

MINUTES OF THE RETIREMENT COMMISSION
Thursday, January 26, 2017

A meeting of the Retirement Commission was held on Thursday, January 26, 2017 at 8:30 a.m., in the Administration Building, 9th 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, Bob Smith, George Brumbaugh

Excused:

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Joe Biondo, John Kravitz, Tom Michaud, Mike Holycross, Amy Cole

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:30 a.m. by Vice-Chair Cutler.

2. Election of Officers

-- Chair

Vice-Chair Cutler called for nominations for Chair.

A motion was made by Trustee Rocca, supported by Trustee Murphy to nominate Mark Deldin as Chair. Motion Carried.

There were no other nominations. Nominations were closed.

Mark Deldin accepted and was unanimously elected Chairman.

-- Vice-Chair

Vice-Chair Cutler called for nominations for Vice-Chair.

A motion was made by Trustee Murphy, supported by Trustee Deldin to nominate Gary Cutler for Vice-Chair. Motion Carried.

There were no other nominations. Nominations were closed.

Gary Cutler accepted and was unanimously elected Vice-Chair.

3. Adoption of Agenda

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

4. Approval of Minutes

a. December 15, 2016

b. December 19, 2016

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

5. Approval of Invoices

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

6. Public Participation

None

7. Retirement Administrator Report

For the benefit of the new members, Ms. Dobson provided a brief introduction of herself and the responsibilities of her department. She also presented the Activity Report with the numbers for the month of November. Ms. Dobson explained each category on the report and Trustee Brumbaugh explained the history behind the DROP program for those who may be unfamiliar with it.

Trustee Brumbaugh inquired about whether Ms. Dobson could provide some additional statistics on this report going forward. He would like to also see the number of retirees and the number of surviving beneficiaries as of the date of the report. He would also be interested in seeing the number of retirees receiving medical coverage, broken down into those that are pre-Medicare and those that are post-Medicare. Ms. Dobson indicated she would need to speak to the IT Department to determine how to produce a report that would give the numbers related to health care. She will begin putting the number of retirees and surviving beneficiaries on the report going forward as that information is readily available.

Trustee Brumbaugh also wanted to discuss the annual Holiday Luncheon for the retirees that was held on December 8, 2016. He thanked Ms. Dobson and the HR staff on behalf of the Retiree Association and stated that the luncheon was very well organized and everyone enjoyed themselves. Ms. Dobson reported that they had approximately 475 people attend

the luncheon in 2016 and they put a lot of thought and effort into making it a really nice event for the retirees.

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

8. Disability Retirements

- Julie Bratten (Application)

A motion was made by Trustee Murphy, supported by Trustee Grant to adopt the resolution to process the disability retirement application of Julie Bratten and direct Human Resources to order an IME. The motion carried.

- Howard Gofstein (Application)

A motion was made by Trustee Grant, supported by Trustee Smith to adopt the resolution to process the disability retirement application of Howard Gofstein and direct Human Resources to order an IME. The motion carried.

- Lisa Gusmano (Re-examination Determination)

The Board was in receipt of the Medical Director's medical reports and opinion pertaining to Ms. Gusmano's disability re-examination. 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 continue Ms. Gusmano's disability retirement.

A motion was made by Vice-Chair Cutler, supported by Trustee Grant 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, Lisa Gusmano was granted a disability retirement on July 31, 2008, 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 Lisa Gusmano to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, on November 16, 2016, Dr. Saad Naaman conducted an independent examination and reviewed all records provided and concludes Lisa Gusmano is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Lisa Gusmano should remain retired, and

WHEREAS, the Retirement Commission is in receipt of a certification from the Medical Director, dated December 1, 2016, which states that Lisa Gusmano 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 Commission has discussed this matter and has determined that Lisa Gusmano has met the eligibility requirements for a continual disability retirement from the Retirement System, therefor be it

RESOLVED, that the Retirement Commission hereby approves the disability retirement of Lisa Gusmano and directs benefits be paid consistent with the Retirement System's provisions, and further

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

Motion carried.

- **Nancy Oermann (Appeal Determination)**

A motion was made by Vice-Chair Cutler, supported by Trustee Santo that based on the Medical Director's opinion, Ms. Oermann's appeal for disability retirement shall be denied and the following resolution shall be adopted:

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 Nancy Oermann dated August 7, 2015 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 November 17, 2015, Dr. Calmeze Dudley's report and certification reflects that Nancy Oermann is **not** totally incapacitated for duty in the employ of the County, and further indicates that Nancy Oermann should **not** be retired, and

WHEREAS, on April 29, 2016 said applicant exercised their right for appeal and the Retirement Commission resolved to have the appeal processed, and

WHEREAS, on July 20, 2016, Dr. Norman Miller conducted an appeal independent medical examination and reviewed all records provided and concludes Nancy Oermann is **not** totally and permanently incapacitated for duty in the employ of the County, and further indicates that Nancy Oermann should **not** be retired, and

WHEREAS, a second independent examination was conducted on August 17, 2016 by Dr. James Blessman and concludes Nancy Oermann is **not** totally and permanently incapacitated for duty in the employ of the County, and further indicates that Nancy Oermann should **not** be retired, and

WHEREAS, the Retirement Commission is in receipt of a certification from the Medical Director, dated August 30, 2016, which states that Nancy Oermann is **not** totally and permanently incapacitated for duty in the employ of the County, and further indicates that Nancy Oermann should **not** be retired, and

WHEREAS, the Retirement Commission has discussed this matter and has determined that Nancy Oermann has **not** met the eligibility requirements for disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Commission hereby **disapproves** the disability retirement of Nancy Oermann and further

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

Motion carried.

Ms. Dobson advised the Board that Ms. Oermann's attorney had called her and asked her to express appreciation to the Board for their reconsideration and allowing a second review of Ms. Oermann's disability eligibility.

9. MMRO Amended Schedule of Fees and Reimbursable Expenses

Ms. Dobson indicated that in late November she was presented with a revised fee schedule by MMRO. They had notified her that the initial contract expired at the end of December 2016 and this revised fee schedule is related to the services used by the Retirement System. She requested that MMRO also provide some documentation to validate their assertion that a fee increase was necessary. Ms. Dobson provided a comparison table showing the initial fee structure as well as the proposed revised fee structure. Costs for some of the services have nearly doubled and there are additional items that the System was not charged for previously that would now incur a fee.

Chair Deldin asked for clarification on the length of the contract and Mr. Schapka stated that it was for one year with an automatic renewal for another year. Mr. Michaud also indicated that the contract is now immediately terminable. Trustee Smith inquired as to whether once the contract automatically renews, does it renew at the existing fee schedule or can MMRO change it upon renewal? Mr. Schapka confirmed that it renews at the existing rate and asking to increase rates requires new negotiations.

Trustee Santo asked whether MMRO had provided any back-up documentation regarding how much time they had anticipated spending on a case versus how much time they are actually spending. Ms. Dobson's predecessor was part of the RFP process when the Medical Director was chosen, and at this time she does not have the details on what was provided with MMRO's bid.

Vice-Chair Cutler stated that he feels MMRO does an excellent job and he can understand them wanting to recoup more of their costs during the appeal process. If they were simply adding a fee for appeals he would not necessarily object, but the fact that they are also increasing the other fees is concerning. He feels that the Board should go out for a new RFP because this is not simply a cost of living increase. Chair Deldin agreed.

Trustee Smith noted that MMRO stated they feel a cost increase is necessary because the Retirement System does not require disability applicants to submit a statement from an attending physician. He wondered whether or not that is a requirement that could be changed. Ms. Dobson believes that the disability retirement process can be streamlined and handled more efficiently and that would likely ease some of the burden placed on MMRO. She is of the opinion that MMRO is doing a good job for the System and they provide the necessary, critical analysis of the medical information they are provided with and supply the Board with thorough, knowledgeable reports.

Trustee Murphy does not want to see strict limits placed on the employees going forward in regards to the information they can or are required to provide to apply for a disability retirement. Trustee Brumbaugh pointed out that if MMRO had wanted a physician's statement included at the time of application, they could have made that a requirement in their contract. He also noted that many physicians are hesitant to sign form documents and don't want to place themselves in a position that may later involve litigation. He also believes that physicians would likely also charge a patient to complete that type of paperwork and this would place an unfair burden on the employee in the event that their physician may refuse to sign such paperwork.

Mr. Michaud confirmed for Chair Deldin that MMRO needs the Board's approval in order to increase fees. Trustee Murphy was concerned about being left without a service provider if the Board elects to terminate the contract and issues a new RFP. He suggested trying to find a "middle ground" with MMRO until a more long-term decision can be made. Chair Deldin asked Ms. Dobson if she was aware of how many cases had been sent to MMRO since the inception of their contract. She did not have that number readily available, but would be able to research it and bring it back to the Board. Chair Deldin remarked that if there are really only a handful of cases being sent to MMRO a year, it may not be worth the cost of issuing another RFP.

Mr. Schapka listed the Board's options – (1) they can approve the fee increase as proposed by MMRO, (2) they can negotiate the fees with MMRO, (3) issue a RFP for another provider while keeping MMRO or (4) terminate the contract with MMRO and have a gap in service while undergoing the process of selecting a new provider.

Vice-Chair Cutler referenced a previous meeting packet from December 2016 that showed the Retirement System had paid MMRO approximately \$45,000 for the year. He also stated that as an Employee Representative he gets a lot of feedback from employees who have gone through the disability retirement application process. He said that many of those employees have come away from the appeals process feeling that the medical examiner has done a thorough job and overall he is pleased with the reports they submit.

Chair Deldin asked Ms. Dobson to reach out to her contact at MMRO and let him know that the Board discussed this matter today and express the concerns they have about the significant increase in fees and how it will impact the Board's budget for these items. She will report back to the Board at the next meeting and depending on MMRO's response, the Board will decide how to proceed from there. Chair Deldin also asked Ms. Dobson to locate the bid tabulation summary for the last RFP, so the Board can see how much interest there was at that time.

A motion was made by Trustee Rocca, supported by Trustee Murphy to have Ms. Dobson enter into negotiations with MMRO and bring their response back to the Board at the next meeting. The motion carried.

10. Legislative Update

Mr. Michaud reminded the Board that a number of different bills had been introduced during the lame duck session at the end of 2016. There were 13 bills introduced that involved making amendments to health care and pensions. Only one of those bills survived and it is now known as Public Act 530. The law that is currently in place requires retirement systems that provide health care to report to the State what their liabilities are. Since this is not a retirement system that provides health care, there is no requirement for the Board to report anything. It is his understanding that the bills that were not released out of committee will be reintroduced in late January or early February and the discussion with respect to limitations for health care and pension calculations will begin again. Mr. Michaud will have a better understanding of where the bills are in the process and be able to report back to the Board in more detail at the February meeting.

A motion was made by Trustee Smith, supported by Trustee Murphy to receive and file the Legislative Update. The motion carried.

11. Alidade Capital Fund IV – Compliance with Public Act 314 of 1965, as amended

Mr. Michaud said that this is just information for the Board to receive and file. The real estate investment was examined for compliance with State Law and it meets the requirements of Public Act 314.

Trustee Murphy inquired about a statement in the conclusion of this opinion that recommended seeking written opinion/recommendation from the Investment Consultant prior to the Retirement System investing. He inquired whether or not that has been prepared by the Investment Consultant. Mr. Holycross advised that the official due diligence has not been finalized yet.

Trustee Smith asked if there were any sessions planned for the new Trustees in terms of real estate and other investment education. Mr. Holycross stated that a date has not been set yet, but there are a number of different options available.

A motion was made by Trustee Grant, supported by Vice-Chair Cutler to receive and file the opinion. The motion carried.

12. 2017 Proposed Meeting Dates

Chair Deldin inquired if there were any conflicts among the Board members for any of the proposed meeting dates for 2017. The Board members did not have any conflicts, but Mr. Holycross had several dates that he indicated would not work for him. He indicated April 20th, June 22nd and October 26th were an issue.

Chair Deldin asked that the Board members be prepared to discuss the schedule again at the next meeting. Other possible dates will be researched for those that Mr. Holycross has a

conflict with and an updated proposed schedule will be provided for the Board's approval at the February 9th meeting.

A motion was made by Vice-Chair Cutler, supported by Trustee Rocca to receive and file the 2017 Proposed Meeting Dates. The motion carried.

13. Other Business

Chair Deldin introduced and welcomed the three new members – County Treasurer, Larry Rocca, Chairman of the Board of Commissioners, Bob Smith and Director of the Department of Roads, Bryan Santo. He also expressed his appreciation for the member's confidence in electing him Board Chair. Mr. Holycross introduced a new partner, Amy Cole and provided the Board with a brief bio.

Trustee Grant inquired about the name change that occurred recently with Buck Consultants. Mr. Smigiel advised that the Buck Consultants arm of Xerox has been spun off and is now a separate, publicly traded entity. He is expecting to hear from Mr. Langer very soon because the 2015 Valuation is expected to be wrapped up by the end of January. Mr. Langer will be invited to a future meeting to do a presentation on the Valuation and answer questions.

Trustee Grant also asked if the updated Ordinance is available online. Ms. Dobson responded that it has not been published yet and in light of the decisions the Board made at their last meeting in December, there are parts of the Ordinance that need to be revisited again. She stated that if the Board feels comfortable enough with the existing version for her to post it, she will be happy to do so. No action was taken on this item.

Trustee Brumbaugh advised the Board that he had been in attendance at a meeting with representatives from different categories from all over the tri-County area to discuss the pending legislation that Mr. Michaud provided an update on earlier in the meeting. He learned that the Speaker-of-the-House promised that he will sit down with a committee representing retirees and management to talk about the legislation. Trustee Brumbaugh will keep the Board up to date as best he can along with Mr. Michaud.

Ms. Dobson mentioned that she will be having out-patient surgery towards the end of February. She hopes to be back in the office quickly, but wanted the Board to be aware that she may be out for a brief period.

Mr. Michaud reminded the Board that their agenda packets often include confidential medical reports and those should either be turned back in at the conclusion of the meeting or held in strict confidence.

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Santo, supported by Trustee Smith to adjourn the meeting at 9:35 a.m. The motion carried.