

MINUTES OF THE RETIREMENT BOARD
Thursday, April 5, 2018

A meeting of the Retirement Board was held on Thursday, April 5, 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, Gary Cutler, Matthew Murphy, Larry Rocca, Bob Smith, George Brumbaugh

Excused:

Bryan Santo

Also Present:

John Schapka, Stephen Smigiel, Joe Biondo, Larry Lee, Tom Michaud

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.

2. Adoption of Revised Agenda

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

3. Approval of Minutes

a. March 22, 2018

A motion was made by Trustee Grant, supported by Trustee Cutler to approve the minutes of March 22, 2018 as presented. The motion carried.

4. Approval of Invoices

Chair Deldin advised the Board that he had been presented with three additional invoices this morning that also require approval for payment. These invoices are for: reimbursement to Mr. Smigiel for his expenses at the EnTrust Summit (\$815.06), the 2017 4th Quarter fee for legal services from VanOverbeke, Michaud & Timmony (\$5,950.50) and the 2017 Performance Fee from Cramer Rosenthal McGlynn (\$392,761.63).

A motion was made by Trustee Cutler, supported by Trustee Grant to approve the invoices as presented with the additional three brought forward by Chair Deldin. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

None

7. Disability Retirements

a. Julie Bratten (Re-examination Opinion)

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

A motion was made by Trustee Murphy, supported by Trustee Rocca that based on the Medical Director's opinion, the disability retirement of Julie Bratten shall be continued and the following resolution shall 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, Julie Bratten was granted a disability retirement on February 8, 2017, 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 Julie Bratten 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 March 19, 2018, which states that Julie Bratten 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 Julie Bratten 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 Julie Bratten 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 Julie Bratten and all other appropriate parties.

The motion carried.

b. Joey Harrell (Re-examination Opinion)

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

A motion was made by Trustee Murphy, supported by Trustee Rocca that based on the Medical Director's opinion, the disability retirement of Joey Harrell shall be continued and the following resolution shall 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, Joey Harrell was granted a disability retirement on January 16, 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, the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Joey Harrell 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 March 26, 2018, which states that Joey Harrell 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 Joey Harrell 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 Joey Harrell 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 Joey Harrell and all other appropriate parties.

The motion carried.

c. Jason Rowe (Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the examination of Jason Rowe. The Medical Director has concluded, based on the exam, that his 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 Jason Rowe shall be approved and the following resolution shall 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 Jason Rowe dated December 20, 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) 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, the Retirement Board is in receipt of a certification from the Medical Director, dated March 22, 2018, which states that Jason Rowe is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Jason Rowe should be retired, and

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

The motion carried.

8. Presentation regarding Actuarial Services - Conduent

Chair Deldin opened the discussion by reminding the Board members that a couple of months ago there had been some concern about the turnover at Conduent since they contracted with them for actuarial services. There have been three lead actuaries during this brief period and it was decided that it might be good to bring the individuals from Conduent in to introduce themselves and answer some questions.

Mr. Troy Jaros (the Board's newest lead actuary) introduced himself and provided some background information. He worked with both of the prior lead actuaries on the Board's account (Mr. Larry Langer and Mr. Timothy Bowen) and he is somewhat familiar with their system which will be helpful moving forward. Mr. David Driscoll oversees the actuarial services that Conduent provides to public sector retirement plans. Both Mr. Driscoll and Mr. Jaros have longevity with Conduent and do not see themselves as a "high flight risk". They are both very experienced in serving public plans and believe they have the capacity to continue providing the Board with very good service.

Mr. Smigiel inquired what other public plans Conduent services in Southeast Michigan. Mr. Driscoll said they have a part of Branch County, Monroe County, Washtenaw County and further north Escanaba. Mr. Smigiel expressed concern about having Mr. Langer and Mr. Bowen both leave within a short time of one another. He wondered if something was occurring within the company (culturally or financially) that would cause people to be leaving and if that would mean the Board would have a "revolving door" of individuals to deal with. Mr. Driscoll responded that both Mr. Langer and Mr. Bowen had been presented with favorable opportunities to join other firms and that played more of a role in their decisions to leave Conduent than any issues within the organization itself. Mr. Jaros also explained that

most of the work done on valuations is actually performed at a “Valuation Center” located in Fort Wayne, Indiana. Mr. Jaros also has another person in Chicago who will become more involved with the Board’s account.

Trustee Murphy asked about Trustee Development. That was something that was offered by the Board’s past actuary and he is hoping that will continue to be available for those members of the Board who would like more education on their roles and what the system should be doing moving forward. Mr. Jaros said that he would be happy to provide additional information on any items that the Board would like to learn more about. Trustee Murphy also mentioned the online employee portal and that he is anxiously awaiting the implementation of that tool. He would like to see that be made a priority.

Retiree Representative Brumbaugh asked when the Board could expect to receive the 2017 Valuation. Mr. Jaros believes he is slated to come back in August to present that report.

Mr. Smigiel advised that he will be speaking with Mr. Jaros and Mr. Driscoll in further detail after the meeting regarding the possibility of moving some individuals in the defined benefit (DB) plan into the defined contribution (DC) plan. There have been many requests from individuals who have hired in and are members of the DB plan that will likely not make it to the 15 year vesting requirement and have expressed an interest in moving to the DC plan. Trustee Murphy would like to have a very detailed “pro and con” list for employees who might be considering this (if it ends up being feasible). Chair Deldin also indicated they may also have Conduent explore the possibility of offering buyouts to deferred retirees.

Mr. Michaud asked a couple of additional questions related to the organizational structure at Conduent. He inquired if any other individuals from the organization left when Mr. Langer and Mr. Bowen did. He also asked how personnel are assigned to clients. Mr. Driscoll responded that no one left with Mr. Langer, but two other individuals left at the same time as Mr. Bowen and all went to the same firm in the Atlanta area. Personnel are assigned to clients based on whether they have the requisite experience to service a particular client.

Mr. Michaud asked how many major public or private sector clients would be assigned to one lead actuary. Mr. Driscoll replied that an individual serving medium-to-large size clients would likely have on average ten assigned to them.

Mr. Michaud asked if Macomb County would be considered medium or large. Mr. Driscoll indicated they would be considered a medium-sized client.

Mr. Michaud also asked about retention of employees and whether or not there are employment agreements or non-compete or non-solicitation clauses to discourage them from seeking greener pastures. Mr. Driscoll said they have non-compete agreements and in general, people who work for Conduent are prohibited from working for the same client for a period of at least a year after they leave the firm.

9. Unfinished Business

a. Correction of Errors Overpayments/Underpayments Policy (DRAFT)

Mr. Michaud directed the Board's attention to the memo and draft policy related to overpayments and underpayments included in their packets for today's meeting. He indicated that overpayments and underpayments can occur due to clerical or administrative issues and those payments ultimately need to be corrected. This policy sets out a process that would be utilized once an overpayment or underpayment is discovered to ensure that all instances are handled uniformly and similar circumstances yield similar results.

Chair Deldin asked if anyone was aware if Ms. Dobson had had an opportunity to review this policy. Mr. Michaud indicated he knows that Ms. Dobson had received a copy of it, but did not know for sure if she'd had a chance to review it thoroughly. Chair Deldin indicated it would be his preference to table this until the next meeting so Ms. Dobson has an opportunity to review it and note any issues she may see with it. The Board agreed. This item will be placed on the agenda for the April 19th meeting for further discussion.

10. New Business

None

11. Adjournment

There being no further business before the Board, a motion was made by Trustee Murphy, supported by Trustee Grant to adjourn the meeting at 9:03 a.m. The motion carried.