

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, March 28, 2019**

A meeting of the Retirement Board was held on Thursday, March 28, 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, Gary Cutler, Matthew Murphy, George Brumbaugh

Excused:

Larry Rocca, Carol Grant

Also Present:

Stephen Smigiel, Stephanie Dobson, Joe Biondo, 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 Cutler, supported by Trustee Murphy to adopt the agenda. The motion carried.*

**3. Approval of Minutes from March 14, 2019**

*A motion was made by Trustee Haugh, supported by Vice-Chair Santo to approve the minutes from March 14, 2019 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

**6. Retirement Administrator Report**

Ms. Dobson advised the Board that the increase in refunds she had mentioned previously will be reflected on next month's Activity Report. She also confirmed that the MMRO contract is being reviewed and she has proposed locking in their rates for a three year period. She is getting some push back from them on that, but will continue working with MMRO to try to have this added to the agreement.

Ms. Dobson also noted that the Annual Signature Verification letters will be going out to all retirees and beneficiaries in April. Retiree Representative Brumbaugh asked if there is any type of notification that goes out to retirees when they hit a certain age and are entitled to apply for a particular benefit.

He will give a copy of the letter he received recently from the State Office of Retirement Services to Ms. Dobson so she can review. Ms. Dobson advised that the County only sends out a letter notifying people that they are eligible for a pension when they reach age 60.

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

**a. Noel Reynolds Re-Payment**

The Board reviewed the information supplied by Buck regarding the re-calculation of the re-payment for Ms. Reynold's offset. Based on the discovery date of July 1, 2019, the amount of the offset would be \$221.18 per month for the life of Ms. Reynolds or her beneficiary. Ms. Dobson also provided a draft of a letter that could be sent to Ms. Reynolds notifying her of the amount and the date the offset will begin. If the letter is acceptable, it will be sent via both regular and certified mail and will provide Ms. Reynolds with 60-day notice before the offset begins.

*A motion was made by Trustee Cutler, supported by Vice-Chair Santo to apply the offset based on the date of discovery (as calculated by Buck) and to send the letter as proposed by the Retirement Administrator to notify Ms. Reynolds of the offset. The motion carried.*

**7. Disability Retirements**

**a. Jason Rowe (Re-examination Opinion)**

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

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

**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**, Jason Rowe was granted a disability retirement on February 6, 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 Jason Rowe to be re-examined and to advise the Medical Director of their responsibilities, and

**WHEREAS**, on February 5, 2019, Dr. Ancuata E. Matei, M.D. conducted an independent examination and reviewed all records provided and concludes Jason Rowe is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Jason Rowe should remain retired, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated March 13, 2019, which states that Jason Rowe 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 Jason Rowe 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 Jason Rowe 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 Jason Rowe and all other appropriate parties.

*The motion carried.*

**8. World Asset Management (WAM) annual update – Eric Lessnau, Kevin Foley**

Mr. Eric Lessnau and Mr. Kevin Foley joined the meeting to provide the Board with the annual update for World Asset Management (WAM). Mr. Lessnau provided a brief background for the organization (they are a passive manager) and indicated they currently have \$11.5 billion in assets under management (AUM). He noted that the fourth quarter of 2018 was one of the worst quarters in a long time, but investments have rebounded significantly as of February 28, 2019. Mr. Lessnau also mentioned that WAM benefitted from some major technology updates in 2018 (a new portfolio trading management system and improvements to their accounting system).

Mr. Lessnau reported that the Retirement System's portfolio had a market value of \$178 million as of February 28, 2019. All funds are tracking very closely to their benchmark which is their goal. Mr. Foley discussed the Foreign Equity Fund as well as the Bond Index. Mr. Lessnau directed the Board's attention to the fee schedule provided in the presentation book and advised that the average fee the System pays to WAM is four basis points.

*A motion was made by Trustee Murphy, supported by Trustee Cutler to receive and file the World Asset Management annual update. The motion carried.*

**9. LS Investment Advisors annual update – Kevin Yousif, David Jones**

Mr. Kevin Yousif and Mr. David Jones joined the meeting to provide the Board with the annual update on their investment with LS Investment Advisors. Mr. Yousif introduced himself and Mr. Jones and provided a brief overview of what to expect in their presentation. Mr. Jones reviewed the fund's performance history and described the breakdown in change in value as well as trailing one-year attribution (as of February 28, 2019). He also discussed the characteristics of the portfolio including sector distribution. The fund has 57 names and in January, April, July and October it rebalances. New names are added in January.

*A motion was made by Trustee Haugh, supported by Vice-Chair Santo to receive and file the LS Investment Advisors annual update. The motion carried.*

**10. Securities Litigation Proposal – Levi & Korsinsky, LLP**

Ms. Tracey Sheak and Ms. Nancy Kulesa joined the meeting to present the securities and litigation services of Levi & Korsinsky to the Board. Ms. Sheak distributed a book to supplement their presentation. Levi & Korsinsky has five offices across the country that provide portfolio monitoring services. Ms. Kulesa explained that their firm represents institutional investors in the United States and abroad and their team has, collectively, hundreds of years of experience in this type of litigation. They identify any shareholder litigations that may impact securities that the Board has purchased. They also identify new cases based on parameters set by the Board (a certain percentage drop, etc.).

Ms. Kulesa said that if they were to identify a case that affected the Board, her firm would provide an in-depth analysis of the claims, the liability, the potential damages and a memo with an overall assessment of each factor. They would then try to determine whether or not a case is suitable for the Board to participate in as lead plaintiff. The Court appoints whoever has the largest losses to represent all of the other investors. Ms. Kulesa said that they would monitor the case for the Board via quarterly reports and let them know when a settlement is reached. She also discussed some examples of cases that she and her firm have been involved in. She briefly examined non-U.S. securities litigation. Ms. Kulesa also noted that fees are contingent. If litigation is successful, they submit their fees and expenses the Court. The Court has to approve those fees and they would be paid out of the settlement fund if the Court approves. Their fees typically average around 20-25%. Levi & Korsinsky also has their own in-house monitoring software.

Trustee Murphy asked if it would be possible for them to provide an analysis of what their firm was compensated on some of their successful cases. Ms. Kulesa responded that she could compile a matrix of recent settlements her firm has been involved in and provide the percentage of the fee. Chair Deldin asked for that information to be provided to Ms. Schave. Retiree Representative Brumbaugh also had some questions about the E-Trade case. He asked what the average recovery per share was. Ms. Kulesa did not have that information readily available to her, but said that she would be happy to supply it with the other information that was requested.

*A motion was made by Trustee Cutler, supported by Vice-Chair Santo to add Levi & Korsinsky to the list of securities litigation firms the Board has in place monitoring their portfolio, pending legal review of the Portfolio Services Monitoring Agreement and Board review of the additional information that was requested. The motion carried.*

**11. Unfinished Business**

None

**12. New Business**

None

**13. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Murphy, supported by Trustee Haugh to adjourn the meeting at 10:02 a.m. The motion carried.*