

MINUTES OF THE RETIREMENT BOARD
Thursday, August 23, 2018

A meeting of the Retirement Board was held on Thursday, August 23, 2018 at 8:30 a.m., in the Administration Building, 9th Floor Committee Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Mark Deldin, Bryan Santo, Bob Smith, Carol Grant, Matthew Murphy, Larry Rocca, George Brumbaugh

Excused:

Gary Cutler

Also Present:

Stephanie Dobson, Stephen Smigiel, Larry Lee, 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

Chair Deldin requested to amend the agenda and add "Bloomfield Capital correspondence" immediately following the Edgewood update.

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

3. Approval of Minutes

a. August 9, 2018

A motion was made by Vice-Chair Santo, supported by Trustee Smith to approve the minutes of the August 9, 2018 meeting as presented. The motion carried.

4. Approval of Invoices

Chair Deldin requested to add an additional invoice from Conduent for a \$900.00 EDRO calculation fee. The fee must initially be paid by the Retirement System and is then reimbursed by the member.

A motion was made by Trustee Smith, supported by Trustee Murphy to approve the invoices as presented with the addition of the \$900.00 Conduent invoice. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson provided another update on the progress of the Annual Signature Verification. At this time, there are 24 individuals who have still not returned the required documentation. The deadline to return the necessary form is August 31st with suspension of pension and health care benefits slated for October 1st. Retiree Representative Brumbaugh reported that he had received the list of names from Ms. Dobson as the Board had directed and there was only one individual on the list who is a member of the Association. Unfortunately, they no longer have a valid telephone number for them and have not received a response to an email sent to them.

Ms. Dobson also reported that the email had gone out to all employees introducing them to the online retirement calculator. So far they have only received two requests for a review and phone calls have been very minimal. She is a bit surprised by this, but things appear to be going smoothly.

Ms. Dobson also expressed her appreciation to the Board for making the decision to spend the money to update the actuary system and implement the self-service site. Overall, she believes the members are very pleased. Chair Deldin thanked Ms. Dobson for her efforts on this endeavor. Ms. Dobson noted that she has reached out to the programming team at Conduent to see if they can provide her with the number of people who have registered to use the system. She will report that number to the Board as soon as she receives it.

Trustee Smith asked if there have been any attempts made to reach out to the former departments of the individuals who have not yet returned the Annual Signature Verifications. Trustee Grant asked if the list could be provided to the Board members, so they could see if there is anyone they know on the list and perhaps they could also reach out. Mr. Michaud added that it is the responsibility of these individuals to notify the Retirement System of any changes to their information (address, life circumstances, email address, etc.). He understands the intent and why the Board would want to try to help, but ultimately it is the retiree's responsibility and often times it is necessary to suspend the benefits for one month to get their attention and that is a reasonable approach. Trustee Murphy pointed out as well that if they do have a suspension of their check, in the end they will be made whole. Ms. Dobson noted that the suspension of health care benefits could be more complicated depending on how long it takes the individual to respond. Most carriers are able to re-instate within 30 days, but there are also Medicaid regulations that come into play.

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

7. Disability Retirements

a. Matthew Pintar (Examination Opinion)

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

A motion was made by Trustee Murphy, supported by Trustee Grant that based on the Medical Director's opinion, the disability retirement of Matthew Pintar shall be approved and the following resolution shall 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 Matthew Pintar dated April 30, 2018 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 August 3, 2018, which states that Matthew Pintar is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Matthew Pintar should be retired, and

WHEREAS, the Retirement Board has discussed this matter and has determined that Matthew Pintar 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 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.

b. Victor Krese (Examination Opinion)

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

A motion was made by Trustee Murphy, supported by Trustee Grant that based on the Medical Director's opinion, the disability retirement of Victor Krese shall be approved and the following resolution shall 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 Victor Krese dated March 6, 2018 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, on July 27, 2018, Dr. Kevin Scott conducted an independent examination and reviewed all records provided and concludes Victor Krese is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Victor Krese should be retired, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated August 14, 2018, which states that Victor Krese is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Victor Krese should be retired, and

WHEREAS, the Retirement Board is in receipt of a certification from the Medical Director, dated August 14, 2018, which states that Victor Krese is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Victor Krese should be retired, and

WHEREAS, the Retirement Board has discussed this matter and has determined that Victor Krese 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 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. Cherie Marker-Gray (Re-examination Opinion)

A motion was made by Trustee Murphy, supported by Trustee Grant to adopt the following resolution and continue the disability retirement of Cherie Marker-Gray:

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, Cherie Marker-Gray was granted a disability retirement on August 22, 2014, 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 Cherie Marker-Gray 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 July 31, 2018, which states that Cherie Marker-Gray 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 Cherie Marker-Gray 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 Cherie Marker-Gray 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 Cherie Marker-Gray and all other appropriate parties.

The motion carried.

d. Sheila Bucci (Application)

A motion was made by Trustee Grant, supported by Trustee Murphy to adopt the following resolution to process the disability retirement application of Sheila Bucci and direct Human Resources to order an independent medical examination.

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 August 13, 2018 from Sheila A. Bucci 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 Sheila A. Bucci 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 Sheila A. Bucci, 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.

e. Amy Zmick (Out of State Evaluation)

Chair Deldin directed the members to an invoice in their packets for an out of state evaluation for disability retiree Amy Zmick. He wondered what the Board's procedure has been on this in the past and whether they are required to pay the added cost when a member no longer lives within the area serviced by the Board's Medical Director. Mr. Michaud indicated that this is simply an administrative cost that the Board must bear. Even though the exam fee is higher than it would be if the retiree lived in this area, the re-examination must be done and unfortunately the costs will vary depending on where the individual resides.

A motion was made by Vice-Chair Santo, supported by Trustee Murphy to approve the cost (\$3,250.00) of the out of state evaluation for Amy Zmick. The motion carried.

8. Intercontinental update – Paul Nassar

Mr. Paul Nassar joined the meeting to provide the Board with an update on the Intercontinental portfolio. He reported that there have been no changes in management and that they currently have \$7.6 billion in assets under management (AUM). He provided a summary of investment performance and reviewed the list of their top 10 holdings. The portfolio is very well diversified both by property type and geography. It contains over 117 properties today. They continue to look for opportunities across the country and are doing a little bit more development on their own.

A motion was made by Trustee Smith, supported by Trustee Grant to receive and file the Intercontinental update. The motion carried.

9. Edgewood update – Gui Costin, Alan Breed

Mr. Gui Costin and Mr. Alan Breed joined the meeting to provide the Board with an update on the Edgewood portfolio. Mr. Breed discussed a number of the 22 companies that are held within the portfolio, including their top 10 holdings. He also described in great detail some of the “themes” within the portfolio and the trends they see moving forward. Mr. Breed also talked about generational shifts in the way people behave and how that behavior and technology is affecting businesses and the way individuals consume products in a different fashion.

Mr. Breed noted that they have not done a lot of trading because they have had the portfolio positioned very well and the companies have been executing beyond anything they thought could happen. They are off to a good start this year and have had a great run the last five years. He does not believe they are close to the end and he feels comfortable with where they are moving forward.

A motion was made by Trustee Grant, supported by Trustee Murphy to receive and file the Edgewood update. The motion carried.

Trustee Rocca departed the meeting at this point.

10. Bloomfield Capital correspondence

The Board was in receipt of correspondence from Bloomfield Capital regarding their newest fund (Fund V). Mr. Jason Jarjosa and Mr. Mike Lucci joined the meeting to discuss the correspondence. Since the Board’s investment in Fund II is winding down and principle is starting to be distributed, they are requesting consent to roll \$10 million in capital over into their new Fund V. There is a 24-month commitment in Fund V, reduced management fee (from 2.0% to 1.5%) and a preferred return to loyal investors (8.5% vs. 7.5% for new investors). This investment has not gone through AndCo’s investment committee, but the documents have been reviewed by legal and they are consistent with the discussions with Bloomfield.

A motion was made by Vice-Chair Santo, supported by Trustee Smith to roll \$10 million in capital from Bloomfield Fund II over into Bloomfield Fund V. The motion carried.

11. 2017 Actuarial Valuation presentation by Conduent – Troy Jaros

Mr. Troy Jaros of Conduent joined the meeting to present the Board with the 2017 Actuarial Valuation. He reported that there has been another change with the company and that the HR Consulting/Actuary portion of the firm has by sold by Conduent to Buck.

He provided an overview of the report. There have been no changes in assumptions or methods for this year. They are looking at doing an experience study this fall which will look at the system’s assumptions and experience over the last five years and compare what actually has happened to what is expected to happen. Next year, he will likely be coming back to the Board with assumption changes.

Overall, the unfunded liability went down \$55 million. Funded percentage based on the actuarial value of assets went up from 92.28% to 97.80%. The required contribution decreased from \$22.1 million last year million to \$16.1 million. Mr. Jaros also discussed the various charts showing covered population with three years of history.

Retiree Representative Brumbaugh inquired about a few pages in the report and the presentation. Mr. Smigiel also posed some questions on his own behalf as well as Trustee Cutler's (who was excused from today's meeting). Mr. Jaros will make some corrections based on the discussion and provide a revised report.

Mr. Michaud also advised the Board that the state has set preliminary assumptions that will need to be used for purposes of reporting. These assumptions are not for funding status or contributions in this report, but are something that the state will be requiring retirement systems and health care plans to have as additional calculations. This will be effective next year, but he is suggesting in the next report Buck add another couple of columns or comment sections that will be a calculation on what the state is requiring. This is just a matter of reporting. The Board would not be required to actually change their assumptions at all.

A motion was made by Trustee Murphy, supported by Trustee Smith to receive and file the 2017 Actuarial Valuation as presented. The motion carried.

12. Unfinished Business

None

13. New Business

a. Retiree Luncheon

Trustee Grant asked when the Retiree Luncheon is scheduled to take place. Ms. Dobson advised that the annual Holiday Retiree Luncheon is scheduled for December 6th at Zuccaro's. Ms. Schave will be sending out the email to fund managers very soon to request donations to help provide backing for the event.

Ms. Dobson also advised the Board that she has already heard back from her programming team at Buck and 590 people have already registered to use the online benefit calculator tool.

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Grant, supported by Vice-Chair Santo to adjourn the meeting at 10:38 a.m. The motion carried.