

MINUTES OF THE RETIREMENT BOARD
Thursday, August 4, 2022

A meeting of the Retirement Board was held on Thursday, August 4, 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, Harold Haugh, Michael Grix, Larry Lee, Larry Rocca, George Brumbaugh

Excused:

Daniel Willis

Also Present:

Stephen Smigiel, Joe Biondo, Jennifer Smiley, Cindy Mitchell, Tom Michaud, Mike Holycross, Gary Cutler

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:34 a.m. by Chair Deldin.

2. Adoption of Agenda

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

3. Approval of Minutes from July 21, 2022

A motion was made by Trustee Haugh, supported by Trustee Grix to approve the minutes from July 21, 2022 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. EnTrust Global Annual Update – Sophia Mullen, Warren Tolman, Dave Flynn

Ms. Sophia Mullen and Mr. Warren Tolman joined the meeting via Zoom and Mr. Dave Flynn joined the meeting in person to provide the Board with an update on their investment with EnTrust Global. Mr. Flynn introduced the team and thanked the Board for their continued relationship with EnTrust. Ms. Mullen continued the presentation with an overview of their strategy and investment approach. She examined the effect of market volatility and the key performance drivers from 2021-2022. Ms. Mullen also reviewed the largest portfolio positions as well as realized and unrealized co-investments. She assessed performance and discussed a number of the investments in the Special Ops III Fund. Mr. Tolman

provided closing comments and several book recommendations on behalf of Mr. Hymowitz who was unable to attend today.

A motion was made by Trustee Haugh, supported by Trustee Rocca to receive and file the EnTrust Global Annual Update. The motion carried.

7. Analyst Report – Gary Cutler

Mr. Cutler reported that he recently traveled to Chicago to attend a private equity conference. While there, he spent time with three members of the AndCo research team. He was very impressed with their staff and the depth of their knowledge of Macomb's plan. He noted that Macomb's Retirement System would be considered small in comparison with some of the other plans that were in attendance at this event. While in Chicago, he also visited Nuveen/NWQ and he reviewed some of the offerings that Macomb does not have investments in (cryptocurrency, farm land, etc.) to see if they make sense to add to the portfolio.

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.

8. 2021 Annual Valuation presentation – Kevin Spanier, Brett Hunter

Mr. Kevin Spanier and Mr. Brett Hunter joined the meeting to present the Board with the results of the 2021 Annual Valuation. Mr. Spanier provided a short introduction and an overview of the equation that provides the snapshot of where the system stands as of December 31, 2021. He noted that investment returns were excellent last year and the funded percentage increased. He believes they are well guarded against today's market. Mr. Hunter continued the presentation by reviewing the following items for the covered population: (1) participant counts, (2) the average projected valuation pay, and (3) the average monthly pension as of December 31. He also examined plan assets (market value versus actuarial value) and funded status history.

Mr. Spanier closed the presentation by discussing potential risks to the fund's future financial condition. These include investment risk, contribution risk, asset-liability mismatch and demographic risk. He also advised the Board that there has been a revision to Actuarial Standard of Practice (ASOP) #4 and there is a new disclosure coming that will first become effective with the December 31, 2023 valuation. This requires disclosure of a new liability measure called a "low-default-risk obligation measure" (LDRM). He provided some more details about this measure and answered some questions for the Board. Secretary Smigiel also answered some questions from Mr. Holycross and the Board. Mr. Michaud also responded to a question about an actuarial audit which is required every eight years. He stated that more details will be provided as the deadline for that approaches.

Mr. Spanier indicated that a copy of the full Valuation report will be forthcoming. Mr. Smigiel advised that once he receives the full report, he will distribute it to all of the Board members. Retiree Representative Brumbaugh inquired when they can expect to receive it and Mr. Spanier advised that it should be available within the next couple of weeks.

A motion was made by Vice-Chair Santo, supported by Trustee Grix to receive and file the 2021 Annual Valuation presentation. The motion carried.

9. Retirement Services Report – Cindy Mitchell

Ms. Mitchell advised the Board that there are 30 people who have still not responded to the Annual Signature Verification. She has made phone calls, sent emails and also sent another letter out via certified mail. The next deadline for response is August 12th. She is anticipating that another 15-20 will come in before that date, but she is seeking a motion from the Board to suspend the September pension payments for any that remain out of compliance past that date.

A motion was made by Trustee Haugh, supported by Trustee Grix to authorize the suspension of September pension payments for those that do not comply with the Annual Signature Verification process by the next deadline. The motion carried.

Chair Deldin inquired if Retiree Representative Brumbaugh had been provided with a list of those that are still outstanding. Retiree Representative Brumbaugh indicated that he had not received anything. Chair Deldin asked if Ms. Mitchell could provide Retiree Representative Brumbaugh with the list so he could try to assist in contacting those that have not yet responded. Ms. Mitchell indicated that she will provide him with the list today.

10. Disability Retirement

a. Carrie Hogan (Re-examination Opinion)

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

A motion was made by Trustee Grix, supported by Trustee Haugh that based on the Medical Director's opinion, the continuation of the disability retirement of Carrie Hogan 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, Carrie Hogan was granted a disability retirement on June 23, 2014, 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 Carrie Hogan 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 July 13, 2022, which states that Carrie Hogan 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 Carrie Hogan 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 Carrie Hogan 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 Carrie Hogan and all other appropriate parties.

The motion carried.

11. Unfinished Business

None

12. New Business

Mr. Holycross advised that AndCo's Director of Research for Fixed Income, Philip Schmitt would be in Michigan on August 18th and he suggested that the Board may want to have him come in and discuss the capital markets and what he is seeing. Chair Deldin asked Mr. Holycross to confirm Mr. Schmitt's attendance with Ms. Schave in order to add the discussion to the next meeting agenda.

13. Adjournment

There being no further business before the Board, a motion was made by Trustee Haugh, supported by Trustee Grix to adjourn the meeting at 9:43 a.m. The motion carried.