

**WAYNE COUNTY EMPLOYEES' RETIREMENT COMMISSION
SPECIAL MEETING**

**July 11, 2016
9:15 am**

**28 WEST ADAMS, 18TH FLOOR
CONFERENCE ROOM
GRAND PARK CENTRE
DETROIT, MICHIGAN 48226**

Commissioners Present:

Tina Turner
Denis Martin
Henry Wilson
Francesco Simone
Elizabeth Misuraca 9:16 am
Hugh Macdonald

ELECTED MEMBERS TO THE BOARD

Tony Saunders 9:45 am
Office of the Wayne County Executive

EX-OFFICIO MEMBER

Absent:

Gary Woronchak, Chairman
Wayne County Commission

EX-OFFICIO MEMBER

Others Present:

Rob Grden, Gerard Grysko, Kelly Tapper, Kevin Kavanagh, Alan Helmkamp, Todd Pickett, Brian Green, Chris Roggero, Brian Kessens, Abel Mojica, Andrew Goldsmith, Robert Abb, Jack Timmony, Judy Kermans, Brian Murphy, Elizabeth Patterson, Patricia Pena and Michael Sosnowski.



1. Call to Order at 9:15 am.

2. Roll Call;

Present: Tina Turner, Denis Martin, Henry Wilson, Francesco Simone and Hugh Macdonald.

Absent: Elizabeth Misuraca, Gary Woronchak and Tony Saunders.

Mr. Jack Timmony and Mr. Robert Abb from VanOverbeke, Michaud & Timmony, P.C. entered the meeting at 9:15 am.

Mr. Brian Green of The Bogdahn Group entered the meeting at 9:15 am.

Mr. Andrew Goldsmith, Mr. Abel Mojica and Mr. Brian Kessens from Tortoise Capital Advisors, L.L.C. entered the meeting and moved to the table at 9:15 am.

3. Consideration of a presentation from Andrew Goldsmith, Abel Mojica and Brian Kessens from Tortoise Capital Advisors, L.L.C. on Tortoise Direct Opportunities Fund, L.P.

Ms. Misuraca entered the meeting at 9:16 am.

Mr. Saunders entered the meeting at 9:45 am.

Mr. Saunders moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Receive and File the presentation from Tortoise Capital Advisors, L.L.C. on Tortoise Direct Opportunities Fund, L.P.

The motion was supported by Mr. Martin and carried unanimously 7-0.

Mr. Goldsmith, Mr. Mojica and Mr. Kessens left the meeting at 10:36 am.

Chairwoman Turner called for a recess at 10:38 am.

The Board returned to session at 10:50 am with the following Commissioners present: Tina Turner, Denis Martin, Henry Wilson, Francesco Simone, Elizabeth Misuraca, Hugh Macdonald and Tony Saunders.

4. Consideration of a report and recommendation on the Defined Benefit Plan from The Bogdahn Group regarding Tortoise Direct Opportunities Fund, L.P.

Mr. Macdonald moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Accept the report and recommendation on the Defined Benefit Plan from The Bogdahn Group and the oral update from Jack Timmony of VanOverbeke, Michaud & Timmony, P.C. regarding Tortoise Direct Opportunities Fund, L.P.



The motion was supported by Mr. Wilson and carried unanimously 7-0.

Mr. Saunders moved the adoption of the following resolution:

WHEREAS, the Wayne County Employees' Retirement Commission (the "Retirement Commission") is vested with the authority for the general administration, management and operation of the Wayne County Employees' Retirement System (the "Retirement System") and has fiduciary responsibilities relative to the investment of Retirement System assets, and

WHEREAS, the Retirement Commission, in consultation with its Investment Consultant, has recently reviewed the Retirement System's investment portfolio and asset allocation in light of: (1) the portfolio's historical performance; (2) recent changes in the economic and financial market conditions; and (3) the Retirement Commission's goal of maximizing future gains without overly increasing risk or volatility in the portfolio, and

WHEREAS, in light of the foregoing and upon consultation with its Investment Consultant, The Bogdahn Group, the Retirement Commission desires to make changes to its investment managers and the overall structure of its current investment portfolio, and

WHEREAS, the Retirement Commission's Investment Consultant has conducted an investment manager search and has presented the Retirement Commission with a detailed report of a prospective investment manager in the direct private equity/MLP asset class strategy for the Retirement Commission's consideration, and

WHEREAS, the Retirement Commission has reviewed and discussed with the prospective investment manager, Tortoise Capital Advisors, L.L.C. the investment opportunity and

WHEREAS, the Retirement Commission has reviewed and discussed the prospective investment manager and the investment opportunity with its Investment Consultant, and

WHEREAS, upon the recommendation of its Investment Consultant and the completion of its due diligence, the Retirement Commission desires to retain Tortoise Capital Advisors, L.L.C. as an Investment Manager, therefore be it

RESOLVED, that Tortoise Capital Advisors, L.L.C. is hereby appointed as an Investment Manager to the Retirement System, to manage a direct private equity/MLP portfolio via the Retirement System's investment of \$21,250,000.00 in Tortoise Direct Opportunities Strategy (Institutional), LP, and further

RESOLVED, that subject to approval as to form and content by the Retirement Commission's designated legal counsel, all contractual documentation be implemented with Tortoise Capital Advisors, L.L.C. and Tortoise Direct Opportunities GP. L.L.C. consistent with the foregoing, and further

RESOLVED, that the Retirement Commission's Investment Consultant is hereby directed to coordinate the reallocation of the Retirement System's assets and to ensure that the

reallocation is consistent with the Retirement Commission's directions and investment guidelines, and further

RESOLVED, that to the extent necessary, the Retirement Commission hereby directs its Custodial Bank to open an account for its assets to be managed by Tortoise Capital Advisors, L.L.C. and further

RESOLVED, that a copy of the Resolution be forwarded to the Retirement System's Custodial Bank, Tortoise Capital Advisors, L.L.C. and the Retirement Commission's Investment Consultant, and further

RESOLVED, to retain VanOverbeke, Michaud & Timmony, P.C. as designated legal counsel, and further

RESOLVED, to Request VanOverbeke, Michaud & Timmony, P.C. to attend and report at the Board meeting of July 22, 2016.

The motion was supported by Mr. Simone and carried unanimously 7-0.

Ms. Judy Kermans and Mr. Brian Murphy from Gabriel, Roeder, Smith & Company entered the meeting and moved to the table at 11:00 am.

5. Consideration of the Seventy Second Annual Actuarial Valuation of the Wayne County Employees' Retirement System by Gabriel, Roeder, Smith & Company.

Mr. Macdonald moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Accept the recommendation of the actuary Gabriel, Roeder, Smith & Company for the retirement staff to calculate the frozen accrued benefits for defined benefit members as of September 30, 2015 and to report as soon as possible the calculations to the actuary for the next valuation cycle.

The motion was supported by Mr. Wilson and carried unanimously 7-0.

Mr. Macdonald moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Reject the recommendation of the actuary Gabriel, Roeder, Smith & Company that the valuation be redone based upon actual computed frozen accrued benefits (instead of the 20 person sample) if important decisions will be made based upon this valuation.

The motion was supported by Mr. Saunders and carried 5-2 with Ms. Turner and Ms. Misuraca voting no.

Mr. Macdonald moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Accept the recommendation of Gabriel, Roeder, Smith & Company that an experience study be undertaken prior to the September 30, 2016 valuation, and further



RESOLVED, to Request the actuary, Gabriel, Roeder, Smith & Company, to provide a proposal for an experience study at the Board meeting of July 22, 2016.

The motion was supported by Mr. Saunders and carried unanimously 7-0.

Mr. Macdonald moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Accept the September 30, 2015 Annual Actuarial Valuation Report (with revisions of July 11, 2016) of the Wayne County Employees' Retirement System by Gabriel, Roeder, Smith & Company, and further

RESOLVED, to Certify and communicate the annual Employer/Plan Sponsor Actuarially Determined Employer Contribution (ADEC) of not less than \$47,467,616.00, as reflected on page A-2 in the 2015 Annual Actuarial Valuation Report of the Wayne County Employees' Retirement System, and further

RESOLVED, to Authorize the distribution of the September 30, 2015 Annual Actuarial Valuation Report of the Wayne County Employees' Retirement System to the Employer/Plan Sponsor.

The motion was supported by Mr. Saunders and carried unanimously 7-0.

6. Consideration of a report from Gabriel, Roeder, Smith & Company regarding the review of the interest rate for annuity conversion factors.

Mr. Saunders moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Reduce the annuity interest rate to 4% for defined contribution conversion.

The motion died due to lack of support.

Mr. Martin moved the adoption of the following resolution:

RESOLVED, by the Wayne County Employees' Retirement Commission, to Maintain the annuity interest rate of 5% for members in the defined contribution plan purchasing an annuity from the defined benefit plan and to continue the review of the interest rate annually and place on next year's agenda when the actuary reports to the Retirement Commission.

The motion was supported by Mr. Simone and carried 4-3 with Ms. Misuraca, Mr. Wilson and Mr. Saunders voting no.

Mr. Saunders requested the following statement be placed in the minutes:

I believe it is not in the best interest of the retirement system to offer annuities at a 5% interest rate when our 457 partners are offering rates at 3% and the recent market conditions do not support such a high rate. It should be noted that the system earned



.5% interest last fiscal year. I support reducing the interest rate at this time. The board should act in the best interest of the entire system, not a few individuals who take advantage of this generous interest rate.

7. Such other Matters.

There were no such other matters.

8. Reconsiderations.

There were no reconsiderations.

9. Public Comment.

Ms. Elizabeth Patterson of WCPNC/GAA is looking for pension changes if nurses are to be outsourced and if and when a 728 study will be conducted.

Mr. Saunders said a 728 study is being done for the employer and Gabriel, Roeder, Smith & Company received the information last week.

Ms. Misuraca inquired what other 728 studies the employer has hired the actuary Gabriel, Roeder, Smith & Company to perform.

Ms. Kermans responded that 728 studies have been performed or being updated for the outsourcing of the Medical Examiner's office, Waste Water Treatment Plant and Nurses.

Mr. Macdonald stated that the Retirement Commission must receive the 728 studies before the benefits can be implemented and that the Retirement Commission has not received these studies to date.

Mr. Grden stated that the employer can conduct 728 studies for negotiating benefit changes and these studies are not given to the Retirement Commission until they are implemented and if necessary the 728 studies would be updated and then provided to the Retirement Commission prior to implementing the benefits.

10. Adjournment.

Mr. Martin moved to adjourn the meeting.

The motion was supported by Mr. Macdonald and carried unanimously 7-0.

There being no further business to come before the Board the meeting was adjourned at 12:31 pm subject to the call of the Chair.

Respectfully submitted,



Robert J. Grden, Executive Director
Wayne County Employees' Retirement System

