

**MINUTES OF THE RETIREMENT BOARD**  
**Thursday, November 15, 2018**

A meeting of the Retirement Board was held on Thursday, November 15, 2018 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, Larry Rocca, Carol Grant, Bob Smith, Matthew Murphy, George Brumbaugh

Excused:

Gary Cutler

Also Present:

Stephen Smigiel, Stephanie Dobson, Joe Biondo, Andrew McKinnon, Tom Michaud, Mike Holycross

**1. Call to Order**

There being a quorum of the Board present, the meeting was called to order at 9:30 a.m. by Chair Deldin.

**2. Adoption of Agenda**

Chair Deldin thanked the Board members for accommodating the meeting time change today. He also requested to make an adjustment to the order of items on today's agenda. He proposed swapping items #7 and #8. The Board members had no objections.

*A motion was made by Trustee Murphy, supported by Vice-Chair Santo to adopt the agenda as revised by Chair Deldin. The motion carried.*

**3. Approval of Minutes from October 25, 2018 and November 1, 2018**

*A motion was made by Trustee Rocca, supported by Trustee Murphy to approve the minutes from October 25, 2018 and November 1, 2018 as presented. The motion carried.*

**4. Approval of Invoices**

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

**5. Public Participation**

None

*Chair Deldin corrected himself and noted that he had actually wanted to swap items #6 and #8 on the original agenda. A motion was made by Trustee Rocca, supported by Trustee Murphy to adopt this change to the agenda presented by Chair Deldin. The motion carried.*

**6. Nuveen/NWQ investment update – Jim Stephenson, Michael Mullane, Lisa George**

Ms. Lisa George, Mr. Jim Stephenson and Mr. Michael Mullane joined the meeting to provide an update on the Nuveen/NWQ investments. Ms. George distributed one additional handout to the Board members and began the discussion with a brief introduction of herself and her colleagues present today.

Mr. Mullane continued with a brief reminder of the characteristics of the portfolio and what they look for in their holdings.

Mr. Stephenson picked up the conversation from there and discussed performance of the fund as of September 30, 2018 (on a net basis down 1.16% YTD). He examined growth vs. value and the impact of the Information Technology sector. Mr. Stephenson also reviewed their outlook for the portfolio and allocation across sectors as well as regionally. He also examined their top 10 positions.

*A motion was made by Trustee Smith, supported by Trustee Grant to receive and file the Nuveen/NWQ investment update. The motion carried.*

**7. Retirement Administrator Report**

**a. State of Michigan offset**

Ms. Dobson began the discussion with a summary of the information she had previously provided to the Board. In the packet, she provided a copy of an opinion from Corporation Counsel as well as a copy of the grievance resolution from 1994 that pertains to this issue. This relates to individuals that were partially paid by the State as well as the County. The grievance resolution indicates that if the individual member is collecting a pension from the State of Michigan, then the County pension should be offset by the dollar amount of the State of Michigan pension. She first became aware of this when one of the individuals collecting a state pension provided her with a copy of their pension statement. She reminded the Board that there had also been another member who was drastically overpaid and they have now started the process of collecting the overpayment in that case.

As the process has evolved, a FOIA request had been sent to the State of Michigan to see if the remaining two individuals were or were not collecting a pension from the State. Through this FOIA request, it was discovered that Ms. Noel Reynolds (one of the individuals covered by the grievance resolution) has been collecting a State pension benefit, but her County pension has not been offset. A communication was sent to Ms. Reynolds by Ms. Dobson's office advising that they would begin adjusting her pension based on the offset. She had a lengthy meeting with Ms. Reynolds and did some further calculations and examined the other five retiree's files. Ms. Reynolds believed her situation was different than the other cases and does not feel that the grievance resolution applies to her. Ms. Dobson took the information she had gathered and forwarded it to Corporation Counsel for their opinion. Corporation Counsel determined that Ms. Reynolds should still have an offset based on the pension she is collecting from the State of Michigan. Ms. Reynolds was notified and Ms. Dobson is still working on calculating the final total that was overpaid.

Ms. Reynolds was given the opportunity to address the Board. She introduced herself and provided background on her employment history. Ms. Reynolds was employed at Macomb County Juvenile Court for 27-and-a-half years and during approximately 19 of those years she received a paycheck from both the State and the County. Her name is listed in the grievance resolution that has been

discussed, but she indicated that she felt the offset did not apply to her because at the time of her retirement, her Final Average Compensation (FAC) was based only on years when she was not collecting a paycheck from both the State and the County. In 1999, the dual payment system was stopped and due to her age (not eligible for retirement for 10 more years) she stated that she was no longer eligible to receive any benefit from the grievance resolution. Ms. Reynolds stated that she had met with Ms. Wendy Fisher (the retirement coordinator at the time of her retirement) and Ms. Fisher said nothing to her about an offset. Her FAC and County pension is based only on what she was paid by the County. She said that she never agreed to the grievance resolution and that it was signed by someone who represented the union. Ms. Reynolds stated that she believed she would be treated like the others (she knows of one individual in particular) and collect a full County pension based on her FAC and also be allowed to collect the State pension.

Retiree Representative Brumbaugh asked for confirmation that Ms. Reynolds is receiving a State pension. She replied that she is and it is about \$500 per month. He asked if that was based on the years that she worked for the County. She said that she was at one time also considered a State employee and was receiving two paychecks (one from the County and one from the State). She noted that the State pension was non-contributing. Retiree Representative Brumbaugh asked for confirmation that she was one of the individuals who was involved in the grievance and she stated that she was and it took several years to reach a resolution. Ms. Reynolds said that the union told the grievance participants what the settlement was going to be and they did not have an opportunity to agree or disagree with it.

Chair Deldin asked if there were any other questions for Ms. Reynolds. Seeing none, he advised her that the Board will take the information she provided under advisement and request Ms. Dobson and Mr. Michaud to review everything and bring a recommendation back to the Board.

Retiree Representative Brumbaugh added that he had contacted Ms. Fisher to see if she recalled this issue. Ms. Fisher responded by email and he said he would share that with Ms. Dobson and Mr. Michaud. Her recollection is basically what Ms. Dobson reported.

*A motion was made by Trustee Grant, supported by Trustee Smith to receive and file the information provided today and forward it to legal counsel for further review. The motion carried.*

## **8. Disability Retirements**

### **a. Randall Smith (initial opinion)**

The Board was in receipt of the Medical Director's confidential medical reports regarding the examination of Randall Smith. 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 Vice-Chair Santo that based on the Medical Director's opinion, the disability retirement of Randall Smith 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 Randall Smith dated June 22, 2018 and

**WHEREAS**, 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 October 10, 2018, Dr. Zachary Endress, M.D. conducted an independent examination and reviewed all records provided and concludes Randall Smith is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Randall Smith should be retired, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated October 25, 2018, which states that Randall Smith is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Randall Smith should be retired, and

**WHEREAS**, the Retirement Board has discussed this matter and has determined that Randall Smith 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 Randall Smith 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 Randall Smith and all other appropriate parties.

*The motion carried.*

**b. Gordon Carpenter (initial opinion)**

The Board was in receipt of the Medical Director's confidential medical reports regarding the examination of Gordon Carpenter. 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 Vice-Chair Santo that based on the Medical Director's opinion, the disability retirement of Gordon Carpenter 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 Gordon Carpenter dated September 16, 2018 and

**WHEREAS**, 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 November 6, 2018, which states that Gordon Carpenter is totally and permanently incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Gordon Carpenter should be retired, and

**WHEREAS**, the Retirement Board has discussed this matter and has determined that Gordon Carpenter 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 Gordon Carpenter 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 Gordon Carpenter and all other appropriate parties.

*The motion carried.*

**c. Amy Zmick (re-examination opinion)**

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

**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**, Amy Zmick was granted a disability retirement on August 20, 2010, 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.

**WHEREAS**, the Retirement Board directed the Human Resources and Labor Relations Department to contact the medical director to set up an appointment for Amy Zmick to be re-examined and to advise the medical director of their responsibilities, and

**WHEREAS**, on September 24, 2018, Dr. William Carr, M.D. conducted an independent examination and revised all records provided and concludes Amy Zmick is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Amy Zmick should remain retired, and

**WHEREAS**, the Retirement Board is in receipt of a certification from the Medical Director, dated October 31, 2018, which states that Amy Zmick 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 Amy Zmick has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

**RESOLVED**, the Retirement Board hereby approves the continual disability retirement of Amy Zmick 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 Amy Zmick and all other appropriate parties.

*The motion carried.*

**9. Model Safe Harbor Rollover Notice – discussion and approval**

Mr. Michaud advised the Board that his office had provided an updated Model Safe Harbor Rollover Notice for their review and approval. This is the notice that is provided to anyone who takes a lump sum distribution. The IRS has modified their notice and has made it a little more user-friendly. His recommendation is to approve this modified notice and to continue to provide this to anyone who receives a distribution.

*A motion was made by Trustee Smith, supported by Trustee Rocca to follow Mr. Michaud's recommendation and approve this modified notice for distribution. The motion carried.*

**10. Certification of results of Employee Representative Election process**

Mr. Smigiel advised the Board that only one candidate had pulled a petition to run for the vacancy created by the expiration of Carol Grant's current term on the Board. The Retirement Board certifies the election of Carol Grant pursuant to the election procedure.

*A motion was made by Trustee Rocca, supported by Vice-Chair Santo to approve the results of the election process and declare Trustee Grant elected. 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 Rocca, supported by Trustee Smith to adjourn the meeting at 10:26 a.m. The motion carried.*