

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, March 14, 2019**

A meeting of the Retirement Board was held on Thursday, March 14, 2019 at 8:30 a.m., in the Administration Building, 9<sup>th</sup> Floor Committee Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Mark Deldin, Bryan Santo, Harold Haugh, Larry Rocca, Gary Cutler, Matthew Murphy, George Brumbaugh

Excused:

Carol Grant

Also Present:

Stephen Smigiel, Stephanie Dobson, Christina Miller, Tom Michaud, Mike Holycross

**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 Cutler to adopt the agenda. The motion carried.*

**3. Approval of Minutes from February 28, 2019**

*A motion was made by Trustee Cutler, supported by Trustee Rocca to approve the minutes from February 28, 2019 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

**6. Retirement Administrator Report**

Ms. Dobson advised the Board that when they receive the February Activity Report they may see an increase in refunds issued. Her office recently sent out about 300 letters to individuals who still have money in the system, but are no longer employed by the County and they are seeing an increase in the number of refunds being requested. This notification will eventually become an annual process, but had not been done for quite some time.

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

## **7. Disability Retirements**

### **a. Christos Candiliotis (Re-examination Opinion)**

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Christos Candiliotis. The Medical Director has concluded, based on the re-exam, that his disability retirement should be terminated.

*A motion was made by Trustee Cutler, supported by Vice-Chair Santo to adopt the following resolution and terminate the disability retirement of Christos Candiliotis:*

**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**, Christos Candiliotis was granted a disability retirement on May 26, 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 the 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**, that the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set-up an appointment for Christos Candiliotis to be re-examined and to advise the Medical Director of their responsibilities, and

**WHEREAS**, on February 1, 2019, Dr. Deborah S. Heaney conducted an independent examination and reviewed all records provided and concludes Christos Candiliotis is not totally and permanently incapacitated for duty in the employ of the County, and further indicates that Christos Candiliotis should not remain retired, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated February 14, 2019, which states that Christos Candiliotis 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 Board has discussed this matter and has determined that Christos Candiliotis has not met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

**RESOLVED**, that the Retirement Board hereby disapproves the continual disability retirement of Christos Candiliotis 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 Christos Candiliotis and all other appropriate parties.

*The motion carried.*

**b. Matthew Pintar (Re-examination Opinion)**

The Board was in receipt of the Medical Director's confidential medical reports regarding the re-examination of Matthew Pintar. The Medical Director has concluded, based on the re-exam, that his disability retirement should be continued.

*A motion was made by Trustee Cutler, supported by Vice-Chair Santo to adopt the following resolution and continue the disability retirement of Matthew Pintar:*

**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**, Matthew Pintar was granted a disability retirement on April 30, 2018, 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 Matthew Pintar to be re-examined and to advise the Medical Director of their responsibilities, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated February 21, 2019, which states that Matthew Pintar 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 Matthew Pintar has met the eligibility requirements for a continual disability retirement from the Retirement System, therefor be it

**RESOLVED**, that the Retirement Board hereby approves the continual disability retirement of Matthew Pintar 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 Matthew Pintar and all other appropriate parties.

*The motion carried.*

**8. Managed Medical Review Organization (MMRO) presentation, Douglas Minke**

Mr. Douglas Minke joined the meeting to provide the Board with a presentation related to the services provided by Managed Medical Review Organization (MMRO). They are a Michigan based company and focus specifically on municipal retirement systems. MMRO processes approximately 12,000 disability claim reviews per year and have been providing their medical review services to the Board for the last four years. In that time, they have completed 89 claim recommendations. Of those recommendations, 27 were for new claims, 7 appeal reviews, and 55 were reviews for the purposes of re-examination. No single individual has the authority to make disability recommendations. All determinations are made by a committee.

Mr. Minke stressed MMRO's emphasis on communicating with the member and making sure that they gather all of the necessary clinical information to help their physicians make an accurate decision. All medical staff must submit an application, be licensed and undergo a thorough review of their credentials. They have a wide network of medical professionals (including specialists) available to them across the United States. Mr. Minke also expressed his appreciation to the Board for their business relationship these past four years.

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

**9. McMorgan & Company LLC annual update, Andrew Josef**

Mr. Andrew Josef joined the meeting to provide the Board with the annual update on their investment with McMorgan & Company. He provided a brief overview of the organization and their investment strategy. He reviewed the Retirement System's capital deployment breakdown and discussed a couple of new investments they are hoping to close on soon. McMorgan is also in the process of starting to market a second fund (also with OMERS) and it is likely to launch in the 3<sup>rd</sup> or 4<sup>th</sup> quarter of 2019.

Mr. Josef also provided an update on Mr. Tom Wilhem who had been the McMorgan client service representative for the Board. Mr. Wilhelm decided to make a career change and has essentially departed McMorgan. His personal life has taken a new path and he is spending a lot of time traveling. Mr. Wilhelm had no responsibilities related to any of the investments and he has been replaced with internal people at McMorgan.

*A motion was made by Trustee Rocca, supported by Vice-Chair Santo to receive and file the McMorgan & Company LLC annual update. The motion carried.*

**10. AndCo 4<sup>th</sup> Quarter presentation**

Mr. Holycross distributed a January 2019 Flash Report and a Market Update as of February 28, 2019. He provided a brief update on AndCo and noted that there is a "thank you" letter from Mr. Mike Welker in the front of their 4<sup>th</sup> Quarter Performance books. He also stated that the Board members will likely receive a client satisfaction survey sometime in the summer this year. AndCo values their client's feedback and would appreciate all responses to that survey.

Mr. Holycross noted that the fund has rebounded back up over \$1 billion as of March 7, 2019. He also discussed how the activity by the Federal Reserve (primarily interest rate increases) directly affects the market. He reviewed the manager returns in the Flash Report and noted that across the board all

were in positive territory. Trustee Cutler added that he had spoken to Clarkston recently and they are down to just 13% in cash at this point.

Mr. Holycross also advised that an International Equity search is planned and that AndCo has conducted the necessary due diligence on ABS. They will be included in the options for International Equity manager once the list has been finalized and is presented to the Board.

*A motion was made by Trustee Rocca, supported by Vice-Chair Santo to receive and file the AndCo performance update as presented by Mr. Holycross. The motion carried.*

#### **11. Noel Reynolds repayment discussion**

Chair Deldin inquired if there had been any communication from Ms. Reynolds since the Board had made their decision. Ms. Dobson indicated she has not heard from her and that a communication from her office had gone out to Ms. Reynolds reiterating the Board's decision as well as explaining the process for appealing that decision. Ms. Reynolds has the option to appeal until June 3, 2019.

Ms. Dobson provided the Board with the calculations for re-payment that had been received from Buck (the actuary). The gross total amount due is \$30,539.72. There are two monthly amounts provided for the Board to consider based on the way the Overpayment/Underpayment Policy is written.

Retiree Representative Brumbaugh stated that his only concern is that Ms. Reynolds had paid income tax on the amount that she had been overpaid, but she would be required to pay back the full amount rather than the amount that she actually got. Mr. Smigiel said that the gross amount is what went out of the system and if her monthly pension is reduced, then she will pay less in income tax going forward.

Mr. Michaud added that he thinks that the Board needs to determine when the re-payment will start and have the actuary calculate the monthly amount based on that start date. He also speculated that there may be something Ms. Reynolds can do in terms of getting a credit for the amount she paid in income tax on the overpayment she received.

Ms. Dobson advised that Ms. Reynolds is entitled to 90-days-notice before the re-payment can begin being deducted from her monthly pension amount. Mr. Smigiel suggested having Buck calculate the repayment amount based on a July 1, 2019 start date that way notice can be given to Ms. Reynolds as of April 1, 2019. Chair Deldin asked Ms. Dobson to have Buck do that calculation and bring it back to the Board for additional review and discussion at their March 28, 2019 meeting.

*A motion was made by Vice-Chair Santo, supported by Trustee Haugh to receive and file the information related to Ms. Reynolds re-payment. The motion carried.*

#### **12. Sample Retiree Newsletter for review and discussion**

Trustee Haugh provided a copy of the newsletter that is sent out to retirees and employees in the city of Roseville. Chair Deldin said that he likes the idea of doing something similar, but is unsure how to begin the process. Trustee Haugh explained to Retiree Representative Brumbaugh that a comment had come to his attention from a retiree that they never receive any communication related to retirement matters. He said that this newsletter is sent out from the Mayor/Chairman in Roseville and

they get a lot of positive feedback from those who receive it. The Roseville newsletter goes out annually. Retiree Representative Brumbaugh thought that it might be a good idea for something like this to come from the County Executive's office to the retirees and employees. The Retirees' Association has a newsletter that is distributed four times per year, but only goes to dues paying members of the Association. They work with Human Resources and Labor Relations to help develop content for the newsletter, but it does only reach about 800 retirees.

Chair Deldin asked if the Retirees' Association has an active database of email addresses for the retirees that are members. Retiree Representative Brumbaugh confirmed that they do. Chair Deldin wondered if it would be possible to include the retirees in the frequent email newsletters that are sent out by the Executive's office. Retiree Representative Brumbaugh said that he could provide the email addresses if desired.

*A motion was made by Trustee Haugh, supported by Trustee Cutler to receive and file the sample retiree newsletter. The motion carried.*

**13. ABS Investment Management Conference notice**

The information related to the ABS Investment Management Conference was presented to the Board for their review. Mr. Holycross explained that ABS is a global long/short manager similar to EnTrust (although not as robust).

*A motion was made by Trustee Cutler, supported by Trustee Haugh to approve permissible expenses for Board member attendance at the ABS Investment Management Conference. The motion carried.*

**14. Unfinished Business**

None

**15. New Business**

Chair Deldin continued the conversation about MMRO. He asked Ms. Dobson for her opinion about her office's experience with them. She responded that although they have occasionally had issues with getting reports from the third parties reviewers used by MMRO, in general, their reports are very thorough and their secure, online portal is very useful. A lot of the "heavy lifting" in terms of gathering medical data is now handled by MMRO instead of her office and she finds that communication is much more streamlined.

Trustee Cutler added that he has heard from employees that they feel that the time MMRO's physicians spend with them is more than adequate. He also feels that the quality of each review is much improved over the prior service providers. Chair Deldin agreed that during his tenure on this Board he recalls issues with the prior provider that resulted in constant appeals and often many of the complaints from applicants revolved around feeling that there was a lack of time spent with them on the part of the physician conducting the review. Those appeals and complaints have diminished significantly since MMRO has been in place.

Vice-Chair Santo was impressed with the fact that MMRO averages about 45 or 46 cases per day and that is very closely in line with the number of employees they have on staff. Their employees are not working five or six cases at a time and he is comfortable with those numbers.

Chair Deldin recalled that about a year into MMRO's agreement with the Board, they increased their fees and the Board called them in for a presentation at that time because they were not happy about the change. He personally feels now that he doesn't mind paying for the quality service they are receiving. Ms. Dobson also pointed out that she is happy with MMRO "fast tracking" certain cases where they do not feel that an IME is necessary. That saves time and money on the review and while they may pay a little bit more for a case that requires a certain level of expertise, MMRO will not just add an IME to a case if it is not warranted.

Chair Deldin inquired if there is an end date on the contract currently in place with MMRO. Mr. Michaud said that he was actually going to suggest that an updated contract with MMRO be put in place if the Board wishes to retain them as the Medical Director. The same fee schedule could be continued, but the contract could be given a new date with the thought that these agreements should be "at will" and if the Board wanted to change, they could do so. He recommended locking in the fee schedule for a period of time, but the relationship should be one that can be terminated if necessary. Mr. Michaud suggested it might be nice to start from square one and get an updated contract at this time if that is the direction the Board would like to go.

Chair Deldin sought consensus from the Board if they wish to direct Ms. Dobson and counsel to draft a new contract with a fixed fee schedule. That contract could be brought back to the Board for review at their next meeting. At that time, the Board could determine if they want to move forward with MMRO or conduct RFPs. The Board agreed to proceed in this manner.

**16. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Rocca, supported by Vice-Chair Santo to adjourn the meeting at 10:06 a.m. The motion carried.*