

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, October 17, 2019**

A meeting of the Retirement Board was held on Thursday, October 17, 2019 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, Gary Cutler, Matthew Murphy, Michael Grix, Harold Haugh, Larry Rocca, George Brumbaugh

Excused:

Also Present:

Stephen Smigiel, Stephanie Dobson, John Schapka, Andrew McKinnon, Joe Biondo, Christina Miller, Aaron Castle, Mike Holycross

**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 Rocca to adopt the agenda. The motion carried.*

**3. Approval of Minutes from October 3, 2019**

*A motion was made by Trustee Rocca, supported by Trustee Grix to approve the minutes from October 3, 2019 as presented. The motion carried.*

**4. Approval of Invoices**

*A motion was made by Trustee Cutler, supported by Vice-Chair Santo to approve the invoices as presented. The motion carried.*

**5. Public Participation**

None

**6. Retirement Administrator Report**

Ms. Dobson advised that the invitations for the annual retiree holiday luncheon were mailed out yesterday. She confirmed for Chair Deldin that the date of the luncheon is December 12, 2019.

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

**7. Seizert Capital Partners Annual Update – Tom Kenny, Andy Jones, Chris Heatley**

Mr. Chris Heatley, Mr. Tom Kenny and Mr. Andy Jones joined the meeting to provide the annual update on the Seizert Capital Partners portfolio. Mr. Heatley introduced those with him today and provided a brief update about the firm and indicated that they moved the location of their office. Mr. Kenny added that they hired one new trader, but there had been no other personnel changes.

Mr. Kenny then discussed performance as of September 30, 2019 and talked about low performing sectors. He also reviewed the breakdown of change in value and attribution. Mr. Jones examined sector breakdown and the characteristics of the portfolio. He also discussed “Liberty Media” and answered some questions from Trustee Cutler. Mr. Kenny also looked at the portfolio’s top 10 holdings.

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

**8. Lyrical Asset Management Annual Update – Katrina O’Leary, David Roeske**

Ms. Katrina O’Leary and Mr. David Roeske joined the meeting to provide the annual update on the Lyrical Asset Management portfolio. Ms. O’Leary indicated there was really nothing new to report on the firm at this time. They currently have \$7.2 billion in assets under management (AUM) and have 28 employees.

Mr. Roeske acknowledged that the portfolio’s performance has not been great the last two years. He directed the Board’s attention to a chart that shows their performance since they were founded in 2009. They have historically had positive performance, but have struggled recently.

He discussed the performance of some of their “problem stocks” going back to November 2017. Mr. Roeske examined some of the individual drivers of poor performance within these stocks since that time and indicated earnings were up, but prices were down. He talked about some additional stock examples and noted that turnover within the portfolio has gone up this year. They remain very optimistic about the portfolio moving forward. Mr. Roeske also responded to some questions from Trustee Cutler and Mr. Holycross.

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

**9. Bloomfield Capital Income Fund V Proposed Amendment**

Mr. Holycross briefly discussed the proposed amendment and confirmed that it had been reviewed by his research team at AndCo. They have no issues with it and are recommending all of their clients approve it. Mr. Castle indicated that he had also reviewed it from a legal standpoint and also had no issues with it.

*A motion was made by Trustee Haugh, supported by Trustee Cutler to approve the Bloomfield Capital Income Fund V Proposed Amendment as presented. The motion carried.*

**10. Unfinished Business**

None

**11. New Business**

Trustee Cutler advised the Board that he recently attended the Michigan Institutional Forum in East Lansing sponsored by Market Group. He stated that he felt it was very beneficial and he would strongly recommend others attend any future offerings. They had a lot of interesting panel discussions and he came away with lots of new ideas and things to look into further.

Trustee Cutler also indicated that one of the topics that was discussed at that forum was the preparation of a "market crash scenario." He would like Mr. Holycross to prepare something like this for the Board that would outline potential actions to take in the event of a 25%+ drop in the market. He would like to see this sometime before the end of the year. Chair Deldin said that he was also intending to bring this topic up today given that the two managers who presented updates are not seeing good performance. The County itself is taking a conservative approach to budgeting for next year and he feels that it would be good for the Board to be somewhat proactive in the event of a serious market downturn.

Mr. Holycross stated that he and Trustee Cutler had examined this type of situation a couple of months ago. He has been studying the investments and would consider a 10% reduction in global equities in the event it is necessary to make changes. He has also identified other downside protecting asset classes. There are a number of options that could be presented to the Board.

Trustee Haugh asked if Mr. Holycross could put together a document like Trustee Cutler suggested. Mr. Holycross responded affirmatively and stated that he has taken some notes today and he will work on it.

**12. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Grix to adjourn the meeting at 9:41 a.m. The motion carried.*