

MINUTES OF THE RETIREMENT BOARD
Thursday, November 2, 2023

A meeting of the Retirement Board was held on Thursday, November 2, 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, Cindy Mitchell, Christina Miller, 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 requested to move the Retirement Services Report up in the agenda to the spot after Public Participation. The Board had no objections.

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

3. Approval of Minutes from October 19, 2023

A motion was made by Trustee Haugh, supported by Vice-Chair Santo to approve the minutes from October 19, 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. Retirement Services Report – Cindy Mitchell

Ms. Mitchell reported that the first round of pension checks has been issued through Workday. She also noted that Open Enrollment is now open for everyone (retirees and current employees) so they are

getting a lot of calls and questions. Chair Deldin inquired whether retirees are required to receive their pension payments via direct deposit. Ms. Mitchell advised that it is not required, and Secretary Smigiel estimated that there are approximately 35-40 people still receiving paper checks. Ms. Mitchell noted that she does not give this as an option when employees request to retire now.

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

7. American Realty Advisors Annual Update – Todd Fowler, Scott Darling

Mr. Todd Fowler and Mr. Scott Darling joined the meeting in person to provide the Board with an update on their investment with American Realty Advisors. Mr. Fowler introduced himself and Mr. Darling and briefly discussed the firm and their core values. Mr. Darling discussed the impact of interest rate increases on the commercial real estate market. He reviewed the Core Property Fund's characteristics and examined a snapshot of the fund. He indicated there have been no losses to foreclosure and that they have a very high leased percentage. Mr. Darling answered questions from Trustee Rocca, Mr. Holycross and Mr. Cutler.

Mr. Fowler confirmed that the Board is currently reinvesting their distributions and that it is possible to exit that program. Mr. Holycross recommended the Board do this and asked Mr. Fowler to send over the documents required to do so.

A motion was made by Trustee Haugh, supported by Vice-Chair Santo to follow Mr. Holycross' recommendation and change their elections for distributions from the American Realty Advisors fund. The motion carried.

A motion was made by Trustee Grix, supported by Trustee Ken Willis to receive and file the update provided by American Realty Advisors. The motion carried.

8. Alidade Capital Annual Update – Geoff Langdon, Steve Faliski, Matthew Richter

Mr. Geoff Langdon, Mr. Steve Faliski and Mr. Matthew Richter joined the meeting in person to provide the Board with an update on their investment with Alidade Capital. Mr. Langdon introduced the team and provided an update on performance. He examined the account summary and the market update. Mr. Langdon also discussed market conditions and valuations. He provided an update on Fund IV and noted that 15 assets remain. Mr. Faliski talked about financing and gave a debt update. The group also answered some questions from Trustee Rocca and Mr. Cutler.

A motion was made by Trustee Dan Willis, supported by Trustee Grix to receive and file the update provided by Alidade Capital. The motion carried.

9. Investment Consultant Report – Mike Holycross

a. Senior Direct Lending Review

Mr. Holycross discussed the search book that had been provided for the Board's review. He examined performance expectations for private debt and reviewed risk and return for direct lending. He noted that these are illiquid limited partnerships. There are three candidates proposed for investment in this search book. He assessed their qualities including an overview of each firm, their strategy, key differentiators, key terms and fees. He also reviewed performance as of June 30, 2023 for each. He is recommending an

investment of \$7 million with PennantPark and \$5 million with EnTrust Blue Ocean to meet the Board's pacing schedule.

A motion was made by Trustee Haugh, supported by Vice-Chair Santo to follow the recommendation of Mr. Holycross to invest \$7 million with PennantPark and \$5 million with EnTrust Blue Ocean pending review of the legal documents. The motion carried.

10. Analyst Report – Gary Cutler

Mr. Cutler had no official report today.

11. Legal Report – Tom Michaud

Mr. Michaud advised the Board that there is a bill pending related to the Open Meetings Act. This bill would allow trustees to participate in meetings remotely once again (as they were during the pandemic). He does not expect this bill to pass this year and will likely be back on the table again next year.

Mr. Michaud also noted that there has been an uptick in fraud activity related to direct deposits. He indicated that he would recommend removing any direct deposit change request forms from employee/retiree websites and that any requests for changes be checked very thoroughly. Mr. McKinnon advised that the County's direct deposit change form is not found online anywhere, and that staff are very good at checking information before any changes are made.

A motion was made by Trustee Grix, supported by Trustee Ken Willis to receive and file the legal report provided by Mr. Michaud. The motion carried.

12. Employee Representative Election Eligibility - Appeal

Mr. Joe Biondo attended the meeting to present his appeal of the Board's decision regarding this matter that was made at their last meeting. He stated that he believes that the Charter (specifically Section 9.2) allows him to run for a position as employee representative on the Retirement Board. He explained the reasoning behind his thinking. Chair Deldin noted that the defined benefit plan was closed after the Charter took effect.

A motion was made by Trustee Ken Willis, supported by Trustee Haugh to enter Closed Session to confer with their attorney. 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 Vice-Chair Santo, supported by Trustee Haugh to close the appeal process and reconfirm the decision the Board made in this matter at their meeting on October 19, 2023. The motion carried 6-1 with Trustee Rocca voting "nay".

13. Unfinished Business

None

14. New Business

None

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 10:31 a.m. The motion carried.