

**MINUTES OF THE RETIREMENT COMMISSION**  
**Thursday, November 12, 2015**

A meeting of the Retirement Commission was held on Thursday, November 12, 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, Darra Slanec – Vice-Chair, Dave Flynn, Bob Hoepfner, Mark Deldin, Matthew Murphy

Excused:

Gary Cutler

Also Present:

Leonard Reinowski, Stephen Smigiel, John Schapka, 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 Hoepfner to adopt the agenda as presented. The motion was supported by Trustee Murphy. The motion carried.*

**3. Public Participation**

None

**4. Approval of Minutes – October 29, 2015**

*A motion was made by Trustee Flynn, supported by Trustee Deldin to approve the minutes of October 29, 2015 as presented. The motion carried.*

**5. Approval of Invoices**

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

## 6. Retirement Administrator Report

Ms. Dobson provided the monthly report and advised that they are approaching their busy time of year. She also presented the report that Trustee Cutler had requested showing the hours worked by re-hired retirees and confirmed that none are near the 1,000 hour mark. Ms. Dobson also reported on the first conference call with Buck Consultants for the actuary transition. They are optimistic that parallel testing can begin at the end of March.

Chair Moffitt requested Ms. Dobson's office provide the names of individuals filing applications for retirement to Ms. Schave so she can email them to the Board members. Ms. Dobson will ask her staff to begin doing this immediately.

Trustee Murphy provided an update on the progress with the restatement of the Retirement Ordinance. He reported that legal counsel had been tasked with the next steps in revising the document. Their next meeting is scheduled for December 3, 2015.

*A motion was made by Trustee Hoepfner and supported by Trustee Murphy to receive and file the Retirement Administrators report. The motion carried.*

## 7. Disability Retirement

### -- Elizabeth Baumann (Opinion)

Mrs. Elizabeth Baumann and her husband Philip were present.

*At 8:36 a.m. a motion was made by Trustee Hoepfner to enter into closed session to discuss the Medical Director's opinion related to Mrs. Baumann's application for disability retirement. The motion was supported by Trustee Murphy. A roll call vote was taken with all members responding affirmatively to enter into closed session. Motion carried.*

*At 8:43 a.m. a motion was made by Trustee Hoepfner to come out of closed session. The motion was supported by Vice-Chair Slanec. A motion was made by Trustee Deldin, supported by Trustee Hoepfner to deny Elizabeth Baumann a disability retirement based on the Medical Director's certification and to adopt the following resolution:*

**WHEREAS**, the Retirement Commission 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 Commission is in receipt of an application for disability retirement from Elizabeth Baumann dated July 21, 2015 and

**WHEREAS**, Section 28 of the Retirement Ordinance provides that upon the application of a member, or his/her department head, a member who (1) is in the employ of the County, (2) has ten or more years of credited service, and (3) has become or becomes totally and permanently incapacitated for duty in the employ of the County, may be retired by the Retirement Commission: 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 Commission (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 Commission 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 Commission is in receipt of a report from its Medical Director, Dr. Deborah Heaney, M.D., who conducted an independent exam of Elizabeth Baumann on September 30, 2015, and

**WHEREAS**, Dr. Deborah Heaney, M.D., in conducting the review, has reviewed all the records provided and has considered such factors as Patient History, Past Medical History, Current Medications, Allergies, Social History, Outside Medical Records, Physical Examination, and

**WHEREAS**, Dr. Deborah Heaney, M.D.'s, report and certification reflects that Elizabeth Baumann is not totally incapacitated for duty in the employ of the County, and further indicates that Elizabeth Baumann should not be retired, and

**WHEREAS**, the Retirement Commission has discussed this matter and has determined that Elizabeth Baumann has not met the eligibility requirements for disability retirement from the Retirement System, therefore be it

**RESOLVED**, that the Retirement Commission hereby disapproves the disability retirement of Elizabeth Baumann and further

**RESOLVED**, that a copy of this resolution shall be provided to Elizabeth Baumann and all other appropriate parties.

*Motion Carried.*

## **8. Employee Representative Election**

Mr. Michaud provided a brief update to the Board members and reported that no petitions were pulled to fill the seat being vacated by the ending of Vice-Chair Slanec's term. The ordinance provides that in the event of a vacancy, the position should be filled in the same manner as was originally filled. He suggested that the seat remain vacant for 90 days and then an attempt be made to hold another election at that time. The vacancy would be announced again with time allowed for petitions to be pulled for an election.

## **9. Corbin Capital Partners**

Mr. M.P. Hayden and Mr. Craig Bergstrom presented the Board with an update as of September 30, 2015. Overall, performance has been flat over the last year. At the business level, there have not been any significant changes made at the firm since they last met with the Board. Mr. Bergstrom touched on the performance of the Pinehurst Partners Fund and year-to-date portfolio activity. They have added exposure in the CLO market and risk arbitrage and continue to make sure they are focused on managers where they have the highest conviction. There are 25 core managers and they have a fairly long holding period (averaging 6 years) which implies they move about four managers per year and they are on track to do so again this year. Mr. Bergstrom is optimistic that the opportunities they have been able to take advantage of over the last 12 weeks or so will monetize within the next year or two.

*A motion was made by Vice-Chair Slanec and supported by Trustee Hoepfner to receive and file the Corbin Capital Partners report. The motion carried.*

## **10. EnTrust Capital**

Mr. Gregg Hymowitz provided the Board with an update on its investment in the Special Opportunities Fund III and Diversified Fund II. He reminded the Board that the Special Opportunities III fund is set-up a bit differently as a commitment fund and capital is only called when they find investment ideas. He noted that over the last several years they have been working on pushing down underlying manager fees and reported that Fund III is up approximately 3.5% since inception. Roughly 25% of the capital has been invested at this point. Mr. Hymowitz also covered Diversified Fund II's current manager allocation and its monthly outperformance in negative markets. This Fund has generated a net annualized return of about 7.5% (net of all fees) since inception.

*A motion was made by Vice-Chair Slanec and supported by Trustee Murphy to receive and file the EnTrust Capital report. The motion carried.*

## **11. Townsend Group / TREA II**

Mr. John Hackett and Mr. Jeff Barone began their presentation by re-introducing their firm. It was founded 30 years ago to provide real estate investment advice to institutions. Over that time, they have evolved to become more of an investment manager. Approximately 95-96% of their business remains in real estate. Their clients are a mix of public and private entities with three quarters of them being U.S. institutions. Mr. Hackett spoke about their investment platform and their ability to negotiate greater fee savings and attractive terms.

Next, they introduced the Townsend Real Estate Alpha Fund II (TREA II). This fund will take a global, opportunistic, multi-strategy approach and be diversified by geography, sector, property type, manager and vintage year. They have already raised about \$250 million in capital and expect to close the fund at year end. Mr. Barone provided some details about the nine investments that have already been made in the fund and provided more specific information about one of the industrial investments

as well as the U.S. student housing investment. They summarized the key terms of TREA II and noted there is a minimum investment of \$5 million with a close approaching at year end. There is a 1% per annum fee on capital commitments.

Chair Moffitt inquired if there were any other firms comparable to Townsend that could also be considered. Mr. Holycross advised that he would do some research and report his findings at the next meeting.

*A motion was made by Vice-Chair Slanec and supported by Trustee Hoepfner to receive and file the Townsend Group report. The motion carried.*

## **12. Other Business**

The Board discussed the EnTrust Investment Summit coming up in February 2016. Several members expressed interest and while attending the summit itself is free, it was suggested that those interested should book their airfare as soon as possible as travel prices will increase as the date gets closer.

*A motion was made by Trustee Flynn, supported by Vice-Chair Slanec to approve Board member attendance at the EnTrust Summit. The motion carried.*

## **13. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Hoepfner, supported by Vice-Chair Slanec to adjourn the meeting at 10:43 a.m. The motion carried.*