

MINUTES OF THE RETIREMENT BOARD
Thursday, January 18, 2018

A meeting of the Retirement Board was held on Thursday, January 18, 2018 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, Carol Grant, Matthew Murphy, Larry Rocca, Bryan Santo, George Brumbaugh, Gary Cutler (arrived late)

Excused:

Bob Smith

Also Present:

Stephen Smigiel, Stephanie Dobson, Joe Biondo, Larry Lee, 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 Trustee Deldin.

2. Election of Officers

-- Chair

Trustee Deldin called for nominations for Chair.

A motion was made by Trustee Rocca, supported by Trustee Murphy to nominate Mark Deldin as Chair. The motion carried.

There were no other nominations. Nominations were closed.

Mark Deldin accepted and was unanimously elected Chairman.

-- Vice-Chair

Chair Deldin called for nominations for Vice-Chair.

A motion was made by Trustee Rocca, supported by Chair Deldin to nominate Bryan Santo for Vice-Chair. The motion carried.

There were no other nominations. Nominations were closed.

Bryan Santo accepted and was unanimously elected Vice-Chair.

3. Adoption of Agenda

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

4. Approval of Minutes

a. December 14, 2017

A motion was made by Vice-Chair Santo, supported by Trustee Grant to approve the minutes of December 14, 2017 as presented. The motion carried.

4. Approval of Invoices

A motion was made by Trustee Murphy, supported by Trustee Grant to approve the invoices as presented.

Trustee Grant inquired about the election expense for Plante Moran. She wanted to know if that would be billed in 2017 or in 2018. Mr. Smigiel responded that the election expense is for 2017 and will be charged to that year. Chair Deldin asked if that \$1,900 included postage. Mr. Smigiel said that postage is billed separately through the County. Trustee Murphy reflected that there had been previous discussion about possibly reviewing the election process when there is an uncontested election. Chair Deldin asked that the current Election Policy be placed on the agenda for the next meeting. Trustee Grant also requested to see a breakdown of the postage billed to the Retirement System.

The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson expressed appreciation to the Board for their thoughts and concern after the sudden passing of her father just before Christmas. She provided a brief summary of his medical condition and indicated that her family is doing well overall, but that it was an especially difficult time of year to lose someone.

The Activity Report for the end of 2017 was provided in the Board's packets. Ms. Dobson noted that November and December had been somewhat slow, but that activity in her office is picking back up. She noted that the numbers for Martha T. Berry (MTB) were still not updated. She has just received access to their new payroll system (Paycom) and has not yet had an opportunity to dive in and review the data that was loaded from their prior system

(ADP). She said she has expressed concern to MTB that they did not pull the “pay-by-pay history” from ADP and load it into Paycom. Ms. Dobson wants to make sure that the information is all available and can be reviewed before they no longer have access to ADP.

Ms. Dobson reported that her office has filled the vacant Retirement Specialist position and training is underway. Claudia is an employee from the Human Resources and Labor Relations side of the office, so she is familiar with the HR system and Ms. Dobson is hopeful that they are able to retain her well into the future.

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

7. Disability Retirements

a. Jason Rowe (Application)

A motion was made by Vice-Chair Santo, supported by Trustee Murphy to adopt the following resolution to process the disability retirement application of Jason Rowe 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 December 20, 2017 from Jason Rowe 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 Jason Rowe 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 Jason Rowe, 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.

b. Janine Sechrist (Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the examination of Janine Sechrist. The Medical Director has concluded, based on the examination, that Ms. Sechrist's disability retirement should be approved.

A motion was made by Trustee Murphy, supported by Trustee Rocca that based on the Medical Director's opinion, the disability retirement of Janine Sechrist 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 Janine Sechrist dated October 5, 2017 and

WHEREAS, in accordance with Section 28 of the Retirement Ordinance which 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, on January 8, 2018, Dr. Barry Leshman, D.O. conducted an independent examination and reviewed all records provided and concludes Janine Sechrist is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Janine Sechrist should be retired, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated January 8, 2018, which states that Janine Sechrist is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Janine Sechrist should be retired, and

WHEREAS, the Retirement Board has discussed this matter and has determined that Janine Sechrist 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 Janine Sechrist 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 Janine Sechrist and all other appropriate parties.

The motion carried.

c. 2018 Re-examination of Disability Retirees

Ms. Dobson provided a draft resolution for the 2018 disability retirement re-examinations.

A motion was made by Trustee Murphy, supported by Vice-Chair Santo to adopt the following resolution and begin scheduling appointments for the 13 employees listed for disability re-examination:

WHEREAS, the Retirement Board is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, in accordance with Section 32 of the Retirement Ordinance, at least once each year during the first five (5) years following the retirement of a member with a disability pension and at least once every three (3) year period thereafter, the Retirement Board may require a disability retiree to undergo a medical examination by or under the direction of the Retirement Board's physician, and

WHEREAS, the Retirement Board has determined that required re-examinations must be performed by the Retirement Board's authorized physician on a schedule that coincides with the retiree's initial date of retirement, and

WHEREAS, it is the policy of the Retirement Board that all disability retirees be required to undergo annual re-examinations for purposes of determining continued eligibility to receive disability retirement benefits, unless otherwise determined by the Retirement Board based on reasons that support a disability retiree's exclusion from the re-examination requirement, and

WHEREAS, the Retirement Board has reviewed the files of all disability retirees to determine what disability retirees must undergo medical re-examination, therefore be it

RESOLVED, the following disability retirees be re-examined pursuant to Retirement System provisions:

Bratten, Julie	Candiliotis, Christos
Delise, Frank	Harrell, Joey
Hogan, Carrie	Kellie, Lori
Marker-Gray, Cherie	Marschke, Steven
McFadden, Cindy	O'Brien, Siobhan
Rutledge-Dudek, Christine	Wyzlic, Mark
Zmick, Amy	

and further

RESOLVED, that the Retirement Board's Medical Director is designated to conduct or direct said examinations, and further

RESOLVED, that any Member who refuses or fails to submit to said re-examination shall be subject to suspension or termination of disability retirement benefits, and further

RESOLVED, that a copy of this resolution and the appropriate letters be sent to said retirees and said physician consistent with this resolution.

The motion carried.

9. Rizvi Traverse – Waivers and Consents

Mr. Holycross distributed a memo to the Board regarding their recommendation to not approve the Waivers and Consents being requested by Rizvi Traverse. Rizvi has asked for a consent agreement to their document. One of Rizvi's partners, Ben Kohn, who has been serving as Interim CEO of PB Enterprises will be taking on the job full-time and he will be compensated pretty heavily by PB Enterprises. AndCo's analysts looked at this and Rizvi is asking for a consent to their agreement because they should, per their documents, pass those

expenses along to the Board for their benefit. The Board's returns should be net of those expenses.

AndCo does not believe the Board should have to agree to Rizvi's request. They are of the opinion that any compensation paid to Kohn (and his other staff) should be used to reduce the fees paid by Limited Partners. Mr. Holycross said the Board has two options. They can simply vote "no" or they can abstain from voting.

Trustee Cutler stated that he sees no reason to dilute the Board's returns to the benefit of their fiduciaries. He noted that a response had actually been requested by December 22, 2017 and that time has now passed, so abstaining is likely just continuing what has been done to this point.

A motion was made by Trustee Murphy, supported by Vice-Chair Santo to abstain from voting on Rizvi Traverse's request for waivers and consents. The motion carried.

10. Courtland Partners – Consent to Merger

Mr. Holycross explained that Courtland has gone into a partnership with StepStone and AndCo has no issue with this. They think it is a great partnership and their research analyst has been in contact with both Courtland and StepStone and he is happy that these firms are coming together.

A motion was made by Trustee Grant, supported by Vice-Chair Santo to consent to the Courtland Partners merger. The motion carried.

11. Legislative Update

a. Protecting Local Government Retirement and Benefits Act

Mr. Michaud reminded the Board that this was something that had been talked about at great length during their previous meetings and he confirmed that the legislation has now become law (Public Act 202 of 2017). There are some identifications of underperforming systems through the Treasury and some items related to reporting to the State that are yet to be determined. There will also be the establishment of a three member "Stability Board" to address the systems that have financial challenges. Reporting requirements would probably be the main issue this Board will be dealing with. Historically, there has been a Summary Annual Report submitted to the State and now there will be some additional information that will also be required to be submitted.

There is also an added requirement on actuaries. There will need to be an actuarial review of the actuary every eight years. If the Board would choose not to do that, they would need to retain a new actuary every five years. This will be an extra, added administrative cost/activity that the Board will need to address with the actuary at some time in the future.

The memo provided by Mr. Michaud's office contains a checklist that consolidates the information that may be required to be submitted to the State. He believes the State will be coming up with some parameters or assumptions that they would like Boards to run through their actuary. They will probably come up with an assumed rate of return (or a range of assumed rate of return). This is another item that will need to be discussed with the actuary.

Retiree Representative Brumbaugh expressed his appreciation for the summary provided by Mr. Michaud. He asked Mr. Smigiel if he had ever done the type of calculation described on page six of the memo (aggregate annual required contribution for all of the local unit's retiree health care fund(s) is greater than 12% of the local unit's annual general fund operating revenues). Mr. Smigiel responded that he has started looking at that calculation, but the language in the law is a bit confusing in terms of what the definition of "general fund" is. He said it seems to imply that it's not just the general fund but all special revenue funds, enterprise funds (which would include MTB and Community Mental Health), etc. Mr. Michaud added that this is a detail that is very important, but seemed to have been thrown in without too much forethought. He said there are a lot of communities struggling with this and he anticipates there will be some clarification provided from the State about what is meant by "general fund".

Trustee Grant inquired about the actuarial audit that must be done every eight years. For example, does it need to be put out for bid? Mr. Michaud said those are details that will need to be discussed with the actuary at the time it is necessary. He does not even really know what constitutes an actuarial audit, yet. Mr. Smigiel imagines they may be very similar to the peer reviews that are done in public accounting.

A motion was made by Trustee Murphy, supported by Vice-Chair Santo to receive and file the Legislative Update. The motion carried.

12. Unfinished Business

None

13. New Business

Chair Deldin stated that he asked Ms. Schave to place the Fiduciary Review Schedule on the next meeting agenda. She believes that Custodial Bank is up for review this year.

Vice-Chair Santo also took a moment to wish Chair Deldin a happy birthday today. Chair Deldin thanked the Board for their good wishes and their vote of confidence in retaining him as Chair.

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Grant, supported by Trustee Murphy to adjourn the meeting at 8:59 a.m. The motion carried.