

MINUTES OF THE RETIREMENT BOARD
Thursday, March 25, 2021

A meeting of the Retirement Board was held electronically on Thursday, March 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), Gary Cutler (Clinton Township, Michigan), Michael Grix (Mount Clemens, Michigan), Matthew Murphy (Mount Clemens, Michigan), George Brumbaugh (Clinton Township, Michigan)

Excused:

Larry Rocca

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, 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 Haugh, supported by Vice-Chair Santo to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from March 11, 2021

A motion was made by Trustee Grix, supported by Trustee Haugh to approve the minutes from March 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 reported that she and her staff are starting preparations to send out the Annual Signature Verification for 2021. There are three pensions that remain suspended for failure to respond in 2020.

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

7. Reinhart Partners – Annual Update Presentation: Brent Jesko

Mr. Brent Jesko joined the meeting remotely to provide the Board with the annual update on the Reinhart Partners portfolio. He noted that the last year has been challenging, but value stocks seemed to begin recovering in the fourth quarter when the COVID vaccines were announced. That recovery has continued into the first quarter of 2021. Mr. Jesko reviewed trailing attribution at the one, three, and five year marks. He also examined sector breakdown, the characteristics of the portfolio and some of the new names that were added in 2020.

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

8. Cramer Rosenthal McGlynn (CRM) – Annual Update Presentation: Harris Swenson, Brian Harvey

Mr. Harris Swenson and Mr. Brian Harvey joined the meeting remotely to provide the Board with the annual update on the Cramer Rosenthal McGlynn (CRM) portfolio. Mr. Swenson advised that as of September 2019, CRM is 100% employee owned. He provided a brief review of performance and noted that while they have been disappointed as of late, they are encouraged by the numbers for the fourth quarter of 2020 and the first quarter of 2021. They examined the top ten portfolio names and compared them to the top ten names within the benchmark. It was also noted that turnover was slightly elevated over the last year.

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

9. MCERS Benefit Payments and Contributions Report: Stephen Smigiel

Mr. Smigiel presented the 2020 Benefit Payments and Contributions Report to the Board. He noted that the numbers were consistent month-to-month, but observed that total monthly benefit payments were about 3.5% higher for the year compared to 2019 as more individuals retire and leave employment. He also pointed out that there was also a significant increase in DROP payments for the Roads and Sheriff's Departments. Mr. Smigiel also stated that the ratio of retirees to employees is now over two to one.

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

10. Unfinished Business

a. Yousif Capital Management (YCM) – Proposed Investment Management Agreement

Mr. Michaud advised that his office has provided a draft Investment Management Agreement with Yousif Capital Management for the Board's review. He sees no legal issues with proceeding to sign the agreement.

A motion was made by Trustee Cutler, supported by Trustee Haugh to approve the Investment Management Agreement as submitted. The motion carried.

b. Discussion on returning to in-person meetings

Chair Deldin asked Mr. Michaud if there had been any legislative updates the Board should be aware of and Mr. Michaud responded that nothing new has come out of Lansing at this point. He did indicate, however, that many municipalities are declaring their own local states of emergency to continue allowing remote meetings. Wayne County, Washtenaw County and the City of Warren have done this most recently.

Trustee Haugh advised that the Board that the Board of Commissioners is preparing to return to in-person meetings, but does not yet have a date when this will occur. There are questions about how the public will be able to participate and concerns about vaccinations not yet being available to everyone.

Ms. Schave provided an update on available room locations. She had spoken with Ms. Patti Dib from the Board Office and learned that the Committee Room (where the Board has met previously) and the Training Room next door will only accommodate eight people with the appropriate six foot spacing in between. Since there are seven voting members (eight Trustees total with Retiree Representative Brumbaugh), this means no one else could attend if either of those rooms were used. The Boardroom is the largest available and can accommodate up to 25 people with the required six foot spacing. The Boardroom does have technology capabilities to allow people to call in and presentations to be shown on the screens, but has not yet had the plexiglass dividers installed between the Commissioner's seats.

It was suggested that perhaps an option might be to have a quorum of the trustees meet in person with the rest of the trustees attending remotely. This would not allow those attending remotely to participate or vote, however. Mr. Michaud did remind the Board that one of the exceptions going into effect on April 1st would allow someone with a health concern to attend remotely.

Chair Deldin suggested tabling this item for further discussion at the next meeting. Ms. Schave noted that the next meeting is scheduled for April 8th and would be after the changes in meeting guidelines would have taken place. She also advised that there are no fund manager presentations scheduled for that meeting, so unless there is urgent business to be conducted, it may be possible to cancel that meeting to allow more time to determine how future meetings can be held. Chair Deldin and Trustee Haugh both indicated that they will not be able to attend the April 8th meeting.

11. New Business

Mr. Smigiel advised the Board that Mr. Troy Jaros is no longer with Buck. He has been contacted by the actuary who is replacing Mr. Jaros and he has an introductory call scheduled with him soon. Trustee Haugh stated that if there are any issues that cause problems for Ms. Dobson or her team, he feels it would be time for the Board to look for a new actuary. Mr. Smigiel advised that the new individual worked with Troy on Macomb's account, so he is hopeful there will be no issues with transition.

12. Adjournment

There being no further business before the Board, a motion was made by Trustee Cutler, supported by Trustee Haugh to adjourn the meeting at 9:31 a.m. The motion carried.