

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, November 9, 2017**

A meeting of the Retirement Board was held on Thursday, November 9, 2017 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:

Mark Deldin, Carol Grant, Matthew Murphy, Larry Rocca, Bryan Santo, Bob Smith, George Brumbaugh

Excused:

Gary Cutler

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, 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 Chair Deldin.

**2. Adoption of Agenda**

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

**3. Approval of Minutes**

**a. October 5, 2017**

**b. October 12, 2017**

*A motion was made by Trustee Santo, supported by Trustee Grant to approve the minutes of October 5, 2017 and October 12, 2017 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

## 6. Retirement Administrator Report

Ms. Dobson provided the activity numbers through the month of October. She also reminded the Board that Martha T. Berry (MTB) has moved to their new payroll system and she has still not received access to that system or any of its reporting components. The number provided on the Activity Report for MTB is the same as the last report because she is unable to update it at this point.

Ms. Dobson also provided copies of a handout that was distributed at the monthly Human Resources and Labor Relations (HRLR) Solutions meeting. She had been asked to present a bit of information about what the Retirement Board does and trends in retirement throughout the County for the month of October over the last few years. The Department leaders that were in attendance at the meeting found this information very interesting.

Ms. Dobson also reported that the last file that was entered into the actuary system for MTB was from September 22<sup>nd</sup>. Due to their payroll system change, she is now almost two months behind on data and is concerned about staying on schedule for the 2017 valuation. She will not load data into the system until she has had an opportunity to review it.

She also advised the Board that her office had to suspend five pensions due to no response to the Annual Signature Verification. Thus far, not one of those five have called to ask where their funds are. Ms. Dobson will keep the Board posted if that number is reduced at some point. Chair Deldin asked if attempts had been made to determine if any of those individuals are deceased. She responded that her office does not have access to the system that provides information related to deaths. Her office does "Google" obituaries to try to locate deceased individuals, but that is their only means of searching for that information. She said that people will typically come forward after the second missed pension payment, so she is expecting there might be some updates going forward.

Chair Deldin asked about the statistics provided on the handout. He asked Trustee Santo to confirm that there are more than 195 people in the Roads Department between the defined benefit (DB) and defined contribution (DC) plans. Ms. Dobson reminded them that these numbers do not include DROP participants. Trustee Santo estimated there are probably about 230 in the Roads Department total between the DROP, DB and DC plans.

Ms. Dobson also advised the Board that she has sent out the notices based on the rescission of the Vermander decision related to date of hire. There were three people that had refunds and as soon as she was able to make the calculation on what was owed back to the system, she mailed out the notifications to those individuals. Two of the three individuals have sent their payment agreements back and her office has been working on the best way to make that repayment. The remaining individual is paying the amount back in one lump sum.

Ms. Dobson has also discovered (while doing the calculations for these three individuals) that when MTB moved from the County payroll system to ADP, the former Retirement

Administrator did not seem to have conducted an audit of pension contributions. It was found that there are three individuals that were not having 3.5% contributions deducted from their checks. She has sent out notices to those individuals regarding repayment as well. Two of them are still employed by MTB, but one is not. She has advised them that the repayment must be made before they will be able to retire.

Trustee Rocca asked Ms. Dobson what it means when members “take a refund.” She explained that this usually occurs when someone is only with the County for a few years and leaves without being vested. Upon separation, they can choose to take a refund of their contributions (plus any interest they may have earned).

Trustee Brumbaugh inquired whether it would be possible to check to see if any of the five individuals who had their pensions suspended had made recent use of their medical benefits. He thought that if there had been any activity that might indicate at least that they were still alive. Ms. Dobson said that she can reach out to the Human Resources side of the office since she no longer handles benefits and see if they are able to view claim activity. She indicated that when their pensions were suspended their healthcare was also suspended, so that may be another trigger that may prompt someone to come forward and complete the Annual Signature Verification. Chair Deldin asked if the insurance can be reinstated retroactively if and when those individuals come forward. Ms. Dobson responded that it depends. If they are over 65 and on Medicare Advantage, coverage will not go retroactive back to the start of the suspension. It will be reinstated on the first of the month after notification of reinstatement.

Trustee Grant asked if Ms. Dobson’s office has access to data at Vital Records. Ms. Dobson stated that most of the people who did not respond do not live within Macomb County. Mr. Biondo suggested trying Ancestry.com in addition to Google. He believes the fee per month is minimal and it might be a good resource to check for deaths. Ms. Dobson wondered if paying for access to the Social Security Administration site might be a better option (if the Board was willing to pay a monthly fee for some kind of service). She remarked that the number of individuals who did not respond to the Annual Signature Verifications is higher than it has been in previous years.

Chair Deldin stated that Human Resources was scheduled to bring the changes in the Retirement Ordinance to the Board of Commissioners yesterday, but it was moved to a future meeting in December. He thinks that Mr. Michaud should be in attendance at that meeting to answer questions and help explain the changes (especially given that there are a number of new Commissioners and that the Human Resources Director is fairly new in her role). Ms. Dobson will find out the exact date of the meeting and work with Mr. Michaud to ensure his availability to attend.

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

## 7. Disability Retirement

### a. Janine Sechrist (Initial Application)

*A motion was made by Trustee Murphy, supported by Trustee Santo to adopt the resolution to process the disability retirement application of Janine Sechrist and direct Human Resources to order an IME. The motion carried.*

### b. Arin White (Re-examination Opinion)

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Arin White. The Medical Director has concluded, based on the re-exam, that Mr. White's disability retirement should be discontinued.

*A motion was made by Trustee Smith, supported by Trustee Murphy that based on the Medical Director's opinion, the disability retirement of Arin White should be discontinued 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**, Arin White was granted a disability retirement on June 24, 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 Arin White to be re-examined and to advise the Medical Director of their responsibilities, and

**WHEREAS**, on August 10, 2017, Dr. Norman Miller, M.D. conducted an independent examination and reviewed all records provided and concludes Arin White is **not** totally and permanently incapacitated for duty in the employ of the County, and further indicates that Arin White should **not** remain retired, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated October 11, 2017, which states that Arin White is physically able and capable of resuming employment within 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 Arin White has **not** met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

**RESOLVED**, that the Retirement Board hereby **disapproves** the continual disability retirement of Arin White and directs that benefits stop being paid consistent with the Retirement System's provisions, and further

**RESOLVED**, that a copy of this resolution shall be provided to Arin White and all other appropriate parties.

*The motion carried.*

#### **8. Courtland Partners Update**

Mr. Anthony Fragapane and Mr. Marc Rivitz joined the meeting to provide the Board with an update on their investment with Courtland Partners. There are two funds that the Board is invested in (Real Estate International Partnership Fund I and Real Estate Domestic Partnership Fund I) and both are in wind down mode. They do not anticipate calling anymore capital going forward in either fund. Mr. Fragapane covered the performance of both funds while Mr. Rivitz reviewed diversification.

*A motion was made by Trustee Grant, supported by Trustee Murphy to receive and file the Courtland Partners Update. The motion carried.*

#### **9. Penn Square and Townsend update**

Mr. Jeff Barone joined the meeting to provide the Board with an update on their investments with Penn Square and Townsend. He gave a quick review of the Penn Square fund as it is winding down and is expected to be finished returning capital in 2018. He also briefly covered performance of the portfolio holdings as of June 30, 2017.

Mr. Barone then moved on to the review of Townsend Real Estate Alpha Fund II (TREA II). The last investment was just made recently and the fund is fully committed. About 75% of the Board's committed capital has been called. Mr. Barone expects they will be substantially done calling capital by the first or second quarter of 2018. He also reviewed performance of the fund through June 30, 2017. Mr. Barone also discussed a couple of recent transactions as well as the global market environment and real estate investment opportunities.

*A motion was made by Trustee Smith, supported by Trustee Grant to receive and file the Penn Square and Townsend Update. The motion carried.*

**10. Townsend Holdings LLC Change of Ownership Letter**

*A motion was made by Trustee Grant, supported by Trustee Murphy to receive and file the Townsend Holdings LLC Change of Ownership Letter. The motion carried.*

**11. Legal Report**

**a. GTS Brokerage Services Discussion**

*A motion was made by Trustee Santo, supported by Trustee Murphy to enter into closed session to discuss GTS Brokerage Services. A roll call vote was taken with all members responding affirmatively to enter into closed session. The motion carried.*

*The Board returned to open session at the conclusion of the discussion.*

**12. Authorize Plante Moran to Certify the 2017 Employee Rep Election**

*A motion was made by Trustee Grant and supported by Trustee Smith to authorize Plante Moran to certify the 2017 Employee Representative Election. The motion carried.*

**13. Unfinished Business**

None

**14. New Business**

Trustee Grant noted that every Board member should have received the invitation to the Retiree Holiday Luncheon. She hopes that everyone attends and also wanted to ask Trustee Brumbaugh a couple of questions related to the Retiree Association newsletter. Trustee Grant wondered if there are sympathy cards sent out to any of the retirees who have loved ones that pass away or if there is any type of recognition when deaths are reported. Trustee Brumbaugh stated that the newsletter is mailed out quarterly and they only receive information from Ms. Dobson at those times. Many times they do not know where the individuals are living now or how to reach out to them.

Chair Deldin asked Ms. Dobson if she is aware of what the fee is for access to the Social Security Administration site. She said she could look into it and report back to the Board. He thinks it might be a better solution than doing Google searches for obituaries and depending on the cost could be a worthwhile expense. Trustee Murphy mentioned that the Medical Examiner has a tool that might be of some use to Ms. Dobson. He also suggested reaching out to other County departments to see what resources they might use that have not been considered.

Trustee Smith asked why an election must be held for the Employee Representative spot when there is only one candidate. Trustee Brumbaugh referred him to the County Charter which says that an "election" must be held. Mr. Michaud said that there are differing opinions on what

constitutes an “election”. There are other systems who have a different view on what an election is and some view the nominating process as the election process if only one candidate is nominated. Mr. Michaud said the Board has the discretion to run the election and set the rules and regulations for it. Trustee Brumbaugh said that the Board could always change its rule and in the event there is only one candidate, instead of using Plante Moran there could simply be a notice issued that on Election Day ballots will be available for those who want to cast a vote. He believes that would still fulfill the Charter requirement of holding an election. It is too late to change anything for this year’s election, but the policy could be updated for next year. Ms. Dobson will pull the existing Election Policy and have it available for the Board to review after the first of the year.

Ms. Dobson also advised the Board that she will be conducting interviews next week for the open Retirement Specialist position within her department. She is hoping to fill that position quickly and will keep the Board posted on that process.

**15. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Murphy to adjourn the meeting at 9:48 a.m. The motion carried.*