

MINUTES OF THE RETIREMENT BOARD
Thursday, June 23, 2022

A meeting of the Retirement Board was held on Thursday, June 23, 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, Larry Lee, Larry Rocca, Daniel Willis

Excused:

Harold Haugh, Michael Grix, George Brumbaugh

Also Present:

Stephen Smigiel, John Schapka, Joe Biondo, Karlyn Semlow, Cindy Mitchell, Jennifer Smiley, 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 Revised Agenda

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

3. Approval of Minutes from June 9, 2022

A motion was made by Trustee Willis, supported by Trustee Rocca to approve the minutes from June 9, 2022 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Analyst Report – Gary Cutler

Mr. Cutler advised the Board that he has had meetings with Nantucket and Bloomfield Capital in the last two weeks. He reviewed their strategies and discussed their outlooks for the future given the downturn in the market. He noted that Nantucket has been disappointed in their returns and is reducing their position in some of their largest holdings while looking at hiring some new managers. He indicated that he is impressed with his visit to Bloomfield and was able to examine one of their most recent deals in-depth during his time at their office.

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

7. Retirement Services Report – Cindy Mitchell

Ms. Semlow introduced Ms. Jennifer Smiley. She is the Benefits Administrator and will be taking over the responsibilities of the former Retirement Administrator. Ms. Semlow also noted that she is working with Mr. Schapka on updating the contract the Board has with Human Resources to provide retirement services and she anticipates having a finalized draft to present to the Board at a meeting in the near future.

Ms. Mitchell reviewed the Activity Report for the month and provided an update on the Annual Signature Verification process. She indicated that the second notice was sent out last week and responses are due by Friday, July 1st.

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

8. Disability Retirements

a. Steven Marschke (Re-examination Opinion)

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

A motion was made by Trustee Rocca, supported by Trustee Willis that based on the Medical Director’s opinion, the continuation of the disability retirement of Steven Marschke 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, Steven Marschke was granted a disability retirement on May 11, 2017, 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 Steven Marschke 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 June 7, 2022, which states that Steven Marschke 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 Steven Marschke 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 Steven Marschke 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 Steven Marschke and all other appropriate parties.

The motion carried.

b. David DeRosia (Initial Examination Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the initial examination of David DeRosia. The Medical Director has concluded, based on the exam, that Mr. DeRosia's disability retirement should be approved.

A motion was made by Trustee Rocca, supported by Trustee Willis that based on the Medical Director's opinion, the disability retirement of David DeRosia 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, the Retirement Board is in receipt of an application for disability retirement from David DeRosia dated April 11, 2022 and

WHEREAS, in accordance with Section 28 of the Retirement Ordinance provides that upon the application of a member, or their department head, a member who (1) is in the employ of the County, (2) is vested, and (3) has become or becomes totally and permanently incapacitated for duty in the employ of the County, may be retired by the Retirement Board: provided, that after a medical examination of the member made by or under the direction of the medical director, the medical director certifies to the Board (1) that the member is totally incapacitated for duty in the employ of the County, (2) that such incapacity will probably be permanent, and (3) that the member should be retired, and

WHEREAS, the Retirement Board has previously acknowledged receipt of said application and directed the processing of said application in accordance with the Retirement System provisions, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated June 13, 2022, which states that David DeRosia is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will be probably be permanent, and further indicates that David DeRosia should be retired, and

WHEREAS, the Retirement Board has discussed this matter and has determined that David DeRosia has met the eligibility requirements for disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Board hereby approves the disability retirement of David DeRosia 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 David DeRosia and all other appropriate parties.

The motion carried.

9. Unfinished Business

a. Investment Consultant RFP Update – Stephen Smigiel

After Mr. Holycross excused himself, Secretary Smigiel advised the Board that the committee had met to review the two RFPs received and indicated that a memo with a summary of their review was distributed this morning. He asked Trustee Lee to provide some more details about their analysis.

Trustee Lee indicated that the biggest difference between the two firms came down to price. He noted that AndCo has a deep research team and the Board has had outstanding success with Mr. Holycross. The committee reviewed the references provided by the other firm (Dahab) and they were municipalities who have significantly smaller pension fund sizes compared to Macomb. They also do not have a local presence, have a much smaller team and do not have the dedicated research staff that AndCo offers. They rely on the Pension Boards themselves to come up with suggestions for investments and then they review them further. The recommendation from the committee is to remain with AndCo.

Vice-Chair Santo stated that he sees significant merit in having someone local that can attend meetings regularly and be available should the need arise quickly. He is very comfortable with AndCo and feels that even though AndCo's fee is higher, they get great value for what they pay. Mr. Schapka agreed and indicated that performance weighs greater in his mind than cost and that good performance is worth the extra cost. Chair Deldin commented that he appreciated the insight of the committee members and that he is also comfortable remaining with AndCo.

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to follow the recommendation of the committee and approve retaining AndCo Consulting as the Board's investment consultant without need for further interviews. The motion carried.

Trustee Rocca inquired about the terms for cancelling the contract if the need would arise. Mr. Michaud confirmed that while the contract continues until terminated, it can be terminated immediately without cause. He will review the current contract to verify if any updates need to be made.

10. New Business

a. 2022 Fall MAPERS Conference – Mackinac Island, MI – September 17th-20th

The Board was provided with the preliminary agenda for the 2022 Fall MAPERS Conference to be held in September.

A motion was made by Vice-Chair Santo, supported by Trustee Rocca to approve Board member and staff attendance and expenses related to the 2022 Fall MAPERS Conference. The motion carried.

Ms. Schave will send out an email to find out who is interested in attending and begin making travel arrangements as needed.

Chair Deldin also mentioned that while there are two meetings scheduled in July, he would like to propose cancelling the July 7th meeting. There are no fund manager presentations scheduled for that day and unless there is any pressing business, he does not see a need to hold that meeting.

A motion was made by Trustee Rocca, supported by Trustee Willis to cancel the July 7th meeting. The motion carried.

11. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Willis to adjourn the meeting at 8:50 a.m. The motion carried.