

MINUTES OF THE RETIREMENT BOARD
Thursday, December 2, 2021

A meeting of the Retirement Board was held on Thursday, December 2, 2021 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 Rocca, Gary Cutler, Michael Grix, Larry Lee, Harold Haugh, George Brumbaugh

Excused:

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Joe Biondo, Andrew McKinnon, Tom Michaud, Mike Holycross

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.

Before proceeding with the agenda, Chair Deldin requested the Board members and others present observe a moment of silence dedicated to the tragic event that took place earlier in the week at Oxford High School.

2. Adoption of Agenda

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

3. Approval of Minutes from November 18, 2021

A motion was made by Trustee Rocca, supported by Trustee Haugh to approve the minutes from November 18, 2021 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Corbin Capital Partners Annual Update – Robert Zellner, Carrie Napoletano

Mr. Robert Zellner and Ms. Carrie Napoletano joined the meeting remotely via Webex to present the Board with an update on their investment with Corbin Capital Partners. Ms. Napoletano provided an update on the firm and noted that their employees have returned to the office on a voluntary, hybrid schedule. She stated that in 2021 they reached a new peak in assets under management and have seen positive in-flows. Mr. Zellner reviewed the characteristics of the Pinehurst fund and examined core allocations by geography and sector. He discussed year-to-date performance and highlighted a year-to-date net return of +9.83%. Mr. Zellner also provided the Board with a review of the top contributors and detractors for the portfolio.

A motion was made by Trustee Grix, supported by Vice-Chair Santo to receive and file the Corbin Capital Partners annual update. The motion carried.

7. Nantucket Multi-Managers Annual Update – Eric Strzempek, Libby Greenstone

Mr. Eric Strzempek and Ms. Libby Greenstone joined the meeting to present the Board with an update on their investment with Alidade Capital. Ms. Greenstone began with a brief overview of the firm and a quick review of their investment strategy and objectives. Mr. Strzempek reviewed performance and trailing returns. He also examined year-to-date performance of their top allocations and discussed their top contributors and detractors.

A motion was made by Trustee Haugh, supported by Trustee Rocca to receive and file the Nantucket Multi-Managers annual update. The motion carried.

8. Investment Consultant Report – AndCo Consulting, Mike Holycross

- a. 3rd Quarter Performance Report**
- b. Monthly Flash Report**

Mr. Holycross briefly discussed comparative performance through the 3rd quarter and reviewed individual manager performance by asset class.

A motion was made by Trustee Grix, supported by Trustee Cutler to receive and file the 3rd Quarter Performance Report and the Monthly Flash Report provided by Mr. Holycross. The motion carried.

c. Market Value Update and Rebalance Recommendation

Mr. Holycross provided the Board with a Market Value Update as of November 12, 2021. He is proposing a rebalance of \$35 million from Equity into Cash. This will help cover upcoming regular pension payments, other necessary expenses, and capital calls while leaving funds available for opportunistic investments should they arise.

A motion was made by Trustee Cutler, supported by Vice-Chair Santo to approve the rebalance recommendation made by Mr. Holycross. The motion carried.

9. Retirement Administrator Report

None

10. Disability Retirement

a. Disability Retirement Initial Application – Erika Lojko

A motion was made by Trustee Cutler, supported by Trustee Grix to adopt the following resolution to process the disability retirement application of Erika Lojko and direct Human Resources to order an independent medical examination.

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 dated November 10, 2021 from Erika Lojko requesting a Non-Duty disability retirement; and

WHEREAS, in accordance with Section 28 of the Retirement System Ordinance provides that upon the application of a member, or the Member’s 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 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 mentally or physically 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, therefore be it

RESOLVED, that the Retirement Board acknowledges receipt of said application and directs the processing of said application in accordance with the Retirement System provisions, and further

RESOLVED, that the Retirement Board directs the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Erika Lojko to be examined and to advise the Medical Director of their responsibilities, and further

RESOLVED, that the Retirement Board requests that all medical and/or other information be forwarded to the Medical Director in support of the application, and further

RESOLVED, that the Medical Director fulfill their duties and report to the Retirement Board their findings and certifications, and further

RESOLVED, that copies of this resolution and the Board’s disability retirement procedures be forwarded to Erika Lojko, the Medical Director and all other appropriate parties.

**Any member who is not vested shall be considered vested for the exclusive purpose only of qualifying for disability retirement as provided in Section 28 provided that (1) the Board finds the Member is totally and permanently incapacitated for duty as the natural and proximate result of a personal injury or disease arising out of and in the course of the Member’s actual performance of duty in the service of the County, and (2) the Member is in the receipt of worker’s compensation on account of the Member’s physical or mental incapacity. (Section 29 of the Retirement System Ordinance).

The motion carried.

11. Unclaimed Pension Opinion

Mr. Michaud reminded the Board that there had previously been an issue brought to their attention that involved an individual who had stopped cashing his pension checks and then in 2012 his benefits were suspended as a matter of procedure. In their packet, there is a legal opinion prepared by Mr. Michaud regarding this issue. This individual has now passed away and his family has come forward to notify the County. The County believed that this individual had actually passed away many years earlier. The dollar amount in question is over \$460,000.00.

Ultimately, Mr. Michaud's legal opinion is that this individual earned these pension benefits and the Retirement System has an obligation to pay the past amounts that had been suspended. The system does not have an obligation to pay interest on those benefits. The Board members discussed this matter and asked Mr. Michaud a few questions. Retiree Representative Brumbaugh questioned why this individual's inaction is not considered a desire to forfeit these payments. Mr. Michaud explained that the system cannot assume that it was this individual's intention to forfeit the checks and because the system escheated some of the checks to the State of Michigan, it has essentially acknowledged that these benefits should be paid. The rest of the benefits were simply suspended and are still eligible for payment. Since this individual has passed, the payment should be issued to the personal representative of the individual's estate.

A motion was made by Trustee Rocca, supported by Trustee Haugh to lift the suspension for Mr. Csokasy and make payment in the amount of \$469,135.00 to his estate without interest included. The motion carried.

12. Yousif Capital Management – Acceptance of Assignment of WAM IMAs

Mr. Holycross reminded the Board that World Asset Management (WAM) sold their index fund operation to Yousif Capital Management. From an investment standpoint, he confirmed that AndCo has no issue with the assignment of the contract, but he would recommend holding off on signing the acceptance until the new fee structure has been provided. Mr. Michaud added that since the transition has already taken place, he would suggest that at least the assignment be executed so that the parties know their responsibilities. He also confirmed that there are no legal issues with the transition.

A motion was made by Trustee Cutler, supported by Vice-Chair Santo to direct the Board Chair to sign the necessary document on the Retirement System's behalf and send to Yousif Capital Management. The motion carried.

13. Unfinished Business

a. Revised Proposed 2022 Retirement Board meeting dates

A motion was made by Trustee Haugh, supported by Trustee Grix to accept the new proposed meeting dates for 2022. The motion carried.

Chair Deldin requested Ms. Schave send out Google calendar notices for each of the 2022 meeting dates. She confirmed that she will take care of that.

b. Proposal to hire a Pension Investment Advisor (in-house), Chair Mark Deldin

Mr. McKinnon distributed some handouts to the meeting attendees. Human Resources and Labor Relations (HRLR) has done some additional research into what comparable size pension plans have in terms of staff and what the salaries are for those staff members. Mr. McKinnon acknowledged that Mr. Holycross also provided a lot of information to help put these documents together. He noted that the cover sheet shows comparisons for 11 different systems and focuses on plan size, number of staff, compensation range and type of duties (administrative, investment, etc.). He pointed out one particular pension system that has over \$4 billion in assets that has 14 individuals working with it, including an Executive Director who Mr. McKinnon spoke to directly. Several years ago they were just under \$2 billion and added more staff once they hit that threshold. They currently have three individuals who work solely on the investment side (a Chief Investment Officer and two analysts).

Mr. McKinnon also provided another draft job summary with some of the changes that had been discussed at the last meeting. The title has been updated to "Pension Investment Analyst" since that seems to be the term that many other entities use to describe this type of position. Treasurer Rocca questioned why this was listed as a part-time position given the salary and inquired if this will be put out for bid. Mr. McKinnon explained that the information listed was for a full-time equivalent (FTE) and the amount of salary would be reduced to the amount of hours worked by the part-time individual. Chair Deldin stated that the annual compensation would be approximately \$45,000 with an extra \$5,000 allotted for travel/conference expenses. This \$50,000 would come out of the pension system and this is a contractual position. Mr. Smigiel also reminded the Board members that the intention is to split the expense of this position proportionally three ways between the Retirement System, the Intermediate Trust and the Retiree Health Care Fund since the individual will essentially be working for all three. Chair Deldin also confirmed that they would be reviewing applicants for this position.

A motion was made by Trustee Haugh, supported by Vice-Chair Santo to adopt the proposal to hire an Investment Analyst as presented by Chair Deldin.

Trustee Grix asked what "contractual" means in terms of the employment relationship. Mr. McKinnon responded that it means that the employee signs a contract that would have a provision detailing terms related to cancellation/termination of the contract. Vice-Chair Santo asked about whether there would be something written into the contract about reporting authority as it relates to the other two Boards who will be contributing to the salary. Mr. Schapka indicated there could be three separate contracts to address that issue. Trustee Grix also asked if this position will be added to the rotating review process for outside consultants that the Board already has in place. Chair Deldin stated that he would support adding this position to the annual review process. They need to make sure that the individual selected for this position meets the expectations of all three boards.

The motion carried.

Chair Deldin indicated that he will work with HRLR to determine how best to seek out applicants for this position and then they can determine if they want to have a sub-committee conduct interviews or if there is a different way to handle the interview and hiring process.

14. New Business

Trustee Haugh noted that it would be best to not have lengthy meetings like this one scheduled right before meetings for the IRMBT and RHC boards. They are now half an hour behind on both of those

meetings. Mr. Smigiel noted that, unfortunately, he had scheduled the IRMBT and RHC meetings on somewhat short notice without having had the benefit of knowing what was going to be on the Retirement Board meeting agenda beforehand. Efforts will be made to keep agendas shorter wherever possible so as not to adversely affect meetings occurring afterwards.

15. 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 10:34 a.m. The motion carried.