

MINUTES OF THE RETIREMENT BOARD
Thursday, June 18, 2020

A meeting of the Retirement Board was held on Thursday, June 18, 2020 at 8:30 a.m., electronically in accordance with the Open Meetings Act and Executive Order 2020-4 issued by Governor Whitmer in an effort to protect the health and safety of the public. The following members were present remotely via Cisco Webex Events:

Present:

Mark Deldin, Bryan Santo, Gary Cutler, Michael Grix, Harold Haugh, Larry Rocca, George Brumbaugh

Excused:

Matthew Murphy

Also Present:

Stephen Smigiel, Stephanie Dobson, 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 8:34 a.m. by Chair Deldin.

2. Adoption of Agenda

A motion was made by Trustee Haugh, supported by Vice-Chair Santo to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from May 28, 2020

A motion was made by Trustee Grix, supported by Trustee Cutler approve the minutes from May 28, 2020 as presented. The motion carried.

4. Approval of Invoices

A motion was made by Trustee Haugh, supported by Trustee Grix to approve the invoices as presented. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson briefly discussed the numbers provided on the Activity Report. Her office has received reports of two deaths related to COVID-19, but the total number of deaths in the month of April seems slightly higher than is typical. She also advised that the new actuary platform is being released and the

timeframe her staff has been given by Buck to complete testing is very short. If she sees any issues with the new release, she will keep the Board apprised.

A motion was made by Vice-Chair Santo, supported by Trustee Cutler to receive and file the Retirement Administrator Report. The motion carried.

7. Hedge Fund of Fund Manager Interviews

a. ABS Investment Management

Mr. Laurence Russian, Mr. Chris Carmody and Mr. Sean White joined the meeting remotely to provide the Board with a presentation related to the opportunity ABS has available for investment in their global portfolio. Mr. Carmody briefly introduced the team and Mr. Russian provided an overview of the firm. He discussed the firm's diversity, reviewed their organizational chart and described the level of experience within their team.

Mr. Russian also examined their global portfolio's characteristics and performance history. He looked at the portfolio's exposure detail (overweights and underweights). At the conclusion of the presentation, Mr. Holycross asked some questions and requested confirmation of the terms offered. Mr. Russian confirmed that the terms offered are a 1% flat management fee with no performance fee and they also offer a 75 basis points management fee with a 5% performance fee (no hurdle) as an alternative. Additional terms involve quarterly liquidity with 45-day notice.

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to receive and file the presentation by ABS Investment Management. The motion carried.

b. Nantucket Companies

Ms. Libby Greenstone, Mr. Bill Goldsmith and Mr. Eric Strzempek joined the meeting remotely to provide the Board with a presentation related to the opportunity Nantucket has available for investment in their global portfolio. Ms. Greenstone introduced the individuals present today. She provided a brief overview of the firm and some of the basic characteristics of their fund.

Mr. Goldsmith picked up the presentation and discussed Nantucket's strategy for outperformance and his experience in conducting due diligence and seeking talent. He also examined the portfolio's construction and talked about risk mitigation. Mr. Strzempek then reviewed recent performance including the rough month of March 2020. He noted that while they were disappointed with first quarter performance they are excited about their current roster and feel like they are getting back on track by outperforming their benchmark in April and May.

At the conclusion of the presentation, Mr. Holycross asked some questions and requested confirmation of the terms offered. Ms. Greenstone confirmed that the terms offered are an annual management fee at 1% per annum. A performance fee does not apply until there is a 6% hurdle met net of the management fee in any given calendar year. The performance fee is 10% of the net new profits for that year.

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to receive and file the presentation by Nantucket Companies. The motion carried.

Chair Deldin asked for discussion related to an investment with either ABS and/or Nantucket. Mr. Holycross reviewed the most recent Market Value Update and recommended a 2% or \$20 million allocation (\$15 million to ABS and \$5 million to Nantucket). The Board asked several questions and briefly discussed fees as they relate to both ABS and Nantucket.

A motion was made by Trustee Cutler, supported by Trustee Haugh to invest \$15 million with ABS (at the 1% management fee with no performance fee) and \$5 million with Nantucket pending review of the legal documents. The motion carried.

Mr. Holycross also suggested that the Board consider an investment in distressed debt and indicated that he could prepare a search book for their review at an upcoming meeting. Trustee Haugh requested that Mr. Holycross prepare the necessary information for their review.

8. Franklin Park – Consent of Limited Partners for Amendment to Agreement

Mr. Holycross indicated that this amendment had been reviewed by both AndCo and VMT and they have no issues with it. The amendment only clarifies the dollar amount of drawdowns in the original limited partnership agreement. Mr. Michaud confirmed that there are no legal issues with the amendment as proposed.

A motion was made by Trustee Cutler, supported by Vice-Chair Santo to approve the amendment to the Franklin Park Limited Partner Agreement. The motion carried.

9. Align Technology – Order Appointing Macomb County Employees’ Retirement System lead plaintiff

A motion was made by Trustee Rocca, supported by Trustee Cutler to receive and file the Order Appointing Macomb County Employees’ Retirement System as lead plaintiff in the Align Technology case. The motion carried.

10. Unfinished Business

None

11. New Business

a. MAPERS Fall Conference

Chair Deldin indicated that each of the Board members should have received an email from MAPERS with the information regarding the 2020 Fall Conference scheduled for September 13-15, 2020 being held at The Grand Hotel on Mackinac Island.

A motion was made by Vice-Chair Santo, supported by Trustee Rocca to approve Board member and staff attendance and expenses related to the MAPERS 2020 Fall Conference scheduled for September 13-15 on Mackinac Island. The motion carried.

Ms. Schave will reach out to each Board and staff member to gauge their interest in attending this conference and will handle registration and other necessary arrangements.

12. Adjournment

There being no further business before the Board, a motion was made by Vice-Chair Santo, supported by Trustee Grix to adjourn the meeting at 9:52 a.m. The motion carried.