MINUTES
METROPOLITAN EMPLOYEE BENEFIT SYSTEM
INVESTMENT COMMITTEE

November 21, 2019 at 9:30 a.m. Howard Office Building-700 2nd Ave. South, 2nd Floor
Investment Committee Meeting 1st Floor- Sonny West Conference Room

The Investment Committee met on Thursday, November 21, 2019 at 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: Fadi BouSamra, CIO, and Tom Eddlemon, Treasurer, & Katelyn Richie, Finance Officer
   Others Attending: Josh Thomas, Metro Legal

   • Establish a quorum: Mr. Curtis established that a quorum was present, and the meeting was called to order.

   • Select Committee Chair: Mr. Eddlemon introduced Mr. Kevin Crumbo as the new Finance Director for Metro Nashville Government. Mr. Curtis made a motion to select Mr. Crumbo as the Investment Committee Chair. Ms. Bradley seconded the motion, and the motion passed unanimously.

   • Approval of minutes from the August 29th, 2019 meeting: Ms. Bailey made a motion to approve the minutes as written. Ms. Bradley seconded the motion. The motion passed unanimously.

   • Recommendations: Mr. BouSamra and Mr. Stronkowsky reviewed the following recommendations:

       Alternative Fixed Income:
       • AKKR Credit Partners-Increase the Plan’s commitment from $20 million to $26.8 million: Mr. BouSamra explained AKKR specializes in software, and the Credit Fund supplies debt to established software companies with a recurring revenue stream as collateral for the debt. Mr. Stronkowsky discussed AKKR is increasing the size of the credit fund and Nashville’s prorate share is 6.8MM; he also mentioned Metro’s investments in all three of AKKR’s strategies are doing very well, and staff and NEPC support the increase. Ms. Bailey made a motion to accept the recommendation as presented. Ms. Bradley seconded the motion, and the motion passed unanimously.
➢ Invest up to $15 Million in Anchorage Illiquid Opportunity VII: Mr. Stronkowsky explained this fund invests in distressed/special situation and structured credit. He also explained Metro is invested in fund IV and V. Ms. Bradley made a motion to accept the recommendation as presented. Mr. Crumbo seconded the motion, and the motion passed unanimously.

Private Equity:
➢ Invest up to $10 Million in LGT Crown Europe Small Buyout V: Mr. Stronkowsky explained the fund is focused on commitments to European small buyouts managers and some exposure to direct and secondary deals. He also discussed Metro is invested in funds III & IV previously. Mr. BouSamra discussed staff believes on a risk-adjusted basis this fund is very attractive. Ms. Bailey made a motion to accept the recommendation as presented. Ms. Bradley seconded the motion, and the motion passed unanimously.

➢ Invest up to $10 million in OpenView Venture Partners VI: Mr. BouSamra explained OpenView Venture Partners is primarily focused on growth stage investing in software technology. He also explained Metro is invested in both funds IV and V. Mr. Stronkowsky discussed OpenView is one of a handful of investments which Metro sources through the partnership with the venture focused firm Greenspring Partners. Ms. Bailey made a motion to accept the recommendation as presented. Ms. Bradley seconded the motion, and the motion passed unanimously.

➢ Invest up to $10 million in Founders Growth Fund: Mr. BouSamra explained Founders invests in early to late stage venture, and this deal was sourced through Greenspring. Mr. Stronkowsky explained Greenspring views this as a way to provide additional benefits to its fund of fund investors and enabling them to save on investment fees, since Greenspring does not charge any management fees or carried interest. Ms. Bradley made a motion to accept the recommendation as presented. Ms. Bailey seconded the motion, and the motion passed unanimously.

Travel Updates: Mr. BouSamra explained the following travel updates-
➢ CIO attended the EIG annual conference in Washington DC on October 15-16. Returns are under pressure from low oil prices and relatively high sunk costs. However, as we suspected, private market returns are still positive while public market debt and equity are significantly in the red. There is an opportunity to provide capital at attractive returns since the banks and high yield market are not as enthusiastically providing financing.
➢ CIO attended the GMO conference in Boston on October 29-30. GMO continues to forecast low to negative market returns but sees some opportunity in emerging market both in value small caps.
➢ CIO attended Riverstone and Centerbridge annual meetings in NYC on November 5-6. Riverstone’s energy equity funds are challenged. You may recall we did not re-up in their last energy equity fund and opted for the debt fund. Our pivot
toward their debt fund has worked out well. Our decision to sell Centerbridge II in the secondary market and invest in Centerbridge III has worked out well. Met with Axiom Asia while in NYC to check on portfolio progress and get an update on China.

- **3rd Quarter 2019 Pension Performance:** Mr. Stronkowsky reviewed the Metro Plan’s performance. He discussed the total fund returned 0.82% for the quarter; outperforming the policy index by 0.43%. The total fund returned 8.08% YTD; underperforming the policy index by 3.69%. The total fund returned 6.20% for the 1-year period; outperforming the policy index by 2.91%. Mr. Stronkowsky explained Metro ranked in the 6th percentile relative to public fund peers for the 1 year.

  Mr. Stronkowsky & Mr. BouSamra explained the plan ranks 1st in risk adjusted returns compared to over 340 other public plans. Mr. Stronkowsky explained this means we are getting more return for less risk compared to the other public plans within the investor force universe.

- **3rd Quarter 2019 MetroMax review:** Mr. Beaton discussed the 2019 Defined Contribution Fee review. He explained the 2019 fee study benchmarked the MetroMax plan to plans with 5,000-10,000 participants. Record keeping fees are below the universe range and the expense ratio is just below the universe median. Also, Mr. Beaton explained that weighted-average expenses are 20 bps less than average compared to the Morningstar Institutional Universe. Mr. Beaton reviewed the executive summary which highlights fund performance including the range of core fund returns from -1.7% to 7.2% 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.

- **3rd Quarter 2019 MetroMax Activity Review:** Mr. Cox reviewed the MetroMax 3rd Quarter 2019 Activity Report. He explained as of 09/30/2019 there was an all-time high of 7,540 participants. Mr. Cox also explained payroll contributions increased 11.65% from 9/30/2018 to 9/30/2019.

Approved 2/24/2020 by 
(Date)