

MINUTES OF THE RETIREMENT COMMISSION
Thursday, February 19, 2015

A meeting of the Retirement Commission was held on Thursday, February 19, 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, Gary Cutler, Mark Deldin, Dave Flynn, Bob Hoepfner, Matthew Murphy

Excused:

Darra Slanec – Vice Chair

Also Present:

John Kravitz, John Schapka, Eric Herppich, Steve Smigiel, Leonard Reinowski
Mike Holycross, Aaron Castle
Michael Caputo, Addison West - Cramer Rosenthal McGlynn
Mondrell Moore, Patmon Malcom – EARNEST Partners, LLC

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, supported by Trustee Flynn to adopt the agenda as presented. Motion Carried.

3. Public Participation

None

4. Approval of Minutes

A motion was made by Trustee Deldin, supported by Trustee Murphy to approve the minutes of January 29, 2015 as presented. Motion Carried.

5. Approval of Invoices

A motion was made by Trustee Flynn, supported by Trustee Deldin to approve payment of invoices as presented. Motion Carried.

Mike Holycross responded to Board inquiry about the difference between Edgewood's base fee and performance fee. They have a base fee of 50 basis points with 20% of performance fee in a positive calendar year and no performance fee in a negative year - with a cap at 1.5%.

6. Retirement Administrator Report

Eric Herppich discussed the Retirement Administrator's termination of employment. Stephanie Dobson is appointed Acting Retirement Administrator until the position is filled. She will attend the next meeting. Eric Herppich believes the job posting will be within the next 30 days and will follow the regular hiring process. He has updated the job description to include having retiree health care experience. Board Members asked about an outside firm or consultant to hire for this position. Eric Herppich stated that it will cost about \$25,000 for an outside firm. Board Members suggested they seek organizations to assist in recruitment services such as NCPERS, MML, SEMCOG, MAPERS, and GFOA and to possibly use an outside firm to expand the pool of applicants.

Eric Herppich updated the Board on the Department of Roads payroll issue. Stephanie Dobson is currently working on two issues and will hopefully be corrected within 2 pay periods.

Eric Herppich discussed a Martha T. Berry payroll issue. Karen Bathanti is currently working on this project and is close to completion. This should also be corrected within 2 pay periods.

7. Disability Retirement --Lori Kellie (Application)

**A motion was made by Trustee Murphy, supported by Trustee Hoepfner to adopt the resolution to process the Disability Retirement Application of Lorie Kellie and direct Human Resources to order an IME.
Motion Carried.**

8. Cramer Rosenthal McGlynn Portfolio Update

Michael Caputo and Addison West were in attendance and provided a presentation on their firm. They have hired two new people and are a research intensive team. Annualized and Calendar Year Performance, Performance Attribution, Investment Philosophy and Economic Sector were discussed. CRM has a near term (3 year return) strong vs. benchmark and two and three year rankings above median vs. peers. The Board asked questions regarding microcap, how long they hold on to stock and to discuss the stock selection in Consumer Discretionary and Energy, the two largest detractors from returns in 2014.

A motion was made by Trustee Cutler, supported by Trustee Murphy to receive and file the portfolio update as presented by Cramer Rosenthal McGlynn. Motion Carried.

9. EARNEST Partners, LLC Portfolio Update

Mondrell Moore and Patmon Malcom provided a review of EARNEST Partners, LLC. They discussed the book format and have made the requested changes. They also gave a comprehensive review of sector weights, region weights, country weights and return differential between emerging and developed markets. They currently hold high overweight to China and underweight to Japan.

A motion was made by Trustee Cutler, supported by Trustee Murphy to receive and file the portfolio update as presented by EARNEST Partners. Motion Carried.

Mike Holycross provided information on a one page summary that was provided to Board Members prior to the meeting. The summary provides a quick snapshot and back story on the portfolio management firms. Information included on the summary is inception date, strategy, manager vs. universe ranking, fee schedule, and portfolio holdings' (strengths/ weaknesses).

10. Status Update on Actuary RFP

Eric Herppich provided an update on the Actuary RFP. The RFP is closed and they had five respondents. Human Resources staff is currently putting together a side by side comparison which will be provided at a future meeting. April interviews will be scheduled.

11. Agreement for Retirement Administrative Services

Erich Herppich discussed the Retirement Administrative Service Agreement and suggested amendment to page 2 to replace "Retirement Assistant" with "Retirement Specialist". John Schapka reviewed and approved the Agreement. Trustee Flynn also suggested an amendment to the first paragraph to end with "and consistent with policies of the Retirement Commission"

A motion was made by Trustee Deldin, supported by Trustee Flynn to adopt the Retirement Administrative Service Agreement as presented with amendments. Motion Carried.

12. Adopt 2015 Projected Budget

The Board was in receipt of the 2015 Projected Budget. Chair Moffitt requested Investment Consultant Fees be separated and included in the future.

A motion was made by Trustee Deldin, supported by Trustee Hoepfner to adopt the 2015 budget as presented. Motion Carried.

13. Discuss Administrative Policy - Committee Membership

Chair Moffitt appointed David Flynn, Gary Cutler and Matthew Murphy to be on the Administrative Policy Committee.

14. Other Business

There was no other business.

15. Adjournment

There being no further business before the Board, the meeting was adjourned at 10:04 a.m.