

MINUTES OF THE RETIREMENT BOARD
Thursday, May 6, 2021

A meeting of the Retirement Board was held electronically on Thursday, May 6, 2021 at 8:30 a.m. in accordance with the local state of emergency declared by the City of Mount Clemens 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 (Mount Clemens, Michigan), Bryan Santo (Mount Clemens, Michigan), Harold Haugh (Roseville, Michigan), Larry Rocca (Mount Clemens, Michigan), Gary Cutler (Warren, Michigan), Michael Grix (Mount Clemens, Michigan), Matthew Murphy (Mount Clemens, Michigan), George Brumbaugh (Clinton Township, Michigan)

Excused:

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Tom Michaud, Mike Holycross

1. Call to Order and Roll Call

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

Ms. Schave conducted the roll call with each member of the Board stating their physical location for today's remote meeting.

2. Adoption of Agenda

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

3. Approval of Minutes from April 22, 2021

A motion was made by Trustee Haugh, supported by Trustee Grix to approve the minutes from April 22, 2021 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson reported that there has been a great response so far to the Annual Signature Verification with responses continuing to roll in. She then turned the discussion over to Mr. Michaud to discuss the PBGC rate.

a. PBGC Rate

Mr. Michaud reminded the Board that the PBGC Rate is an interest rate that has historically been used for calculations related to annuity withdrawal. Since that rate is no longer being published and is specifically mentioned in the Retirement Ordinance, the Pension Board must adopt a new policy that closely follows the plan document. Mr. Michaud has spoken to the Board's actuary and they are able to approximate formula that was used to calculate the PBGC Rate. Mr. Michaud can draft a policy for the Board to review and if adopted, they will need to send out communication to the unions notifying them of the new policy.

A motion was made by Trustee Rocca, supported by Trustee Haugh to follow Mr. Michaud's recommendation and request that he draft a policy related to the PBGC interest rate. The motion carried.

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

7. Centerbridge Partners Annual Update Presentation – Keith Merrill, Adam Burinescu

Mr. Keith Merrill and Mr. Adam Burinescu joined the meeting remotely to provide the Board with the annual update on the Centerbridge Partners portfolio. Mr. Merrill introduced the participants today and examined Centerbridge's investment strategy and noted that they will be starting Fund II very soon. Mr. Burinescu gave an overview of performance as of March 31, 2021 and noted there has been increased activity within the portfolio during the last 12 months. He also discussed a number of specific investments. Mr. Merrill also reviewed the terms for CPREF II in the event the Board is interested in investing.

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

8. TerraCap Management Annual Update Presentation – Steve Hagenbuckle, Patrick Melton

Mr. Steve Hagenbuckle and Mr. Patrick Melton joined the meeting remotely to provide the Board with the annual update on the TerraCap Management portfolio. Mr. Melton provided a brief introduction and Mr. Hagenbuckle gave an update related to the firm. Mr. Hagenbuckle also reviewed capital that has already been called and noted what remains outstanding. He also discussed the portfolio summary and examined some individual investment statistics.

A motion was made by Vice-Chair Santo, supported by Trustee Haugh to receive and file the TerraCap Management Annual Update Presentation. The motion carried.

9. Unfinished Business

a. Discussion on returning to in-person meetings

Chair Deldin asked Mr. Michaud if there had been any updates the Board should be aware of related to the Open Meetings Act and Mr. Michaud responded that there is nothing new to report. Trustee Haugh indicated that the Board of Commissioners is contemplating a return to in-person meetings in July.

b. Update on Legal Services RFP

Mr. Michaud was excused from the meeting at this point and Mr. Smigiel provided the update on the Legal Services RFP. He advised that the review committee had met earlier in the week and discussed the two proposals that were submitted. He stated that the consensus of the committee is to recommend that the Board continue with their current Legal Services Consultant (VanOverbeke, Michaud & Timmony).

Vice-Chair Santo added some additional information related to their review of the two firms. He noted in particular the difference in proposed fees and level of pension related experience between the two. Trustee Cutler agreed that the consensus among the committee members is to continue with the current provider.

A motion was made by Trustee Haugh, supported by Trustee Grix to follow the recommendation made by the Legal Services RFP Review Committee and continue with VanOverbeke, Michaud & Timmony as their outside legal consultant. The motion carried.

10. New Business

Chair Deldin advised the Board that there are no fund manager presentations scheduled for the next meeting on May 20th. In the event that there is no urgent business submitted prior to the next agenda deadline, he would recommend canceling that meeting. He will reach out to Ms. Schave after that deadline passes to see if anything has been submitted. Trustee Cutler mentioned that there is a bit of a timeline to consider regarding the PBGC policy that Mr. Michaud is drafting. Chair Deldin made a note of this and will take that into consideration when making a decision on the May 20th meeting.

Mr. Holycross asked the Board to consider the information that was presented by Centerbridge Partners earlier in the meeting in regards to the opening of their second fund (CPREF II). He is recommending the Retirement Board approve an additional allocation of \$12 million for the second fund. Mr. Smigiel asked Mr. Holycross if he will be recommending proportional allocations for the Intermediate Trust and Retiree Health Care Boards. Mr. Holycross confirmed that he plans to do so.

A motion was made by Trustee Cutler, supported by Trustee Haugh to follow the recommendation made by Mr. Holycross for the CPREF II investment. The motion carried.

11. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Haugh to adjourn the meeting at 9:43 a.m. The motion carried.