

MINUTES OF THE RETIREMENT BOARD
Thursday, February 8, 2024

A meeting of the Retirement Board was held on Thursday, February 8, 2024 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, Michael Grix, Larry Rocca, Dan Willis, Ken Willis, Wendy Fisher

Excused:

Also Present:

Stephen Smigiel, Jennifer Smiley, Christina Miller, Skip Maccarone, Tom Michaud, Mike Holycross, Gary Cutler, Andrew McKinnon

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 Ken Willis, supported by Trustee Haugh to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from January 25, 2024

A motion was made by Vice-Chair Santo, supported by Trustee Grix to approve the minutes from January 25, 2024 as presented. The motion carried.

4. Approval of Invoices

Mr. Cutler inquired if the performance fee invoice had been reviewed by Mr. Holycross. Mr. Holycross advised that he has reached out to Cramer Rosenthal McGlynn to get more information on how the fee was calculated and will advise once he has received a response.

A motion was made by Trustee Grix, supported by Trustee Dan Willis to approve the list of invoices except for the one for Cramer Rosenthal McGlynn. That invoice will be held pending review by Mr. Holycross. The motion carried.

5. Public Participation

Former Trustee Carol Grant was present and had some questions about 1099Rs. Secretary Smigiel advised her that an outside company had been hired to print and mail the tax documents this year and they were sent from out of state. This caused a delay in receipt. He is hoping to have the information available earlier next year to get the documents out to the employees and retirees sooner.

Ms. Grant also inquired about an increase in the retiree's cost for dental insurance. Ms. Smiley advised that there had been a slight increase in the cost of Delta Dental and that she believed information had been sent out with the information for open enrollment.

6. Clarkston Capital Annual Presentation – Kurt Terrien, Jeff Hakala

Mr. Kurt Terrien and Mr. Jeff Hakala joined the meeting to provide the Board with an update on their investment with Clarkston Capital. Mr. Terrien introduced himself and Mr. Hakala and thanked the Board for their nearly 10-year relationship. Mr. Hakala talked about some of the highlights of the last three years. He also examined a recent purchase they made in the health care sector. He confirmed there are 20 names in the portfolio and approximately seven new names in the last 24 months. They have been slowly adding to those names and are currently holding about 9% in cash.

Mr. Terrien and Mr. Hakala answered some questions from Mr. Holycross and Trustee Rocca. They also discussed possible opportunities and concerns they might expect in the future.

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

7. Yousif Capital Management Annual Presentation – Kevin Yousif, Dave Jones, Kelly Fetterman

Mr. Kevin Yousif, Mr. Dave Jones and Ms. Kelly Fetterman joined the meeting to provide the Board with an update on their investment with Yousif Capital Management. Mr. Yousif introduced the group and briefly discussed the firm's profile. He talked about economic growth rates and the effects of inflation falling. Mr. Yousif also reviewed the increase in car sales in 2023. Mr. Jones discussed the market value summary for 2023, trailing returns and the construction of the portfolio.

Mr. Yousif advised that they are considering adding some technology names to the portfolio and Mr. Jones reviewed their index fund holdings.

A motion was made by Trustee Ken Willis, supported by Trustee Grix to receive and file the Yousif Capital Management Annual Update. The motion carried.

8. Retirement Services Report – Cindy Mitchell/Jennifer Smiley

Ms. Smiley advised that the tax forms (W2s and 1099Rs) have been mailed out and her department has been fielding a lot of phone calls with questions.

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

9. Investment Consultant Report – Mike Holycross

a. Term extension for Alidade Capital Fund, IV LP

Mr. Holycross described the term extension request from Alidade Capital. There are nine assets remaining in Fund IV and they are requesting two one-year extensions. Mr. Holycross recommends the Board approve this request so that the assets can be held until there is a better time to sell.

A motion was made by Trustee Ken Willis, supported by Trustee Haugh to follow Mr. Holycross' recommendation and approve the term extension requested by Alidade Capital. The motion carried.

b. AndCo/Mariner partnership

Mr. Holycross discussed the upcoming partnership between AndCo and Mariner. This has been a long process and due diligence has been extremely thorough. He noted that AndCo will remain independent, and the partnership will essentially only result in a name change (Mariner Institutional). The Board will continue to deal with Mr. Holycross and the team at AndCo will remain in place. He stated that this is a great opportunity for AndCo to expand their resources. He recommends the Board sign the Positive Consent Form provided to them via email earlier this week.

Mr. Michaud indicated that he has no concerns about this from a legal perspective. Mr. Cutler indicated that he has also done some research and does not have any concerns either.

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to execute the Positive Consent Form provided by Mr. Holycross. The motion carried.

A motion was made by Trustee Grix, supported by Trustee Dan Willis to receive and file the Investment Consultant Report as presented by Mr. Holycross. The motion carried.

10. Analyst Report – Gary Cutler

Mr. Cutler noted that two local firms were in again today to give presentations. He mentioned the library/reading room again at Clarkston Capital and encouraged Board members to stop into their office if they are in the area. Mr. Cutler also stated that he had spoken to Mr. Yousif yesterday and he also extended an invitation to the Board members to stop into their office anytime.

A motion was made by Trustee Haugh, supported by Vice-Chair Santo receive and file the Analyst Report. The motion carried.

11. Legal Report – Tom Michaud

a. Biondo v MCERS

Mr. Michaud advised the Board that a complaint had been filed and that the Board is being sued. A response must be filed.

A motion was made by Trustee Haugh, supported by Trustee Dan Willis to authorize Mr. Michaud to respond on the Board's behalf. The motion carried.

12. Unfinished Business

None

13. New Business

- a. PG&E Settlement Offer**
- b. Securities Litigation**

A motion was made by Trustee Dan Willis, supported by Trustee Ken Willis to enter Closed Session. A roll call vote was taken with all members responding affirmatively. The motion carried.

After discussion, the Board returned to Open Session.

A motion was made by Trustee Ken Willis, supported by Trustee Dan Willis to accept the offer to settle the PG&E matter. The motion carried.

A motion was made by Vice-Chair Santo, supported by Trustee Grix to authorize legal counsel to act in the Estee Lauder securities litigation matter. The motion carried.

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Haugh, supported by Trustee Rocca to adjourn the meeting at 10:02 a.m. The motion carried.