

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

December 7th, 2022 @ 8:30 a.m.
Investment Committee Meeting

Howard Office Building
Howard Office Building – Sonny West Conference Room

The Investment Committee met on Wednesday, December 7, 2022 @ 9:00 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

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 August 17th & September 29th, 2022 meetings:** Mr. Curtis made a motion to accept both of the minutes as written. Ms. Bradley seconded the motion. The motion passed unanimously.
- **Treasurer's Update & Investment Policy Compliance:** Ms. Bosch explained future meetings will be more condensed with the expectation that Committee Members review the meeting items in SharePoint ahead of each meeting. She also passed around the annual training requirement attestation sheet for each Committee Member to sign. A firm has been retained to conduct an independent experience study through the RFP process, and the Pension Plan Review RFP is still in the works.
- **3rd Quarter 2022 Pension Performance:** Mr. Stronkowsky presented the report. He reviewed the market and economic numbers focusing on the increased inflation during the quarter. Fixed Income Alternatives outperformed the benchmark by ~2.3%. Metro's assets totaled ~\$4 billion as of September 30, 2022. The plan returned -4.5% net of fees for the quarter; -1.00% YTD, outperforming the benchmark by 6.2%.

Mr. Stronkowsky reviewed results from 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 \$1.56 for every \$1 invested. The IRR for all private market investments is at 11.02% since inception.

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

- **General Updates:**

- Cash at Metro as of 9/30/2022: \$3,144,473
- With the help of Jefferies we conducted a bidding process for our private equity sale. A total of 46 firms were contacted of which 13 submitted first round offers and 4 submitted final offers. We sold a total of 7 funds representing \$152 million of NAV as of the end of 2021. Bids were at 74% on the prices as of 12/31/2021. Almost 80% as of the June pricing.
- ESG has been in the news lately. First with Blackrock and then with the SEC fining Goldman Sachs. The SEC press release is attached.
- Risk as measured by BarraOne came down considerably in Q3.

- **Private Equity:**

AKKR Capital Partners VII: Mr. BouSamra explained capital partners VII is a buyout fund focused on lower middle market Software firms. The Metro Pension is invested in multiple strategies with AKKR and is currently working on a contract for the SMA approved by the Committee at the last meeting for a lending strategy. As far as the buyout strategy, Metro is invested in the previous two iterations of this fund. While it is early in the life of fund VI, fund V is currently at an IRR of just over 32%.

Recommendation: Commit up to \$15 million to Accel-KKR Capital Partners VII.

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

Columbia Capital Equity Partners VIII: Mr. BouSamra explained Columbia Capital Equity Partners VIII is focused on Communication, Media and Technology (CMT). Their focus on Mobility, Enterprise Information Technology and Internet Infrastructure companies differentiates them from the remainder of our private portfolio.

Recommendation: Commit up to \$10 million to Columbia Capital Equity Partners VIII.

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

- **Alternative Fixed Income:**

PIMCO Corporate Opportunities fund IV: Mr. BouSamra explained Pimco COF IV is an opportunistic corporate credit strategy. The firm seeks to source deals from its considerable resources in the debt markets and has the flexibility to invest in private or

public deals across the capital structure. The Metro Pension invested in the previous two iterations of this fund. Staff will revisit this fund and an opportunistic real estate fund next year to potentially take advantage of considerable fee discounts on commitments to the two funds. Currently we are at a 40bps management fee discount but that could go up to 60bps and a waiver of management fees on the Real Estate Fund.

Recommendation: Commit up to \$30 million to PIMCO Corporate Opportunities Fund IV.

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

- **Distribute 457(b) Reports:** Ms. Bosch distributed the 457 reports including the performance report, NEPC Fee Study, and the Voya Activity Report.

Approved 3/24/2023 | 3:40 PM by Kelly Flannery
(Date)