

MINUTES OF THE RETIREMENT BOARD
Thursday, May 12, 2022

A meeting of the Retirement Board was held on Thursday, May 12, 2022 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, Harold Haugh, Michael Grix, Larry Rocca, Daniel Willis, George Brumbaugh

Excused:

Bryan Santo, Larry Lee

Also Present:

Stephanie Dobson, Stephen Smigiel, Joe Biondo, Andrew McKinnon, Karlyn Semlow, Tom Michaud, Mike Holycross

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:31 a.m. by Chair Deldin.

2. Adoption of Agenda

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

3. Approval of Minutes from April 28, 2022

A motion was made by Trustee Grix, supported by Trustee Haugh to approve the minutes from April 28, 2022 as presented. The motion carried.

4. Approval of Invoices

There were no invoices presented for approval today.

5. Public Participation

Chair Deldin advised the Board that Mr. Gary Cutler (former Trustee) was present today to observe as a member of the public. He is working on obtaining the necessary insurance before the agreement for pension analyst services agreement is executed. He is hoping to have that resolved soon.

6. Centerbridge Partners Annual Update – Keith Merrill, Adam Burinescu

Mr. Keith Merrill and Mr. Adam Burinescu joined the meeting via Webex to provide the Board with an update on their investment with Centerbridge Partners. Mr. Burinescu re-introduced Centerbridge to the Board and reviewed their investment strategy. He discussed Funds I and II and the targeted themes that they look for when investing. They identify niche asset classes in non-traditional real estate classes. Fund I

has exhibited strong performance and Mr. Burinescu discussed a number of realizations that have transpired over the last year. He noted that Fund II has strong momentum and that 85% of committed capital has not yet been called for that fund.

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

7. TerraCap Management Annual Update – Patrick Melton, Steve Hagenbuckle

Mr. Patrick Melton and Mr. Steve Hagenbuckle joined the meeting to provide the Board with an update on their investment with TerraCap Management. Mr. Melton introduced Mr. Hagenbuckle who thanked the Board for their partnership and the opportunity to have them as an investor. Mr. Melton continued the presentation with a review of the company, noting that they are 100% employee owned and have approximately \$1.8 billion in assets under management (AUM). He stated that they are in the process of closing the fund by August of 2022 (a few months earlier than anticipated). Mr. Melton also reviewed TerraCap's investment focus. He discussed three properties to be sold by the end of the year and he provided some details on those. Overall, the portfolio is at or exceeding expectations and distributions will be forthcoming.

A motion was made by Trustee Rocca, supported by Trustee Haugh to receive and file the TerraCap Management Annual Update. The motion carried.

8. Asset Allocation Update and Proposed Rebalance – Mike Holycross

Mr. Holycross provided the Board with an update on the Cash balance available and noted that there have been an exceptional number of capital calls since the beginning of the year as managers make investments. He is proposing the Board move \$20 million from Domestic Equity and \$20 million from International Equity (a total of \$40 million) to Cash. He believes this transfer should set them up well for the next several months in regards to future capital calls and other necessary distributions.

A motion was made by Trustee Haugh, supported by Trustee Grix to approve the rebalance as recommended by Mr. Holycross. The motion carried.

9. Retirement Administrator Report

Ms. Dobson discussed the Activity Report and noted that numbers remain consistent for this time of year. The numbers from 2021 will be removed from the report next month, but remain right now to show trends from this year and last year. She indicated the Annual Signature Verification is moving along and nearly 2,000 have already been returned (with about 700 still outstanding). Ms. Dobson reported that her office has been working on improving communication with the retirees. They have been able to capture and utilize email addresses to confirm that forms have been received which has alleviated some concerns by retirees who were unsure if the forms they returned had actually been received.

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

10. Disability Retirement

a. Patricia Miottel (Initial Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the initial examination of Patricia Miottel. The Medical Director has concluded, based on the exam, that Ms. Miottel's disability retirement should be approved.

A motion was made by Trustee Grix, supported by Trustee Rocca that based on the Medical Director's opinion, the disability retirement of Patricia Miottel should be approved and the following resolution should be adopted:

WHEREAS, the Retirement Board is vested with the general administration, management and operation of the Macomb County Employees Retirement System ("Retirement System") and has fiduciary responsibilities relative to the proper administration of the pension trust fund, and

WHEREAS, the Retirement Board is in receipt of an application for disability retirement from Patricia Miottel dated January 12, 2022 and

WHEREAS, in accordance with Section 28 of the Retirement Ordinance provides that upon the application of a member, or their department head, a member who (1) is in the employ of the County, (2) is vested, and (3) has become or becomes totally and permanently incapacitated for duty in the employ of the County, may be retired by the Retirement Board: provided, that after a medical examination of the member made by or under the direction of the medical director, the medical director certifies to the Board (1) that the member is totally incapacitated for duty in the employ of the County, (2) that such incapacity will probably be permanent, and (3) that the member should be retired, and

WHEREAS, the Retirement Board has previously acknowledged receipt of said application and directed the processing of said application in accordance with the Retirement System provisions, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated April 22, 2022, which states that Patricia Miottel is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will be probably be permanent, and further indicates that Patricia Miottel should be retired, and

WHEREAS, the Retirement Board has discussed this matter and has determined that Patricia Miottel has met the eligibility requirements for disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Board hereby approves the disability retirement of Patricia Miottel and directs that benefits be paid consistent with the Retirement System's provisions, and further

RESOLVED, that a copy of this resolution shall be provided to Patricia Miottel and all other appropriate parties.

The motion carried.

11. EnTrust Global Investment Summit

The Board was provided with the invitation for the EnTrust Global Investment Summit to be held in October.

A motion was made by Trustee Haugh, supported by Trustee Grix to approve Board member and staff attendance and expenses related to the EnTrust Global Investment Summit. The motion carried.

Ms. Schave will send out an email to find out who is interested in attending and begin making travel arrangements as needed.

12. Unfinished Business

Mr. Smigiel advised the Board that two responses were received for the RFP that had been posted for Investment Consulting services. He hopes to meet with the review committee to take a look at those and provide an update and recommendation by the next meeting.

13. New Business

Chair Deldin apologized for not mentioning sooner that Trustee Lee has an excused absence for today's meeting, but is attending virtually as an observer.

Retiree Representative Brumbaugh inquired about the process for replacing Ms. Dobson as Retirement Administrator, in light of the notification they had received that she is retiring. Chair Deldin responded that the Retirement Administrator position reports to the Human Resources & Labor Relations (HRLR) Department and that in order to enhance services to retirees, an agreement was made between the Retirement Board and HRLR with the pension system paying the cost. The hiring authority is HRLR and they have the discretion to include someone from the Board on the interview panel (if the position is posted), but the Board as a whole does not play an active role in choosing the Retirement Administrator.

Chair Deldin also acknowledged and congratulated Ms. Karlyn Semlow on her recent appointment to the Human Resources & Labor Relations Director position. She is in attendance today with Mr. McKinnon.

Retiree Representative Brumbaugh requested that whoever be chosen to fill the Retirement Administrator role have empathy (along with the other requisite skills).

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Haugh, supported by Trustee Rocca to adjourn the meeting at 9:31 a.m. The motion carried.