

**MINUTES OF THE RETIREMENT COMMISSION**  
**Thursday, October 13, 2016**

A meeting of the Retirement Commission was held on Thursday, October 13, 2016 at 8:30 a.m., at the Oakland University/Anton Frankel Center, Room 126, located at 20 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Chair David Flynn, Vice-Chair Gary Cutler, Carol Grant, Bob Hoepfner, Derek Miller, Matthew Murphy, George Brumbaugh

Excused:

Mark Deldin

Also Present:

Stephen Smigiel, Eric Herppich, Stephanie Dobson, John Kravitz, Tom Michaud

**1. Call to Order**

There being a quorum of the Board present, the meeting was called to order at 8:31 a.m. by Chair Flynn.

**2. Adoption of Agenda**

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

**3. Approval of Minutes**

-- **September 15, 2016**

-- **September 22, 2016**

*A motion was made by Trustee Grant, supported by Trustee Murphy to approve the minutes from September 15, 2016 and September 22, 2016 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

**6. Chairman's Comments**

Chair Flynn reminded the Board members that the restatement of the Retirement Ordinance will be presented to the County Board of Commissioners at the Full Board meeting scheduled for 7:00 p.m. today. Mr. Michaud, Mr. Smith and Mr. Schapka will be present to address any questions. This is the first step in the approval process and he hopes to have a timeframe determined for submission of amendments (hopefully by the beginning of December).

**7. Retirement Administrator Report**

Ms. Dobson provided a report with the August activity numbers and stated that they are heading into their busiest time of year. Open enrollment is approaching quickly and she has created an insert to send out with the packets to the retirees introducing her staff and describing their duties. The new website is still being streamlined and cleaned up with the assistance of the IT Department and it is hoped this is completed before the packets are distributed. Ms. Dobson also confirmed that her department has now officially relocated to the 6<sup>th</sup> floor of the Administration Building and is settling in to their new space.

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

**8. Disability Retirements**

**-- Nancy Oermann (Appeal opinion)**

Mr. Michaud provided a brief summary of the process followed leading to the appeal opinion being presented to the Board today. Ms. Nancy Oermann, her attorney Mr. James R. Andary and Ms. Alicia Golm from his law firm were in attendance to answer questions and provide the Board with additional information.

*A motion was made by Vice-Chair Cutler, supported by Trustee Hoepfner to enter into closed session. A roll call vote was taken with all members responding affirmatively to enter into closed session. The motion carried.*

*Upon conclusion of the closed session, a motion was made by Trustee Murphy, supported by Trustee Grant to return the information provided by Mr. Andary to MMRO for a supplemental review in order to answer the questions brought forward today. The motion carried.*

**-- Cheryl Patyi (Re-examination opinion)**

The Board was in receipt of the Medical Director's medical reports and opinion pertaining to Ms. Patyi's disability re-examination. The Medical Director has certified she is not mentally or physically totally incapacitated for duty in the employ of the County. Based on the Medical Director's opinion, the Board concurred to terminate Ms. Patyi's disability retirement.

*A motion was made by Vice-Chair Cutler, supported by Trustee Hoepfner to adopt the following resolution:*

**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**, Cheryl Patyi was granted a disability retirement on December 4, 2014, after a finding by the Retirement Commission 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 the retirement of a member with a disability pension and at least once every three (3) year period thereafter, the Retirement Commission requires a disability retiree to undergo a medical examination directed by the Retirement Commission Medical Director, and

**WHEREAS**, the Retirement Commission directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Cheryl Patyi to be re-examined and to advise the Medical Director of their responsibilities, and

**WHEREAS**, on March 28, 2016, Dr. Ayman Rayes conducted an independent examination and reviewed all records provided and concludes Cheryl Patyi is **not** totally and permanently incapacitated for duty in the employ of the County, and further indicates that Cheryl Patyi should **not** remain retired, and

**WHEREAS**, the Retirement Commission is in receipt of a certification from the Medical Director, dated September 22, 2016, which states that Cheryl Patyi is physically able and capable 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 Commission has discussed this matter and has determined that Cheryl Patyi has **not** met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

**RESOLVED**, that the Retirement Commission hereby **disapproves** the continual disability retirement of Cheryl Patyi 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 Cheryl Patyi and all other appropriate parties.

*Motion carried.*

**9. Steven Carpenter – Retirement request for clarification**

Mr. Steven Carpenter was present with his MNA union representative Ms. Nicole Jackson. Mr. Michaud provided the background behind Mr. Carpenter's request being examined today. He also provided the Board with a memo with his opinion on each of the items Mr. Carpenter inquired about. Mr. Carpenter was originally hired in 2000 and separated from employment with the County in 2009 and was subsequently hired again in 2013. In 2009, the eligibility requirements for certain retirement provisions were changed for various groups and Mr. Carpenter needed some clarification on certain items.

Mr. Carpenter's questions dealt with the applicability of the "Rule of 70", DROP program eligibility and vesting at 8 years. It is Mr. Michaud's opinion that he is eligible for all of these provisions because of his original hire date in 2000 and because Mr. Carpenter was vested when he left. The time he was away from the County is considered a "break in service".

Mr. Herppich inquired about whether or not a split calculation should be discussed in cases such as Mr. Carpenter's. He suggested that perhaps the calculation be made simply based on their recognized date of hire and not involved any kind of split. Mr. Michaud stated that this is something that should likely be discussed with Corporation Counsel and presented in further detail at a future meeting.

*A motion was made by Trustee Murphy, supported by Trustee Hoepfner to concur with Mr. Michaud's conclusions as they relate to Mr. Carpenter's inquiries with the exception of the outstanding issue of the calculation of benefits (split or single calculation). The motion carried.*

Mr. Carpenter inquired about how he can determine the actual date when he will reach the "70" for the "Rule of 70". Chair Flynn advised him to set up a meeting with Ms. Dobson so she can provide him with that information.

**10. EnTrustPermal presentation**

Mr. David Bonior, Mr. Kevin Manning and Mr. Bryan Schneider were present on behalf of EnTrustPermal to provide the Board with an update. Mr. Schneider advised that the merger with the Permal Group was completed in May. Overall assets under management (AUM) is at approximately \$25 billion and they are now one of the top five global hedge fund investors in alternatives. He reviewed the largely negative asset class returns for 2015 and discussed their focus on the current market environment. Mr. Schneider also covered the performance of the Diversified Fund and Special Opportunities Funds. They have made changes to the portfolio that they think are appropriate and have made decisions to hold onto managers that have underperformed because they believe they are poised to outperform. Improvement has been seen over the last couple of months and they are hopeful that will continue.

*A motion was made by Vice-Chair Cutler, supported by Trustee Murphy to receive and file the EnTrustPermal presentation. The motion carried.*

**11. Corbin Capital Partners presentation**

Mr. M.P. Hayden and Mr. Craig Bergstrom were present on behalf of Corbin Capital Partners to provide the Board with an update. Mr. Bergstrom advised that business has remained very stable and there are no updates to report from an organizational standpoint. He reported that performance in hedge funds has been lackluster over the last few years and that is frustrating to them. While they have outperformed some of the benchmarks, they are not quite where they would like to be in terms of delivering returns. Mr. Bergstrom provided the Board with an account overview and performance summary as of August 2016. He also covered performance and contribution by strategy. He remains optimistic about their ability to deliver a high quality return that earns a valuable place in a long-term portfolio.

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

**12. Restatement of Retirement Ordinance discussion  
-- Follow-up from Union meeting**

Mr. Herppich provided the Board with an update on the meeting he had with the Unions to present them with the draft of the restatement of the Retirement Ordinance. He indicated there are two items that need to still be followed up on. One is the method of Final Average Compensation (FAC) calculation that Vice-Chair Cutler and Mr. Smigiel are working on. The other that requires clarification is that anyone who returns to employment with the County after three years is not eligible to go back into the Defined Benefit (DB) plan and will automatically go into the Defined Compensation (DC) plan. It is his understanding that this is irrespective of whether or not they left their money in the system or if they withdrew it. If they happen to be vested in the DB plan, they will maintain those benefits, but if they return to County employment after the three year window, they are not eligible to continue contributing to the DB plan and will be placed in the DC plan. Mr. Michaud confirmed this is how the restatement is written.

Mr. Herppich also inquired about whether or not the Board has considered that there is a provision in most union contracts that says an employee who has withdrawn their money from the retirement system also forfeits their seniority within the bargaining unit and within the County. Trustee Murphy and Vice-Chair Cutler noted that Section 18 of the restatement of the Ordinance does allow for an employee returning within the three year window to repay any amount they withdrew (plus applicable interest) in order to rejoin the DB plan. Outside the three year window, this is not an option.

Chair Flynn inquired when the deadline is for the Unions to provide feedback. Mr. Herppich responded that they have until Friday, October 14, 2016 and as of right now he has not heard back from anyone.

**13. Advisor and Consultant review schedule**

Chair Flynn advised that this agenda item will be held until the October 27, 2016 meeting, so that Trustees Deldin and Miller can be present.

**14. Authorize Plante Moran to certify 2016 Employee Representative Election**

*A motion was made by Trustee Murphy and supported by Trustee Grant to authorize Plante Moran to certify the 2016 Employee Representative Election. The motion carried.*

**15. Clarkston Capital Partners organizational change – Graystone analysis**

Mr. Holycross and Mr. Berger provided a copy of a memo regarding Graystone's analysis of the organizational change that has been made at Clarkston Capital Partners. Their research is showing that this change is simply an effort to better align Mr. J.J. Modell's responsibilities within the firm and Graystone's opinion of Clarkston has not changed at all.

*A motion was made by Trustee Grant, supported by Trustee Hoepfner to receive and file Graystone's analysis of the Clarkston Capital Partners organizational change. The motion carried.*

**16. Other Business**

None

**17. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Hoepfner, supported by Trustee Grant to adjourn the meeting at 10:22 a.m. The motion carried.*