

MINUTES OF THE RETIREMENT BOARD
Thursday, April 9, 2020

A meeting of the Retirement Board was held on Thursday, April 9, 2020 at 8:30 a.m., electronically in accordance with the Open Meetings Act and Executive Order 2020-4 issued by Governor Whitmer in an effort to protect the health and safety of the public. The following members were present remotely via Cisco Webex Events:

Present:

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

Excused:

Also Present:

Stephen Smigiel, Stephanie Dobson, John Schapka, 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 8:32 a.m. by Chair Deldin.

2. Adoption of Agenda

A motion was made by Trustee Haugh, supported by Vice-Chair Santo to adopt the agenda as presented. The motion carried.

3. Approval of Minutes from March 5, 2020

A motion was made by Trustee Rocca, supported by Trustee Grix to approve the minutes from March 5, 2020 as presented. The motion carried.

4. Approval of Invoices

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

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson advised that while she and her staff are working remotely, they are still servicing the members of the Retirement System and processing DROP applications and retirement paperwork. Her physical office is closed at least until the end of April. All calls to her department are being forwarded

to her cell phone and everything is being handled electronically. She briefly discussed the Activity Report included in the Board's packet which includes data from 2019 and thus far into 2020. Also included was a report showing trends in activity across the last few years.

Ms. Dobson advised the Board that the County has approved the addition of a new type of compensation as a result of the pandemic. This is a non-contractual or policy driven type of compensation and she indicated that she needs confirmation from the Board whether this "gratuity pay" should be classified as pensionable earnings for participants in the defined benefit plan. Pensionable earnings are included in the Final Average Compensation calculation and contributions are taken accordingly.

Chair Deldin asked Mr. Michaud to provide some insight and advise whether this has come up in any other systems. Mr. Michaud indicated that if a new pay category is going to be created, the Board should look at adopting it as part of an existing compensation policy or implement a new policy that outlines how this new pay category is to be treated in terms of pensionable earnings. He suggested this be a separate item on a future agenda, so the Board can discuss it and adopt any necessary resolution. He also recommended that the Board should get input from the employer and any potential unions involved as to how they believe this compensation should be treated.

Chair Deldin requested that Ms. Dobson, Mr. Schapka and Mr. McKinnon meet (with Mr. Michaud if necessary) to draft a policy resolution that can be presented to the Board on their next meeting agenda. Trustee Murphy also requested that union leadership be notified of any potential discussion related to this item.

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

7. Disability Retirements

a. Linda Gunter (Initial Application)

A motion was made by Trustee Cutler, supported by Vice-Chair Santo to adopt the resolution to process the disability retirement application of Linda Gunter and direct Human Resources to order an IME.

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, the Retirement Board is in receipt of an application dated March 18, 2020 from Linda Gunter requesting a Non-duty disability retirement; and

WHEREAS, in accordance with Section 28 of the Retirement System Ordinance provides that upon the application of a member, or the Member's department head, a member who (1) is in the employ of the County, (2) is vested**, and (3) has become or becomes totally and permanently incapacitated for duty in the employ of the County, may be retired by the Board: 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 Board (1) that the member is mentally or physically 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, therefore be it

RESOLVED, that the Retirement Board acknowledges receipt of said application and directs the processing of said application in accordance with the Retirement System provisions, and further

RESOLVED, that the Retirement Board directs the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Linda Gunter to be examined and to advise the Medical Director of their responsibilities, and further

RESOLVED, that the Retirement Board requests that all medical and/or other information be forwarded to the Medical Director in support of the application, and further

RESOLVED, that the Medical Director fulfill their duties and report to the Retirement Board their findings and certifications, and further

RESOLVED, that copies of this resolution and the Board's disability retirement procedures be forwarded to Linda Gunter, the Medical Director and all other appropriate parties.

** Any member who is not vested shall be considered vested for the exclusive purpose only of qualifying for disability retirement as provided in Section 28: Provided, that (1) the Board finds the Member is totally and permanently incapacitated for duty as the natural and proximate result of a personal injury or disease arising out of and in the course of the Member's actual performance of duty in the service of the County, and (2) the Member is in the receipt of workers' compensation on account of the Member's physical or mental incapacity. (Section 29 of the Retirement System ordinance).

The motion carried.

b. Victor Krese (Re-examination Opinion)

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

A motion was made by Trustee Cutler, supported by Trustee Grix that based on the Medical Director's opinion, the disability retirement of Victor Krese should be continued and the following resolution should be adopted:

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, Victor Krese was granted a disability retirement on March 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, that the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Victor Krese 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 March 25, 2020, which states that Victor Krese 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 Victor Krese has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Board hereby approves the continual disability retirement of Victor Krese 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 Victor Krese and all other appropriate parties.

The motion carried.

c. Timothy Hartman (Re-examination Opinion)

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

A motion was made by Trustee Cutler, supported by Trustee Grix that based on the Medical Director's opinion, the disability retirement of Timothy Hartman should be continued and the following resolution should be adopted:

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, Timothy Hartman was granted a disability retirement on March 17, 2006, 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, that the Retirement Board directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Timothy Hartman 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 March 30, 2020, which states that Timothy Hartman 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 Timothy Hartman has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Board hereby approves the continual disability retirement of Timothy Hartman 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 Timothy Hartman and all other appropriate parties.

The motion carried.

d. 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 Mr. Pintar's disability retirement should be continued.

A motion was made by Trustee Cutler, supported by Trustee Grix that based on the Medical Director's opinion, the disability retirement of Matthew Pintar should be continued and the following resolution should be adopted:

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, that 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 March 30, 2020, 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, therefore 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. Market Update and Discussion – AndCo Consulting, Michael Holycross

Mr. Holycross began his update with a discussion of recent market volatility due to the global pandemic. He and his team have been working hard to keep their clients in the loop during this time without overwhelming them with information. He plans to continue to send weekly updates and important information as it becomes available.

He noted that the first quarter report is going to reflect possibly negative 14-15% returns based on the information available as of March 31, 2020 (compared to December 31, 2019). Mr. Holycross indicated that they do not want to make any short-term decisions and will let the Investment Policy Statement guide decision-making as usual. The portfolio remains overweight in equity and they are still holding over \$20 million in cash, so he feels they are still in a very good position. That cash will continue to be used for upcoming capital calls. He and his team have been in constant contact with all of the Board's investment managers to ask questions and get updates.

The overall impact of the pandemic on the market is still unknown. Mr. Holycross cautioned that the second quarter is expected to be very difficult. The general consensus is that there will be a rebound in earnings hopefully beginning in the fourth quarter and into 2021. The Fed has taken the swiftest action ever seen to stimulate the economy and he expects that it will continue to act until the economy is able to get back up and running.

Mr. Holycross will continue to evaluate the timing of potential upcoming opportunities since they have capital to deploy when the time is right. He urged the Board members to reach out to him with any questions or concerns at any time.

A motion was made by Trustee Murphy, supported by Trustee Grix to receive and file the Market Update and Discussion provided by Mr. Holycross. The motion carried.

9. Securities Litigation Update – Corporation Counsel, John Schapka

Mr. Schapka provided a brief update on two securities litigation issues that had been brought to his attention by the firms that monitor potential cases where the Board has suffered losses and could join as a plaintiff in legal action to recoup those losses.

a. Align Technology

Align Technology is the company that makes Invisalign braces. Mr. Schapka is requesting authority to make a bid for lead plaintiff status on this case. It has already been filed and is pending in the U.S. District Court for the Southern District of New York in New York City. The Retirement System's losses total approximately \$510,000 over the course of three months. This case hinges on Invisalign's fairly

blatant misrepresentation of their market share and growth in China. The class period ends far before Coronavirus became an issue and can't be blamed on that. The aggregate losses for all investors are \$5.3 billion, so this is a major case. Mr. Schapka was actually contacted by all three of the firms that monitor the Board's investments. Whether the Board attains lead plaintiff status or not, they would still be a member of the class and entitled to their share of any recovery as a result of this litigation. As lead plaintiff, however, they would control decision making.

b. Stamps.com

This matter was brought to Mr. Schapka's attention just recently when Macomb was asked to take over lead plaintiff status. The case had been filed with another lead plaintiff, but that entity sold all of its shares during the pendency of the case and thereby lost standing to be lead plaintiff. The case was 10 days away from being dismissed because there was no longer a lead plaintiff when Mr. Schapka was contacted. There are several hundred million dollars in losses aggregate. He is not aware of the total loss that the Retirement System suffered, but a motion for dismissal was already pending when he was approached. Mr. Schapka discussed the matter with Chair Deldin and they determined it would be in the County's best interest to sign the County on as lead plaintiff, so the case could continue forward. Mr. Schapka is now seeking ratification of that decision from the Board.

A motion was made by Trustee Murphy, supported by Trustee Haugh to follow the recommendations of Mr. Schapka as Corporation Counsel in both of these matters. The motion carried.

10. Joe Cada Service Credit Update – VMT Law, Tom Michaud

Mr. Michaud summarized the issues related to Mr. Cada's situation for the Board since it has been some time since they have had a discussion related to this. The most recent information received is a confirmation from the state Office of Retirement Services (ORS) that confirms Mr. Cada's service credit to be 3.3+ years with the Macomb Community College. That determination has been finalized by ORS. The Board had been waiting for this confirmation before proceeding on making any further decisions. Mr. Michaud opened the discussion up for questions.

Retiree Representative Brumbaugh voiced his opinion that because the college disputed Mr. Cada's credited time, the Board should consider that before making a final determination on his eligibility for retirement. He believes that the Board should hear from the college to see if they would like to provide additional information first.

Chair Deldin indicated that he respects Retiree Representative Brumbaugh's opinion and appreciated his input, but there no longer seems to be a question about what the college believes Mr. Cada's service credit amount was. ORS has made a final determination and that is what the Board must rely on to make any decisions.

Mr. Cada's attorney, Mr. Donofrio was also present via telephone. Mr. Donofrio noted as well that ORS has made a final determination and confirmed that Mr. Cada has the time necessary to allow him to retire under the Reciprocal Retirement Act. He requested that Mr. Cada simply be allowed to retire now.

Chair Deldin asked Mr. Michaud for his recommendation at this time. Mr. Michaud responded that the Board had asked him to verify Mr. Cada's service credit and that has now been done and confirmed by ORS. Per Mr. Michaud, under the Reciprocal Retirement Act, this gives the Board the

authority to grant Mr. Cada the benefit he otherwise would have received had that information been available at the time of his separation from employment in 2013. The Board can now recognize the time Mr. Cada earned working at Macomb Community College for purposes of meeting the 25-year requirement to retire.

A motion was made by Trustee Cutler, supported by Trustee Grix for the Macomb County Employees' Retirement System to direct the Retirement Administrator to process Mr. Joseph Cada's retirement under the Reciprocal Act retroactive to the date of his separation from employment with the County. A roll call vote was taken with all Board members responding affirmatively. The motion carried unanimously.

11. Unfinished Business

None

12. New Business

Chair Deldin thanked Ms. Schave for her considerable efforts putting this meeting together remotely, so that it could be conducted in accordance with the Governor's Executive Order. He noted that there really is no way to know how long they will need to conduct meetings in this format and he requested Ms. Schave let him know prior to the next meeting if there are any pressing matters, so he can determine whether or not a meeting needs to be held.

Trustee Cutler added that one of their fund managers (Bloomfield Capital) has been very helpful in assisting with issues in the local community. He reached out to them with some concerns about housing some homeless people during the pandemic and Jason Jarjosa at Bloomfield responded quickly and provided him with some resources in the hotel industry.

Trustee Haugh also noted that the webinars and conference calls that are being held by the fund managers right now are very informative. He strongly recommended the Board members participate in those whenever possible.

Ms. Dobson inquired whether the Board wants to proceed with the presentation from Buck Global that had been originally been scheduled for the April 30th meeting. Chair Deldin indicated that they will make that determination as the next meeting date gets closer.

Mr. Donofrio inquired about what the next steps are for Mr. Cada. Chair Deldin advised that Retirement Services will reach out to Mr. Cada to set something up to process any documentation that must be completed (although given current circumstances that may be handled remotely).

13. Adjournment

There being no further business before the Board, a motion was made by Vice-Chair Santo, supported by Trustee Cutler to adjourn the meeting at 9:42 a.m. The motion carried.