

MINUTES OF THE RETIREMENT BOARD
Thursday, November 30, 2017

A meeting of the Retirement Board was held on Thursday, November 30, 2017 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, Gary Cutler, Larry Rocca, Bryan Santo, Bob Smith, George Brumbaugh

Excused:

Matthew Murphy, Carol Grant

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Joe Biondo, Larry Lee, Karen Bathanti, 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 Revised Agenda

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

3. Approval of Minutes

a. November 9, 2017

A motion was made by Trustee Santo, supported by Trustee Rocca to approve the minutes of November 9, 2017 as presented. The motion carried.

4. Approval of Invoices

A motion was made by Vice-Chair Cutler, supported by Trustee Smith to approve the invoices as presented. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson reported that her new Retirement Specialist will be starting very soon. She is coming from the Human Resources and Labor Relations (HRLR) side of the office and Ms. Dobson is optimistic that her familiarity with the systems used by HRLR will be of great benefit on the Retirement Services side of the office.

Ms. Dobson also reminded the Board that the Retiree Holiday Luncheon is next week on Thursday. They have over 500 guests that have RSVP'd and she is hoping that all of the Board members also attend if their schedules allow. The luncheon is being held at a new venue (Zuccaro's) this year and she has her fingers crossed that everything will go smoothly.

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

7. Disability Retirement

a. Ty Taylor (Re-examination Opinion)

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

A motion was made by Vice-Chair Cutler, supported by Trustee Smith that based on the Medical Director's opinion, the disability retirement of Ty Taylor should be continued 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, Ty Taylor was granted a disability retirement on October 13, 2001, 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 Ty Taylor 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 October 26, 2017, which states that Ty Taylor is totally and permanently incapable 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 Ty Taylor 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 Ty Taylor 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 Ty Taylor and all other appropriate parties.

The motion carried.

8. Nuveen/NWQ Update

Mr. Ken Hudson, Mr. James Stephenson and Ms. Lisa George joined the meeting to provide the Board with an update on their investment with Nuveen/NWQ. Mr. Hudson distributed an additional handout that included some market commentary. He provided a brief background on the firm and then turned the presentation over to Mr. Stephenson. Mr. Stephenson reviewed investment strategy, performance and sector breakdown. He also spoke about opportunities with Irish banks and the allocation in the portfolio currently. Mr. Stephenson also directed the Board's attention to the list of their top 10 investments and emphasized the mix among emerging, advancing and sustaining dividend payers. He also noted they are overweight geographically in Europe and explained their reasoning for this.

Vice-Chair Cutler asked if they have a breakdown between US returns and non-US returns. Mr. Stephenson responded that they could certainly get that information for him. Vice-Chair Cutler said he would follow-up with Mr. Hudson.

A motion was made by Trustee Smith, supported by Trustee Rocca to receive and file the Nuveen/NWQ Update. The motion carried.

9. Proposed Meeting Dates for 2018

Chair Deldin requested each Board member review the proposed meeting dates for 2018 and be prepared to discuss them at the next meeting. Trustee Smith inquired if the dates are chosen based on any particular criteria. Ms. Schave advised that the County holiday schedule is taken into account when choosing meeting dates. Chair Deldin inquired if Trustee Smith was aware of any possible change for the Board of Commissioner (BOC) meeting times next

year. Their meetings used to be held in the morning, but now that they are in the early afternoon there is less potential for conflict. Trustee Smith indicated he did not see their meeting times changing in 2018.

Chair Deldin directed this item be added to the December 14th meeting agenda under "Unfinished Business."

10. Unfinished Business

a. Retirement Ordinance Change

Trustee Smith asked for some background on the reason for the Retirement Ordinance being presented to the BOC again. Chair Deldin said that although the Ordinance did not change, there is a part of it that is being interpreted a different way. As a result, it had been suggested that it be presented to the BOC again just to have them restate and approve. There has been some confusion and Mr. Michaud was asked to attend the next BOC meeting since there are some new commissioners who are unfamiliar with the Ordinance as a whole.

Mr. Michaud summarized the need for the Ordinance to be re-presented. He said that the first time it was presented to the Board, there were sections that had not been identified as changes and he wants to make sure that when it was adopted in December 2016, individuals were of the understanding that what was in the Ordinance was the current practice. In an effort to make sure everyone has a clear understanding, he wants to go back and make sure that items that were not identified as changes are presented as such now. Mr. Michaud wants to give everyone the opportunity to understand the provisions of the Ordinance and clarify any past practice issues.

Trustee Smith asked Mr. Michaud to prepare some sort of information that could be distributed to the BOC ahead of time so they could review it in anticipation of this discussion at their meeting on December 13th. Mr. Michaud will prepare a copy of the Ordinance with some commentary on the items that need attention.

11. New Business

Trustee Brumbaugh reminded the Board that about a year ago there was legislation introduced in the State House that would require retirees to pay a portion of their healthcare benefits. That legislation was ultimately withdrawn and the Governor put together a task force which concluded that while it is recognized that there are some systems in the state that are underfunded, one-size legislation would not fit all circumstances and perhaps another task force should be formed to go in and help those specific systems. Now, a year later, new bills are being introduced in the house and Trustee Brumbaugh attended a meeting last week to discuss this new legislation. This new legislation includes a prohibition that would not allow the re-opening of a defined benefit (DB) plan once it has moved to a defined contribution (DC) plan. The consensus at the meeting was to let the legislature know that there is opposition to what has been proposed, but there is favor towards the recommendations of the task force.

Trustee Brumbaugh also received an email this morning indicating that two bills will be introduced today. He said that the Wayne County Retirees' Association website is a great resource for information, but they will have to wait and see what is proposed today. Mr. Michaud added that there have been numerous drafts circulated and he will not speculate about what it may ultimately say. He stressed that the best people to communicate concerns with regarding this are the representatives at the capitol.

Vice-Chair Cutler wanted to make sure everyone was up-to-date on the House tax cut (specifically section 5001) which refers to the unrelated business tax. He said if this is adopted as proposed, effective January 1, 2018 some of the Board's investments will be taxed. This is a new tax. It is a tax on retirement systems (including this one). This is the federal government taxing a local government's returns. He just wanted everyone to be aware of this and have it on their radar even though it has not been finalized yet. Investment returns will be reduced if this passes.

12. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Santo to adjourn the meeting at 9:40 a.m. The motion carried.