

MINUTES OF THE RETIREMENT BOARD
Thursday, October 19, 2023

A meeting of the Retirement Board was held on Thursday, October 19, 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:

Cindy Mitchell, Skip Maccarone, 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

Chair Deldin indicated he would like to move Disability Retirement agenda item #8 up in the agenda to item #6 and add a Closed Session after the Legal Report. The Board had no objections.

A motion was made by Trustee Haugh, supported by Trustee Dan Willis to adopt the revised agenda as proposed by Chair Deldin. The motion carried.

3. Approval of Minutes from October 5, 2023

A motion was made by Vice-Chair Santo, supported by Trustee Ken Willis to approve the minutes from October 5, 2023 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Disability Retirement

a. James Stanley - Appeal

The Board was in receipt of a letter outlining an appeal from Mr. James Stanley on the denial of his disability retirement application. Mr. Michaud recommended the Board go into closed section to protect the privacy of Mr. Stanley's health information.

A motion was made by Trustee Haugh, supported by Vice-Chair Santo 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.

The Board's discussion in Closed Session concluded and the Board returned to Open Session.

A motion was made by Chair Deldin, supported by Trustee Haugh to allow Mr. Stanley the opportunity to provide all additional documentation he would like reviewed by the Board and that this information should be submitted to Retirement Services by the end of business on Friday, November 3rd. The motion carried with one trustee (Ken Willis) abstaining.

7. Blackstone Annual Update – Kelly Stephens

Ms. Kelly Stephens joined the meeting via Webex to provide the Board with an update on their investment with Blackstone. Ms. Stephens gave a brief introduction and thanked the Board for their partnership. She did a brief overview of the Tactical Opportunities Fund I and noted that there are eight remaining investments. They expect to realize most of the remaining value near the end of 2025 and fully liquidate the fund by 2026.

Ms. Stephens then discussed the secondaries fund (Strategic Partners Fund VII) and the strategy for that fund. The portfolio was very diversified, and returns have outperformed their expectations. Blackstone will continue to keep the Board updated as liquidation of this portfolio continues. Overall, there has been very strong performance across both funds. The Board had no questions.

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

8. Mavik Capital Annual Update – Leighton Zema, Dan Cooperman

Mr. Leighton Zema and Mr. Dan Cooperman joined the meeting in-person to provide the Board with an update on their investment with Mavik Capital. Mr. Zema briefly introduced himself and Mr. Cooperman and provided a short update on their firm. Mr. Cooperman discussed the current market environment in commercial real estate. They are focusing primarily on multi-family and industrial real estate. All their investments are in the 48 contiguous states (no investments outside the U.S.).

Mr. Cooperman reviewed three realized investments and discussed diversification of the portfolio. Mr. Zema also described their investment strategy and their process. He also reviewed a new transaction they conducted with a repeat borrower and explained why this can be desirable. Mr. Zema also noted that they (himself, Mr. Cooperman and many others at Mavik) are also invested in this fund alongside the Retirement System and they work very hard to make sure that outcomes are positive because performance also affects them personally.

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

9. Retirement Services Report – Cindy Mitchell

Ms. Mitchell reported that open enrollment information has been mailed out to the retirees. The retirees are not completing their open enrollment information online and are still completing hardcopy paperwork. They are anticipating the retirees will be able to login to Workday starting November 1st.

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

10. Investment Consultant Report – Mike Holycross

Mr. Holycross had no formal report, but he did notify the Board that due diligence has been completed on the next TerraCap fund (VI). There is a first close discount that has been negotiated and first close is expected in late fourth quarter 2023 or early first quarter 2024. He mentioned that pacing for real estate for 2023 calls for \$15 million into value-add real estate, but he would not want to do the full amount at this time. There is time to discuss this in the future.

A motion was made by Trustee Haugh, supported by Trustee Ken Willis to accept the recommendation of Mr. Holycross to invest \$7.5 million with TerraCap's next fund. The motion carried.

11. Analyst Report – Gary Cutler

Mr. Cutler reported that Microsoft bought Activision which was part of the S&P 500. Effective yesterday, Lululemon (a stock owned by Edgewood) was added to the S&P 500 and when this was announced on Monday Lululemon went up over 10% in returns. He feels it is important to pay attention to the index funds.

A motion was made by Trustee Haugh, 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 Conferences

- i. **H.I.G. Capital's Alternatives Summit – November 15-17, 2023 – Miami, FL**
- ii. **Golub Capital Investor Conference – November 16, 2023 – Virtual/New York**

Mr. Holycross provided some commentary on these two fund managers and the prospects of the Board continuing or expanding their investments with them in the future. This information was shared to help Board members determine if it would be beneficial for them to participate in either of these events.

A motion was made by Trustee Haugh, supported by Trustee Ken Willis to approve Board member and staff attendance and related expenses for H.I.G. Capital's Alternatives Investment Summit and the Golub Capital Investor Conference for those who wish to attend. The motion carried.

15. Closed Session for legal discussion

A motion was made by Vice-Chair Santo, supported by Trustee Grix to enter Closed Session to discuss this agenda item. A roll call vote was taken with all members responding affirmatively. The motion carried.

The Board's discussion in Closed Session concluded and the Board returned to Open Session.

A motion was made by Trustee Dan Willis, supported by Trustee Grix to continue past practice and recognize that DC plan members are not eligible to participate in the DB employee representative trustee election process. The motion carried.

16. Adjournment

There being no further business before the Board, a motion was made by Trustee Haugh, supported by Vice-Chair Santo to adjourn the meeting at 10:18 a.m. The motion carried.