

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

Wednesday, March 20, 2024 @ 9 a.m.
Investment Committee Meeting

Howard Office Building – Sony West Conference Room
700 President Ronald Regan Way, Nashville, TN 37210

The Investment Committee met on Wednesday, March 20, 2024 @ 9:00 a.m.

Those Investment Committee members present were:

Christine Bradley, Kevin Crumbo, and G. Thomas Curtis

Other attendees:

Meketa: Aaron Lally and Tad Ferguson

Voya: John Cox

Staff: Kevin Brown, Deputy Finance Director, Michell Bosch, Treasurer, Sharon Sepik, Assistant Treasurer, Fadi BouSamra, Finance Manager, Katelyn Richie, Senior Treasury Analyst, and Ariana Brooks, Treasury Analyst

Others Attending: Josh Thomas and Lexie Ward, Metro Legal

- **Establish a quorum:** Ms. Bosch established a quorum was present, and the meeting was called to order.
- **Public Comment Period:** Ms. Bosch noted no participants signed up for the public comment period.
- **Approval of Minutes from January 11th & March 11th Meetings:** Ms. Bradley made a motion to accept both sets of minutes as written. Mr. Curtis seconded the motion. The motion passed unanimously.
- **Treasurer's Update:** Ms. Bosch explained the Treasurer's Office is implementing Clearwater on the operational investing side and will be exploring Clearwater as an option for the pension as well.

Mr. BouSamra reviewed the following updates:

General Updates:

- Cash at Metro as of 12/29/2023: \$10,079,568.04.
- 457 MetroMax Consultant RFP was issued in early February.
- We added \$80 million to the S&P 500 Index ETF in January.

- **Investment Recommendations:** Mr. Ferguson presented the following new investment recommendations to the Committee. He explained each strategy and due diligence on each new recommendation.

Private Equity:

- **StepStone VC 2023-AGVII LP** will commit to Accel Growth VII. Accel Growth-stage companies with highly recurring revenue that are near break-even or profitable. This is the fifth Metro commitment to the Accel Growth series of funds.

Recommendation: Invest up to \$10 million in StepStone VC 2023-AGVII LP.

Motion: Ms. Bradley made a motion to accept the recommendation as presented. Mr. Crumbo seconded the motion to discuss. The vote passed unanimously.

- **StepStone VC 2023-ROV LP** will commit to RedPoint Omega V. Redpoint is a multi-stage venture firm with the Omega series focused on growth investments. This is the second Metro commitment to the RedPoint Omega series.

Recommendation: Invest up to \$10 million in StepStone VC 2023-ROV LP.

Motion: Mr. Curtis made a motion to accept the recommendation as presented. Mr. Crumbo seconded the motion to discuss. The vote passed unanimously.

Private Debt:

- **Hygieia One Credit Fund** is Metro's SMA managed by MC Capital Partners and is primarily focused on middle market lending. Metro committed \$100 million to the fund in 2020. The SMA has a favorable fee structure. This recommendation is to add to the existing allocation.

Recommendation: Commit an additional \$25 million to Hygieia One.

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

Real Assets:

- **Michelson Multifamily Fund II** will invest primarily in Multifamily housing in the southeast region of the country. The primary focus is to acquire attractive class A

assets and operating them to maximize occupancy and cash flow. Metro negotiated favorable economics in the fund. This is the second commitment Metro has made to the fund. In the previous iteration of the fund Metro signed off on the use of a leverage facility backed by the commitment to the fund; while the fund may utilize a leverage facility in the future, we do not anticipate the use of a leverage facility at this time given the interest rate environment.

Recommendation: Commit up to \$30 million to Michelson Multifamily Fund II.

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

- **4th Quarter 2023 Pension Performance:** Mr. Lally presented the report. He explained the markets performed well in the quarter due to the Federal Reserve pausing interest rate hikes. The Plan NAV increased ~\$200 million during the quarter, mostly from bond and equity holdings. The Plan is up ~ 4% halfway through the fiscal year. All asset classes were in policy range for the quarter. The Plan was valued at \$4.2 billion at the end of the 4th quarter.

Mr. Lally explained that for the quarter, the U.S. stock market was strong, with public companies meeting their earnings estimates. He noted positive returns in Domestic Equity, Fixed Income, and Private Debt for the quarter and fiscal year. He also highlighted the long-term positive returns from Private Equity and Domestic Equity, with International Equity having weaker returns than the US market in the long-term.

Mr. Lally highlighted the private market snapshot. Metro has contributed ~\$3.3 billion and had ~\$3.2 billion distributed back in the form of cash, with ~\$1.9 billion in value remaining for the Plan, that has yet to be monetized.

Mr. Curtis expressed he would like to see comparison to peers. The plan underperformed in the quarter compared to peers but is in the 8th percentile over the 10-year period.

Ms. Bradley suggested presenting the performance report before the recommendations.

- **Approval of Investment Policy Statement:** Ms. Bosch explained that the Investment Policy Statement was updated, with Meketa's assistance, in response to the Pension Plan Review. She explained that two new sections were added to the Investment Policy Statement regarding manager monitoring and selection.

Mr. Crumbo moved to accept the revisions as written. Ms. Bradley seconded the motion. The vote passed unanimously.

- **Approval of an Independent Pension Plan Review every 3-5 years:** Ms. Bosch explained one addition to the Investment Policy Statement includes performing an Independent Pension Plan Review every 3-5 years. Ms. Bradley made a motion to approve. Mr. Crumbo seconded the motion. The vote passed unanimously.

- **Distribute 457b Reports:** Ms. Bosch distributed the NEPC Performance Report and explained that NEPC analyzed the holdings and reviewed the managers for the DC Plan. She explained that there were some managers on watch, but there is no recommendation for action.

Ms. Bosch distributed the Voya report and highlighted the Roth version of the Plan launched January 1, 2024. She also highlighted that contributions for the Plan overall in 2023 were ~\$15.5 million.

- **Credit Suisse Contingent Convertible Bonds Litigation Update:** Ms. Ward explained that there were no updates regarding the case and we are waiting for filings from the other side. She explained that the original retainer for the feeder firm was \$10,000 and the remaining retainer balance is \$4,776.23. Ms. Ward said Metro Legal will present suggestions and risks for continuing to add to the retainer at the next meeting.

- **Meeting dates for 2024:**

- May 23, 2024 9-10:30am (Regular Meeting – Review of Q1 2024)
- August 21, 2024 11-1:00pm (Educational Session Lunch)
- September 26, 2024 9-10:30am (Regular Meeting – Review of Q2 2024)
- November 20, 2024 9-10:30am (Regular Meeting – Review of Q3 2024)

Approved 5/30/2024 | 12:53 PM PDT by Kevin Crumbo
(Date)