

MINUTES OF THE RETIREMENT BOARD
Thursday, March 5, 2020

A meeting of the Retirement Board was held on Thursday, March 5, 2020 at 8:30 a.m., in the Administration Building, 9th Floor Committee Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Mark Deldin, Gary Cutler, Matthew Murphy, Michael Grix, Harold Haugh, Larry Rocca, George Brumbaugh

Excused:

Bryan Santo

Also Present:

Stephen Smigiel, Joe Biondo, Christina Miller, Tom Michaud, Mike Holycross

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:30 a.m. by Chair Deldin.

2. Adoption of Agenda

Trustee Cutler requested to swap agenda items #9 and #10. The Board had no issues with this.

A motion was made by Trustee Cutler, supported by Trustee Murphy to adopt the revised agenda as proposed by Trustee Cutler. The motion carried.

3. Approval of Minutes from February 27, 2020

A motion was made by Trustee Haugh, supported by Trustee Grix to approve the minutes from February 27, 2020 as presented. The motion carried.

4. Approval of Invoices

There were no invoices presented for approval.

5. Public Participation

None

6. World Asset Management annual update – Eric Lessnau

Mr. Eric Lessnau joined the meeting to provide the annual update on the World Asset Management (WAM) portfolio. He noted that WAM continues to work closely with Comerica and he reviewed the Retirement System's investment summary. As of January 31, 2020, the fund was at \$170 million and they continue to work on staying close to the benchmarks. Mr. Lessnau advised that the next re-

balance will be done on March 20th. He also discussed the level of turnover in each of the funds (large cap, mid-cap and small cap). The highest turnover and most activity is in the small cap fund.

A motion was made by Trustee Haugh, supported by Trustee Cutler to receive and file the World Asset Management annual update. The motion carried.

7. LS Investment Advisors annual update – Kevin Yousif, Gary Bender

Mr. Kevin Yousif and Mr. Gary Bender joined the meeting to provide the annual update on the LS Investment Advisors portfolio. Mr. Yousif stated that performance is solid and noted that since inception the fund has been up 14.06% net of fees. He went on to discuss GDP growth, the manufacturing sector, home sales, consumer confidence and auto sales trends for the last several years. Mr. Bender distributed an extra handout showing recent data for the S&P 500 Index, results of a daily economic survey of consumers, and China's manufacturing index.

A motion was made by Trustee Murphy, supported by Trustee Grix to receive and file the LS Investment Advisors annual update. The motion carried.

8. AndCo 2019 4th Quarter Report – Michael Holycross

Mr. Holycross began the discussion of the 2019 4th Quarter Report with an update on the AndCo firm. They are celebrating their 20-year anniversary and currently manage \$92 billion in assets. He noted that the presentation book provided to the Board also includes the usual Market Commentary. Performance of the fund was up 6.6% for the fourth quarter and up 20.5% for the year.

Mr. Holycross reviewed manager returns as of December 31, 2019 and advised that he had spoken to Clarkston Capital recently. They are still holding about 20% in cash, but are finding more opportunities recently to put that cash to work. Mr. Holycross also briefly touched on the information in the Private Investment Report reviewing comparative performance and internal rate of returns. He also expects that Franklin Park will begin calling capital fairly soon in that new investment.

A motion was made by Trustee Murphy, supported by Trustee Grix to receive and file the AndCo 2019 4th Quarter Update. The motion carried.

9. AndCo Equity Diversification Presentation – Michael Holycross

Mr. Holycross directed the Board's attention to another of the presentation books that was included in their packet for this meeting. This presentation helps identify ideas of other asset classes that could be utilized in the event of an equity market drawdown. AndCo has identified investment grade fixed income, equity hedge long/short strategies, hedge fund-of-fund strategies, core real estate, and infrastructure.

All of these asset classes offer downside protection. The presentation book also depicted a comparison of these specific asset classes to S&P 500 declines during recent negative quarters. Mr. Holycross also reviewed the risk adjusted return potential for each of these asset classes.

A motion was made by Trustee Cutler, supported by Trustee Haugh to receive and file the Equity Diversification Presentation. The motion carried.

10. AndCo Hedge Fund of Funds Manager Search – Michael Holycross

Mr. Holycross then directed the Board's attention to the search book that was provided in their packets. This book provides investment option information and a comparison of three different managers (ABS Global Long/Short, Ironwood International Ltd., Nantucket LP). Also included was a quantitative review that illustrated trailing performance and calendar year performance for all three.

The book presented investment option narratives for ABS and Ironwood with the information AndCo has compiled through their research of those two managers. Nantucket is not actually on the AndCo platform (although they do have clients who invest with them), so a narrative was not provided for them.

Mr. Holycross recommended the Board interview ABS and Nantucket as they would both be good options for a new investment. He would like to target the April 9th meeting for those interviews. The Board discussed their options.

A motion was made by Trustee Cutler, supported by Trustee Haugh to bring ABS and Nantucket in for interviews with the Board at their April 9th meeting. The motion carried.

11. Unfinished Business

None

12. New Business

Chair Deldin advised the Board that he had been contacted by representatives from ABS. They are considering cancelling the conference that is scheduled to be held in Boston on April 22nd and 23rd. He is expecting them to confirm their decision with him tomorrow. In the event that the conference is cancelled, Ms. Schave will work on taking the necessary steps to cancel hotel reservations and flight arrangements for those who planned to attend.

13. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Murphy to adjourn the meeting at 10:13 a.m. The motion carried.