

MINUTES OF THE RETIREMENT BOARD
Thursday, February 25, 2021

A meeting of the Retirement Board was held electronically on Thursday, February 25, 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), Bryan Santo (Mount Clemens, Michigan), Harold Haugh (Roseville, Michigan), Larry Rocca (Mount Clemens, Michigan), Gary Cutler (Warren, Michigan), Michael Grix (Mount Clemens, Michigan), Matthew Murphy (Mount Clemens, Michigan), George Brumbaugh (Clinton Township, Michigan)

Excused:

Also Present:

Stephanie Dobson, Stephen Smigiel, 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 8:30 a.m. by Chair Deldin.

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

2. Adoption of Agenda

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

3. Approval of Minutes from February 11, 2021

A motion was made by Trustee Grix, supported by Trustee Haugh to approve the minutes from February 11, 2021 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson was unable to prepare the Activity Report in time to meet the deadline for the Board's packets to go out, but provided it via email to all members last night. The report was finalized with all

2020 numbers. Retiree Representative Brumbaugh had asked if there had been a significant increase in the number of retiree deaths from the prior year. Ms. Dobson reported that there had been 82 retiree deaths in 2020 and 80 retiree deaths in 2019, so the number has been pretty consistent. She did note, however, that there have already been 10 deaths reported in January 2021 and this is significantly higher than prior January numbers. Trustee Rocca inquired if many of the deaths had been COVID-related and she indicated that a few had been, but not all.

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

7. EARNEST Partners – Annual Update Presentation: Patmon Malcom, Pavel Sokolov

Mr. Patmon Malcom and Mr. Pavel Sokolov joined the meeting remotely to provide the Board with the annual update on the EARNEST Partners portfolio. Mr. Malcom provided a brief introduction and noted that 2020 had been quite a volatile year. From January 1st to March 23rd returns were down, but from March 23rd to December 31st returns were up. He discussed that even though COVID was the biggest driver of volatility, there were a number of other contributors (Brexit, the US election, etc.). Mr. Sokolov then reviewed examples of a number of names that were bought and sold within the portfolio in the last year. Mr. Malcom also reviewed the portfolio breakdown by sector.

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to receive and file the EARNEST Partners Annual Update Presentation. The motion carried.

8. HGK Asset Management – Annual Update Presentation: Matt Kosara, Joe Caretti, Nick Mayor

Mr. Matt Kosara, Mr. Joe Caretti and Mr. Nick Mayor joined the meeting remotely to provide the Board with the annual update on the HGK Asset Management portfolio. Mr. Kosara provided a brief introduction and a quick update on performance. He noted that turnover within the portfolio was up a bit in the past year. They also added a new analyst and promoted an individual.

Mr. Mayor proceeded with the presentation and stated that the year was dominated by COVID and while their team is still not traveling, they have noted efficiencies in productivity with less time being spent on planes and in taxis and adjusting to different time zones. He anticipates that they will return to travel eventually, however, because they do emphasize “time in country”. He discussed top stock contributors and reviewed the top three detractors. Mr. Mayor also discussed a few new names that were acquired and Mr. Kosara briefly examined the characteristics of portfolio as well as breakdown by sector and country.

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

9. Unfinished Business

a. Update on RFP for Outside Legal Services: Stephen Smigiel

Mr. Michaud briefly exited the meeting while this agenda item was addressed. Mr. Smigiel advised the Board that the RFP will likely be posted within the week and will include the legal services for the Intermediate Trust Board and the Retiree Health Care Board as well. He has discussed this with the Chairs of those two Boards and they agreed that that the outside legal services for all Boards should be bundled

together. He expects the RFP will be posted for two weeks and the responses will be received after this Board's next meeting.

Mr. Smigiel also inquired if the Board would like to review responses as a whole or if they would like to appoint a sub-committee to make a recommendation to the Board. After some discussion, it was decided that Mr. Schapka, Mr. Smigiel, Vice-Chair Santo and Trustee Cutler will make up the sub-committee and review all submissions.

A motion was made by Vice-Chair Santo, supported by Trustee Haugh to receive and file the update provided by Mr. Smigiel. The motion carried.

10. New Business

Chair Deldin proposed adding a discussion to a future meeting agenda regarding returning to in-person Board meetings. The Board members asked Mr. Michaud some questions about the current requirements of the Open Meetings Act and when additional changes will be implemented. Mr. Michaud answered their questions and advised that there is some work being done in conjunction with MAPERS to address concerns related to in-person meetings of pension boards. Mr. Holycross also commented that many of the fund managers who do presentations will likely still have internal travel restrictions in place and may still need to participate virtually regardless of how the trustees themselves choose to meet.

The Board agreed to place this item on a future meeting agenda for additional discussion related specifically to the location of future in-person meetings and any necessary pre-cautions that must be instituted (plexiglass partitions, etc.) or additional equipment that may be required (video screens, microphones, etc.).

11. Adjournment

There being no further business before the Board, a motion was made by Trustee Grix, supported by Vice-Chair Santo to adjourn the meeting at 9:55 a.m. The motion carried.