

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, May 4, 2023**

A meeting of the Retirement Board was held on Thursday, May 4, 2023 at 8:30 a.m. in the Administration Building, 9<sup>th</sup> Floor Committee Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

**Present:**

Mark Deldin, Bryan Santo, Harold Haugh, Larry Rocca, Michael Grix, Dan Willis, Ken Willis

**Excused:**

George Brumbaugh

**Also Present:**

Stephen Smigiel, Jennifer Smiley, Karlyn Semlow, Joe Biondo, Aaron Castle, 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 Grix, supported by Trustee Ken Willis to adopt the agenda as presented. The motion carried.*

**3. Approval of Minutes from April 6, 2023**

*A motion was made by Trustee Haugh, supported by Vice-Chair Santo to approve the minutes from April 6, 2023 as presented. The motion carried.*

**4. Approval of Invoices**

Ms. Schave requested one additional item be added to the approvals today. This is reimbursement to Trustee Ken Willis for the expenses he incurred at the Franklin Park meeting. The total amount is \$762.59.

*A motion was made by Trustee Haugh, supported by Trustee Grix to approve the list of invoices as presented with the addition of the reimbursement to Trustee Ken Willis. The motion carried.*

**5. Public Participation**

None

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

Mr. Adam Burinescu and Mr. Keith Merrill joined the meeting via Webex to provide the Board with an update on their investment with Centerbridge Partners. Mr. Burinescu began with an introduction and

discussed Centerbridge's investment strategy and their high conviction themes. He also reviewed "the what and the how" that are considered when choosing their investments and examined the composition of their real estate portfolio. Mr. Merrill reviewed the limited leverage that is being used and noted they have strong cash flow. Trustee Grix, Mr. Cutler and Mr. Holycross asked some questions and Mr. Burinescu and Mr. Merrill responded.

*A motion was made by Trustee Grix, supported by Vice-Chair Santo to receive and file the Centerbridge Partners Annual Update. The motion carried.*

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

Mr. Steve Hagenbuckle and Mr. Patrick Melton joined the meeting via Webex to provide the Board with an update on their investment with TerraCap Management. Mr. Melton began with an introduction and noted that their firm is 100% employee owned and has four offices around the United States. He gave an update on Fund V and examined a summary of the portfolio. Mr. Hagenbuckle discussed the two properties that have already been sold and talked about four that will be sold soon. He reviewed the fund's investment focus and spoke briefly about Fund VI which is expected to have a first close sometime in October or November. Mr. Hagenbuckle also examined the key terms for Fund VI and the incentives available for investing by the first close. Mr. Holycross advised that his team is working on putting together information for Fund VI and will update the Board when that research is complete.

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

**8. McMorgan & Company Annual Update – Michael Sweeney, Luke D'Alves**

Mr. Michael Sweeney and Mr. Luke D'Alves joined the meeting in-person to provide the Board with an update on their investment with McMorgan & Company. Mr. Sweeney introduced himself and Mr. D'Alves and provided an update on the firm and their co-invest relationship with OMERS. Mr. D'Alves continued and provided a performance update and discussed two specific investments (Thames Water and Ellevio). He also mentioned a small investment they had with exposure in Russia that has since been divested.

*A motion was made by Trustee Ken Willis, supported by Trustee Rocca to receive and file the McMorgan & Company Annual Update. The motion carried.*

**9. Retirement Services Report – Jen Smiley**

Ms. Smiley reported that the March Activity numbers remain consistent with past years and things appear to be status quo for this time period. She also confirmed that the Annual Signature Verification has gone out and the initial deadline is May 12<sup>th</sup>. They will likely do at least two more notifications to those who do not respond. Trustee Ken Willis asked for an explanation of how the Signature Verification works and Ms. Smiley described the letter that is sent out and the process.

**a. EDRO Discussion**

Ms. Smiley asked for some guidance from the Board for an unusual situation concerning an EDRO. The individual in question has applied for disability retirement, but has not paid the fee to process his EDRO. Past practice dictates that the Retirement Services Office cannot process a retirement until the fee for the EDRO has been paid. This individual has also stated that he will be re-marrying the person the EDRO

applies to and does not feel the EDRO needs to be processed. Ms. Smiley's office has advised this individual that if they do get re-married, he needs to go back to the Court to have that EDRO order nullified or amended.

Mr. Castle advised the Board that an EDRO is a court order that cannot be ignored. The Retirement System has an obligation to process that EDRO if it is still valid at the time of the individual's retirement. Timing is tricky with this situation because the individual has applied for a disability retirement which may take some time to be approved. To avoid possible legal action, Mr. Castle recommends the Board follow precedent and either hold off on processing the retirement (if it is approved) until the EDRO fee has been paid or hold the payment amounts in escrow until the fee has been paid or the EDRO has been rescinded/resolved. Trustee Ken Willis stated that he believes this approach makes the most sense and the rest of the Board agreed.

*A motion was made by Trustee Grix, supported by Vice-Chair Santo to receive and file the Retirement Services Report provided by Ms. Smiley. The motion carried.*

**10. Investment Consultant Report – Mike Holycross**

Mr. Holycross reported that he and his team are looking at the Board's allocation to real estate and they are aggregating the entire real estate portfolio so they can see any areas where they might be deficient and strategies that might need to be added.

Mr. Holycross provided an update on the recent trip to Philadelphia for the Franklin Park event. The attendees (Mr. Holycross, Mr. Cutler and Trustee Ken Willis) were able to make some new connections and discussed some of the conversations they had.

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

**11. Analyst Report – Gary Cutler**

Mr. Cutler advised that he has been doing some research into venture capital and has been looking into a number of different types of investments that the system is not currently invested in (farmland, etc.). Trustee Rocca inquired about a presentation that Nuveen had made available about banking system concerns. Mr. Cutler indicated he can speak with Nuveen and see if they can make that available to anyone who would like to view it.

*A motion was made by Trustee Ken Willis, supported by Trustee Grix to receive and file the Analyst Report provided by Mr. Cutler. The motion carried.*

**12. Legal Report – Aaron Castle**

Mr. Castle had no formal report today.

**13. Upcoming Fund Manager Meeting**

**a. Intercontinental Real Estate Corporation Annual Meeting – July 24, 2023 – Belmont, MA**

Mr. Holycross provided the Board with some background on their investment with Intercontinental. He noted that they have not historically participated in their annual meetings and that the Board currently

has a redemption request pending in the queue. He also noted that representatives from Intercontinental will be present at the Board's meeting on July 27<sup>th</sup> to provide an update, so he does not feel Board member attendance at this event would be necessary.

**b. Edgewood Management Fireside Chat – May 17, 2023 – Birmingham, MI**

Mr. Holycross believes this event would be beneficial for the Board members to attend. Mr. Breed is a great source of investment information and a very articulate speaker.

*A motion was made by Trustee Ken Willis, supported by Vice-Chair Santo to approve Board and staff member attendance (and any associated expenses) for the Edgewood Fireside Chat on May 17, 2023. The motion carried.*

Ms. Schave will send out an email to gauge interest and RSVP to Edgewood once she has a list of those who plan to attend.

**14. Unfinished Business**

**a. Retirement Eligibility Discussion (D. Camphous-Peterson) – Aaron Castle**

Mr. Castle provided a summary of the previous discussion and the question that has been posed to the Board. Trustee Grix asked about the information the employee had previously been told allegedly by someone in the Retirement Services area and whether or not that should have any bearing on the Board's decision. Mr. Castle stated that he had not been provided with any documentation related to that, but advised that the Board must follow the Ordinance and it is in their best interest to adhere to their own past practice.

*A motion was made by Vice-Chair Santo, supported by Trustee Rocca to accept the Legal Opinion provided previously by Mr. Castle's firm and determine that Ms. Camphous-Peterson is ineligible for a pension. The motion carried.*

**b. Administrative Policy Committee Update**

Secretary Smigiel reported he will have final recommendations for updates to two policies at the next Board meeting.

**15. New Business**

**a. Nomination of delegates (2) for Spring 2023 MAPERS Conference**

*A motion was made by Chair Deldin, supported by Trustee Haugh to name Trustee Dan Willis and Vice-Chair Bryan Santo as the two delegates for the Spring 2023 MAPERS Conference. The motion carried.*

**b. Retiree Representative Update**

Chair Deldin advised that he had recently been contacted by a member of the Retirees' Association and was notified that current Retiree Representative George Brumbaugh will be needing to step away from his duties with the Association for the time being. Carol Grant will be stepping in as the Retiree

Representative on the Retirement Board in Mr. Brumbaugh's place. She was unable to attend today's meeting, but will be in attendance at future meetings.

**16. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Grix, supported by Trustee Dan Willis to adjourn the meeting at 10:50 a.m. The motion carried.*