

**MINUTES OF THE RETIREMENT COMMISSION
Thursday, October 27, 2016**

A meeting of the Retirement Commission was held on Thursday, October 27, 2016 at 8:30 a.m., in the Talmer Building, 2nd Floor Finance Department Conference Room, located at 120 North Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Chair David Flynn, Vice-Chair Gary Cutler, Mark Deldin, Bob Hoepfner, Derek Miller, George Brumbaugh

Excused:

Matthew Murphy, Carol Grant

Also Present:

Stephen Smigiel, Eric Herppich, Stephanie Dobson, John Kravitz, Aaron Castle, Mike Holycross

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 Deldin to approve the agenda as presented. A friendly amendment was offered by Chair Flynn to include the additional invoice from Comerica in the amount of \$19,855.23. The friendly amendment was accepted and the motion carried.

3. Approval of Minutes - October 13, 2016

A motion was made by Trustee Deldin, supported by Trustee Hoepfner to approve the minutes from October 13, 2016 as presented. The motion carried.

4. Approval of Invoices

A motion was made by Trustee Deldin, supported by Trustee Hoepfner to approve the invoices with the additional invoice from Comerica for \$19,855.23. The motion carried.

5. Public Participation

Trustee Deldin remarked that as Trustee Hoepfner will be retiring at the end of 2016 after 42 years of service, the County Executive's Office has been diligently searching for a candidate to replace him as Director of Roads. He introduced Mr. Bryan Santo who has earned the Executive's

Office recommendation for this position and they have sent their recommendation to the County Board of Commissioners (BOC) office for confirmation. Mr. Santo is in attendance at today's meeting to observe because by Charter, the Director of Roads must serve on the Pension Board. If confirmed by the County BOC early next month, Mr. Santo would immediately begin the transition into the Director's position and would officially assume the role as of January 1, 2017. Chair Flynn congratulated Mr. Santo on his nomination.

6. Chairman's Comments

Chair Flynn advised the Board that the restatement of the Retirement Ordinance was presented to the BOC at their meeting on October 13, 2016. Mr. Scott Smith and Mr. Tom Michaud were present to lead the discussion and he feels it was productive. He is working on developing a schedule through November and early December to work towards adoption of the restatement. He will keep the Retirement Commission members apprised of future discussion dates and advised they are welcome to participate.

Chair Flynn also advised that this will be the last meeting held at the Talmer Building. Future meetings will be moving back to the BOC Conference Room on the 9th Floor of the Administration Building. Ms. Schave will ensure that future calendar notices are updated with the correct location as necessary.

7. Disability Retirements

-- Christine Rutledge-Dudek (Opinion)

The Board was in receipt of the Medical Director's medical reports and opinion pertaining to Ms. Rutledge-Dudek's disability application. The Medical Director has certified she is mentally or physically totally incapacitated for duty in the employ of the County. Based on the Medical Director's opinion, the Board concurred to approve Ms. Dudek-Rutledge's disability retirement.

A motion was made by Vice-Chair Cutler, supported by Trustee Miller 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, the Retirement Commission is in receipt of an application for disability retirement from Christine Rutledge-Dudek dated May 10, 2016 and

WHEREAS, in accordance with Section 28 of the Retirement Ordinance provides that upon the application of a member, or their department head, a member who (1) is in the employ of the County, (2) has ten or more years of credited service, and (3) has become or becomes totally and permanently incapacitated for duty in the employ of the County, may be retired by the

Retirement Commission: 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 Commission (1) that the member is 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, the Retirement Commission has previously acknowledged receipt of said application and directed the processing of said application in accordance with the Retirement System provisions, and

WHEREAS, on June 28, 2016, Dr. Shlomo Mandel conducted an independent examination and reviewed all records provided and concludes Christine Rutledge-Dudek is **not** totally and permanently incapacitated for duty in the employ of the County, and further indicates that Christine Rutledge-Dudek should **not** be retired, and

WHEREAS, a second independent examination was conducted on September 30, 2016 by Dr. Phillip Goldmeier and concludes Christine Rutledge-Dudek is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Christine Rutledge-Dudek should be retired, and

WHEREAS, the Retirement Commission is in receipt of a certification from the Medical Director, dated October 13, 2016, which states that Christine Rutledge-Dudek is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Christine Rutledge-Dudek should be retired, and

WHEREAS, the Retirement Commission has discussed this matter and has determined that Christine Rutledge-Dudek has met the eligibility requirements for disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Commission hereby **approves** the 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.

-- Siobahn O'Brien (Opinion)

The Board was in receipt of the Medical Director's medical reports and opinion pertaining to Ms. O'Brien's disability application. The Medical Director has certified she is mentally or physically totally incapacitated for duty in the employ of the County. Based on the Medical Director's opinion, the Board concurred to approve Ms. O'Brien's disability retirement.

A motion was made by Vice-Chair Cutler, supported by Trustee Deldin 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, the Retirement Commission is in receipt of an application for disability retirement from Siobahn O'Brien dated May 23, 2016 and

WHEREAS, in accordance with Section 28 of the Retirement Ordinance provides that upon the application of a member, or their department head, a member who (1) is in the employ of the County, (2) has ten or more years of credited service, and (3) has become or becomes totally and permanently incapacitated for duty in the employ of the County, may be retired by the Retirement Commission: 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 Commission (1) that the member is 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, the Retirement Commission has previously acknowledged receipt of said application and directed the processing of said application in accordance with the Retirement System provisions, and

WHEREAS, on September 13, 2016, Dr. Norman Miller conducted an independent examination and reviewed all records provided and concludes Siobahn O'Brien is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Siobahn O'Brien should be retired, and

WHEREAS, the Retirement Commission is in receipt of a certification from the Medical Director, dated October 10, 2016, which states that Siobahn O'Brien is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Siobahn O'Brien should be retired, and

WHEREAS, the Retirement Commission has discussed this matter and has determined that Siobahn O'Brien has met the eligibility requirements for disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Commission hereby approves the disability retirement of Siobahn O'Brien 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 Siobahn O'Brien and all other appropriate parties.

Motion carried.

-- Dean Rasch (Appeal Opinion)

The Board was in receipt of the Medical Director's medical reports and opinion pertaining to Mr. Rasch's disability re-examination appeal. The Medical Director has certified he is mentally or physically totally incapacitated for duty in the employ of the County. Based on the Medical Director's opinion, the Board concurred to continue Mr. Rasch's disability retirement. Mr. Rasch was present at the meeting to hear the Board's decision.

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, Dean Rasch was granted a disability retirement on March 22, 2012, 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 Dean Rasch to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, on December 3, 2015, Dr. Shlomo Mandel's report and certification reflects that Dean Rasch is **not** totally and permanently incapacitated for duty in the employ of the County, and further indicates that Dean Rasch should **not** remain retired, and

WHEREAS, on June 16, 2016 said retiree exercised their right for appeal and the Retirement Commission resolved to have the appeal processed, and

WHEREAS, on September 30, 2016, the Medical Director reviewed all records provided and concludes Dean Rasch is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Dean Rasch should remain retired, and

WHEREAS, the Retirement Commission has discussed this matter and has determined that Dean Rasch has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Commission hereby approves the continual disability retirement of Dean Rasch and directs that benefits continue being paid consistent with the Retirement System's provisions, and further

RESOLVED, that a copy of this resolution shall be provided to Dean Rasch and all other appropriate parties.

Motion carried.

8. Elizabeth (Perpignon) Lyons Pension Dismissal Statement

Ms. Dobson summarized the information that was received from Ms. Lyons who is an employee of the Martha T. Berry Medical Care Facility. She also advised the Board members that an additional document had been emailed out to them related to this issue and hard copies were distributed today to those who needed them.

Ms. Dobson reminded the Board that Martha T. Berry has separated Human Resources and Labor Relations (HRLR) functions from the County. Ms. Lyons became a member of the Retirement System in 2014 as a part-time employee. Ms. Lyons came to Ms. Dobson's office with an inquiry about why she had been enrolled in the DC plan when she accepted a full-time position at Martha T. Berry in July of 2016. She believed she had six or more years applicable to the vesting requirement in the DB plan and believed she was a vested member. Ms. Dobson's staff performed some data collection and determined that Ms. Lyons equivalent credited service equals 25.3 months.

Mr. Herppich is unsure whether or not this is an issue that needs to be addressed by the Retirement Commission. He has had numerous conversations with the Administrator at Martha T. Berry and he understands there is a certain level of autonomy because they operate independently from County HRLR. Mr. Herppich also advised that he has learned that in the health care industry, changes from part-time to full-time are handled as a status change. Part-time service ends and full-time service begins so there is no confusion on the benefits attached to their employment. That is how they are handling this on the County HRLR side, but he is unsure how Martha T. Berry HRLR is handling these status changes.

Ms. Donna Cangemi from AFSCME was present on behalf of Ms. Lyons and she indicated there is a standing grievance on this issue. Ms. Cangemi confirmed that both she and Ms. Lyons were completely unaware that when Ms. Lyons accepted the full-time position her retirement benefits would be impacted. She said that Ms. Lyons was actually already working in the full-time position when she was called to the Martha T. Berry HRLR office to sign paperwork changing her retirement status. Ms. Lyons signed the paperwork, but Ms. Cangemi stated she would have advised her not to. She stressed again that Ms. Lyons had no idea that accepting a full-time position would result in her removal from the retirement system. Ms. Cangemi would rather not

take this issue to arbitration through the grievance process. She would rather have it solved by the Pension Board.

Mr. Herppich stated that they try to look at these issues from a policy perspective rather than an individual employee perspective. There are a number of different scenarios in which a person could have a status change from part-time to full-time and those scenarios can be complicated.

Chair Flynn advised that he does not intend to take a vote on this today since there are two Board members absent. Mr. Castle inquired about the timeline for the resolution of the grievance. Ms. Cangemi confirmed that the grievance is still sitting at Step 3 and they have not received any further response from Martha T. Berry. If there is no resolution at Step 3, the grievance would proceed to arbitration. Mr. Castle indicated the Retirement Commission is not necessarily in a position to take any action on this since it is not clear from a labor perspective how this issue is going to end. From a policy standpoint, this is a variation of some of the membership issues the Board has dealt with recently in terms of vested vs. non-vested, part-time vs. full-time, etc. At this point, he would recommend this be referred to legal counsel for further analysis.

Vice-Chair Cutler inquired about the County's current process for status changes. Mr. Herppich replied that a part-time employee who is vested and accepts a full-time position will stay in the DB plan. A part-time employee that is not vested and accepts a full-time position will become a member of the DC plan. He also advised that part-time employees go in and out of the retirement system quite often. If they do not meet the 1,000 hour per year requirement, they are not eligible to participate. There is no certainty as it relates to part-time membership and part-time time that is accrued towards vesting requirements.

Trustee Brumbaugh agreed that this does not seem to be an issue for the Retirement Commission to solve. He sees this as an issue for Martha T. Berry because they tell the County who is and is not a member of the system. He does not see that the Retirement Commission can override a policy or decision that was made by Martha T. Berry.

Chair Flynn concluded the discussion and the matter will be referred to Mr. Castle and Mr. Michaud for further review.

9. Bloomfield Capital

Mr. Nick Coburn, Mr. Jason Jarjosa and Mr. Mike Lucci were present on behalf of Bloomfield Capital to provide the Board with an update. The Retirement System invested \$10 million in Fund II about two years ago. Since that time their business has continued to grow and they started a third fund at the end of last year. Their business consists primarily of making loans on commercial real estate transactions. Mr. Coburn covered Bloomfield's transaction history and Mr. Jarjosa reviewed Fund II's performance since inception. Mr. Jarjosa also provided an overview of the portfolio's realized and current transactions and described an investment example with an industrial property in Lansing, MI.

Mr. Holycross inquired about where Bloomfield sees their strategy moving in the future. Mr. Coburn sees the market going toward more regulation on banks and those banks are moving away from taking risk, so companies in the secondary market (like Bloomfield) will be able to take advantage of those opportunities. He does not see the strategy running out of steam.

A motion was made by Trustee Deldin, supported by Trustee Miller to receive and file the Bloomfield Capital presentation. The motion carried.

10. Advisor and Consultant Review Schedule

The Board was in receipt of a correspondence from the Secretary pertaining to the Retirement Commission's annual advisor and consultant review policy. Based on the previous rotation schedule, Legal Counsel would be the next advisor up for review. Mr. Castle excused himself to allow the Board time for discussion. It was agreed that the adopted schedule should be followed and a request for sealed bids should be initiated.

A motion was made by Trustee Deldin, supported by Trustee Hoepfner to authorize staff to begin the process for the Legal Counsel Services request for sealed bids. The motion carried.

11. Other Business

Chair Flynn indicated that he received an email from Ms. Maria Zardis stating that she had not received the documents she had requested previously. He asked Ms. Dobson to follow-up with Mr. Schapka as he understood that he would be handling that as a formal FOIA request.

Ms. Dobson advised that she had been speaking with Mr. Michaud about the restatement of the Retirement Ordinance. In light of some of the decisions the Board has made in regards to specific individuals recently (Carpenter, Grix, etc.), Mr. Michaud believes the Board needs to "tighten up" the language in three sections of the Ordinance. These sections are 16 (definition of membership), 18 (reinstatement of a membership) and 23 (deferred pension). Chair Flynn would like to see some draft language by November 10th, so the Board can have a discussion and forward it on to the County BOC.

12. Adjournment

There being no further business before the Board, a motion was made by Vice-Chair Cutler, supported by Trustee Miller to adjourn the meeting at 9:24 a.m. The motion carried.