

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, May 28, 2020**

A meeting of the Retirement Board was held on Thursday, May 28, 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, Michael Grix, Harold Haugh, Matthew Murphy, Larry Rocca, George Brumbaugh

Excused:

Also Present:

Stephen Smigiel, Stephanie Dobson, Christina Miller, John Schapka, 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 Vice-Chair Santo to adopt the agenda as presented. The motion carried.*

**3. Approval of Minutes from April 30, 2020**

*A motion was made by Trustee Rocca, supported by Vice-Chair Santo approve the minutes from April 30, 2020 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

**6. Retirement Administrator Report**

Ms. Dobson began her report by advising the Board members that the 2020 Holiday Retiree Luncheon has been cancelled. They were able to extend the contract with the venue over to 2021 with the same guaranteed price. She and Mr. McKinnon are trying to think of another way to show appreciation to the retirees and celebrate the holidays this year that does not require a large gathering.

**a. Annual Signature Verification**

Ms. Dobson noted that this is the time of year that her office typically sends out the Annual Signature Verifications to all retirees and beneficiaries collecting pensions. She and Mr. McKinnon have been in discussions on how to handle this process this year and Mr. McKinnon suggested it might be possible for some of the money from the CARES Act to be used to outsource this task this year. Since Ms. Dobson and her staff are working remotely, it would be very difficult to coordinate a mailing of over 3,000 notifications and the required return envelopes. Ms. Dobson and Mr. McKinnon thought it might be easier to have that handled by an outside vendor or if the Board desired, not send out the mailing at all this year. She requested input from the Board on this.

Trustee Cutler stated that he believes the Board is required to send out the mailing and verify that the retirees and beneficiaries collecting pension benefits are still alive. Trustee Murphy agreed that verifications should be completed. Trustee Grix inquired about what the verification process is and Ms. Dobson explained the procedures for him. Mr. Michaud confirmed that this is something that is done per Board policy.

Ms. Dobson inquired whether or not the Board would have concerns with possibly paying for an outside vendor to conduct this verification in the event that Mr. McKinnon discovers that money from the CARES Act cannot be used. Chair Deldin inquired if Ms. Dobson knows what the cost might be. She said that someone from the Human Resources office is going to be looking into the cost and once she has that information, she can pass it on to the Board members.

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

**7. Disability Retirements**

**a. Julie Bratten (Re-examination Opinion)**

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

*A motion was made by Trustee Cutler, supported by Vice-Chair Santo that based on the Medical Director's opinion, the disability retirement of Julie Bratten 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**, Julie Bratten was granted a disability retirement on February 8, 2017, 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 Julie Bratten to be re-examined and to advise the Medical Director of their responsibilities, and

**WHEREAS**, on April 3, 2020, Dr. Ancuta Matie, M.D. conducted an independent examination and reviewed all records provided and concludes Julie Bratten is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Julie Bratten should remain retired, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated May 4, 2020, which states that Julie Bratten 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 Julie Bratten 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 Julie Bratten 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 Julie Bratten and all other appropriate parties.

*The motion carried.*

**b. Linda Gunter (Examination Opinion)**

The Board was in receipt of the Medical Director's confidential medical reports regarding the examination of Linda Gunter. The Medical Director has concluded, based on the exam, that Ms. Gunter's disability retirement should be approved.

*A motion was made by Trustee Cutler, supported by Vice-Chair Santo that based on the Medical Director's opinion, the disability retirement of Linda Gunter should be approved 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**, the Retirement Board is in receipt of an application for disability retirement from Linda Gunter dated March 3, 2020 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) 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 Retirement 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 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 Board has previously acknowledged receipt of said application and directed the processing of said application in accordance with the Retirement System provisions, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated May 13, 2020, which states that Linda Gunter is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will be probably be permanent, and further indicates that Linda Gunter should be retired, and

**WHEREAS**, the Retirement Board has discussed this matter and has determined that Linda Gunter has met the eligibility requirements for disability retirement from the Retirement System, therefore be it

**RESOLVED**, that the Retirement Board hereby approves the disability retirement of Linda Gunter 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 Linda Gunter and all other appropriate parties.

*The motion carried.*

**c. Kelly Malicki (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 May 2, 2020 from **Kelly Malicki** 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 Kelly Malicki 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 Kelly Malicki, 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.*

**8. Buck Global – proposed contracts (Actuarial and Administrative Services)**

Mr. Michaud indicated that he had reviewed the proposed contracts and he recommends removal of the language that is included dealing with the limit of liability. Right now there is a limit of \$1.5 million on liability and these documents propose changing that to \$1 million. They have also changed the standard of care from negligence to gross negligence. He recommends going back to Buck and asking them to simply remove Section Three from each of the letter agreements to revert back to the original language in the contract that has been there for a number of years.

*A motion was made by Trustee Cutler, supported by Trustee Rocca to approve the contracts as recommended to be modified by the recommendation of outside counsel. The motion carried.*

**9. Alidade Capital – requests for Second Amendment to Limited Partner Agreement (Funds III & IV)**

Mr. Holycross described this as just a slight amendment to some vague language that Alidade has identified in their documents that defines the use of leverage and what is allowable. Alidade is seeking better clarification of this language, so they reached out to AndCo and they worked on drafting this amendment together. Mr. Michaud confirmed that he has no legal issues with the amendment as proposed.

*A motion was made by Vice-Chair Santo, supported by Trustee Haugh to approve and sign the Second Amendment to the Limited Partner Agreement (Funds III & IV) as presented by Alidade. The motion carried.*

**10. VanOverbeke, Michaud & Timmony – CARES Act update, Tom Michaud**

Mr. Michaud discussed the memo that had been provided by his firm to the Board detailing some updated information related to the CARES Act. There have been a number of flexible features built in, but from a practical standpoint what the Board needs to do is update their 402 notice which is the IRS

required notification that is given to individuals who receive distributions and explains some of the tax ramifications. His firm has provided some guidelines for updating that notice.

*A motion was made by Trustee Haugh, supported by Trustee Rocca to receive and file the CARES Act update provided by Mr. Michaud. The motion carried.*

**11. AndCo Consulting 1<sup>st</sup> Quarter Performance Report and April Flash Report, Mike Holycross**

Mr. Holycross reviewed the April Flash Report that was provided to the Board in their packets. The fund is back up over \$900 million, but down 11.33% year-to-date. With the market value update Mr. Holycross sent yesterday, the fund is up over \$970 million as of May 26<sup>th</sup>. Edgewood is up 1.70% year-to-date and small cap value stocks are still down significantly. He noted that all managers have been communicating with AndCo on a regular basis. They have no immediate concerns with any of the managers at this time.

Mr. Holycross inquired if the Board would like to proceed with interviews for a new investment in global long/short hedged equity that they had discussed several meetings ago. The search book had been reviewed and the Board had decided to interview two firms, Nantucket and ABS. He suggested that interviews could be conducted with those two firms at the June 18<sup>th</sup> meeting. Trustee Cutler stated that he would like to proceed with these interviews, so the Board can make an investment decision soon and he has no issue with the presentations being done remotely in the same format the Board has been using for their meetings. Chair Deldin agreed and Mr. Holycross will extend invitations to both Nantucket and ABS to present at the June 18<sup>th</sup> meeting. He will proceed with the understanding that the meeting will be held remotely unless circumstances change in the interim. Mr. Holycross speculated that some firms may also still have travel restrictions in place, so a remote meeting will likely be optimal.

Mr. Holycross reminded the Board that they had initially talked about a \$40 million investment in global long/short hedged equity. He is currently thinking a half position of \$20 million would be more appropriate at this time. If the current market conditions continue, they may be in a position to invest the other half by year end. The final allocation will be determined once the interviews have been conducted and a decision has been made. Mr. Holycross will prepare another updated market value handout closer to the June 18<sup>th</sup> meeting, so the Board can see where the money for this investment would come from.

Mr. Holycross also suggested the Board consider an investment in some sort of credit dislocation strategy. AndCo will prepare a search book with some opportunities the Board can review and potentially make a decision on sometime after the June 18<sup>th</sup> meeting.

Mr. Holycross also answered some questions from Vice-Chair Santo related to the Underperforming Manager Policy and several specific managers that appear on that report.

*A motion was made by Vice-Chair Santo, supported by Trustee Rocca to receive and file the 1<sup>st</sup> Quarter Performance Report and April Flash Report provided by Mr. Holycross. The motion carried.*

**12. Unfinished Business**

None

**13. New Business**

Chair Deldin indicated that the next Board meeting is scheduled for next Thursday, June 4<sup>th</sup>. This is one of the few times during the year that the Board has back-to-back meetings scheduled. Ms. Schave had advised Chair Deldin that there was no pending business submitted to her for a June 4<sup>th</sup> agenda. Chair Deldin is proposing canceling the June 4<sup>th</sup> meeting and opened this up for discussion.

*A motion was made by Trustee Haugh, supported by Trustee Rocca to cancel the June 4<sup>th</sup> meeting and proceed with any pending business at the next regularly scheduled meeting on June 18<sup>th</sup>. The motion carried.*

**14. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Haugh, supported by Trustee Rocca to adjourn the meeting at 9:11 a.m. The motion carried.*