

MINUTES OF THE RETIREMENT BOARD
Thursday, June 9, 2022

A meeting of the Retirement Board was held on Thursday, June 9, 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, Daniel Willis

Excused:

Harold Haugh, George Brumbaugh
Larry Lee (joined via Webex)

Also Present:

Stephen Smigiel, John Schapka, Joe Biondo, Andrew McKinnon, Karlyn Semlow, Cindy Mitchell, Tom Michaud, Mike Holycross, Gary Cutler, Carol Grant (on behalf of George Brumbaugh)

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 Rocca, supported by Trustee Grix to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from May 12, 2022

A motion was made by Trustee Grix, supported by Trustee Rocca to approve the minutes from May 12, 2022 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Nuveen Asset Management Annual Update – Jim Stephenson, Michael Mullane, Lisa George

Mr. Michael Mullane and Ms. Lisa George joined the meeting in-person and Mr. Jim Stephenson joined via Webex to provide the Board with an update on their investment with Nuveen Asset Management. Ms. George introduced herself and the rest of the team and thanked the Board for their partnership with

Nuveen. She indicated that Nuveen currently has approximately \$1.3 trillion in assets under management (AUM) and noted that they have merged/re-branded from NWQ to Nuveen.

Mr. Mullane described some of the reasons for the merger/re-branding of NWQ and Nuveen and that it provides them with increased access to additional analysts. He discussed their investment philosophy and performance history as of March 31, 2022. He examined the market's vulnerability to a small group of stocks and reviewed the effect of the appreciation of the U.S. dollar. Mr. Mullane also explored exposure changes within their portfolio from March 2021 to March 2022. Mr. Stephenson discussed the sector breakdown of the portfolio and described Nuveen's defensive posture. Mr. Mullane closed by stating that they see a very strong upside even in the current, relatively uncertain environment.

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

7. 1st Quarter Performance Report – Mike Holycross

Mr. Holycross distributed two additional handouts to the Board that were not included with the information in their Board packets. He began the presentation with a review of quarterly performance from the executive summary within the performance report book. He also discussed the treasury yield curve across the last 30 years. He examined comparative performance and noted that performance was negative for the first quarter.

Mr. Holycross also discussed the Public Act (PA) 314 Compliance Summary and confirmed that the plan is in full compliance with PA 314 and their own investment policy statement. He also looked at performance for several individual managers including Edgewood who has been struggling as of late. Lastly, Mr. Holycross looked at the two handouts distributed earlier. One gives a visual representation of the battle against inflation from a historical perspective and the other shows gains/declines of the S&P 500 for calendar year returns since 1989.

A motion was made by Trustee Grix, supported by Trustee Willis to receive and file the 1st Quarter Performance Report presented by Mr. Holycross. The motion carried.

8. Analyst Report – Gary Cutler

Mr. Cutler thanked the Board for the opportunity to work with them again. He indicated that he would like to set up a time to meet with each Trustee to discuss what they would like to see from him. He discussed the manager meetings that he has set up across the next four weeks and what he plans to schedule in the future. He will also be providing the Trustees with his notes from these meetings.

A motion was made by Vice-Chair Santo, supported by Trustee Grix to receive and file the Analyst Report provided by Mr. Cutler. The motion carried.

9. Retirement Administrator Report

a. Office of Retirement Services reorganization

For the benefit of the newer trustees, Chair Deldin provided a brief history related to the creation of the Retirement Administrator position. He has had some discussions with Ms. Semlow since Ms. Dobson's departure and they discussed some weaknesses he feels exist in the current structure of the Retirement

Services Office in that they currently only handle pension benefits. Retirees who need assistance with their insurance or health benefits must call another section of the Human Resources Department for help with those items. Ms. Semlow described the current set-up of the office with Retirement and Benefits being managed separately. She indicated that Jennifer Smiley is the current Benefits Administrator and they are proposing that Retirement Services be moved under the Benefits umbrella. Under this plan, Ms. Cindy Mitchell (currently the Senior Retirement Specialist) would be promoted to Human Resources (HR) Specialist and Ms. Semlow described the rest of the restructuring plan (which includes the addition of a second HR Specialist and more support from Human Resources Assistants). This will allow for cross-training across the retirement and benefits employees and provide better service to retirees. Mr. Smigiel confirmed that there would be a slight cost savings for this reorganization. Vice-Chair Santo asked whether there are internal candidates for the second HR Specialist position and Ms. Semlow indicated the position will be posted and there are two individuals working in benefits now that may be interested.

Trustee Grix asked how it will be possible to turn the jobs of two full-time individuals (Retirement Administrator and Benefits Administrator) into one. Ms. Semlow explained that the staffing underneath the Benefits Administrator will balance out the workload left after the elimination of the Retirement Administrator position. She indicated that Ms. Dobson had related to her on more than one occasion that it would not be necessary to replace her when she left. The addition of the HR Specialist positions will take much of the day-to-day work that Ms. Dobson was handling herself and distribute it to other staff, so that Ms. Smiley can focus solely on Administrator duties. Mr. McKinnon also noted that during Ms. Dobson's leave of absence last year, Ms. Mitchell and the other staff in the office were able to keep things moving nicely. Under this reorganization, Ms. Mitchell will attend the Board meetings and provide the reports going forward.

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

10. Disability Retirements

- a. **Victor Krese (Re-examination Opinion)**
- b. **Kelly Malicki (Re-examination Opinion)**

A motion was made by Trustee Rocca, supported by Vice-Chair Santo that based on the Medical Director's opinion, the disability retirements of Victor Krese and Kelly Malicki should be continued and the following resolutions 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, Victor Krese was granted a disability retirement on March 6, 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 Victor Krese 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 May 24, 2022, which states that Victor Krese 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 Victor Krese 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 Victor Krese 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 Victor Krese and all other appropriate parties.

and

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, Kelly Malicki was granted a disability retirement on May 2, 2020, 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 Kelly Malicki 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 May 13, 2022, which states that Kelly Malicki 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 Kelly Malicki 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 Kelly Malicki 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 Kelly Malicki and all other appropriate parties.

Trustee Grix inquired about the confidential medical reports that the Board usually receives when the re-examinations are conducted. These are usually sent to them in a separate email. Unfortunately, Ms. Schave discovered the email with those reports attached remained in her "draft" folder and had not been sent prior to the meeting. She advised Trustee Grix that the resolutions they had been presented with were prepared in accordance with the medical director's recommendations and that Ms. Mitchell could confirm that the disability retirements for Mr. Krese and Ms. Malicki should be approved. Trustee Grix was satisfied with this response and Ms. Schave sent the reports to the Board at that time.

The motion carried.

11. TerraCap 2022 Annual Meeting – October 5-7 – Naples, FL

The Board was provided with the "Save the Date" for the TerraCap 2022 Annual Meeting to be held in October.

A motion was made by Vice-Chair Santo, supported by Trustee Grix to approve Board member and staff attendance and expenses related to the TerraCap 2022 Annual Meeting. The motion carried.

When registration for the event opens, Ms. Schave will send out an email to find out who is interested in attending and begin making travel arrangements as needed.

12. Unfinished Business

Chair Deldin inquired about the status of the Investment Consultant RFP review. Mr. Smigiel advised that he will have a report for the Board at the next meeting on June 23rd.

13. New Business

Chair Deldin advised the Board that one day last week, the Office of Retirement Services was contacted by an attorney representing former County employee Mr. Derek Miller regarding appealing the fact that he has been deemed ineligible for a pension. It has been determined that he did not meet the vesting requirements.

Mr. Michaud advised the Board that this is an issue that has not come before the Pension Board, but is related to an administrative decision made by Retirement Services which concluded he did not meet the vesting requirements to be eligible for a pension. In effect, this Board has not made any decisions that would require an appeal, but Mr. Michaud's recommendation is that the information should be forwarded to legal counsel for consideration and opinion. He indicated that when the opinion is presented to the Board, Mr. Miller and his attorney should be notified, so that they can attend the meeting and present their information.

A motion was made by Trustee Rocca, supported by Trustee Grix to receive and file the request and forward it to legal counsel for an opinion. The motion carried.

Ms. Schave will forward the information from Mr. Miller's attorney to Mr. Michaud so he can draft the opinion as authorized by the Board.

14. 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 10:01 a.m. The motion carried.