

MINUTES OF THE RETIREMENT COMMISSION
Thursday, November 17, 2016

A meeting of the Retirement Commission was held on Thursday, November 17, 2016 at 8:30 a.m., in the Administration Building, 9th Floor Conference Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Chair David Flynn, Carol Grant, Bob Hoepfner, Derek Miller, Matthew Murphy, George Brumbaugh

Excused:

Vice-Chair Gary Cutler, Mark Deldin

Also Present:

Stephanie Dobson, John Kravitz, Tom Michaud, Mike Holycross

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:32 a.m. by Chair Flynn.

2. Adoption of Agenda

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

3. Public Participation

None

4. Chairman's Comments

Chair Flynn advised that the review and votes on the restatement of the Retirement Ordinance will be taking place soon. There will be additional education sessions on November 29th and 30th as well as December 1, 2016. Amendments will be offered the following week with a vote taking place soon after.

5. McMorgan & Company

Mr. Tom Wilhelm joined the meeting to provide an update on the McMorgan portfolio. He gave a brief overview of the program and covered the fund's performance as of June 30, 2016. He also reviewed the investment strategy of the fund.

A motion was made by Trustee Hoepfner, supported by Trustee Murphy to receive and file the McMorgan & Company report. The motion carried.

6. Alidade Capital, LLC

Mr. Matt Richter, Mr. Steve Faliski and Mr. Geoff Langdon joined the meeting to provide an update on the Alidade Capital portfolio. Mr. Langdon provided an estimated return of capital as well as a summary of the capital account for each fund (I and II). He distributed an additional handout with an updated summary for Fund III. He reviewed the geographic markets targeted by Alidade and the investments in Fund III.

Mr. Langdon provided the Board with some information about Fund IV and the opportunity to make an investment. The first close is targeted for December 31, 2016 with a final close scheduled tentatively for June 30, 2017. The anticipated first capital draw will likely be in January 2017 (roughly 10-20% of the capital commitment). In the event that the Intermediate Trust Board were also interested in making an investment, Alidade would aggregate the two investment numbers together to offer a size discount on the management fees. They are also offering an incentive fee schedule for investors willing to commit prior to the first close.

A motion was made by Trustee Hoepfner, supported by Trustee Murphy to receive and file the Alidade Capital report. The motion carried.

Mr. Holycross stated that the onsite due diligence has not been set yet for Alidade and until that has been completed Graystone cannot make a recommendation one way or the other about an investment in Fund IV.

7. Appeal of No Show/Cancellation Fee – IME Appointment

Ms. Dobson reminded the Board that back in September a resolution had been approved to pass the cost of a No Show/Cancellation Fee on to the member who incurred the fee for failing to cancel/reschedule their IME Appointment within the required window. The individual in that case has been notified that they are responsible for paying this fee and provided with options to make payment. He has filed an appeal of the fee owed (\$475) claiming that he did not receive the letter dated June 15th until June 20th and called to reschedule the appointment on the next business day. Ms. Dobson noted that her department received their copy of the same letter on June 16th. Trustee Murphy inquired about the individual's assertion that the address on the letter was incorrect. Ms. Dobson explained that it was the doctor's address that was incorrect, not the recipient's.

Chair Flynn inquired what past practice has been in this situation. Ms. Dobson explained this is the first No Show/Cancellation Fee they have needed to collect and the first appeal as well. Chair Flynn asked the Board members for their input. Trustee Murphy stated that a situation like this is largely the reason they passed the resolution and the policy. The individual bears some

responsibility for the disability retirement process and a simple, timely phone call would have avoided the charge being assessed.

A motion was made by Trustee Hoepfner, supported by Trustee Murphy to deny the appeal of the No Show/Cancellation Fee. The motion carried.

8. Required Minimum Distribution Rules

Mr. Michaud directed the Board's attention to the memo in their packet dealing with the concept of the IRS wanting individuals to take their money before a certain age (70 ½). He stated that this realistically only comes into play if you have people who have made contributions into the system, separated before being eligible to retire (or not being vested) and possibly forgotten that they made those contributions and never claim them. The IRS would like these funds to be distributed to the individual(s) they belong to, essentially so they can collect the taxes on the funds once they are distributed. There are some requirements in terms of the process that the Board should have that deal with the reasonableness of trying to track down these individuals to make the distributions. He would recommend a policy/procedure be put in place at some point, but the first step is identifying anyone in the system who may have money that has not been claimed. Ms. Dobson confirmed that there are several cases of this currently. Historically, they have sent out notices to the last known address (which usually come back undeliverable).

Chair Flynn inquired about what the Board's options would be for a policy. Mr. Michaud said they could adopt something along the lines of what is listed on page two of the memo he provided. He believes the Board should have something documented in the event the IRS would come in and inquire about what the Board is doing to try to track these individuals down and disburse these funds. Chair Flynn requested Mr. Michaud put together a draft policy with a few options to be presented at a future meeting.

A motion was made by Trustee Murphy, supported by Trustee Grant to receive and file the Required Minimum Distribution Rules memo. The motion carried.

9. Restatement of Retirement Ordinance

Chair Flynn stated that he has decided that on all of the clarification issues, he will bring those forward to the County Board of Commissioners (BOC) as "Chair's Amendments". In regards to the policy issue of taking money out, he will not bring that forward, but if any member of the committee wants to make that amendment, they have the right to do so.

Mr. Michaud stated that there was a question remaining about the Board adopting the most recent version of the restatement because it had simply been "received and filed" at the last meeting. Chair Flynn stated the Board can take additional action if it would like, but he will be offering the clarifications as "Chair's Amendments". Trustee Murphy stated that he believes that will suffice and he does not see a need to take further action.

A motion was made by Trustee Miller, supported by Trustee Grant to receive and file the update on the Restatement of Retirement Ordinance. The motion carried.

10. Update on Independent Counsel Review

Chair Flynn called for an update on the Independent Counsel Review. Mr. Michaud excused himself during the discussion. Ms. Schave provided an update in Mr. Smigiel's absence. She advised that the RFP has gone out and is posted on MITN. The bid opening date is December 15, 2016. Chair Flynn was surprised that the bid opening date was so far out. Ms. Schave advised that the RFP had not been posted until earlier this week as there had been some language in the Intermediate Trust RFP that was very different and that had to be reviewed and updated before it could be sent to the Purchasing Department for posting.

As the last meeting for this Board is scheduled for December 15th, Chair Flynn suggested the Board members consider how they want to handle this review and discuss at the next meeting on December 1st. Depending on the number of bids received, it may be possible to hold a special meeting before the end of the year and make a decision at that time. Otherwise, this will likely have to be addressed by the new Board after the first of the year.

A motion was made by Trustee Hoepfner, supported by Trustee Grant to receive and file the Update on Independent Counsel Review. The motion carried.

Trustee Deldin joined the meeting at 10:00 a.m.

11. Other Business

Due to a conflict with a Board of Commissioner's meeting, Chair Flynn proposed changing the start time for the meeting on December 1, 2016 from 8:30 a.m. to 8:00 a.m. There were no objections.

12. Adjournment

There being no further business before the Board, a motion was made by Trustee Hoepfner, supported by Trustee Grant to adjourn the meeting at 10:05 a.m. The motion carried.