

**MINUTES OF THE RETIREMENT COMMISSION**  
**Thursday, March 23, 2017**

A meeting of the Retirement Commission was held on Thursday, March 23, 2017 at 8:30 a.m., in the Administration Building, 9<sup>th</sup> Floor Conference Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Gary Cutler, Mark Deldin, Carol Grant, Matthew Murphy, Larry Rocca, Bryan Santo, George Brumbaugh

Excused:

Bob Smith

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Joe Biondo, Tom Michaud, Mike Holycross, Erik Burger

**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 Rocca, supported by Trustee Grant to approve the agenda as presented. Vice-Chair Cutler offered a friendly amendment to add an item #5a under Public Participation for a discussion on pension calculation questions from an employee. Trustee Rocca added another friendly amendment to change items #13 to "Unfinished Business", #14 to "New Business" and #15 "Adjournment". Trustee Rocca and Trustee Grant accepted both friendly amendments. The motion carried.*

**3. Approval of Minutes – March 9, 2017**

*A motion was made by Trustee Santo, supported by Chair Deldin to approve the minutes as presented. The motion carried.*

**4. Approval of Invoices**

Chair Deldin requested to add approval of reimbursement for Vice-Chair Cutler's expenses for the EnTrust Summit and One-Day MAPERS Seminar to the invoices. The total amount for reimbursement to Vice-Chair Cutler is \$233.52. The Board had no objections.

*A motion was made by Trustee Rocca, supported by Trustee Grant to approve the invoices as presented with the addition of the \$233.52 reimbursement for Vice-Chair Cutler. The motion carried.*

## **5. Public Participation**

Ms. Laura Hartway, an employee with Community Mental Health, residing at 2323 North Fairview Lane, Rochester Hills, Michigan 48306 stepped forward to dispute the pension estimate she had received recently. She has been in contact with Vice-Chair Cutler who distributed a packet of information including a letter written by Ms. Hartway outlining her reasoning for disagreeing with the estimate she received from Retirement Services.

- a. Mr. Michaud provided a summary of the situation (dealing with Ms. Hartway's membership date and her eligibility for the 70-point plan) and stated that there is an arbitration decision dealing specifically with this topic that is currently under appeal. As the decision that is made during that process will have some bearing on how the Retirement Commission administers benefits, his recommendation is to stay a decision in Ms. Hartway's case until the outcome of the arbitration appeal has been determined through the labor process.

*A motion was made by Trustee Rocca, supported by Trustee Santo to follow Mr. Michaud's recommendation and stay a decision until the arbitration appeal has been decided. The motion carried.*

## **6. Retirement Administrator Report**

Ms. Dobson provided the Activity Numbers for the beginning of 2017 and noted that so far they have been consistent with 2016 activity from the same time period. She also provided an update on her progress in working with MMRO to streamline the disability retirement application/review process by the end of May. Ms. Dobson requested a re-instatement of the Administrative Policy Committee and Chair Deldin requested a volunteer from the employee side and the employer side to serve on this subcommittee. Vice-Chair Cutler volunteered to represent the employee side and Trustee Santo volunteered to represent the employer side. Ms. Dobson is targeting a first meeting in April and another meeting in early May to work on the MMRO process.

*A motion was made by Trustee Murphy, supported by Trustee Rocca to approve the re-instatement of the Administrative Policy Committee which is to be comprised of Ms. Dobson, Mr. Schapka, Vice-Chair Cutler, and Trustee Santo. The motion carried.*

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

## 7. Disability Retirement

### -- Denise Walkowski (Application)

*A motion was made by Trustee Grant, supported by Trustee Santo to adopt the following resolution and deny the acceptance of the application for disability retirement of Denise Walkowski:*

**WHEREAS**, the Retirement Commission 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 Commission is in receipt of an application dated March 6, 2017 from Denise Walkowski requesting a non-duty disability retirement; and

**WHEREAS**, in accordance with 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; and

**WHEREAS**, that the Retirement Commission has discussed this matter and has determined that Denise Walkowski does **not** meet the eligibility requirements to apply for a disability retirement from the Retirement System, therefore be it

**RESOLVED**, that the Retirement Commission **denies** receipt of said application and further

**RESOLVED**, that a copy of this resolution shall be provided to Denise Walkowski 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).

*Motion carried.*

**8. 2017 MAPERS Spring Conference**

Chair Deldin advised the Board members that their packets contained the preliminary agenda for the 2017 MAPERS Spring Conference. Ms. Schave will coordinate registration for those members that are interested in attending.

*A motion was made by Trustee Murphy, supported by Vice-Chair Cutler to approve Board member attendance at the 2017 MAPERS Spring Conference. The motion carried.*

**9. Corbin Capital Investor Day Agenda (for information only)**

Chair Deldin presented the Board with a copy of the agenda provided to him for the Corbin Capital Investor Day scheduled for April 6<sup>th</sup>.

*A motion was made by Trustee Murphy, supported by Trustee Rocca to receive and file the Corbin Capital Investor Day Agenda. The motion carried.*

**10. Blackstone Strategic Partners Fund VII side letter (Recommendation from Graystone)**

Mr. Holycross explained to the Board that some documentation had come in from Blackstone regarding potential amendments to the Board's investment in Fund VII. Mr. Burger and Mr. Michaud have reviewed the information and found no issues from a legal standpoint. Mr. Michaud explained that any time there is a subsequent improvement or change to the terms of the investment, Blackstone needs to come back to the Board to see if they want to take advantage of those terms. His recommendation is to accept the changes applicable to them and they will become a part of the operating documents for this investment.

*A motion was made by Trustee Murphy, supported by Trustee Santo to follow Mr. Holycross' and Mr. Michaud's recommendation to approve the applicable changes and return the signed letter before April 7, 2017. The motion carried.*

**11. World Asset Management update**

Mr. Gary Bender and Mr. Kevin Foley joined the meeting to provide the Board with an update from World Asset Management (WAM). Mr. Bender advised that Mr. Peter Sorrentino has been hired as the new Chief Investment Officer (CIO) of the asset management group. He hopes to be able to introduce Mr. Sorrentino to the Board at a future meeting.

Mr. Bender reviewed assets under management, account valuation, performance and the fee schedule with the Board. Mr. Foley provided an update on the foreign equity fund. Vice-Chair Cutler asked some questions about the new CIO and the current structure of the organization with all of the changes that were made in 2016. Mr. Bender provided an update on the back office operations (including compliance) and advised that he is hoping to add an additional staff member in Fixed Income very soon. Mr. Foley also added that they are in negotiations to upgrade their trading system.

*A motion was made by Trustee Murphy, supported by Trustee Rocca to receive and file the World Asset Management update. The motion carried.*

**12. LS Advisors update**

Mr. Kevin Yousif and Mr. David Jones joined the meeting to provide the Board with an update from LS Advisors. Mr. Yousif reviewed the fund's performance history and their investment strategy. He also discussed the breakdown of change in value and sector distribution.

*A motion was made by Trustee Santo, supported by Trustee Rocca to receive and file the LS Advisors update. The motion carried.*

**13. Unfinished Business**

Mr. Smigiel informed the trustees that Mr. Larry Langer from Conduent intends to present the final 2015 Actuarial Valuation to the Board at their meeting in two weeks.

Trustee Brumbaugh advised that he had been in contact with Mr. Langer regarding something that he recalled after the last meeting that pertained to the mortality tables. He remembered that the last time a change was made to the mortality tables there had been a lawsuit that went to the Michigan Supreme Court. At issue was whether or not the County should have to negotiate with the labor unions when making a decision to change mortality tables. The Supreme Court ruled that negotiation of the mortality tables was not necessary. Trustee Brumbaugh asked Mr. Langer what the general effect of changing the mortality tables will be on a future retiree (higher or lower monthly pensions). Mr. Langer responded that there would be a mixed impact and it would be somewhat difficult to guess the general outcome.

Trustee Brumbaugh does believe that the Board made the right decision in following the Actuary's recommendation to update the mortality tables, but he would like a clearer understanding of the impact of those changes. The Board members will inquire further of Mr. Langer when he comes back to present the final report.

**14. New Business**

Chair Deldin advised the Board that he will not be present at the April 6<sup>th</sup> meeting due to the trip to New York for the Corbin Capital Investor Day event. Vice-Chair Cutler will Chair that meeting in his absence.

**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 9:49 a.m. The motion carried.*