

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, September 8, 2022**

A meeting of the Retirement Board was held on Thursday, September 8, 2022 at 8:30 a.m. in the Administration Building, 9<sup>th</sup> Floor Committee Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

**Present:**

Bryan Santo, Harold Haugh, Michael Grix, Larry Rocca, Larry Lee, Daniel Willis, George Brumbaugh

**Excused:**

Mark Deldin

**Also Present:**

Stephen Smigiel, John Schapka, Joe Biondo, Cindy Mitchell, Andrew McKinnon, 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 8:31 a.m. by Vice-Chair Santo.

**2. Adoption of Agenda**

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

**3. Approval of Minutes from August 18, 2022**

*A motion was made by Trustee Rocca, supported by Trustee Haugh to approve the minutes from August 18, 2022 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

**6. ABS Investment Management Annual Update – Sean White, Chris Carmody**

Mr. Sean White joined the meeting via Webex and Mr. Chris Carmody joined the meeting in-person to provide the Board with an update on their investment with ABS Investment Management. Mr. White provided an update on assets under management and an overview of the firm with an update through the second quarter. He noted that it has been a tough year for the market with inflation increasing substantially. He compared emerging markets and developing markets and examined the performance of

the ABS Emerging Markets Strategic (EMS) portfolio. He reviewed contributions and performance by strategy and assessed the top and bottom 10 names within the portfolio. He then discussed an overview of the ABS global portfolio while looking at long/short attribution and some of the characteristics of the portfolio. Mr. White also answered some questions from Mr. Holycross.

*A motion was made by Trustee Haugh, supported by Trustee Grix to receive and file the ABS Investment Management Annual Update. The motion carried.*

**7. Analyst Report – Gary Cutler**

Mr. Cutler reported that he recently visited with Reinhart Partners and had an unusual occurrence come up. Reinhart found a trading error had been made and through their insurance company have made the affected clients (including this Board) whole. Mr. Cutler asked for feedback on his weekly notes and stated that he is trying to provide noteworthy highlights to those who receive the updates, but is willing to add more information if it would be beneficial.

Trustee Haugh thanked Mr. Cutler for the information that he provides and then questioned if the Board could get a quarterly report that simply shows performance by each manager for the last two years. Mr. Holycross responded that the information he is referring to is provided in the regular quarterly report, but he could provide a separate, scaled down report with just the information Trustee Haugh is requesting. He will work on preparing a report for review at the next Board meeting.

*A motion was made by Trustee Rocca, supported by Trustee Haugh to request a quarterly report showing the last two years of performance for each manager. The motion carried.*

*A motion was made by Trustee Grix, supported by Trustee Haugh to receive and file the Analyst Report provided by Mr. Cutler. The motion carried.*

**8. Retirement Services Report – Cindy Mitchell**

Ms. Mitchell reported that four pensions had been suspended as of September 1<sup>st</sup> as a result of failing to comply with the Annual Signature Verification. She has already spoken to one of those individuals and will be reinstating their pension once they comply. Secretary Smigiel and Retiree Representative Brumbaugh requested Ms. Mitchell provide them with the three names of the individuals who did not comply. She indicated she will send them the list.

*A motion was made by Trustee Grix, supported by Trustee Rocca to receive and file the Retirement Services Report. The motion carried.*

**9. Constitution Capital Partners – 2023 Meeting – Save the Date (April 17-19, 2023)**

The Board was provided with a “save the date” for the Constitution Capital Partners 2023 Meeting.

*A motion was made by Trustee Haugh, supported by Trustee Grix to approve Board member and staff attendance and expenses related to the 2023 Constitution Capital Partners meeting. The motion carried.*

Ms. Schave will send out an email to find out who is interested in attending once more details are provided by Constitution Capital.

**10. Unfinished Business**

**a. Supplemental Retirement Payment Discussion (continued)**

Retiree Representative Brumbaugh provided a summary of the discussion that was had at the last Board meeting. Secretary Smigiel advised that he has more information related to the history of these payments (originating in 1991) and the formula (based on a point system) that was used to calculate the amounts paid (equating to roughly \$11 per point). He indicated that no supplemental payments have been issued since 2006. He provided more historical information related to the number of years of excess returns versus the number of years of negative returns. Mr. Michaud had more information and noted that one of the most important aspects of this is that the County Board of Commissioners must approve any payments being issued.

Vice-Chair Santo requested Secretary Smigiel distribute some information at a future meeting related to the historical information he provided here today. Trustee Haugh indicated that he would like opinions from Mr. Michaud and the Human Resources & Labor Relations (HRLR) Department on this issue.

Retiree Representative Brumbaugh stressed that he is solely recommending a single payment this year based on the excess returns shown in the 2021 valuation report. He is asking the Board to seriously consider granting this single payment now that the system is more than 100% funded. Vice-Chair Santo pointed out that the Department of Roads is funded separately and they are NOT 100% funded at this time. He feels that should be taken into consideration when making any decision on these supplemental payments.

This item will remain on the agenda as "Unfinished Business" so the Board can collect more information while weighing whether to move forward with recommending this to the Board of Commissioners.

**11. New Business**

None

**12. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Haugh, supported by Trustee Rocca to adjourn the meeting at 10:02 a.m. The motion carried.*