

MINUTES OF THE RETIREMENT BOARD
Thursday, October 31, 2019

A meeting of the Retirement Board was held on Thursday, October 31, 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, Gary Cutler, Matthew Murphy, Michael Grix, Harold Haugh, Larry Rocca, George Brumbaugh

Excused:

Bryan Santo

Also Present:

Stephen Smigiel, Stephanie Dobson, John Schapka, 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.

2. Adoption of Agenda

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

3. Approval of Minutes from October 17, 2019

A motion was made by Trustee Haugh, supported by Trustee Rocca to approve the minutes from October 17, 2019 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

Ms. Janine Sechrist was present at the meeting. She will be formally requesting the Board to waive future disability retirement re-examinations and wanted to appear before the Board today to advise them of her forthcoming request.

6. Retirement Administrator Report

Ms. Dobson noted that the Activity Report had been provided through the month of September. Her office is starting to see the typical year-end increase in activity with requests for appointments. She also advised that one of her Retirement Specialists will be retiring herself at the end of December. An

updated job description is in the works and she hopes to have the position posted and filled before this individual leaves, so training can begin promptly.

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

7. Corbin Capital Annual Update – Jessica Hornung, Matthew Glasofer

Ms. Jessica Hornung and Mr. Matthew Glasofer joined the meeting to provide the annual update on the Corbin Capital portfolio. Ms. Hornung provided an update on the firm and noted that they currently have 47 employees. There have been no personnel departures in the third quarter, but their Chief Operating Officer (COO) retired during the second quarter and those responsibilities have been taken on by their Operating Committee. They have also hired a new Director of Operations to replace the person who is moving on from that position.

Mr. Glasofer reviewed the Pinehurst fund's characteristics (a global multi-strategy fund) as well as core allocations. They utilize an "Active Management" strategy which involves focus on asset allocation, manager selection and implementation. Mr. Glasofer then provided a review of performance to this point in 2019 and discussed global macro losses. He also answered some questions from Mr. Holycross and Trustee Cutler.

A motion was made by Trustee Murphy, supported by Trustee Rocca to receive and file the Corbin Capital Annual Update. The motion carried.

8. J P Morgan Annual Update – Alex Harlan

Mr. Holycross distributed an additional handout to the Board members prior to the presentation that shows the Board's performance in the J P Morgan fund. Mr. Alex Harlan then joined the meeting to provide the annual update on the J P Morgan portfolio. He began the discussion by reviewing performance, specifically returns on an annual basis. He noted that last year was a fairly bad year by their standards, up a little less than one percent, but observed that everything in fixed income struggled last year.

Mr. Harlan also reviewed attribution of returns and examined the portfolio's characteristics and positioning. They hold cash as a defensive strategy and are currently holding nearly 50%. Mr. Harlan recognizes that is a lot to hold in cash. He explained why it makes sense to be defensive in this environment and why they are holding that much cash. Retiree Representative Brumbaugh inquired what type of return they are getting on the cash that is being held. Mr. Harlan replied that the return is currently about two percent, but it may drift a bit lower due to the rate cut by the Federal Reserve yesterday. He also briefly discussed the firm's outlook moving forward.

A motion was made by Trustee Cutler, supported by Trustee Haugh to receive and file the J P Morgan Annual Update. The motion carried.

9. Executive Session to address Attorney-Client Privilege information

A motion was made by Trustee Haugh to enter into closed session to discuss the attorney-client privilege information provided by Corporation Counsel and outside legal counsel. The motion was

supported by Trustee Cutler. A roll call vote was taken with all members responding affirmatively to enter into closed session. The motion carried.

The Board returned to open session and a motion was made by Trustee Rocca, supported by Trustee Haugh to postpone a decision on this matter until the next meeting so all Board members can complete a thorough review of the information. Trustee Rocca amended his motion to include the stipulation that this decision be postponed to a meeting when all Board members are in attendance. Trustee Haugh supported the amended motion. The amended motion carried.

10. Centerbridge Partners Leadership Update

Mr. Holycross briefly discussed the correspondence that had been received from Centerbridge regarding the retirement of one of the firm's founders, Mark Gallogly. He and the AndCo team have reviewed the information and this announcement has actually been in the works for quite some time. They have no concerns with his retirement as Centerbridge has been doing succession planning since Mr. Gallogly revealed his intentions several years ago.

A motion was made by Trustee Rocca, supported by Trustee Grix to receive and file the Centerbridge Partners Leadership Update. The motion carried.

11. Unfinished Business

None

12. New Business

Trustee Haugh asked about the high amount of cash that J P Morgan is holding (currently almost 50%). He inquired whether this Board has any kind of policy in regards to how much cash a money manager can hold and for what length of time.

Mr. Holycross stated that typically fund managers are given a directive to hold no more than 10% in cash when there is a separate account agreement with them and the Board can dictate terms. In the J P Morgan fund, the Board is invested through a mutual fund vehicle and are more or less investing along their guidelines. He also explained that holding cash is one way that J P Morgan secures downside protection and the Board really wants them to be in a more defensive position. Mr. Holycross also noted that the amount of cash held also fluctuates throughout the year and there is just not a lot of opportunity right now to put that money to work.

13. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Grix to adjourn the meeting at 10:14 a.m. The motion carried.