

**MINUTES OF THE RETIREMENT COMMISSION**  
**Thursday, December 3, 2015**

A meeting of the Retirement Commission was held on Thursday, December 3, 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, Gary Cutler, Dave Flynn, Bob Hoepfner, Mark Deldin, Matthew Murphy

Excused:

Darra Slanec – Vice-Chair

Also Present:

George Brumbaugh, 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**

Mr. Michael Grix of the County Clerk's Office was present to speak on Agenda item #7. He provided some background about his request and Chair Moffitt asked that he stay until the Board was ready to address that item in case there were any questions from the members. Ms. Donna Cangemi of AFSCME was also present in support of Mr. Grix.

**4. Approval of Minutes**

*A motion was made by Trustee Deldin, supported by Trustee Hoepfner to approve the minutes of the November 12, 2015 meeting as presented. The motion carried.*

*A motion was made by Trustee Flynn, supported by Trustee Murphy to approve the minutes of the November 19, 2015 meeting as presented. The motion carried.*

**5. Approval of Invoices**

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

**6. Retirement Administrator Report**

Ms. Dobson reported the activity for the month of October and advised that she has added a new column to the report which shows the number of refunds that are processed by her office each month. She indicated that the paperwork for this is very similar to processing a pension and felt it should be reflected in the Retirement Services monthly activity.

Ms. Dobson also advised that a very productive meeting had been held with Buck and they are still on target for system implementation by the end of March 2016. Trustee Cutler requested a status update for the 2014 valuation from GRS. The last Mr. Smigiel was aware, it was anticipated this would be completed sometime in mid-December. Chair Moffitt asked Ms. Dobson to reach out to GRS and get a firm update and provide it to all of the Board members.

**7. Re-employment retirement issue – Michael Grix**

Ms. Dobson provided some additional background on Mr. Grix's request and advised that he had initially contacted the Human Resources Department in May 2015 with another letter in July 2015. The second letter had been forwarded to Mr. Michaud and Mr. Schapka at Chair Moffitt's request to review the circumstances behind his re-employment situation. Mr. Grix had been a fully vested employee with the County when he separated from the County for a period of six months to work in another municipality. When he returned to County employment after that period, the vesting requirements had changed and it was unclear which contract would apply to him since he had previously been vested, but was gone for a short period in between.

Mr. Michaud advised the Board that the appropriate step at this time would be to formally acknowledge receipt of Mr. Grix's request and direct that a legal opinion and recommendation be provided to the Board by counsel. Chair Moffitt expressed his disappointment that this was not suggested when his letter was initially received in July. He apologized to Mr. Grix for the delay in resolution of his request.

*Trustee Cutler made the motion to acknowledge receipt of Mr. Grix's request and request legal counsel to provide an opinion and recommendation by the December 17, 2015 meeting. The motion was supported by Trustee Murphy. The motion carried.*

**8. Re-exam cost exceeding contract cost – MMRO requesting approval**

Ms. Dobson requested direction from the Board on two disability retirement re-examinations with unique circumstances. The cost of their re-examinations will be higher than the fee structure designed for local reviews.

The first individual resides in Oregon and will reach normal retirement age in September 2016. The cost for her re-examination would be approximately three times higher than the normal fee for this type of review. Trustee Murphy inquired about this person's classification and it was determined that it could be up to six months for law enforcement re-certifications to be obtained in the event that the medical review indicated she could be re-employed. Given this timeline, the Board agreed it does not make sense to spend such a significant amount of money to conduct this re-exam when she will likely reach normal retirement age before the time she could potentially be re-employed.

The second individual is also out-of-state and requires a very specialized IME, but is much further from their normal retirement age (July 2023). The cost for this re-exam is also much lower than the first individual (but still higher than the normal fee). Given this information, the Board agreed that this re-exam should be conducted.

*A motion was made by Trustee Murphy, supported by Trustee Hoepfner to waive the re-examination for the first individual in Oregon who is close to normal retirement age and to authorize the additional fees for the re-examination of the second individual for the specialized out-of-state IME. The motion carried.*

## **9. Treasurer's Report**

Mr. Kravitz presented the Treasurer's Report for the third quarter.

*A motion was made by Trustee Deldin, supported by Trustee Hoepfner to approve the Treasurer's Report for the third quarter. The motion carried.*

## **10. McMorgan Infrastructure**

Mr. Andrew Josef and Mr. Tom Wilhelm came in to re-do the presentation given previously in September. They provided a firm update, a program overview, fund strategy review, and capital deployment and investment review. They invest in large-scale, core infrastructure assets and the goal is to assemble a portfolio to generate strong, consistent cash returns over long periods of time. The program has been up and running for about a year-and-a-half and about a third of the capital has been deployed into four investments. Mr. Wilhelm also provided some background on the four investments (two in transportation and two in energy and utilities).

*A motion was made by Trustee Murphy, supported by Trustee Flynn to receive and file the McMorgan Infrastructure report. The motion carried.*

## **11. WHV International**

Mr. Holycross provided a detailed International Equity Review for WHV International as of November 2015. He reiterated Graystone's recommendation to terminate the investment due

to lack of activity. Their recommendation has not changed and he thinks a full liquidation of the WHV portfolio is warranted. Graystone recommends moving the proceeds into the WAM Index Fund (EAFE). He believes the turnaround will be fairly quick (1-2 weeks) and that 100% would be returned by the end of the year.

*A motion was made by Trustee Flynn, supported by Trustee Murphy to liquidate the WHV International portfolio and move the assets to WAM. The motion carried.*

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

The Townsend Group had previously presented the Board with a co-invest opportunity targeting 12-15 differently underlying investments. Mr. Holycross recommends a \$10 million investment. Chair Moffitt inquired where that money would be taken from and Mr. Holycross indicated they would target matching distributions with Townsend's capital calls. Distributions expected in 2016 will be approximately \$35 million.

*A motion was made by Trustee Flynn, supported by Trustee Deldin to make a \$10 million investment in the Townsend Group's TREA II Fund. The motion carried.*

## **13. Other Business**

Chair Moffitt reminded the Board members that are interested in attending the EnTrust Investor Summit in February that they should reserve their spot at the summit and book airfare as soon as possible.

Mr. Brumbaugh inquired about when the employee representative election would be held for the seat being vacated by Vice-Chair Slanec. Chair Moffitt indicated that the seat will be open as of January 1, 2016 and an election would likely be held in February.

Trustee Flynn inquired about a status update on the due diligence Mr. Holycross' group is conducting on Bloomfield Capital. Mr. Holycross indicated they have started the process of gathering all of the formal paperwork this month and he will get an update on the timeline. He also advised that Intercontinental has not provided them with an update on expected cash flow for 12/31 (it is up to their discretion). His team has asked for this information a couple of times in the last few weeks without a response. Chair Moffitt requested status updates on these two items be provided at the next meeting.

## **14. Adjournment**

*There being no further business before the Board, a motion was made by Trustee Deldin, supported by Trustee Cutler to adjourn the meeting at 9:50 a.m. The motion carried.*