

MINUTES OF THE RETIREMENT BOARD
Thursday, November 18, 2021

A meeting of the Retirement Board was held on Thursday, November 18, 2021 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, Larry Rocca, Michael Grix, Larry Lee, Harold Haugh, George Brumbaugh
Bryan Santo (remotely via Webex, attending from Mount Clemens, Michigan)

Excused:

Gary Cutler

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Joe Biondo, Christina Miller, Andrew McKinnon, 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 Rocca to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from November 4, 2021

A motion was made by Trustee Grix, supported by Trustee Rocca to approve the minutes from November 4, 2021 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Townsend / Penn Square Annual Update – Jeff Deal, Jake Heacox

Mr. Jeff Deal and Mr. Jake Heacox joined the meeting remotely via Webex to present the Board with an update on their investment with Townsend / Penn Square. Mr. Heacox began the presentation with a brief update on the real estate market and the on-going effects of the pandemic. They are seeing a rebound in office usage as businesses reassess their need for office space. Mr. Deal reviewed the Penn Square Capital Account Statement and gave an overview of the Penn Square portfolio.

Mr. Heacox then examined the Capital Account Statement for the TREA II fund. He noted that they do not expect any additional capital calls for this fund. He also discussed portfolio holdings as of June 30, 2021 and stated that early indications show improvement in third quarter performance. They expect the TREA II fund to wrap up within the next 2-3 years.

A motion was made by Trustee Rocca, supported by Trustee Haugh to receive and file the Townsend / Penn Square annual update. The motion carried.

7. Alidade Capital Annual Update – Geoff Langdon, Steve Faliski, Matt Richter

Mr. Geoff Langdon, Mr. Steve Faliski and Mr. Matt Richter joined the meeting to present the Board with an update on their investment with Alidade Capital. Mr. Langdon noted that there are no updates on Funds I and II at this time, but he provided a performance update as of September 30, 2021 on Funds III and IV. He reviewed the Capital Account Summary as of June 30, 2021 and provided the Board with some new numbers that had just been updated this past Tuesday. Mr. Langdon discussed the investments in Fund III and gave a status update on Fund IV with an examination of the portfolio's holdings. Lastly, he provided an update on the team and indicated there have been some new hires and they are looking to add more.

A motion was made by Trustee Haugh, supported by Trustee Rocca to receive and file the Alidade Capital annual update. The motion carried.

8. ValStone Partners Annual Update – Shana Weiss, Jerry Timmis, Glenn Murray

Ms. Shana Weiss, Mr. Jerry Timmis and Mr. Glenn Murray joined the meeting to present the Board with an update on their investment with ValStone Partners. Ms. Weiss began the presentation with a description of Fund VI including the portfolio's characteristics, the timeline of the fund and it's fully invested status. She also reviewed the portfolio summary with an examination of performance by asset and performance by property type. Mr. Timmis discussed the challenges with senior housing and the effect the pandemic has had on that specific property type.

A motion was made by Trustee Rocca, supported by Trustee Grix to receive and file the ValStone Partners annual update. The motion carried.

9. Retirement Administrator Report

None

10. Proposed 2022 Retirement Board meeting dates

Chair Deldin opened a discussion and review of the proposed 2022 meeting dates. He made some suggestions for minor changes to the schedule. Ms. Schave will provide an updated list of proposed 2022 meeting dates at the next meeting. This item will be placed back on the agenda under "Unfinished Business."

11. Unfinished Business

Mr. Holycross discussed the due diligence that has been in process by AndCo for the new fund available from EnTrust. AndCo's Investment Policy Committee has completed all of the necessary research and has approved the investment. Mr. Holycross advises the involvement of legal counsel to possibly draft a side letter that is more "LP friendly," but noted that this is not unusual. He is recommending the Retirement System make an investment of \$10 million in the "ETG Co-invest Opportunities Fund" through EnTrust.

A motion was made by Trustee Haugh, supported by Trustee Grix to direct legal counsel review the preliminary investment documents and draft any necessary additional documents for an investment in the ETG Co-invest Opportunities Fund. The motion carried.

Mr. Michaud and his office will review and prepare any necessary legal documents. Upon satisfactory completion of their review, the Board can proceed with the \$10 million investment as recommended by Mr. Holycross.

12. New Business

a. Proposal to hire a Pension Investment Advisor (in-house), Chair Mark Deldin

Chair Deldin referred the Board members to a draft job description that had been emailed to them earlier in the week. He advised that he, Andrew McKinnon and Steve Smigiel had been working on drafting this job description and now Chair Deldin is recommending the Board consider hiring to fill this position. This would be a contractual part-time position, paid at a flat rate. This person would not be a County employee. The pay grade was reviewed by Human Resources & Labor Relations and he is estimating a cost of \$45,000 per year for salary with another \$5,000 allotted for travel related expenses during the year. The Intermediate Trust and Retiree Health Care boards would share a pro-rated cost of this expense.

Mr. Michaud suggested that the position be called a "Specialist" rather than an "Advisor" and Mr. Schapka noted that the reference to "Macomb County" should also be removed from the top of the description since this will be a contractual position. Chair Deldin confirmed for Trustee Haugh and Trustee Grix that this individual would report to the Chair of the Retirement Board and would be employed in addition to Mr. Holycross (not in place of him).

Retiree Representative Brumbaugh stated that he had consulted with some of the members of the Retirees' Association Board and obtained feedback from them regarding this proposal. He and those individuals he consulted do not think that this position is needed given that the system is doing very well. Mr. Holycross is already providing investment consulting service and they deal with very skilled money managers. He also questioned the qualifications for this position as listed in the draft job description. He feels they are very arbitrary and don't seem to be in line with a position of this level. If there are extra funds available to be spent, they thought those funds would be better spent on something like a "Retiree Advocate" that could work in Ms. Dobson's office to actually help retirees. He does not feel the addition of a Pension Investment Specialist would really benefit the retirees and he thinks that any money spent should ultimately be in their best interest. Retiree Representative Brumbaugh does not understand the need for this position when their pension system is already in such good shape and has excellent leadership and qualified individuals guiding it. He appreciated the opportunity to discuss this.

Ms. Carol Grant (former Retirement Board Trustee) was also in attendance on behalf of the Retirees' Association and Chair Deldin allowed her to speak. She concurred with many of Retiree Representative

Brumbaugh's comments. She does not understand why another position is necessary when someone is already been paid to help guide the Board in making investment decisions.

Mr. McKinnon indicated that the qualifications and experience on the job description fall in line with the pay level assigned to this position.

Ms. Dobson was asked if her office needs additional help. She stated that she and her staff often work more hours than they are required to, but she does not feel the retirees are underserved. She does not hear complaints and believes that the retirees are well taken care of.

Trustee Grix noted that some of the responsibilities listed in the job description seem to mimic those performed by Mr. Holycross. He asked if there is a role that is not currently being filled in that regard and wondered if Mr. Holycross really needs the extra assistance that this position seemingly would provide. Mr. Holycross responded that it is fairly common for plans of this size to have internal investment staff that work in conjunction with the Board and their investment consultant.

Retiree Representative Brumbaugh asked what other municipalities have a similar position and how the job description compares. Mr. Holycross indicated there are a few and that the pay rates are generally much higher than what has been proposed here. Trustee Grix asked if it would be possible to look at some of the job descriptions for similar existing positions so they could be compared to this one. Mr. McKinnon indicated that they could certainly look at finding some comparable information for the Board to review.

Given the comments received today, Chair Deldin requested that this item be placed back on a future meeting agenda for further discussion and an opportunity to conduct some comparisons. The Board had no objections.

13. Private Markets Barometer Presentation – AndCo Consulting, Mike Holycross (closed session)

This item was moved to the end of the agenda to excuse those who would not be included in the closed session.

A motion was made by Trustee Grix, supported by Trustee Haugh to enter into closed session pursuant to MCL 15.268(h) and MCL 15.243(f) in order to discuss proprietary financial information. A roll call vote was taken with all Board members in attendance responding affirmatively. The motion carried.

The Board returned to open session and Chair Deldin advised the Board members that if they wished to have additional discussion on the information presented, they should feel free to reach out to Mr. Holycross.

A motion was made by Vice-Chair Santo, supported by Trustee Haugh to receive and file the Private Markets Barometer Presentation provided by Mr. Holycross. The motion carried.

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Haugh, supported by Trustee Lee to adjourn the meeting at 10:48 a.m. The motion carried.