

MINUTES OF THE RETIREMENT COMMISSION
Thursday, August 27, 2015

A meeting of the Retirement Commission was held on Thursday, August 27, 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, Dave Flynn, Bob Hoepfner, Gary Cutler

Excused:

Darra Slanec – Vice-Chair, Matthew Murphy, Mark Deldin

Also Present:

Leonard Reinowski, Stephen Smigiel, Frank Krycia, John Kravitz, Stephanie Dobson, Mike Holycross, 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 Flynn to adopt the agenda as presented. The motion was supported by Trustee Hoepfner. The motion carried.

3. Public Participation

None

4. Approval of Minutes – August 13, 2015

A motion was made by Trustee Cutler, supported by Trustee Flynn to approve the minutes of August 13, 2015 as presented. The motion carried.

5. Approval of Invoices

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

6. Retirement Administrator Report

Ms. Dobson reported that the retiree satisfaction survey is in place and the first respondent indicated they were very satisfied with the service they received. She advised that the retiree Holiday Luncheon planning is proceeding and they will be reaching out to the fund managers for donations again this

year. Ms. Dobson also reported that the members approved for re-examination at the last meeting have been contacted to schedule their re-exam and also were given their formal retirement date. Ms. Dobson conveyed there is a concern relative to the form used by the determining physician when reviewing an applicant for disability retirement. She is proposing removing the question asking whether the initial examining physician believes re-examination is necessary in the future. Mr. Michaud recommended removing the question and the Board members had no objections. The form will be updated.

Mr. Michaud requested the Board enter into closed session to discuss an issue relative to the re-examination of Ms. Elizabeth Carver and pending litigation (also related to Ms. Carver).

At 8:35 a.m. a motion was made by Trustee Flynn to enter into closed session to discuss the issues related to Ms. Carver. The motion was supported by Trustee Hoepfner. A roll call vote was taken with all members responding affirmatively to enter into closed session. Motion carried.

At 8:46 a.m. the committee came out of closed session and it was agreed that an update on Ms. Carver and the related litigation would be provided by Mr. Michaud at the next meeting.

a. Reconsideration of Retirement Ordinance Draft Committee

Trustee Flynn advised that at the last Administrative Policy Committee meeting it was determined that the Retirement Ordinance Draft Committee should be made up of the same members as the Administrative Policy Committee. In fact, that committee (with the addition of Scott Smith from Dickinson Wright and Eric Herppich from Human Resources and Labor Relations) could handle the review of the Retirement Ordinance and eliminate the need for multiple reviews as the document moves through the update process. Meetings of the Policy Committee would be dedicated strictly to the review of sections of the Ordinance.

Trustee Flynn made a motion that the group that is to work on proposed revisions of the Retirement Ordinance be the Administrative Policy Committee (with the addition of Mr. Smith and Mr. Herppich). The motion was supported by Trustee Cutler. The motion carried. [This motion overrides a motion carried at the August 13, 2015 meeting setting up a separate committee.]

7. Disability Retirement

-- Nancy Oermann (Application)

A motion was made by Trustee Cutler, supported by Trustee Hoepfner to adopt the resolution to process the disability retirement application of Nancy Oermann and direct Human Resources to order an IME. The motion carried.

8. Update on Actuarial Service Provider contract

Mr. Michaud advised the Board that after discussion with Buck he would recommend the draft contract available now be considered the final contract. Buck has proposed a limit of liability of \$1,500,000. This number is higher than the industry standard and higher than other clients he is

familiar with. It is essentially an insurance policy in the event that there is an error made by Buck. The contract also reflects the fees agreed upon during negotiations and Buck has agreed to indemnify the Board. This item will be added to the agenda for the next meeting and Mr. Michaud will bring an execution copy of the contract to that meeting.

9. Discussion regarding membership after January 1, 2016

This item was proposed for discussion by Trustee Deldin who was not in attendance. Mr. Smigiel reminded the Board that this is related to representation of employees who will be hired in to the County after January 1, 2016. They will essentially be managing their own retirement, but there is a small contribution being made for each employee to maintain an open retirement system. Mr. Michaud will review this issue further. This topic was tabled and will be placed back on the agenda for next meeting.

10. EARNEST Partners Report

Mr. Pat Malcom and Dr. Pavel Sokolov provided copies of slides updated as of August 25, 2015 (the books distributed previously provided information through June 30, 2015). They discussed the current situation in China and explained the devaluation of China's currency. They also covered the fund's performance history, the portfolio's characteristics and explained the relative overweight in the energy sector.

A motion was made by Trustee Flynn and supported by Trustee Hoepfner to receive and file the EARNEST Partners report. The motion carried.

11. Franklin Templeton Report

Mr. Michael Wasz reviewed the investment process and historical performance of the fund. He also touched on geographic allocation, sector allocation and currency allocation.

A motion was made by Trustee Cutler and supported by Trustee Hoepfner to receive and file the Franklin Templeton report. The motion carried.

12. Graystone Consulting – August 2015 Small / Mid Cap Equity Search

Mr. Holycross provided three recommendations: Clarkston Capital Partners, Cramer Rosenthal McGlynn, and Thompson Siegel & Walmsley. Chair Moffitt requested these three be scheduled to come in for interviews. Mr. Holycross will check the schedule and determine when this can be done. Trustee Cutler requested to see the list of other managers who passed the screening process, but for various reasons were not recommended. Mr. Holycross will provide this to him.

A motion was made by Trustee Hoepfner and supported by Trustee Cutler to receive and file the Graystone Consulting report. The motion carried.

13. Other Business

None

14. Adjournment

There being no further business before the Board, a motion was made by Trustee Hoepfner, supported by Trustee Flynn to adjourn the meeting at 10:23 a.m. The motion carried.