

MINUTES OF THE RETIREMENT BOARD
Thursday, September 22, 2022

A meeting of the Retirement Board was held on Thursday, September 22, 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, Bryan Santo, Harold Haugh, Michael Grix, Larry Rocca, Larry Lee, Daniel Willis, George Brumbaugh

Excused:

Also Present:

Stephen Smigiel, Joe Biondo, Christina Miller, Cindy Mitchell, Andrew McKinnon, Tom Michaud, Mike Holycross, Gary Cutler

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 Haugh, supported by Trustee Rocca to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from September 8, 2022

A motion was made by Trustee Rocca, supported by Trustee Grix to approve the minutes from September 8, 2022 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. Franklin Park Annual Update – Michael Bacine

Mr. Michael Bacine joined the meeting to provide the Board with an update on their investment with Franklin Park. Mr. Bacine provided a brief update on the firm and an overview of the team. He examined the fund structure and the role of the general partner as well as a high level view of private equity strategies. Mr. Bacine discussed manager selection, portfolio construction and an overview of the vehicle as well as the annual commitment plan. He reviewed the investment summary and noted that due to their inception date, performance is not yet meaningful. Mr. Holycross indicated that they are off to a

great start and asked a few questions. Mr. Cutler also had a couple of questions for Mr. Bacine. He answered their questions and provided some additional commentary about the current economic situation.

A motion was made by Vice-Chair Santo supported by Trustee Rocca to receive and file the Franklin Park Annual Update. The motion carried.

7. Constitution Capital Partners Annual Update – John Guinee, Rob Hatch

Mr. John Guinee and Mr. Rob Hatch joined the meeting to provide the Board with an update on their investment with Constitution Capital Partners. Mr. Guinee provided an update and overview of the firm. Mr. Hatch examined a snapshot of the Ironsides Direct Investment Fund V, discussing diversification and cash flow. He reviewed historical outcomes and looked at the valuation of the portfolio as of the second quarter of 2022. Mr. Guinee then reviewed the same information for the Ironsides Partnership Fund V. Mr. Hatch noted that Ironsides Co-Investment Fund VI will remain open for the rest of the year. He also discussed a few companies within that portfolio and noted that they have a strong outlook.

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

8. Analyst Report – Gary Cutler

Mr. Cutler reported that he was able to have a conversation with the actuaries present at MAPERS about whether or not they would be utilizing the shorter CDC mortality table that was recently issued. He indicated they were unsure how that new table might be used and they may ultimately ignore that there was a change in the CDC's view on longevity. Given their responses, he does not feel there will be a reduction in the system's liability.

A motion was made by Vice-Chair Santo, supported by Trustee Grix to receive and file the Analyst Report provided by Mr. Cutler. The motion carried.

9. Investment Consultant Report – Mike Holycross

a. 2nd Quarter Performance Report

b. July Flash Report

According to this report, Mr. Holycross advised that year-to-date the total portfolio was down 12.4% (net of fees).

c. Flash Report – 2020 to 2022 YTD

Mr. Holycross reviewed the most recent report that had been requested by Trustees Haugh and Rocca. The fund as a whole (net of fees) has a 6.74% rate of return for the January 2020 to July 2022 time period. The fund is still in positive territory. Mr. Holycross indicated that thus far 2022 is the worst year on record historically for Fixed Income. He noted that some of this is due to the dramatic spike in interest rates. Growth stocks are also down and underperforming (notably Edgewood Management). He also reviewed performance by asset class.

A motion was made by Trustee Haugh, supported by Trustee Rocca to receive and file the Investment Consultant Report provided by Mr. Holycross. The motion carried.

10. Retirement Services Report – Cindy Mitchell

Ms. Mitchell provided the monthly Activity Report and noted that for July numbers were slightly higher than average for people retiring. She advised that Open Enrollment will be starting at the end of October and information will be going out in the mail to retirees in about two weeks. She also reported that there are still four people who have pensions that remain suspended for failing to comply with the Annual Signature Verification. Ms. Mitchell also stated that their office is now fully staffed.

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

11. 2021 Actuarial Valuation Report (receive & file)

A motion was made by Trustee Haugh, supported by Trustee Willis to receive and file the 2021 Actuarial Valuation Report. The motion carried.

12. Unfinished Business

a. Supplemental Retirement Payment Discussion (continued)

Secretary Smigiel provided the Board with a couple of handouts. One included historical data back to 1991, the other was a worksheet that showed calculations from 2006-2021. He noted that nothing has been added to the reserve since 2006. He believes that roughly 1,800 people would be eligible for a supplemental payment based on the historical data available (only retirees 65 and older, no DROP participants, but would include disability retirees regardless of age). He advised the Board that he has reached out to Buck (the Board's actuary) to confirm the impact of this "unanticipated expense" on the employer side.

Secretary Smigiel then answered some questions from Board members about the information on the handouts he distributed. He will report back again once he has information from the actuary and more information from Human Resources & Labor Relations (HRLR) related to how many people may be eligible for this payment.

This item will remain on the agenda as "Unfinished Business," so the Board can collect more information while weighing whether to move forward with recommending this to the Board of Commissioners.

13. New Business

None

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 9:51 a.m. The motion carried.