

**MINUTES OF THE RETIREMENT COMMISSION**  
**Thursday, July 9, 2015**

A meeting of the Retirement Commission was held on Thursday, July 9, 2015 at 8:30 a.m., at the Macomb County Administration Building, 9<sup>th</sup> Floor Conference Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Jerry Moffitt – Chair, Dave Flynn, Bob Hoepfner, Matthew Murphy, Mark Deldin

Excused:

Darra Slanec – Vice-Chair, Gary Cutler

Also Present:

John Schapka, John Kravitz, Stephanie Dobson, Mike Holycross, Brian Green, Tom Michaud

**1. Call to Order**

There being a quorum of the committee present, the meeting was called to order at 8:30 a.m. by Chair Moffitt.

**2. Adoption of Agenda**

A motion was made by Trustee Deldin to adopt the agenda as presented. The motion was supported by Trustee Murphy. The motion carried.

**3. Public Participation**

None

**4. Approval of Minutes – June 25, 2015**

A motion was made by Trustee Hoepfner, supported by Trustee Deldin to approve the updated minutes of June 25, 2015 as presented at the meeting. The motion carried.

**5. Update on Actuarial Service Provider negotiation**

Ms. Dobson reported that she has another call scheduled with Phil Parker of Buck Consultants to determine if there are features being included in the software that the County would not utilize. Buck has dropped the price approximately 10% thus far and Ms. Dobson is hoping to bring the price down further by streamlining the software to better meet the County's needs. She inquired about a "drop dead" date for when the new actuarial agreement needs to be in place. Mr. Smigiel will need to weigh in on that at the next meeting. Trustee Deldin inquired about whether or not there is a need to consult the County's IT Department to ensure that there are no compatibility issues with Buck's software. Ms. Dobson advised that the software only needs to be compatible with the payroll providers to ensure

that the feeds transfer properly from one system to another. Chair Moffitt requested this item be added again to the agenda for the next meeting.

## **6. Scott + Scott Securities Litigation presentation**

Chair Moffitt reminded the Board members that there are four firms that have given presentations previously and he advised that Scott + Scott would like to be added to the list of firms that would be considered for securities litigation. He would like the Board to hear their presentation and then have counsel do some additional research into the firm with the expectation that a motion either approving or denying adding them to the list will be made at the next meeting.

Donald Broggi and Tracey Sheak of Scott + Scott provided a handout and presentation regarding their firm and the services they offer. Mr. Broggi briefly went through the materials which included a firm overview, sample monitoring report, representative client list, sample monitoring agreement and their June 2015 client newsletter. They would provide monitoring service at no cost and have internal investigators (forensic accountants) who watch the market very closely and look for inconsistencies.

Chair Moffitt requested Mr. Schapka provide an update at the next Board meeting on current litigation.

## **7. Other Business**

Mr. Holycross and Mr. Green provided an update on the current economic and investment conditions in both Greece and China. They do not see any systemic risk with the situation in Greece. Morgan Stanley actually sees the volatility within Europe as a great buying opportunity.

The Chinese government has made a big push the last few years to get foreign investment. Licenses can be obtained to purchase A-shares as a foreign investor (as EARNEST Partners has done). There has been a loss of confidence in the markets in China due to everything that has gone on in the last two years. Margin requirements have been loosened dramatically, low interest loans have been given to different brokerage companies and restrictions have been placed on selling stock (for certain investors or those who hold certain amounts). The pension system's only exposure to the Chinese markets is through EARNEST Partners. Approximately 10% of their portfolio is in the A-share marketplace. Mr. Green sees the recent market activity in China as a cooling off period and not entirely unexpected. Chair Moffitt requested that EARNEST Partners and Franklin Templeton be moved up in the presentation schedule.

Mr. Michaud advised that a Motion for Summary Disposition has been filed and is scheduled for August 10, 2015 in the Elizabeth Carver lawsuit related to annuity withdrawal for non-duty disability retirement.

## **13. Adjournment**

There being no further business before the Board, a motion was made by Trustee Deldin, supported by Trustee Murphy to adjourn the meeting at 9:09 a.m. The motion carried.