.

Dr. Bailey made a motion to accept both staff written recommendations for Axiom- to commit \$10 million in Axiom Co-Investment Fund I, and \$10 million in Axiom Asia Co-investment Fund I. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

\$10 million Raine Partners III – Mr. Harnish discussed the fund is focused on investments in the technology, media, and telecom (TMT) sector with emphasis on entertainment. He also explained Metro’s pension invested in the predecessor fund. Ms. Bradley made a motion to accept staff’s written recommendation to commit \$10 million in Raine Partners III. Dr. Bailey seconded the motion and the Committee voted unanimously in favor.

\$10 million Columbia Capital VII – Mr. Harnish discussed the fund is focused on investments in the TMT sector with emphasis on telecommunication infrastructure technology. He also explained Metro’s pension invested in the predecessor fund. Dr. Bailey made a motion to accept staff’s written recommendation to commit \$10 million in Columbia Capital VII. Ms. Bradley seconded the motion and the Committee voted unanimously in favor.

\$40 million Greenspring Global Partners IX – Mr. Harnish explained the fund is a Private Equity Fund of Funds focused on venture capital. He also discussed Metro’s pension invested in the previous four vintages as well as four other Greenspring funds. Ms. Bradley made a motion to accept staff’s written recommendation to commit \$40 million in Greenspring Global Partners IX. Dr. Bailey seconded the motion and the Committee voted unanimously in favor.

- **General Updates: Mr. BouSamra**
 - Cash in Metro MIP as of 3/31/2018: \$9,256,618.13
 - The web page has been launched integrating a couple of pages and adding graphics.
 - We have converted to using SharePoint for the IC data room. An email invitation to SharePoint will be emailed out to everyone after the meeting.
 - Potential dates for 3rd quarter meeting: August 23rd or 30th
 - Potential Dates for 4th quarter meeting: November 15th or 29th

- **MetroMax 457 Plan Review:**

Mr. Silverman reviewed the MetroMax 457 Defined Contribution Report for Q1 2018. Mr. Silverman also discussed the plans performance and a summary of the cash flows for Q1 2018; he explained the plans fees are competitive relative to peers.

Mr. Cox distributed and reviewed the 1st quarter 2018 MetroMax 457(b) Activity Report. He also discussed Voya has been doubling down on seminars as per an agreement made with Metro HR.

- **Review Metro Pension 1st Quarter 2018 Performance:** Mr. Stronkowsky reviewed NEPC's economic summary and the Metro Plan's performance. The total fund returned 1.46% for the quarter; outperformed the policy index by 1.92%. The total fund returned 12.14% year-to-date; outperformed the policy index by 3.51%. Mr. Stronkowsky explained Metro ranked 1st relative to peers for 3 month rank and 14th for the 1 yr. rank.

The meeting adjourned at 9:28 a.m. The next meeting is scheduled for August 7th, 2018.

Approved 8-7-18 by Talia Lomax-O'dneal
 (Date) Talia Lomax-O'dneal, Chair