M I N U T E S

**METROPOLITAN EMPLOYEE BENEFIT SYSTEM**

**INVESTMENT COMMITTEE**

February 25th, 2021 @ 9:30 a.m.

Investment Committee Meeting WebEx/Virtual

The Investment Committee met on Thursday, February 25th, 2021 @ 9:30 a.m.

Those Investment Committee members present were:

Stephanie Bailey, 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, Phil Carr, Chief Accountant, & Katelyn Richie, Finance Officer

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

* **Investment Committee Member:** Mr. Crumbo announced Dr. Stephanie Bailey has returned to serve on the Benefit Board and Investment Committee and welcomed her back to the committee.
* **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. Curtis made a motion to approve the electronic meeting. Ms. Bradley seconded the motion. Mr. Crumbo conducted a roll-call vote to accept the motion. The motion passed unanimously.
* **Approval of minutes from the November 23, 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 November 23, 2020. The vote to approve the minutes as written passed, with Ms. Bailey abstaining.
* **4th Quarter 2020 Pension Performance:** Mr. Stronkowsky reviewed the Metro Plan’s performance. He discussed the total fund returned 8.9% for the quarter; underperforming the policy index by 2.2%. The total fund returned 14.4% for trailing 1-year; outperforming the policy index by 2.2%.

Mr. Stronkowsky & Mr. BouSamra explained the plan ranks 1st in risk adjusted returns compared to 374 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.

Mr. Stronkowsky & Mr. BouSamra also discussed key market themes including virus trajectory, permanent interventions, globalization backlash, and China transitions.

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

**General Updates:**

* Cash in Metro MIP as of 12/31/2020 $8,571,572
* 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 are in the final stages of issuing a solicitation for Master Custody services.
* We are using proceeds from the liquidation of the Equity L/S program to rebalance the portfolio. After the 4th quarter end the Program is down to 1.51% of assets.
* We started seeing good performance in Metro’s overallocation to Emerging Markets in the 4th quarter and that performance has continued.

**Recommendations:**

**Private Equity:**

* **Axiom Asia Co-Investment Fund II, L.P.:**

Mr. Stronkowsky explained this fund is set up to invest in Co-investment overflow from Axiom Asia VI. He also mentioned the Metro Pension invested $10 million in the predecessor fund.

**Recommendation** – Approve up to $10 million to be invested in Axiom Asia Co-investment fund II.

**Motion –** Mr. Curtis made a motion to discuss the recommendation. Mr. Crumbo seconded the motion. The committee discussed a consensus of general discomfort regarding China. Mr. BouSamra explained China’s relevance in the growth strategy. Mr. Crumbo conducted a roll call vote on the recommendation. Ms. Bradley voted “YES”, Ms. Bailey voted “Abstaining”, Mr. Curtis voted “NO”, and Mr. Crumbo voted, “NO.” The motion did not pass for recommendation as written.

* Mr. Crumbo exited the meeting due to a scheduling conflict, and asked Ms. Bradley to Chair the remainder of the meeting. There is still a quorum present.
  + **Axiom Asia Opportunity Fund:**

Mr. BouSamra explained this fund is set up to invest in direct secondary opportunities with a small team. He also explained the fund was launched due to the firm seeing increased secondary opportunities.

**Recommendation** – Invest up to $10 million in the Axiom Asia Opportunity Fund.

**Motion** – Mr. Curtis made a motion for discussion of this recommendation. Ms. Bailey seconded the motion for discussion. The committee discussed the same discomfort in China, and the desire to have an ESG/policy discussion. Mr. BouSamra withdrew the recommendation.

* + **Greenspring GE VI-R L.P.:**

Mr. Stronkowsky explained the recommendation to invest in RedPoint Omega IV fund through the Greenspring feeder. He also explained Metro has invested in prior Greenspring feeder funds.

**Recommendation** – Invest up to $7,575,00.00 million in Greenspring GE-R. $7.5 million will be committed to the RedPoint Omega IV fund; Greenspring will charge up to the remainder for fund admiration and other costs during the life of the fund.

**Motion-** Ms. Bailey made a motion to accept the recommendation as written. Mr. Curtis seconded the motion. Ms. Bradley conducted a roll-call vote, and the recommendation passed unanimously.

**Alternative Fixed Income:**

* **Arcmont Nashville SMA:**

Mr. BouSamra explained this is the Metro Pension SMA for European Lending established in 2018 with a commitment of $80 million. He also explained we expanded the mandate in 2020 to allow for up to 15% in rescue capital - Staff and NEPC have been following the portfolio closely.

**Recommendation** – Approve an additional $20 million to be invested in Arcmont Nashville SMA.

Motion – Ms. Bailey made a motion to accept the recommendation as written. Mr. Curtis seconded the motion. Ms. Bradley conducted a roll-call vote, and the recommendation passed unanimously.

* **Risk Tolerance:** The committee decided to hold a special called meeting in the coming weeks to discuss ESG, country and emerging markets exposure.
* **4th Quarter 2020 MetroMax review:** Mr. Beaton reviewed the executive summary which highlights fund performance including the range of core fund returns from 0.7% to 31.1% for the quarter. Mr. Beaton went on to discuss Wells Fargo**’s** Target Date Fund and the potential for using other options.  **After reviewing a comparison of various target date funds the Committee asked for a formal search.**
* **MetroMax Fee Discussion:** Mr. Beaton went over the fee review conducted by NEPC annually and explained that the fees are in line with the median fees paid by comparable plans.
* **4th Quarter 2020 MetroMax Activity Review:** Mr. Cox reviewed the MetroMax 3rd Quarter 2020 Activity Report – As of 12/31/2020 the plan reached an all-time high of 7,720 participants and payroll contributions increased 2% from 12/31/2019. Mr. Cox also discussed account balances by age - Metro is higher in 4 out of 5 age groups compared to the national average.

Approved by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Date)