

MINUTES OF THE RETIREMENT COMMISSION
Thursday, July 23, 2015

A meeting of the Retirement Commission was held on Thursday, July 23, 2015 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:

Jerry Moffitt – Chair, Darra Slanec – Vice-Chair, Dave Flynn, Bob Hoepfner, Matthew Murphy, Mark Deldin, Gary Cutler

Excused:

Also Present:

Leonard Reinowski, Stephen Smigiel, John Schapka, John Kravitz, Eric Herppich, Stephanie Dobson, 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

Chairman Moffitt indicated that three items would be added to the agenda under “Other Business”. These are an amendment to the agreement with Alidade, follow-up on the presentation by Scott + Scott at the last meeting and information related to Intercontinental. A motion was made by Trustee Hoepfner to adopt the agenda with these additional items. The motion was supported by Trustee Deldin. The motion carried.

3. Public Participation

Nick Lucci was present at the meeting. He is an intern working in Trustee Flynn’s office this week.

4. Approval of Minutes – July 9, 2015

A motion was made by Trustee Deldin, supported by Trustee Flynn to approve the minutes of July 9, 2015 as presented. The motion carried.

5. Retirement Administrator Report

Ms. Dobson reported that the month of June was a busy one for her office and numbers were up in all categories. She indicated she has been doing some research on other system’s websites and is seeking formal action to post the Board’s meeting minutes. Trustee Murphy made a motion, supported by Trustee Hoepfner to authorize the posting of 2015’s meeting minutes on the Retirement Commission

website. The motion carried. Trustee Deldin inquired about how the Board could promote the website and let retirees know that more information is being posted. Mr. Reinowski advised that there is a Board meeting coming up for the Retirement Association and they have a periodic newsletter that is sent out. Ms. Dobson has been in touch with Norm at the Retirement Association and she will work on communicating updates through him as things progress with the website. She hopes to have some additional items to post on the website (with Board approval) by the next meeting. Trustee Flynn suggested it might be appropriate to hold off on promoting the website until more content and functionality is available.

Ms. Dobson provided a first round draft copy of the Retirement Ordinance and inquired of the Board how they would like to move forward. Human Resources and Labor Relations (HRLR) would like some support in the legal area due to some of the significant changes that have been made. Trustee Murphy suggested that Corporation Counsel as well as legal counsel from the Board of Commissioners (BOC) and the Retirement Commission review the document and perhaps form a sub-committee tasked with this responsibility. Mr. Michaud indicated he would be willing to participate. Trustee Flynn confirmed that legal counsel for the BOC would participate. Ms. Dobson will bring the necessary legal parties into the loop and so they can begin the process of reviewing the draft prepared by HRLR.

A motion to receive and file the Retirement Administrator's report was made by Trustee Murphy and supported by Trustee Hoepfner. The motion carried.

Ms. Dobson was excused from the meeting while Mr. Herppich presented his 90-day review of her performance as the Interim Retirement Administrator. The Board had agreed at their meeting in April to give Ms. Dobson a trial period to prove herself in the position. Mr. Herrpich expressed his satisfaction with the performance of Ms. Dobson over the last three months and provided a memo listing her achievements during the trial period. He has no concerns with her performance. He indicated that the Retirement Services department is actually functioning more smoothly than it has in the last 20 years and Mr. Smigiel concurred. Trustee Cutler made a motion to remove "Interim" from Ms. Dobson's title. Trust Hopefner supported the motion and it carried unanimously.

6. Update on Actuarial Service Provider Negotiation

Mr. Smigiel provided the Board members with a memo from himself and Ms. Dobson with their recommendation for the actuarial service provider. He provided a quick summary of the RFP process and the work that he and Ms. Dobson did to negotiate with Buck to bring the price down to a level appropriate for the features required by the Retirement System. The cost of the system came down significantly thanks to Ms. Dobson's work with Buck's team. They are recommending the Board move forward with Buck as the selection for Actuary. Chair Moffitt asked Mr. Green to speak to some information recently brought to light about Buck and one of their clients in Milwaukee. Buck made an error that cost the retirement system there some money, but their contract with Milwaukee limited their liability for the error. Mr. Michaud advised that protections would be built into the contract to prevent a situation like the one in Milwaukee.

A motion was made by Trustee Cutler and supported by Trustee Hoepfner to have legal counsel draft a formal contract with Buck Consultants at the final fee rates proposed on July 14, 2015. The motion

carried unanimously. Mr. Schapka and Mr. Michaud will work on the contract and believe it will be a quick process.

7. Blackstone Tactical Opportunities Update and 1st Quarter Valuations

Tom Sampson from Blackstone presented an update with the 1st Quarter Valuations. His presentation included a summary of the fund's performance, the composition of the portfolio, the program's investment record, key highlights from 1st Quarter 2015, and the Capital Account Statement as of March 31, 2015. Trustee Cutler made an inquiry as to why there is a separate "monitoring fee" listed on top of the other management fees assessed by Blackstone. Mr. Sampson will get back to Mr. Green with an answer as to why the monitoring fee is listed separately and he will follow-up with the Board.

A motion was made by Vice-Chair Slanec and supported by Trustee Murphy to receive and file the Blackstone 1st Quarter report. The motion carried.

8. MAPERS 2015 Fall Conference

A motion was made by Trustee Cutler and supported by Trustee Hopefner to allow those members who are interested to attend the MAPERS 2015 Fall Conference. The motion carried.

9. Other Business

Mr. Green presented the Board with some information related to an amendment that Alidade Capital is seeking to make to the Limited Partnership Agreement. Mr. Michaud confirmed there are no legal concerns with this amendment. A motion was made by Trustee Flynn and supported by Trustee Murphy to authorize signing the amendment. The motion carried.

Chair Moffitt inquired of the other Board members regarding adding Scott + Scott to the list of firms that may be utilized for securities litigation. Mr. Schapka advised that he had done some checking on the firm and found nothing negative to report. A motion was made by Trustee Flynn and supported by Trustee Slanec to add Scott + Scott to the list. The motion carried.

Mr. Green made a recommendation to terminate the investment held by the Board with Intercontinental within the next quarterly redemption period. Information has come to light revealing that the Director of Finance for Intercontinental did not graduate as he claimed. The situation is somewhat murky, but on the face it appears that some level of falsification occurred. Outside audits are being performed and the County was not harmed by this situation, but a loss of confidence has resulted. Trustee Slanec made a motion, supported by Trustee Flynn to concur with Graystone's recommendation to terminate the investment and deploy the assets into a better opportunity. The motion carried with only Trustee Cutler opposed.

10. Adjournment

There being no further business before the Board, a motion was made by Trustee Hoepfner, supported by Trustee Slanec to adjourn the meeting at 9:29 a.m. The motion carried.