

MINUTES OF THE RETIREMENT BOARD
Thursday, August 10, 2017

A meeting of the Retirement Board was held on Thursday, August 10, 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:

Gary Cutler, Matthew Murphy, Larry Rocca, Bryan Santo, Bob Smith, George Brumbaugh

Excused:

Mark Deldin, Carol Grant

Also Present:

Stephen Smigiel, Stephanie Dobson, John Schapka, Joe Biondo, Larry Lee, Tom Michaud, Amy Cole, Erik Burger, John Krakowiak, Karen Bathanti

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:55 a.m. by Vice-Chair Cutler.

2. Adoption of Revised Agenda

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

3. Approval of Minutes – July 27, 2017

A motion was made by Trustee Santo, supported by Trustee Murphy to approve the minutes of July 27, 2017 as presented. The motion carried.

4. Approval of Invoices

An additional invoice in the amount of \$122,454.62 was received yesterday from Edgewood Management for their 2nd quarter fees. Vice-Chair Cutler requested this be added to the invoices for approval today. The Board had no objections.

A motion was made by Trustee Santo, supported by Trustee Smith to approve the invoices as presented with the addition of the invoice from Edgewood. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson reported that the second notice for the Annual Signature Verifications has been sent out to pension recipients. There are less than 200 outstanding at this point. She also indicated that she had spoken with the payroll programmers for each of the systems within the County (Department of Roads, Martha T. Berry and General County) and is working with them on compiling the extra data that Chair Deldin asked to be provided to the Board on the monthly activity report. She is hopeful that this information can be added to the report for the August 24th meeting.

a. Motion to Rescind Estimate Policy Resolution

Ms. Dobson explained her request to rescind the Estimate Policy Resolution previously adopted by the Board in 2014. At that time, it had become burdensome for the Retirement Office to generate multiple pension benefit estimates for the same individual employees and the resolution instituted a fee to be charged for requests in excess of the number of free estimates allowed during an employee's term of employment. With the new actuary system put in place by Conduent, pension benefit estimates are simpler to produce and Ms. Dobson no longer sees a need to have the Estimate Policy Resolution in place.

Trustee Murphy inquired about how far out the online estimator is in implementation. He recalled that was a big selling feature for the Board when they chose the new actuary. Ms. Dobson said that Phase II is being worked on and she is optimistic that the online estimator will be available within six months. While she would like to see it available sooner, she is not comfortable with releasing it to the employees until she is certain that well-defined guidelines are in place to determine where people fall and how their calculation should be completed. Ms. Dobson and Ms. Karen Bathanti (Interim Human Resources and Labor Relations Director) have some meetings scheduled to go over the recommendations they will eventually make to the Board to clarify portions of the Retirement Ordinance related to membership (which can then be built into the process for calculations via the online estimator).

A motion was made by Vice-Chair Cutler, supported by Trustee Murphy to rescind the Estimate Policy Resolution adopted on October 16, 2014. The motion carried.

7. Disability Retirements

a. Christine Rutledge-Dudek (Re-examination Determination)

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Christine Rutledge-Dudek. 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 Smith that based on the Medical Director's opinion, the disability retirement of Christine Rutledge-Dudek 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, Christine Rutledge-Dudek was granted a disability retirement on May 10, 2016, 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 Christine Rutledge-Dudek to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, on June 26, 2017, Dr. Gerald Levinson, D.O. conducted an independent examination and reviewed all records provided and concludes Christine Rutledge-Dudek 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 Christine Rutledge-Dudek 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 Christine Rutledge-Dudek 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 Christine Rutledge-Dudek and all other appropriate parties.

Motion carried.

b. Joey Harrell (Re-examination Determination)

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 Smith 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, on July 7, 2017, Dr. Robert Kantor, M.D. conducted an independent examination and reviewed all records provided and concludes 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.

Motion carried.

c. Michael Ureel (Re-examination Determination)

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Michael Ureel. 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 Smith that based on the Medical Director's opinion, the disability retirement of Michael Ureel 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, Michael Ureel was granted a disability retirement on May 15, 2006, 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 Michael Ureel to be re-examined and to advise the Medical Director of their responsibilities , and

WHEREAS, on July 7, 2017, Dr. Robert Kantor, M.D. conducted an independent examination and reviewed all records provided and concludes Michael Ureel 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 Michael Ureel 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 Michael Ureel 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 Michael Ureel and all other appropriate parties.

Motion carried.

d. Lori Kelli (Re-examination Determination)

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Lori Kellie. 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 Smith that based on the Medical Director's opinion, the disability retirement of Lori Kellie 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, Lori Kellie was granted a disability retirement on February 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 Lori Kellie to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, on July 6, 2017, Dr. Norman Miller, M.D. conducted an independent examination and reviewed all records provided and concludes Lori Kellie 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 Lori Kellie 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 Lori Kellie 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 Lori Kellie and all other appropriate parties.

Motion carried.

8. Negotiation Update/Plan Changes

Ms. Bathanti reported to the Board the changes that had recently been made to the Command Officers retirement benefits via the collective bargaining process. Their multiplier was increased to 2.64% from 2.40% (now the same as Sheriff's deputies), paid time off (PTO) is now excluded from their final average compensation (FAC), and changes were made across the board to comp time (restored throughout the Sheriff's Office). The Command Officers ratified this agreement about two weeks ago and Ms. Bathanti is looking to bring it before the Finance Committee very soon. An actuarial study was also completed and she has a copy of that if the Board would like to see it. Mr. Michaud indicated that the Board should receive a copy of the study.

A motion was made by Vice-Chair Cutler, supported by Trustee Rocca to receive and file the update provided by Ms. Bathanti related to negotiations and plan changes. The motion carried.

9. Blackstone update

Mr. Tom Sampson joined the meeting to provide the Board with an update on the Blackstone portfolio. He discussed both the Tac Opps and Strategic Partners funds.

Vice-Chair Cutler inquired about the allocation for "unrealized carried interest" that was mentioned in two places in the Tac Opps book. He wondered why the two figures did not match. Mr. Sampson was unsure, but responded that he will look into that and provide an answer to Ms. Schave to be forwarded to the Board members.

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

10. Investment Consultant Update

Ms. Cole gave a brief update on a couple of handouts that were distributed to the Board today. One is a memo regarding the departure of Mr. David Sowerby from Loomis Sayles. Graystone reviewed his involvement in the portfolio and they have no concerns going forward. Mr. Sowerby was not involved in decision making for any of the investments the Board has with Loomis.

Trustee Brumbaugh inquired about whether a replacement for Mr. Sowerby had been named yet by Loomis. Mr. Burger indicated a replacement had not been named yet, but Mr. Krakowiak advised that he had been contacted by a client services person out of Boston who may be taking over some of the relationships Mr. Sowerby was involved with.

The additional handout is an invitation to a symposium being hosted by Graystone in September. They will have a variety of team members available to answer questions and

provide more details about Graystone Consulting including how they operate and the resources they have available to them.

- a. **2nd Quarter 2017 Market Update**
- b. **2nd Quarter 2017 Market Performance**

Ms. Cole provided an update on the market for the 2nd Quarter of 2017. She covered the strength of the market and the synchronous recovery in both developed and emerging markets. She noted that they are watching interest rates very closely and working very hard to stay ahead of what's coming in the markets.

A motion was made by Vice-Chair Cutler, supported by Trustee Rocca to receive and file the Investment Consultant update. The motion carried.

11. Unfinished Business

None

12. New Business

Vice-Chair Cutler advised the Board that Graystone had been contacted by Rizvi last week and wanted a decision on how some distributions should be made. Mr. Krakowiak explained that Rizvi will invest in IPOs and with Fund II, the Board has a document on file with the manager that says after investing in an IPO when shares become available to be distributed back to the limited partner, the Board's preference is to liquidate the shares to cash.

The Board did not have a document on file to indicate their preference for Fund III and a distribution was to be made back to the Board, so Rizvi needed to know what the Board wanted to do with the shares from the SNAP investment. To maintain consistency, Graystone recommends handling the distribution of the shares in the same manner as Fund II and liquidate to cash. If that is the preference of the Board, they have a form to be signed indicating their desire to liquidate. Vice-Chair Cutler stated that he agreed with Graystone's recommendation and opened the floor for further discussion.

A motion was made by Trustee Murphy, supported by Trustee Rocca to follow the recommendation of Graystone to maintain consistency with Fund II and liquidate the shares available in Fund III. The motion carried.

Vice-Chair Cutler stated that the actuary (Conduent) is preparing the 2016 Valuation for Mr. Smigiel to review and they are planning to have them come in on September 7th to present the report to the Board. Since the continuing discussion on the Investment Consultant RFP had been tabled to the September 7th meeting, Vice-Chair Cutler would like to now move that discussion up to the August 24th meeting, so these two potentially time consuming issues can be handled at separate meetings.

A motion was made by Trustee Rocca, supported by Trustee Murphy to change the postponement of the Investment Consultant RFP discussion from September 7th to August 24th. The motion carried.

Mr. Smigiel advised the Board that he has received a draft of the actuary's report and has a conference call scheduled to discuss it with Conduent this afternoon. He has not had a chance to review it in great detail, but he knows that Ms. Dobson has taken a look at it and has already provided some feedback to Conduent. He will follow up with the lead actuary to ensure that they are able to come in on September 7th.

13. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Trustee Smith to adjourn the meeting at 10:00 a.m. The motion carried.