

MINUTES OF THE RETIREMENT BOARD
Thursday, July 26, 2018

A meeting of the Retirement Board was held on Thursday, July 26, 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, Bryan Santo, Gary Cutler, Carol Grant, Matthew Murphy, Larry Rocca, George Brumbaugh

Excused:

Bob Smith

Also Present:

Stephanie Dobson, Stephen Smigiel, Joe Biondo, Larry Lee, Tom Michaud, Mike Holycross, Andrew McKinnon, Brian Jacks

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

Chair Deldin requested to amend the agenda to add a new item #10 (after the HGK update) which is a cash rebalance proposed by Mr. Holycross.

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

3. Approval of Minutes

a. June 21, 2018

A motion was made by Trustee Murphy, supported by Trustee Cutler to approve the minutes of the June 21, 2018 meeting as presented. The motion carried.

4. Approval of Invoices

A motion was made by Vice-Chair Santo, supported by Chair Deldin to approve the invoices as presented. The motion carried.

5. Public Participation

Chair Deldin took a moment to introduce Mr. Andrew McKinnon, the new Director of Human Resources and Labor Relations (HRLR). He comes to the County with experience as a labor attorney and most recently served as the Assistant Superintendent for Center Line public schools. His first day

was this past Monday. Mr. McKinnon said that he is looking forward to getting to know everyone and has had great interactions so far with everyone he has met within the County. Mr. Brian Jacks was also accompanying Mr. McKinnon today. Mr. Jacks and Ms. Karlyn Semlow are Service Directors in the HRLR department and lead the team with Mr. McKinnon.

6. Retirement Administrator Report

Ms. Dobson provided the Activity Report with the numbers through the end of June which are comparable to those from 2017. She indicated that her office is preparing for their busiest time of year as more employees consider retiring near the end of the year. Ms. Dobson also reported that she had been in touch with Mr. Troy Jaros of Conduent regarding the 2017 valuation. He is anticipating having a draft of that valuation to Mr. Smigiel this week. They are targeting a presentation of the 2017 valuation at the Board's meeting scheduled for August 23rd.

Ms. Dobson also provided a demonstration of the new online pension estimator that will be available to County employees and DROP participants in mid-August. There is still some work being done by the programmers in relation to calculations for leap years, but she does not feel that issue is significant enough to delay the launch of the tool.

The Board members will be given access to the tool to try it for themselves after the meeting. Ms. Dobson would appreciate all feedback, so she and her team can see if there are other items that need more work before releasing the tool countywide.

Chair Deldin thanked Ms. Dobson and her team for all of their hard work on this project.

A motion was made by Trustee Rocca, supported by Vice-Chair Santo to receive and file the Retirement Administrator Report. The motion carried.

7. Disability Retirements

a. Randall Smith (Application)

A motion was made by Trustee Cutler, supported by Trustee Grant to adopt the following resolution to process the disability retirement application of Randall Smith 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 June 22, 2018 from Randall Smith requesting a duty disability retirement; and

WHEREAS, 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 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 Randall Smith 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 Randall Smith, 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 workers' compensation on account of the Member's physical or mental incapacity. (Section 29 of the Retirement System Ordinance).

The motion carried.

b. Robin Silver (Application)

A motion was made by Trustee Cutler, supported by Trustee Grant to adopt the following resolution to process the disability retirement application of Robin Silver 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 July 13, 2018 from Robin Silver requesting a non-duty disability retirement; and

WHEREAS, 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 Robin Silver 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 Robin Silver, 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 workers' compensation on account of the member's physical or mental incapacity. (Section 29 of the Retirement System Ordinance).

The motion carried.

c. Christos Candiliotis (Re-examination Opinion)

A motion was made by Trustee Cutler, supported by Trustee Grant to adopt the following resolution and continue the disability retirement of Christos Candiliotis:

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, Christos Candiliotis was granted a disability retirement on May 26, 2018, 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, that the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set-up an appointment for Christos Candiliotis to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, on June 12, 2018, Dr. Anthony A. Emmer conducted an independent examination and reviewed all records provided and concludes Christos Candiliotis is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Christos Candiliotis should remain retired, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated July 2, 2018, which states that Christos Candiliotis 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 had discussed this matter and has determined that Christos Candiliotis 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 Christos Candiliotis 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 Christos Candiliotis and all other appropriate parties.

The motion carried.

8. Franklin Templeton update

Mr. Richard Herbert and Mr. Daniel Veddern joined the meeting to provide the Board with an update on the Franklin Templeton portfolio. Mr. Veddern began the presentation with a brief introduction. Mr. Herbert advised that there had been no major changes in key personnel. He continued the presentation with a review of their strategy and summary of their performance, noting that the 2nd quarter had been a tough one. Mr. Herbert also discussed the portfolio's characteristics as well as geographic and sector allocation. Overall, they are bouncing back from the 2nd quarter and are maintaining a strong outlook moving forward.

A motion was made by Trustee Murphy, supported by Trustee Rocca to receive and file the Franklin Templeton update. The motion carried.

9. HGK update

Mr. Matthew Kosara and Mr. Nick Mayor joined the meeting to provide the Board with an update on the HGK portfolio. Mr. Kosara provided a brief introduction including an update and review of the firm as well as their investment process. He described the assessments that Mr. Mayor and his team perform when evaluating potential investments. They travel to and meet with companies, their competitors, their suppliers and anyone else that has a stake in that particular business and form a view on what "change" is happening. That change could be in management, within a product line, or some other matter affecting the company on a day-to-day basis.

Mr. Kosara also reviewed their performance since inception in September 2016. On a net basis, the fund has returned 15.7% versus the index of 11.5% over that time. Performance has been helped by a number of the newest names in the portfolio. Mr. Mayor discussed what they are seeing on the macro and micro side. He emphasized that they are very micro-driven and travel the world seeing hundreds of companies. There are two very clear macro issues that they also pay very close attention to: 1) trade tensions and 2) the withdrawal of quantitative easing and the effect on interest rates. Mr. Mayor also discussed several of the specific companies he has visited.

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

10. AndCo recommendation – Rebalance to Raise Cash

Mr. Holycross distributed a Market Value update handout to the Board members with a proposed recommendation to raise \$30,000,000 in cash for upcoming capital calls and other cash needs through the end of the year. This would involve taking \$15,000,000 from Edgewood Large Growth, \$10,000,000 from Comerica Small Cap and \$5,000,000 from Comerica Foreign Equity.

A motion was made by Trustee Cutler, supported by Trustee Murphy to follow Mr. Holycross' recommendation to raise \$30,000,000 cash (\$15,000,000 from Edgewood Large Growth, \$10,000,000 from Comerica Small Cap and \$5,000,000 from Comerica Foreign Equity). The motion carried.

11. MAPERS 2018 Fall Conference

The Board was provided with the preliminary agenda and registration information for the upcoming MAPERS 2018 Fall Conference at Grand Traverse Resort in Acme.

A motion was made by Trustee Cutler, supported by Trustee Murphy to approve Board member attendance and expenses for the MAPERS 2018 Fall Conference. The motion carried.

Ms. Schave will email the Board members to determine who would like to attend and ensure that the appropriate arrangements are made for registration and lodging.

12. Unfinished Business

None

13. New Business

None

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Grant to adjourn the meeting at 9:56 a.m. The motion carried.