

MINUTES

METROPOLITAN EMPLOYEE BENEFIT SYSTEM INVESTMENT COMMITTEE

Wednesday, March 5, 2025 @ 2 p.m.
Investment Committee Meeting

Howard Office Building – Sonny West Conference Room
700 President Ronald Reagan Way, Nashville, TN 37210

The Investment Committee met on Wednesday, March 5, 2025 @ 2:00 p.m.

Those Investment Committee members present were:

Gilbert Gonzales, G. Thomas Curtis, and Jenneen Reed

Other attendees:

Meketa: Aaron Lally and Tad Fergusson

Voya: Jonathan Cox, Len Goff, and Thomas Boyle

NEPC: Dan Beaton

Staff: Kevin Brown, Finance Deputy Director, Sharon Sepik, Assistant Metropolitan Treasurer, Katelyn Richie, Finance Manager – Investments, Preethi Bheemidi, Senior Accountant, Dan Zarling, Risk and Compliance Officer, Cole Davis, Treasury Analyst

Metro Legal: Joshua Thomas

Others Attending: John Wuestling, StepStone

- **Establish a Quorum:** Ms. Sepik established a quorum was present, and the meeting was called to order.
- **Public Comment Period:** Ms. Sepik noted no participants signed up for the public comment period.
- **Election of Investment Committee Chair Pro-Tempe:** Mr. Curtis made a motion to nominate Ms. Reed for Investment Committee Chair Pro-Tempe. Mr. Gonzales seconded the motion. The motion passed unanimously.
- **Approval of Minutes from the Meeting on December 16, 2024:** Mr. Curtis made a motion to accept the minutes as written. Mr. Gonzales seconded the motion. The motion passed unanimously.
- **Treasury Staff Update:** Ms. Richie noted meetings with Investment Managers, investigation into technology products that could streamline departmental processes, and status of the approved emerging markets manager change that was discussed at the December meeting.
- **4th Quarter 2024 Pension Performance:** Mr. Lally shared some insight into market conditions in 2024. He noted the S&P 500 was up over 25% in 2024, while private markets lagged a bit. Pension Plans that were heavily positioned in public markets did very well, while more diversified plans like Metro's had good absolute returns for the year but relative performance lagged their peers who were more heavily weighted toward public markets. He focused on the importance of maintaining a diversified, long-term focused asset allocation as

this approach is better positioned against market noise over the long term. Mr. Lally outlined the plan's market value is ~\$4.4 billion and that each asset class is within policy range. He explained the plan's performance relative to peers and how the plan ranks among ~100 other public pension plans in the reporting universe. For the calendar year 2024, the plan's return was ~7% which meets the expected rate of return for the plan.

- **Meet the Manager – John Wuestling, Partner at StepStone Group:** Mr. Wuestling presented a firm overview, venture capital market forecast, and he also covered some strategy details around two of the commitments up for consideration today. Mr. Wuestling also gave an overview of the history and performance of commitments the Metro plan has made with StepStone over the years. He noted that many of his views on the market echo the sentiments of Meketa.
- **Investment Recommendations:** Mr. Fergusson presented the following new investment recommendations to the Committee. Mr. Fergusson shared details of the recommendations and outlined Meketa's due diligence process before these recommendations were brought to the committee for consideration.

Real Assets:

➤ **EIG Direct Lending Separately Managed Account** Is a highly diversified open-ended strategy focusing on energy and energy infrastructure, diversified over traditional and renewable energy. The strategy is direct-lending, debt oriented, within the energy spectrum. These are senior debt instruments, at the top of the capital structure, collateralized by underlying assets within the portfolio. Metro has existing relationships with EIG over four prior funds, dating back to 2010. The economics for this SMA are favorable to Metro as we are receiving discounted management fees for initiating the SMA versus a fund commitment.

Recommendation: Commit up to \$100 million to EIG Direct Lending SMA.

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

Private Equity:

➤ **StepStone Founders Fund Growth III** Is a venture capital and growth equity strategy. Metro has invested in the first two of the Founders Fund strategies.

Recommendation: Commit up to \$10 million to StepStone Founders Fund Growth III.

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

➤ **StepStone VC Global Partners XII** Is a Fund of funds strategy focusing on Global Venture Capital Partnerships. This investment is diversified across strategy, geography, stage, and investment type. Metro has a long-term successful relationship with StepStone dating back to 2011 with commitments aggregating to \$400 million.

Recommendation: Commit up to \$30 million to StepStone VC Global Partners XII.

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

- **457b Performance Report:** Mr. Beaton reported on due diligence, trends, and highlights from the past quarter. He noted no firms of concern for the 457b plan through the NEPC due diligence process.

Mr. Curtis inquired about Hightower's recent acquisition of NEPC in which Mr. Beaton gave insight into reasons for the acquisition and assured the committee the level of service from NEPC will remain unchanged.

- **Voya 457b Activity Report:** Mr. Cox showed that Voya has continued efforts to expand participation in the 457b retirement plan. He noted that local field office activity, transactions, total and active participants, contributions, plan assets, and rollovers are at all-time highs, continuing trends from the prior quarter. Additionally, Roth participation has increased to 10% of participants, also at an all-time high.
- **Voya Technology Demo:** Mr. Goff and Mr. Boyle presented Voya's new investment dashboard, continued technology investments, cybersecurity protection, and fraud prevention initiatives.
- **Meeting dates for 2025:**
 - June 10, 2025, 2:00-3:30pm (Regular Meeting – Review of Q1 2025)
 - September 9, 2025, 2:00-3:30pm (Regular Meeting – Review of Q2 2025)
 - November 21, 2025, 9:00-10:30am (Regular Meeting – Review of Q3 2025)

Approved 7/18/2025 | 3:17 PM CDT by Jennine Reed
(Date)