

# MINUTES

## METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

November 23, 2020 @ 4:00 p.m.  
Investment Committee Meeting

WebEx/Virtual

The Investment Committee met on Monday, November 23<sup>rd</sup>, 2020 @ 4:00 p.m.

Those Investment Committee members present were:

Christine Bradley, Kevin Crumbo, and G. Thomas Curtis

Other attendees:

NEPC: Dan Beaton & Keith Stronkowsky

Voya: John Cox & Deltra Hayes

Staff: Michell Bosch, Treasurer, Fadi BouSamra, CIO, Tom Eddlemon, Deputy Finance Director, & Katelyn Richie, Finance Officer

Others Attending: Margaret Darby, Metro Legal & Josh Thomas, Metro Legal

- **Establish a quorum:** Mr. Crumbo established that a quorum was present, and the meeting was called to order.
- **Motion to approve Electronic Meeting:** Mr. Crumbo proposed a motion on finding that due to the COVID-19 pandemic it is necessary to hold this meeting by electronic means to protect the health and safety of members of the committee, consultants, staff, and members of the public. Mr. Crumbo conducted a roll-call vote to accept the motion. The motion passed unanimously.
- **Approval of minutes from the August 27, 2020 meeting:** Ms. Bradley made a motion to accept the minutes as written. Mr. Curtis seconded the motion. Mr. Crumbo conducted a roll-call vote for approval of the minutes from August 27, 2020. The vote to approve the minutes as written passed unanimously.
- **3<sup>rd</sup> Quarter 2020 Pension Performance:** Mr. Stronkowsky reviewed the Metro Plan's performance. He discussed the total fund returned 6.61% for the quarter; outperforming the policy index by 2.1%. The total fund returned 10.6% for trailing 1-year; outperforming the policy index by 4.3%.

Mr. Stronkowsky & Mr. BouSamra explained the plan ranks 1<sup>st</sup> in risk adjusted returns compared to over 300 other public plans. Mr. Stronkowsky went over the plan's Sharp Ratio and explained that the plan is getting more return for less risk compared to other public plans within the investor force universe.

- **Recommendations & Updates:** Mr. BouSamra and Mr. Stronkowsky reviewed the following recommendations and General Updates:

**General Updates:**

- Cash in Metro MIP as of 9/30/2020 \$8,151,841
- The S&P500 Managed Vol. portfolio is still targeting max volatility of 24 and the portfolio is limited to a max of 100% exposure.
- We adjusted the BarraOne risk reports to reflect the Asset Allocation approved at the last meeting. The benchmark will be adjusted once we are substantially out of the Equity L/S strategy.
- Private Equity performance has been very strong mainly due to technology exposure.
- Performance in Real Assets has been challenging primarily due to energy exposure.
- Traditional Fixed Income had a very strong quarter due to the carry and low duration in the portfolio.
- Anchorage discussion- Mr. Stronkowsky discussed the CEO is involved in a lawsuit, and for transparency NEPC wanted to notify the Committee.

**Recommendations:**

- **Real Assets:**

- **Sound Mark Horizons Fund:**

Mr. BouSamra explained this fund is an open-ended middle market U.S. real estate mezzanine debt and preferred equity focused on direct origination. The fund targets a 9% to 12% return with a 7% annual distribution. He also explained, Jenna Gerstenlauer and other members of the team managed real estate debt and senior equity at CBRE in the past and Metro was a client. Mr. Stronkowsky discussed Sound Mark has agreed to a small fee reduction and to reducing the catch-up provision to 75/25.

**Recommendation** – Approve up to \$100 million to be invested in Sound Mark Horizons fund. Staff will submit a \$40 million commitment upon IC approval. The remaining capital will be committed based on the amount of capital called and Metro’s capacity.

**Motion** – Mr. Crumbo made a motion to approve the recommendation as proposed. Mr. Crumbo conducted a roll-call vote and the recommendation was approved unanimously.

- **Private Equity:**

- **Greenspring Growth Equity VI:**

Mr. BouSamra discussed this fund is set up by Greenspring for the purpose of investing in Accel Growth Fund VI and Accel Leaders Fund III. He also explained Accel Growth VI will invest in B & C rounds of venture capital companies that were seeded by other venture capital firms, and Accel Leaders III will invest in the latter rounds of Accel backed companies. Mr. BouSamra explained the Metro Pension invested in the three previous iterations of this fund.

Mr. Stronkowsky explained Greenspring will charge the fund for expenses only and no management fee or incentive fee is applied. GGE VI will have two sleeves that will commit 67% to Leaders III and 33% to Accel Growth VI. The final breakdown will depend on the allocation from Accel.

**Recommendation** – Approve up to \$20 million to be invested in Greenspring Growth Equity VI.

**Motion** – Mr. Crumbo made a motion to approve the recommendation as proposed. Mr. Crumbo conducted a roll-call vote and the recommendation was approved unanimously.

- **3rd Quarter 2020 MetroMax review:** Mr. Beaton reviewed the executive summary which highlights fund performance including the range of core fund returns from 0.4% to 9.7% 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 Fee Discussion:** Mr. Beaton reviewed the fee review conducted by NEPC and discussed the fees are right on median compared to plans of a similar size. IC members discussed the performance of the Life Cycle funds and Mr. Beaton offered to bring a comparison of some of the options at the next meeting.
- **3rd Quarter 2020 MetroMax Activity Review:** Mr. Cox reviewed the MetroMax 3rd Quarter 2020 Activity Report. He explained as of 9/30/2020 the plan reached an all-time high of 7,718 participants and payroll contributions increased 3.2% from 09/30/2019. Ms. Hayes discussed the new Voya Learn, the live and on demand education to employees, to maintain education during social distancing.

Approved \_\_\_\_\_ by \_\_\_\_\_ Minutes Approved by Investment Committee during virtual meeting held on 02-25-2021  
(Date)