

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, February 15, 2018**

A meeting of the Retirement Board was held on Thursday, February 15, 2018 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, Carol Grant, Gary Cutler, Bob Smith, Matthew Murphy, Larry Rocca, George Brumbaugh

Excused:

Mark Deldin

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 Vice-Chair Santo.

**2. Adoption of Agenda**

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

**3. Approval of Minutes**

**a. February 1, 2018**

*A motion was made by Trustee Rocca, supported by Trustee Smith to approve the minutes of February 1, 2018 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

## 6. Retirement Administrator Report

Ms. Dobson provided the Activity Report for January 2018. The numbers are very consistent with what they were in January 2017. She also reported that she is still facing some challenges with the new payroll system that Martha T. Berry has moved to. She and her staff are working on understanding the new system, but there are some concerns about the comprehensiveness of the data.

Ms. Dobson advised that she had a conference call with the programmers and she is anticipating that the online estimator tool may be available by the end of the second quarter (provided extensive testing goes well). They are also exploring the possibility of a DROP benefits calculator that members could use to view their account online at any time.

*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. Lori Kellie (Re-examination Opinion)

*A motion was made by Trustee Murphy, supported by Trustee Smith to adopt the following resolution and continue the disability retirement of Lori Kellie:*

**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**, Lori Kellie was granted a disability retirement on February 24, 2015, 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**, the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Lori Kellie 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 January 31, 2018, which states that Lori Kellie 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 Lori Kellie 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 Lori Kellie 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 Lori Kellie and all other appropriate parties.

*Motion carried.*

**b. Cindy McFadden (Re-examination Opinion)**

*A motion was made by Trustee Murphy, supported by Trustee Smith to adopt the following resolution and continue the disability retirement of Cindy McFadden:*

**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**, Cindy McFadden was granted a disability retirement on February 3, 2016, 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**, the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Cindy McFadden 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 January 30, 2018, which states that Cindy McFadden 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 Cindy McFadden has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

**RESOLVED**, the Retirement Board hereby approves the continual disability retirement of Cindy McFadden 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 Cindy McFadden and all other appropriate parties.

*Motion carried.*

## **8. Loomis Sayles update**

Mr. Art Barry (Portfolio Manager) and Mr. Joseph Beauparlant (Relationship Manager) joined the meeting to provide an update on the Loomis Sayles portfolio. Mr. Beauparlant made a brief introduction as he believed he was a new face for many in the room. He advised that Mr. David Sowerby who had been the previous Relationship Manager had moved on from Loomis near the end of 2017. He noted that there had been no other major changes within their firm and assets under management are approximately \$260 billion.

Mr. Barry then reviewed the Large Cap Value portfolio. He discussed Loomis' investment philosophy and their investment process. The portfolio is constructed with reward to risk profiles. Mr. Barry also examined one year performance through December 31, 2017 as well as top and bottom contributions from specific stocks and sectors. He also commented on some of the issues that affected their performance in 2016.

Mr. Beauparlant spoke briefly about the bond portfolio. They invest in various sectors of the bond market and their portfolio managers find value across those various sectors (including some high yield and some non-U.S. dollar). Overall, they are happy with the way they are positioned. Trustee Cutler asked if there had been any changes to the team on the bond side and Mr. Beauparlant responded there had been none within the last year.

*A motion was made by Trustee Rocca, supported by Trustee Grant to receive and file the Loomis Sayles update. The motion carried.*

Mr. Holycross distributed a handout to the Board and took a moment to discuss the Underperforming Manager Policy. He noted that Loomis Sayles has underperformed seven out of the last ten periods. Based on this performance, AndCo has initiated a Large Cap Value Search on the Board's behalf. If the Board is interested, they would provide a few candidates that have more concentrated portfolios for the Board's consideration at a future meeting.

*A motion was made by Trustee Cutler, supported by Trustee Smith to direct AndCo to conduct a formal Large Cap Value Search and schedule interviews. The motion carried.*

**9. McMorgan update**

The McMorgan update has been rescheduled for the March 8<sup>th</sup> meeting. Mr. Tom Wilhelm had a family matter to attend to and could not be present today.

**10. Unfinished Business**

**a. Review/Discussion of Election Policy**

Mr. Michaud reminded the Board that a discussion had been started about revising the Election Policy in the event there is only one candidate for an open employee representative spot. The current Election Policy is provided in the Board's packets today as well as a memo from Mr. Michaud outlining proposed revisions where the policy could be fine-tuned. He suggested some language in the event that there is a sole nominee for one of the employee representative spots. That nomination could constitute an election in this instance. This would potentially eliminate the added cost of having an outside entity run an election when there is only one candidate.

From a historical perspective, Mr. Michaud noted that in 2008, the Board would not hold an election if there was only one nominee. In 2012, there was some question regarding what constitutes an "election" and the process was changed back with a formal election being held and certified by an outside entity.

Trustee Rocca asked for an explanation of the nominating process. Mr. Michaud advised that notification goes out to all eligible members that there is a pending election and interested candidates are required to pull a petition from the Secretary's office. They must then obtain 100 valid signatures and return their petition to the Secretary's office. Those signatures are then verified to ensure the candidate's name is eligible to be placed on the ballot.

Trustee Grant inquired whether there would be any issues with language in the Charter. Retiree Representative Brumbaugh said that the Charter language specifically states that three employee representatives are to be "elected," but does give the Retirement Board the authority to determine how the election will be conducted. His opinion when he was Corporation Counsel (and still today) is that because the Charter says an election must be held, that means there have to be votes cast. He feels that the cost of the election is really insignificant for a \$1 billion retirement fund. He speculated that perhaps the petition could be revised and considered a "ballot" in the event there is only one candidate and the signatures on the petition considered to be votes.

*A motion was made by Trustee Rocca, supported by Trustee Grant to approve the amended Election Policy as presented by Mr. Michaud. The motion carried.*

Mr. Michaud suggested that when it is time for the next election, the notification that goes out to membership could be reviewed at that time. That way any questions could be addressed before the notice actually goes out.

**11. New Business**

Ms. Schave advised the Board that the Custodial Bank, Wells Fargo is scheduled to come in for a presentation on March 8<sup>th</sup>. Mr. Holycross and Mr. Michaud both provided a list of questions that could be of use to the Board in learning more about the services the Custodial Bank provides. Ms. Schave inquired whether the Board would like the questions provided to Wells Fargo ahead of time or if they would like to have the questions available for their own use at the meeting.

Trustee Murphy indicated he would prefer the questions be provided to Wells Fargo ahead of time, so they can have a more meaningful discussion. Mr. Holycross indicated that the presentation could be viewed as a sort of “mini RFI” and giving them the questions ahead of time would better prepare them to provide the information the Board is looking for. He commented that many of the Board members have likely never met the folks from Wells Fargo. Ms. Schave will provide the questions to Wells Fargo.

**12. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Cutler, supported by Trustee Rocca to adjourn the meeting at 9:20 a.m. The motion carried.*