

MINUTES OF THE RETIREMENT COMMISSION
Thursday, March 24, 2016

A meeting of the Retirement Commission was held on Thursday, March 24, 2016 at 8:30 a.m., at the Macomb County Administration Building, 9th Floor Conference Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Chair David Flynn, Vice-Chair Gary Cutler, Mark Deldin, Bob Hoepfner, Derek Miller, Matthew Murphy, George Brumbaugh

Excused:

Also Present:

Stephen Smigiel, John Schapka, Stephanie Dobson, Tom Michaud, John Kravitz

1. Call to Order

There being a quorum of the committee present, the meeting was called to order at 8:31 a.m. by Chair Flynn.

2. Adoption of Agenda

A motion was made by Trustee Deldin, supported by Trustee Hoepfner to approve the agenda as presented. The motion carried.

3. Public Participation

None

4. Approval of Minutes

A motion was made by Trustee Deldin, supported by Trustee Hoepfner to approve the minutes of the March 3, 2016 meeting as presented. The motion carried.

5. Chairman's Comments

Chair Flynn indicated he had met with Mr. Holycross to work on balancing the fund manager presentations and interviews for new investments on the meeting schedule. He would like to keep each meeting to 60-90 minutes to make the most efficient use of the Board's time. He will have more to report at the next meeting, but at this time he would like to request that the meeting on Thursday, April 21st be rescheduled to either Monday, April 25th or Friday, April 29th.

Chair Flynn asked that an email be sent out to the Board members to find out which day would be preferred. The meeting would likely start at 8:30 a.m. Consensus will be gathered from the members and as soon as a new date is confirmed, they will be notified.

Chair Flynn would also like to put some focus on the Retirement Commission's website. He would like to see it become more user-friendly and he will work with Ms. Dobson to put together an action plan for updates and additions.

A motion was made by Trustee Murphy, supported by Vice-Chair Cutler to receive and file the Chairman's Comments. The motion carried.

6. Approval of Invoices

Chair Flynn pointed out to the Board members that the reason for the higher reimbursement request for Trustee Deldin at the EnTrust Summit was due to the fact that the hotel charged his personal credit card instead of the County card as it had with the other attendees.

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

7. Executive Session to discuss outstanding 2015 Disability Re-examination

At 8:35 a.m. a motion was made by Trustee Hoepfner to enter into closed session to discuss the outstanding disability retirement re-examination from 2015. The motion was supported by Trustee Murphy. A roll call vote was taken with all members responding affirmatively to enter into closed session. The motion carried.

At 8:45 a.m. a motion was made by Vice-Chair Cutler to come out of closed session. The motion was supported by Trustee Hoepfner. The motion carried.

Ms. Dobson received direction from the Board on how to proceed with this re-examination and will contact the Medical Director (MMRO) to follow-up.

8. PitchBook FOIA request

Chair Flynn advised that he had received a FOIA request via email and that he had forwarded it on to Corporation Counsel and Independent Counsel for review. Mr. Schapka confirmed that he is the designated FOIA Coordinator for the Retirement System and that he had invoked the 10-day extension allowed for response. He indicated that there were three items requested that are proprietary in nature and exempt under the statute. There is also another item that he described as an "interrogatory" and he advised that the Board is under no obligation to answer questions. He also advised that they are not required to create a document (a compilation) from many source documents. He confirmed that he will respond with the information that is not

proprietary and not a compilation. Chair Flynn inquired as to which items those are. Mr. Schapka responded that these items are the amounts committed, the distributions made and the net asset value. Mr. Michaud concurred with his opinion. Mr. Schapka will carbon copy (CC) Chair Flynn on the response.

A motion was made by Trustee Hoepfner, supported by Trustee Miller to receive and file the PitchBook FOIA request. The motion carried.

9. Correspondence from Intercontinental Real Estate Corporation

Chair Flynn summarized the prior due diligence failure by Intercontinental and Graystone's recommendation to the Board to terminate the investment. The correspondence received describes the action taken by Intercontinental to remedy the issue with one member of their investment team who did not have the degree that had originally been attributed to him. Intercontinental has now passed Graystone's external due diligence process and there are no concerns at this time.

Chair Flynn indicated that when he met with Mr. Holycross he had also spoken to him about this particular issue. The redemption period has been extended to allow the Board to discuss whether or not they would like to keep their investment with Intercontinental since their returns have been good and the only reason termination was considered was because of the due diligence issue (which has now been resolved). He indicated that Intercontinental would have representatives in attendance at the April 7, 2016 meeting to make a presentation to the Board. Vice-Chair Cutler expressed his opinion that the investment with Intercontinental has historically provided good returns and now that they have cleared due diligence, he would like to hear what they have to say and possibly reconsider terminating the investment.

A motion was made by Trustee Hoepfner, supported by Trustee Deldin to receive and file the correspondence from Intercontinental. The motion carried.

10. EDRO payment discussion

Chair Flynn provided some background on this topic to the other Board members. This is a subject that has been discussed previously by the Administrative Policy Committee members, but not the Board as a whole. The Committee recommends the drafting of a policy that would require the individuals involved in the divorce action pay for the cost of the EDRO. Currently, the Retirement System covers the cost of the EDRO and Vice-Chair Cutler pointed out that expenses should benefit the entire system not just specific individuals. He does not feel that the system should be incurring costs that are associated with one person.

Ms. Dobson indicated the cost for actuary review and certification is approximately \$2,000 per divorce. Mr. Michaud added that they are becoming more costly to administer actuarially and more complex from a legal standpoint. He advised it would be appropriate for the plan to ask that the parties cover this expense. At this time, the Board members did not have any objections

to implementing this type of policy. Mr. Michaud will bring a draft to one of the April meetings for the Board's review and further discussion.

11. MAPERS Spring Conference

Chair Flynn called for discussion on the MAPERS Spring Conference to be held in Mount Pleasant this year. Mr. Michaud requested that two delegates be appointed to represent the Board for voting purposes at the conference. The Board members will check their availability and advise whether or not they will be able to attend the conference at the next meeting. Delegates will be chosen at that time.

A motion was made by Vice-Chair Cutler, supported by Trustee Hoepfner to approve attendance at the 2016 MAPERS Spring Conference. The motion carried.

12. Other Business

Chair Flynn inquired about an update on the Employee Representative Election. Mr. Smigiel advised that the vacancy had been posted again and the deadline to file nominating petitions is April 1, 2016.

Mr. Smigiel also provided an update on the transition of actuarial services. He informed the Board that Buck had been able to very closely replicate the 2014 valuation done by GRS. He has spoken with Larry Langer from Buck and Mr. Langer would like to come in sometime in May or June to provide the Board with an update and discuss assumption changes. Ms. Dobson also advised that the goal is still to have Buck's system up and running in her office by the end of May.

Chair Flynn indicated that once the draft manager schedule is available, he would like to create some sort of cloud based system where Board members could view when the money managers and searches are scheduled to ensure they are able to attend those meetings. He feels it is very important to have the majority of the Board present when major decisions are going to be made concerning investments or other issues.

13. Adjournment

There being no further business before the Board, a motion was made by Trustee Hoepfner, supported by Trustee Deldin to adjourn the meeting at 8:58 a.m. The motion carried.