

**ACTION SUMMARY**

**INVESTMENT COMMITTEE**

**December 10, 2015**

<b><u>Item</u></b>	<b><u>Action</u></b>	<b><u>Page #</u></b>
APPROVAL OF AGENDA	Deferred	
<u>APPROVAL OF MINUTES</u> November 12, 2015	Deferred	
AE INDUSTRIAL PARTNER FUND I	Action deferred	
OTHER INVESTMENT REPORTS/DISCUSSIONS	Informational	4

**MINUTES OF THE**  
**NEW MEXICO EDUCATIONAL RETIREMENT BOARD**  
**INVESTMENT COMMITTEE**

**December 10, 2015**

**1. a. Call to Order**

A meeting of the New Mexico Educational Retirement Board Investment Committee was called to order on this date at 1:00 p.m. in the Educational Retirement Board Conference Room, 6201 Uptown Boulevard, N.E., Ste. 203, Albuquerque, New Mexico.

**Members Present:**

Mr. H. Russell Goff, Chair  
Ms. Mary Lou Cameron  
Mr. Larry Magid  
Dr. Beulah Woodfin

**Members Excused:**

None

**Staff Present:**

Ms. Jan Goodwin, Executive Director  
Mr. Rick Scroggins, Deputy Director  
Mr. Bob Jacksha, CIO  
Mr. Steve Neel, Deputy CIO  
Mr. Aaron Armstrong, Portfolio Manager

**Others Present:**

Mr. Kevin Tatlow, Top Tier  
Ms. Sophia Ginez, Top Tier  
Ms. Judith Beatty, Recorder

[Note: Because the agenda did not specify that Item 2 was scheduled for action, the committee deferred taking action on all items until a special meeting at 2:00 p.m. on December 14.]

**b. Approval of Agenda**

[Deferred.]

**c. Approval of Minutes: 11/12/15**

[Deferred.]

d. Introduction of Guests

Staff was present.

2. AE INDUSTRIAL PARTNER FUND I – PRIVATE EQUITY

[Presenters: Steve Neel and Top Tier consultants Kevin Tatlow and Sophia Ginez.]

Mr. Neel presented staff's recommendation of a \$40 million commitment to AE Industrial Partners Fund I. He stated that this is an operationally focused group with a background in industry and investment banking.

Mr. Neel said AE is seeking to raise \$600 million with a hard cap of \$700 million. To date, they have closed on approximately \$500 million. They anticipate having around eight to ten control investments of \$60 million to \$100 million.

-- AE Industrial Partners has been investing in targeted industries in aerospace, power generation and specialty industrial sectors. AE's seven partners and four operating partners have significant experience investing and operating in these areas and have developed deep networks and relationships.

-- AE has deployed capital over 16 years generating strong investment returns and realizations.

-- The AE team has proven their ability to source proprietary deals through their industry relationships. Most recently, David Rowe, who worked at the company as a teenager and had an active dialog with the owners for years, sourced Belcan.

-- NMERB has already co-invested alongside AE in Belcan and Kellstrom through the Blackrock co-investment account. AE anticipates that there will be additional co-investment opportunities during the life of the fund that will be offered to large fund investors without fee.

-- AE's partners each bring an average of 30 years of investing and operating experience in the firm's target sectors. AE's four operating partners have decades of experience in senior-level positions in the industry. In addition to the team's deep industry experience, the AE partners also bring some continuity, having worked together on transactions before coming together at AE, whether at Gulfstream, GE, Power Systems Manufacturing or UBS.

Mr. Tatlow and Ms. Ginez discussed investment concerns and merits.

AE Industrial Partners representatives Michael Greene and David Rowe, and Chris Maduri of Eaton Partners, appeared before the committee and made a presentation.

[Representatives left the room.]

Regarding the recommendation of a \$40 million investment, Mr. Jacksha said he would prefer a \$50 million investment. He said he understood Mr. Neel and Top Tier were comfortable with that.

Mr. Neel said a \$50 million investment would fit within the pacing plan.

Mr. Jacksha noted that, in looking at the sectors the ERB is invested in, he sees very little overlap in terms of what AE Industrial Partners is doing.

[Action on this item was deferred to December 14, 2015 at 2:00 p.m.]

**3. OTHER INVESTMENT REPORTS AND DISCUSSIONS**

Mr. Neel reviewed an update on a legal matter concerning VSS Structured Capital Fund II.

**4. NEXT MEETING: DECEMBER 14, 2015 AT 2:00 P.M.**

**ADJOURN**

Its business completed, the Investment Committee adjourned the meeting at 2:00 p.m.

Accepted by:



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H. Russell Goff, Chairman