

MINUTES OF THE RETIREMENT BOARD
Thursday, September 21, 2023

A meeting of the Retirement Board was held on Thursday, September 21, 2023 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, Larry Rocca, Michael Grix, Dan Willis, Ken Willis, Wendy Fisher

Excused:

Also Present:

Stephen Smigiel, John Schapka, Skip Maccarone, Jennifer Smiley, 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 Grix to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from September 7, 2023

A motion was made by Vice-Chair Santo, supported by Trustee Rocca to approve the minutes from September 7, 2023 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Constitution Capital Annual Update – Rob Hatch, Vil Ramos

Mr. Rob Hatch and Mr. Vil Ramos joined the meeting via Webex to provide the Board with an update on their investment with Constitution Capital. Mr. Ramos provided an introduction and an overview of their three businesses. He talked about their timelines, their team and advised that there has been no turnover of late. Mr. Ramos also examined performance returns.

Mr. Hatch discussed snapshots of the Direct Investment Fund V and Partnership Fund V. Mr. Ramos provided an update on Ironsides VII which will be launching in the third quarter of 2023. Trustee Grix, Mr. Holycross and Mr. Cutler asked some questions which Mr. Hatch and Mr. Ramos responded to.

A motion was made by Vice-Chair Santo, supported by Trustee Grix to receive and file the update provided by Constitution Capital. The motion carried.

7. Franklin Park Annual Update – Michael Bacine

Mr. Michael Bacine joined the meeting in-person to provide the Board with information related to their investment with Franklin Park. Mr. Bacine provided an update and overview of Franklin Park and noted that it is their 20th anniversary. He briefly talked about their team and mix of clientele. He talked about their private equity structure and strategies. Mr. Bacine stated that manager selection is key and talked about Franklin Park's advantages in that area. He examined their portfolio construction and their due diligence activity. Mr. Holycross and Mr. Cutler asked some questions and Mr. Bacine responded.

A motion was made by Trustee Grix, supported by Trustee Haugh to receive and file the update provided by Franklin Park. The motion carried.

8. Disability Retirement

a. James Stanley (Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the examination of James Stanley. The Medical Director has concluded, based on the examination, that Mr. Stanley's disability retirement request should be denied. Mr. Stanley was present to speak to the Board today.

A motion was made by Trustee Grix, supported by Trustee Rocca to enter Closed Session to discuss this agenda item. A roll call vote was taken with all members responding affirmatively except for Trustee Ken Willis. He recused himself from this agenda item and left the room with the other attendees who are not trustees. The motion carried.

After discussion, the Board returned to Open Session.

A motion was made by Vice-Chair Santo, supported by Trustee Haugh that based on the Medical Director's opinion, the disability retirement request of James Stanley should be denied 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 James Stanley dated March 28, 2023, 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, on August 2, 2023, Dr. Craig Lemmen conducted a virtual independent psychiatric evaluation and reviewed all records provided and concludes James Stanley is not totally and permanently incapacitated for duty in the employ of the County, and further indicates that James Stanley should not be retired, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated September 6, 2023, which states that James Stanley is not totally and permanently incapacity for duty in the employ of the County, that such incapacity will probably not be permanent, and further indicates that James Stanley should not be retired, and

WHEREAS, the Retirement Board has discussed this matter and has determined that James Stanley has not met the eligibility requirements for disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Board hereby disapproves the disability retirement of James Stanley and further

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

The motion carried with one trustee (Ken Willis) abstaining.

9. Retirement Services Report – Jennifer Smiley

Ms. Smiley reported that they ended up having to suspend the pensions for four individuals who did not comply with the Annual Signature Verification. When they comply with the requirement, their pensions will be reinstated. She also noted that there have been more people entering the DROP this year than this same time last year.

A motion was made by Trustee Dan Willis, supported by Trustee Grix to receive and file the Retirement Services Report provided by Ms. Smiley. The motion carried.

10. Investment Consultant Report – Mike Holycross

a. Capital Market and Portfolio Review – August 2023

Mr. Holycross reviewed the Market Asset Allocation report and historic capital market assumptions. He talked about model asset allocation and stated that he wants to recommend formalizing a target

allocation of 5% to Private Debt. They will build toward that target over the next five years. If the Board approves this recommendation, he will work on updating the Investment Policy Statement (IPS) to reflect this new target and place approval of that document on a future agenda.

A motion was made by Trustee Ken Willis, supported by Vice-Chair Santo to approve the new target allocation of 5% to Private Debt as recommended by Mr. Holycross. The motion carried.

b. Private Market Pacing Studies – August 2023

Mr. Holycross noted that each year his team reviews pacing for each of these asset classes (private equity, real estate, private debt and infrastructure). He explained what the pacing model is and how it is reviewed. He indicated that they have a search book prepared for a private equity co-investment. They will likely present that to the Board during one of the upcoming meetings. He then reviewed the Private Debt commitment model and indicated that a search book is being prepared for this asset class as well. A search book is also being prepared for non-core real estate and they will be looking at options for infrastructure early next year as well.

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

c. Market Value Rebalance

Mr. Holycross discussed the proposed rebalance provided in the Board's packets. There have been several capital calls received recently and there is a need to move funds into the Cash account to cover those calls and other upcoming expenses. He is proposing moving a total of \$25 million.

A motion was made by Trustee Grix, supported by Trustee Ken Willis to approve the rebalance as proposed by Mr. Holycross. The motion carried.

11. Analyst Report – Gary Cutler

Mr. Cutler provided an update on the managers he met with during the months of July and August. He also stated that they need to remain conscious of pacing and added some thoughts on the asset allocation update Mr. Holycross proposed today.

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

12. Legal Report – Tom Michaud

There was no legal report today.

13. Unfinished Business

None

14. New Business

a. Upcoming Conference – TerraCap – February 2024 – Naples, FL

A motion was made by Trustee Haugh, supported by Trustee Dan Willis to approve Board member and staff attendance and related expenses for the TerraCap Conference. The motion carried.

15. Adjournment

There being no further business before the Board, a motion was made by Trustee Haugh, supported by Trustee Dan Willis to adjourn the meeting at 10:17 a.m. The motion carried.