

MINUTES OF THE RETIREMENT COMMISSION
Thursday, March 9, 2017

A meeting of the Retirement Commission was held on Thursday, March 9, 2017 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:

Gary Cutler, Mark Deldin, Carol Grant, Matthew Murphy, Larry Rocca, Bryan Santo, Bob Smith, George Brumbaugh

Excused:

Also Present:

Stephanie Dobson, Stephen Smigiel, John Schapka, Joe Biondo, John Kravitz, Tom Michaud, Mike Holycross, Amy Cole

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:30 a.m. by Chair Deldin.

2. Adoption of Agenda

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

3. Approval of Minutes – February 9, 2017

A motion was made by Trustee Grant, supported by Trustee Rocca to approve the minutes as presented. The motion carried.

4. Approval of Invoices

A motion was made by Vice-Chair Cutler, supported by Trustee Santo to approve the invoices as presented. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson had nothing new to report at this time.

7. Disability Retirement

-- Lennice Bursey (Re-examination Determination)

A motion was made by Vice-Chair Cutler, supported by Trustee Murphy to adopt the following resolution and continue the disability retirement of Lennice Bursey:

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, Lennice Bursey was granted a disability retirement on December 11, 2008, after a finding by the Retirement Commission that the requirements of the Retirement System had been met, and

WHEREAS, in accordance with Section 32 of the Retirement Ordinance, at least once each year during the first five (5) years following retirement of a member with a disability pension and at least once every three (3) year period thereafter, the Retirement Commission requires a disability retiree to undergo a medical examination directed by the Retirement Commission Medical Director, and

WHEREAS, that the Retirement Commission directed the Human Resources and Labor Relations Department to contact the Medical Director to set up an appointment for Lennice Bursey to be re-examined and to advise the Medical Director of their responsibilities, and

WHEREAS, on January 5, 2017, Dr. Leshman conducted an independent examination and reviewed all records provided and concludes Lennice Bursey is totally and permanently incapacitated for duty in the employ of the County, and further indicates that Lennice Bursey should remain retired, and

WHEREAS, the Retirement Commission is in receipt of a certification from the Medical Director, dated January 19, 2017, which states that Lennice Bursey is totally and permanently incapable of resuming employment with the County in the same or similar job classification in which said individual was employed at the time of disability, and

WHEREAS, the Retirement Commission has discussed this matter and has determined that Lennice Bursey has met the eligibility requirements for a continual disability retirement from the Retirement System, therefore be it

RESOLVED, that the Retirement Commission hereby **approves** the continual disability retirement of Lennice Bursey and directs that benefits be paid consistent with the Retirement System's provisions, and further

RESOLVED, that a copy of this resolution shall be provided to Lennice Bursey and all other appropriate parties.

Motion carried.

8. 2015 Actuarial Valuation

Mr. Larry Langer from Conduent joined the meeting to give the Board a presentation on the 2015 Actuarial Valuation. He provided a brief update on the name change from Buck to Conduent and advised that other than this name change, there are expected to be no other substantive changes.

Mr. Langer reviewed the replication of the 2014 Valuation results which was part of the transition from GRS to Conduent. The results were well within the 5% difference of accepted tolerance on the actual accrued liability.

Mr. Langer then provided an update on the preliminary 2015 Valuation results. During the process, Conduent reviewed the assumptions used for the Valuation. He offered recommendations for revision of several assumptions. Conduent is recommending a change to the mortality tables used, as well as reductions in pay projections and investment return. They are also recommending a change to the administrative expense load assumption. Mr. Langer explained the rationale behind these recommendations and answered questions posed by the Board members.

Conduent is also advocating for an Experience Review to be conducted for calendar years 2015 through 2019, with subsequent reviews performed every five years thereafter.

Mr. Langer also provided an overview of the Actuarial Accrued Liability Reconciliation, the Employer Contribution Reconciliation and Funded Ratio Reconciliation. He will provide more detail when he presents the formal actuarial valuation next month.

A motion was made by Vice-Chair Cutler, supported by Trustee Murphy to adopt the recommendations as listed on page five of Mr. Langer's presentation. Chair Deldin offered a friendly amendment to include maintaining the 2017 ARC payment as is and not make any adjustments to that until 2018. The friendly amendment was supported by Trustee Smith and accepted by Vice-Chair Cutler. The motion for the friendly amendment carried. Vice-Chair Cutler's original motion which includes Chair Deldin's friendly amendment also carried.

Mr. Michaud recommended creating a new policy that reflects the new assumptions that were just approved as well as periodic experience studies going forward.

Vice-Chair Cutler inquired when the 2016 Valuation Report would be available, as well as when the online estimator tool will be up and running for employees to use via the website. Mr. Langer will need to check with his office and determine the status of the online estimator and will get back to Vice-Chair Cutler with an update. Ms. Dobson added that her office is still continuing to scrub data and clean up the information in the system so that the reports being used by the actuary are as accurate as possible.

A motion was made by Trustee Santo, supported by Trustee Grant to receive and file the presentation provided by Mr. Langer. The motion carried.

9. Advisor and Consultant Review Schedule

The Board was in receipt of correspondence from the Secretary pertaining to the Retirement Commission's annual advisor and consultant review policy. Based on the previous rotation schedule, Investment Consultant would be the next advisor up for review. Mr. Holycross and Ms. Cole excused themselves to allow the Board time for discussion. It was agreed that the adopted schedule should be followed and a request for sealed bids should be initiated.

A motion was made by Trustee Santo, supported by Trustee Smith to authorize staff to begin the process for the Investment Consultant Services request for sealed bids. The motion carried.

10. Corbin Capital Partners' First Annual Investor Day

-- Invitation to Chair Deldin

Chair Deldin reviewed the email invitation he received from Corbin Capital for their First Annual Investor Day and advised that he would like to attend on behalf of the Board. Corbin has invited 25-30 of their clients to send a representative to attend this program where they will review their approach to investing.

A motion was made by Vice-Chair Cutler, supported by Trustee Rocca to approve Chair Deldin's attendance at the Corbin Capital Partners' First Annual Investor Day on behalf of the Macomb County Employees' Retirement System. The motion carried.

11. Loomis Sayles Presentation

Mr. David Sowerby joined the meeting to provide an update on the performance of the Loomis Sayles portfolios. Over the long-term, the large cap value portfolio has outperformed the benchmark. He reviewed some of the new stocks that have been added to the portfolio and some of those that were eliminated in the 4th Quarter. Mr. Sowerby also provided a summary of the historical characteristics of the bond portfolio.

A motion was made by Trustee Murphy, supported by Trustee Grant to receive and file the Loomis Sayles presentation. The motion carried.

12. Morgan Stanley 4th Quarter 2016 Presentation

Mr. Holycross provided the Board with the Performance Measurement Report as of December 31, 2016. He explained the layout of the book and reviewed the performance summary of the total fund. The fund was up just under 10% for 2016 (approximately \$932 million total value). Mr. Holycross also reviewed the performance of several individual managers in each of the asset classes.

A motion was made by Trustee Rocca, supported by Trustee Grant to receive and file the Morgan Stanley 4th Quarter 2016 presentation. The motion carried.

13. Chairman's Comments

Chair Deldin had nothing to report at this time.

14. Other Business

None

15. Adjournment

There being no further business before the Board, a motion was made by Trustee Rocca, supported by Vice-Chair Cutler to adjourn the meeting at 10:58 a.m. The motion carried.