

MINUTES OF THE RETIREMENT BOARD
Thursday, October 3, 2019

A meeting of the Retirement Board was held on Thursday, October 3, 2019 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, Bryan Santo, Gary Cutler, Matthew Murphy, Michael Grix, Harold Haugh, Larry Rocca, George Brumbaugh

Excused:

Also Present:

Stephanie Dobson, Andrew McKinnon, 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.

Chair Deldin took a moment to welcome the newest Trustee to the Board, Mr. Michael Grix who was sworn in by County Clerk Fred Miller last week. Trustee Grix joins the Board to fill the partial term remaining after the retirement of former Trustee Carol Grant earlier this year.

2. Adoption of Agenda

A motion was made by Trustee Haugh, supported by Trustee Rocca to adopt the agenda. The motion carried.

3. Approval of Minutes from September 19, 2019

A motion was made by Trustee Rocca, supported by Trustee Haugh to approve the minutes from September 19, 2019 as presented. The motion carried.

4. Approval of Invoices

A motion was made by Vice-Chair Santo, supported by Trustee Cutler to approve the invoices as presented. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson advised that her staff had provided the monthly Activity Report and as the end of the year approaches, she expects a slight increase in activity as has occurred historically. Her office is

scheduling three to four appointments per day with individuals looking to discuss their retirement options. Trustee Cutler noted that according to the Activity Report the number of retirees is now over 3,000.

A motion was made by Trustee Murphy, supported by Trustee Rocca to receive and file the Retirement Administrator Report. The motion carried.

7. Annual Disability Retirement Re-examination Resolution for 2020

Retirement Services provided a draft resolution for the 2020 disability retirement re-examinations.

A motion was made by Vice-Chair Santo, supported by Trustee Cutler to adopt the following resolution and begin scheduling appointments for the 12 employees listed for disability re-examination:

WHEREAS, the Retirement Board is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, in accordance with Section 32 of the Retirement Ordinance, at least once each year during the first five (5) years following the retirement of a member with a disability pension and at least once every three (3) year period thereafter, the Retirement Board may require a disability retiree to undergo a medical examination by or under the direction of the Retirement Board's physician, and

WHEREAS, the Retirement Board has determined that required re-examinations must be performed by the Retirement Board's authorized physician on a schedule that coincides with the retiree's initial date of retirement, and

WHEREAS, it is the policy of the Retirement Board that all disability retirees be required to undergo annual re-examinations for purposes of determining continued eligibility to receive disability retirement benefits, unless otherwise determined by the Retirement Board based on reasons that support a disability retirees exclusion from the re-examination requirement, and

WHEREAS, the Retirement Board has reviewed the files of all disability retirees to determine what disability retirees must undergo medical re-examination, therefore be it

RESOLVED, the following disability retirees must be re-examined pursuant to Retirement System provisions:

| | |
|------------------|---------------------------|
| Bratten, Julie | O'Brien Siobhan |
| Delise, Frank | Pintar, Matthew |
| Hartman, Timothy | Rowe, Jason |
| Kellie, Lori | Rutledge-Dudek, Christine |
| Krese, Victor | Sechrist, Janine |
| Marschke, Steven | Smith, Randall |

and further

RESOLVED, that the Retirement Board's Medical Director is designated to conduct or direct said examinations, and further

RESOLVED, that any member who refuses or fails to submit to said re-examination shall be subject to suspension or termination of disability retirement benefits, and further

RESOLVED, that a copy of this resolution and the appropriate letters be sent to said retirees and said physician consistent with this resolution.

The motion carried.

8. Franklin Park Private Equity presentation – Brad Atkins, Michael Bacine

Mr. Brad Atkins and Mr. Michael Bacine joined the meeting and began their presentation with an overview of the Franklin Park firm. They specialize in private market asset classes and currently have \$15 billion in assets under management. They help their clients build customized private equity portfolios. Franklin Park is 100% employee owned and they have a very stable, experienced leadership team. Mr. Atkins also discussed the firm's overall track record as well as returns by strategy.

Mr. Bacine reviewed the firm's investment philosophy and their due diligence process. Franklin Park is very proactive in covering the market and they review an average of 613 opportunities per year and less than four percent of those opportunities are eventually approved.

Mr. Bacine then examined the Board's current private equity portfolio summary and what Franklin Park would suggest as a pacing strategy to meet an allocation of four percent within five years. He discussed the breakdown of a potential yearly \$12 million commitment by the Board across the funds offered by Franklin Park.

Mr. Atkins reviewed the offering Franklin Park is making to the Board. They offer a customized solution with fees that are only charged on the committed capital for each year as opposed to the total allocation. They would also provide custom education and training to the trustees with reporting tailored specifically to meet their needs. He went on to summarize Franklin Park's strengths and why an investment with them would be a good choice.

Mr. Holycross reiterated for the Board that this type of "evergreen" investment means they will be investing \$12 million per year for each of the next five years.

A motion was made by Trustee Murphy, supported by Vice-Chair Santo to receive and file the Franklin Park Private Equity presentation. The motion carried.

9. Constitution Capital Partners Private Equity presentation – Dan Cahill, Vil Ramos, Mike Grodi

Mr. Dan Cahill, Mr. Vil Ramos and Mr. Mike Grodi joined the meeting to present the Constitution Capital Partners overview and answer any questions the Board may have about the firm. Mr. Cahill began by talking about his resume and the history he has with other funds and financial services firms.

Mr. Cahill went on to describe the investment options available through Constitution Capital Partners (a fund-to-fund and a co-invest vehicle). Most of their investors choose to invest in both funds. The Board is considering a 50/50 split and he discussed the fee structure for this. He also discussed recent performance and the key factors to their success. Mr. Cahill also described the attributes of the two funds the Board is looking at investing in and stated that Constitution prides itself on consistent returns across all of their funds.

A motion was made by Trustee Murphy, supported by Trustee Haugh to receive and file the Constitution Capital Partners Private Equity presentation. The motion carried.

10. Unfinished Business

None

11. New Business

Mr. Holycross made a recommendation to the Board of a custom solution with Franklin Park at \$12 million per year for the next five years (total of \$60 million) in addition to an investment with Constitution Capital Partners in the amount of \$10 million.

A motion was made by Trustee Cutler, supported by Trustee Haugh to commit \$12 million annually for the next five years with Franklin Park pending review of the legal documents. The motion carried.

A motion was made by Trustee Cutler, supported by Vice-Chair Santo to invest \$10 million with Constitution Capital Partners in a 50/50 split between the fund-to-fund and the co-invest vehicle pending review of the legal documents. The motion carried.

A motion was made by Trustee Cutler, supported by Trustee Murphy to direct the employer to make the contributions and to adjust the retiree reserve balance as listed in the actuarial report. The motion carried.

Trustee Haugh inquired again about the cost difference between the County's EDRO fee calculation and the City of Roseville's EDRO fee calculation. Mr. McKinnon responded that he looked into this matter and found that the Board's actuary could not give him a solid answer on why someone else's cost was lower. They advised that if they were to bill the EDRO reviews at their hourly rate, they would cost closer to \$1,500 (instead of the \$900 the system is charged now). Mr. Michaud noted that there are other firms charging much higher fees for EDROs than what the Board is currently paying and Roseville's circumstances may be special due to the relationship and history with their actuary.

Mr. Holycross advised the Board that the McMorgan proposed amendments discussed at a prior meeting have now been approved. McMorgan will be conducting due diligence over the next 60 days on each of the five underlying investments and capital calls for those that are chosen may be due December 20th. He will keep the Board apprised of further developments related to this.

Mr. Holycross also advised that there had been communication recently from HGK that they are reducing their management fee to 80 basis points. This is a 20% discount in the co-mingled vehicle and is being offered to all of their investors.

Lastly, Mr. Holycross noted that the Board will be receiving an extension amendment from Bloomfield on Fund V. Bloomfield will be asking for another six or 12 months to continue raising capital in that fund. His team has already reviewed the language and found no issues with it.

12. 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 9:48 a.m. The motion carried.