

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

August 17, 2022 @ 8:30 a.m.
Investment Committee Meeting

Howard Office Building
Lindsley Hall – Peabody Conference Room

The Investment Committee met on Wednesday, August 17, 2022 @ 8:30 a.m.

Those Investment Committee members present were:

Christine Bradley, Tom Curtis, and Kelly Flannery

Other attendees:

NEPC: Dan Beaton & Keith Stronkowsky

Voya: John Cox & Thomas Boyle

Staff: Michell Bosch, Treasurer, Fadi BouSamra, Finance Manager, and Katelyn Richie, Senior Treasury Analyst

Others Attending: Josh Thomas and Lexie Ward, Metro Legal

- **Establish a quorum:** Ms. Bosch established that a quorum was present, and the meeting was called to order.
- **Approval of minutes from the May 25, 2022 & June 17, 2022 meeting:** Ms. Bradley made a motion to accept both of the minutes as written. Mr. Curtis seconded the motion. The motion passed unanimously.
- **2nd Quarter 2022 Pension Performance:** Mr. Stronkowsky presented the report. Fixed Income Alternatives outperformed the benchmark by ~9.7%. Metro's assets totaled ~\$4.2 billion as of June 30, 2022. The plan returned -4.7% net of fees for the quarter; -1.00% for the fiscal year, outperforming the benchmark by 10.1%.

Mr. Stronkowsky reviewed the results of the private markets covering Fixed Income Alternatives, Private Equity, and Real Assets. He reminded the Committee of the 90-day lag in private markets performance. He went over commitments, paid in capital, capital to be funded, and cumulative distributions. Private investments have returned \$1.59 for every \$1 invested. The IRR for all private market investments is at 11.48% since inception.

- **Recommendations & Updates:** Mr. BouSamra reviewed the following General Updates:
 - **General Updates:**
 - Cash at Metro: \$10,115,438

- First round of bidding on PE sale has been completed. We expect final bids next week after the bidders complete their work with the GP.
- We will have most of the PE valuations for June in the next 5 weeks.
- In the second quarter of 2022 we saw approximately \$120 million in distributions from the private portfolio and \$80 million in capital calls.
- For Private Equity we saw \$30 million in capital calls and \$45 million in distributions.
- We are expecting a few capital raises in the next six months: PIMCO Corporate Opportunities Fund, AKKR buyout, Columbia Capital and a Redpoint feeder by Stepstone.

- **Alternative Fixed Income:**

Accel-KKR (AKKR) SMA – Mr. BouSamra explained the firm is primarily focused on investing in software companies in a buyout fund, growth fund and credit fund. Metro has invested in four AKKR funds converting three strategies with excellent results. Establishing an SMA with AKKR covering the lending and growth strategies (80/20) will enable the plan to achieve better returns through lower fees and consistent leverage on the lending portion of the portfolio. The fund will utilize one turn of leverage on the lending portion of the portfolio only.

Recommendation: Approve establishing an SMA with AKKR for up to \$125 million to participate in allocations from the lending and growth strategies. Staff will commit \$100 million to the SMA and retain the \$25 million capacity for later.

Motion – Mr. Curtis made a motion to accept the recommendation as presented. Ms. Bradley seconded the motion. The motion passed unanimously.

- **NEPC 2nd Quarter 457b Report & Update:** Mr. Beaton reviewed the 2nd quarter 457b performance report and updated the Committee on legal, due diligence, and regulatory items. He reviewed funds in detail including target date funds.
- **Voya 2nd Quarter Activity Report & Participant Technology Demo:** Mr. Cox presented the 2nd Quarter activity report. The Committee discussed ways to help increase contributions and enrollment. Mr. Boyle gave a demonstration of the technology platform available to participants.

Approved _____ by _____ Approved at Investment Committee Meeting on 12/7/22
(Date)