

MINUTES OF THE RETIREMENT BOARD
Thursday, February 11, 2021

A meeting of the Retirement Board was held electronically on Thursday, February 11, 2021 at 8:30 a.m. in accordance with Section 3a of the Open Meetings Act in an effort to protect the health and safety of the public. The following members were present remotely via Cisco Webex Events:

Present:

Mark Deldin (Mount Clemens, Michigan), Harold Haugh (Roseville, Michigan), Gary Cutler (Clinton Township, Michigan), Michael Grix (Mount Clemens, Michigan), Matthew Murphy (Mount Clemens, Michigan), George Brumbaugh

Excused:

Bryan Santo, Larry Rocca

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Joe Biondo, Christina Miller, Tom Michaud, Mike Holycross

1. Call to Order and Roll Call

There being a quorum of the Board present, the meeting was called to order at 8:32 a.m. by Chair Deldin.

Ms. Schave conducted the roll call with each voting member of the Board stating their physical location for today's remote meeting.

2. Adoption of Agenda

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

3. Approval of Minutes from January 28, 2021

A motion was made by Trustee Cutler, supported by Trustee Grix to approve the minutes from January 28, 2021 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson provided the current Activity Report. She stated that they have received a few reports of retiree deaths related to COVID, but not a significant amount and overall the number of deaths is consistent with prior years.

Ms. Dobson also advised the Board that she had been in contact with Mr. Michaud this week regarding the PBGC rate that is identified in Section 34(D) of the Retirement Ordinance. Mr. Michaud advised her that the PBGC interest rate is no longer going to be published. This rate is related to the annuity withdrawal and has always been extremely low (currently 0%) and is reviewed by Ms. Dobson and her team in January and July each year. Since the PBGC rate is mentioned in the Ordinance, it will need to be amended and restated. The unions will also need to be notified of any changes, in the event that a collective bargaining agreement is affected.

A motion was made by Trustee Cutler, supported by Trustee Grix to receive and file the Retirement Administrator Report. The motion carried.

7. Edgewood Management – Annual Update Presentation: Alan Breed, Gui Costin

Mr. Alan Breed and Mr. Gui Costin joined the meeting remotely to provide the Board with the annual update on the Edgewood Management portfolio. Mr. Breed indicated that they had a surprisingly good year despite the pandemic. He discussed the five largest names in the Russell 1000 and stated that Edgewood is beginning to rotate out of larger companies. Mr. Breed examined how some companies that once relied heavily on in-person retail sales have managed to adapt and succeed in online markets. He reviewed allocation by market cap and stated that he feels the portfolio is nicely balanced. Mr. Holycross also briefly reviewed Edgewood's performance with Mr. Breed.

A motion was made by Trustee Grix, supported by Trustee Cutler to receive and file the Edgewood Management Annual Update Presentation. The motion carried.

8. Clarkston Capital Partners – Annual Update Presentation: Kurt Terrien, Jeff Hakala

Mr. Kurt Terrien and Mr. Jeff Hakala joined the meeting remotely to provide the Board with the annual update on the Clarkston Capital Partners portfolio. Mr. Hakala apologized for the technical difficulties he had joining the meeting. He discussed the portfolio's holdings and reviewed performance. He noted that they are in constant communicating with every management team for each investment. Mr. Hakala also discussed their positioning and stated that they are holding approximately 9-10% in cash currently.

A motion was made by Trustee Grix, supported by Trustee Haugh to receive and file the Clarkston Capital Partners Annual Update Presentation. The motion carried.

9. Advisor and Consultant Review Schedule – Outside Legal Counsel

Chair Deldin reviewed the memo provided in the Board's packets and noted that the next service provider up for review is Outside Legal Counsel.

A motion was made by Trustee Haugh, supported by Trustee Cutler to move forward with the review process for Outside Legal Counsel. The motion carried.

Chair Deldin requested Mr. Smigiel and Ms. Schave begin the process of issuing a RFP and provide an update on the timeline for this at the next meeting.

10. Coca Cola Pre-suit Investigation Update – John Schapka, Corporation Counsel

Mr. Schapka reminded the Board that they had authorized an exploratory review of the books and records of Coca Cola. This was brought about by the discovery that the owners of Coca Cola had leased some of their own properties (a bottling plant, warehouses, etc.) back to the company. As majority shareholders, they had essentially approved their own contracts for the leases. The review that was conducted found nothing unlawful had been done and there was no basis for proceeding with litigation. Coca Cola has agreed to change some of its policies to prevent problems like this in the future. Mr. Schapka is of the opinion that the changes they are making are sufficient to protect the Retirement System's investment with Coca Cola.

A motion was made by Trustee Cutler, supported by Trustee Grix to receive and file the pre-suit investigation update provided by Mr. Schapka. The motion carried.

11. Unfinished Business

None

12. New Business

Trustee Haugh inquired about the monitoring of NWQ's performance. Mr. Holycross confirmed that his team began monitoring their performance at the beginning of the 4th Quarter of 2020 and they have received four months of monthly updates now (including January 2021). NWQ outperformed in the 4th Quarter of 2020 and again in the month of January. Trustee Haugh thanked Mr. Holycross for the update.

13. Adjournment

Chair Deldin thanked Board of Commissioners Chairman Don Brown for sitting in on the meeting this morning.

There being no further business before the Board, a motion was made by Trustee Grix, supported by Trustee Haugh to adjourn the meeting at 9:32 a.m. The motion carried.