

MINUTES OF THE RETIREMENT BOARD
Thursday, March 24, 2022

A meeting of the Retirement Board was held on Thursday, March 24, 2022 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, Michael Grix, Larry Rocca, Larry Lee, George Brumbaugh

Excused:

Harold Haugh

Also Present:

Stephanie Dobson, Stephen Smigiel, Joe Biondo, Tom Michaud, Mike Holycross

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:31 a.m. by Chair Deldin.

2. Adoption of Agenda

Chair Deldin advised the Board that there was one additional item to be added to the agenda under “New Business” today. He requested that the “Pension Analyst Agreement” be added. The Board had no objections.

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to adopt the agenda as revised. The motion carried.

3. Approval of Minutes from March 10, 2022

A motion was made by Trustee Grix, supported by Trustee Lee to approve the minutes from March 10, 2022 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Reinhart Partners Annual Update – Brent Jesko, Josh Wheeler, Trevor Savage

Mr. Brent Jesko and Mr. Josh Wheeler joined the meeting via Webex to provide the Board with an update on their investment with Reinhart Partners. Mr. Trevor Savage joined the meeting in person and introduced himself and the firm. Mr. Jesko introduced himself and Mr. Wheeler and started the presentation with an examination of performance history as of December 31, 2021. He also discussed the

breakdown of change in value and trailing attribution (one year, three year and five year). Mr. Jesko noted that the key drivers in the portfolio have been communication and consumer goods. Mr. Wheeler reviewed the portfolio sector breakdown as of December 31, 2021 and noted that they have been overweight in financials and health care. He also discussed the portfolio characteristics and the top 10 holdings as of December 31, 2021.

A motion was made by Trustee Grix, supported by Trustee Rocca to receive and file the Reinhart Partners Annual Update. The motion carried.

7. Cramer Rosenthal McGlynn Annual Update – Harris Swenson, Brian Harvey

Mr. Harris Swenson and Mr. Brian Harvey joined the meeting to provide the Board with an update on their investment with Cramer Rosenthal McGlynn (CRM). Mr. Swenson introduced the firm and talked about their performance as of December 31, 2021. Mr. Harvey noted that they were very disappointed last year and examined the impact that “meme” stocks had on the portfolio. He reviewed calendar year performance for 2022 and observed how the market is changing. They also discussed their outlook for the future as it relates to historical trends.

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

8. ABS Emerging Markets Russia Update – Sean White, Chris Carmody

Mr. Sean White and Mr. Chris Carmody joined the meeting to provide the Board with an update on their investment with ABS Emerging Markets and the portfolio’s exposure in Russia. Mr. White provided some background on the Board’s investment since inception and what percentage of their portfolio is in Russia. He examined the impact of Russia’s invasion of Ukraine on stocks and the timeline of events since that began. He noted that on March 9th all Russian stocks were removed from the indexes. They have also had no ability to sell since February 25th and expect to write down their stocks to zero in March. It is unlikely there will be a recovery in the near term.

Mr. White described ABS’ plan moving forward which involves leaving existing investors in what they are calling a “legacy” class and if there is a recovery, those investors will participate. They will also be instituting a “XR” class comprised of all new investors who will have no exposure to Russian stocks. If members of the legacy class wish to divest their Russian investments entirely, they will have the option to move to the XR class, but will not have any option for recovery (if that ever becomes possible). Any new contributions from legacy class members will go into the XR investments.

Mr. Holycross advised the Board that his office is working with Mr. Michaud’s office to draft a letter asking ABS to prudently monitor the situation and divest Russian securities when they deem appropriate. Additional discussion was had with several trustees asking questions and Mr. White, Mr. Holycross and Mr. Michaud providing responses.

Mr. White also briefly discussed the Board’s investment exposure in China. He noted that China is much more integrated into the global economy and the risk is bigger for China in the event they were to instigate a conflict. ABS is watching this very closely and taking concerns very seriously.

A motion was made by Trustee Grix, supported by Vice-Chair Santo to receive and file the ABS Emerging Markets Russia Update. The motion carried.

9. 4th Quarter Performance Report – Mike Holycross

Mr. Holycross reviewed the firm update letter from Mr. Mike Welker at the beginning of the Board's presentation book. AndCo finished June 30, 2021 with \$123 billion in client assets and they have continued to add to their team. He expects there to be another three to five new hires this year as well. Mr. Holycross went on to review performance as of December 31, 2021 and confirmed that the Board is in compliance with Public Act 314 and their Investment Policy Statement. The total fund is up 17.81% year-to-date. He also examined the performance of a number of individual managers.

A motion was made by Trustee Grix, supported by Trustee Rocca to receive and file the 4th Quarter Performance Report. The motion carried.

10. Retirement Administrator Report

Ms. Dobson advised that the Board that her office is finalizing the mailing for the Annual Signature Verification and it will be going out soon. There was no other information to report at this time.

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

11. Disability Retirements

a. Matthew Pintar (Re-examination Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Matthew Pintar. The Medical Director has concluded, based on the re-exam, that Mr. Pintar's disability retirement should be continued.

A motion was made by Trustee Rocca, supported by Trustee Lee that based on the Medical Director's opinion, the continuation of the disability retirement of Matthew Pintar should be approved and the following resolution should be adopted:

WHEREAS, the Retirement Board is vested with the general administration, management and operation of the Macomb County Employees Retirement System ("Retirement System") and has fiduciary responsibilities relative to the proper administration of the pension trust fund, and

WHEREAS, Matthew Pintar was granted a disability retirement on April 30, 2018, after a finding by the Retirement Board that the requirements of the Retirement System had been met, and

WHEREAS, in accordance with Section 32 of the Retirement Ordinance, at least once each year during the first five (5) years following retirement of a member with a disability pension and at least once every three (3) year period thereafter, the Retirement Board requires a disability retiree to undergo a medical examination directed by the Retirement Board Medical Director, and

WHEREAS, that the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Matthew Pintar to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated March 7, 2022, which states that Matthew Pintar is totally and permanently incapable of resuming employment with the County in the same or similar job classification in which said individual was employed at the time of disability, and

WHEREAS, the Retirement Board has discussed this matter and has determined that Matthew Pintar has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Board hereby approves the continual disability retirement of Matthew Pintar and directs that benefits be paid consistent with the Retirement System's provisions, and further

RESOLVED, that a copy of this resolution shall be provided to Matthew Pintar and all other appropriate parties.

The motion carried.

b. Dean Rasch (Re-examination Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Dean Rasch. The Medical Director has concluded, based on the re-exam, that Mr. Rasch disability retirement should be continued.

A motion was made by Trustee Rocca, supported by Trustee Lee that based on the Medical Director's opinion, the continuation of the disability retirement of Dean Rasch should be approved and the following resolution should be adopted:

WHEREAS, the Retirement Board is vested with the general administration, management and operation of the Macomb County Employees Retirement System ("Retirement System") and has fiduciary responsibilities relative to the proper administration of the pension trust fund, and

WHEREAS, Dean Rasch was granted a disability retirement on March 8, 2012, after a finding by the Retirement Board that the requirements of the Retirement System had been met, and

WHEREAS, in accordance with Section 32 of the Retirement Ordinance, at least once each year during the first five (5) years following retirement of a member with a disability pension and at least once every three (3) year period thereafter, the Retirement Board requires a disability retiree to undergo a medical examination directed by the Retirement Board Medical Director, and

WHEREAS, that the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Dean Rasch to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated March 7, 2022, which states that Dean Rasch is totally and permanently incapable of resuming employment with the County in the same or similar job classification in which said individual was employed at the time of disability, and

WHEREAS, the Retirement Board has discussed this matter and has determined that Dean Rasch has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Board hereby approves the continual disability retirement of Dean Rasch and directs that benefits be paid consistent with the Retirement System’s provisions, and further

RESOLVED, that a copy of this resolution shall be provided to Dean Rasch and all other appropriate parties.

The motion carried.

12. Freeze Order as to MCERS Benefit for Eric Smith and Derek Miller

The Board was provided with a copy of the recent court order issued freezing the MCERS benefits for Eric Smith and Derek Miller. Secretary Smigiel indicated that he worked with Ms. Dobson’s office and Human Resources to hold Mr. Smith’s net pay and set it aside as a liability on the balance sheet. He also has members of his staff (as well as Ms. Dobson’s) keeping any eye out for any other payments that may be processed moving forward to catch them before they go out. It has been determined that Mr. Miller is ineligible for retirement benefits and his contributions. Mr. Michaud added that even though Mr. Miller is ineligible, this order applies to both individuals and even though a pension is not being paid out to one of them, there are still employee contributions (and interest on those contributions) that are to be frozen until a future determination has been made by the Court.

A motion was made by Vice-Chair Santo, supported by Trustee Grix to accept and implement the Court order as directed. The motion carried.

13. Nomination and selection of MAPERS Spring 2022 Conference Delegates

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to name Chair Mark Deldin and Trustee Lee as the two delegates for the MAPERS 2022 Spring Conference. The motion carried.

14. Unfinished Business

None

15. New Business

Chair Deldin asked Ms. Schave to distribute the hard copies of the agenda item that was added this morning (“Investment Consultant Agreement”). He reminded the Board that back in December this Board approved the creation of a Pension Analyst position. He apologized for the late notice on this, but Corporation Counsel just finished drafting this agreement and he would like to recommend retired Trustee Gary Cutler for this position. The agreement was written to the specifications the Board determined previously and can be terminated with 60 day notice by a majority vote of the Board.

A motion was made by Trustee Rocca, supported by Trustee Grix to postpone discussion of this item to the next Board meeting for further review.

Trustee Rocca indicated he would like to have more time to review the document. Chair Deldin had no objections. Trustee Grix inquired how Chair Deldin decided to enter into the agreement for this position with Cutler Advisors LLC. Chair Deldin responded that based on Mr. Cutler's experience and the number of years he served on this Board, he did not want to lose Mr. Cutler's knowledge when he retired and that is why he recommended this position be created so the Board could retain his expertise.

The motion carried.

Chair Deldin asked Ms. Schave what the status of the special employee representative election is. She responded that voting closes on April 5th and so far about 25% of those who are eligible to vote have cast a ballot. Reminders go out to those who have not yet voted every Friday and the mailing should have also been received by now as well.

Chair Deldin asked Secretary Smigiel for an update on the Investment Consultant RFP. Secretary Smigiel advised that it will go out next week.

16. Adjournment

There being no further business before the Board, a motion was made by Trustee Grix, supported by Trustee Rocca to adjourn the meeting at 10:13 a.m. The motion carried.