

# Monroe County Employees Retirement System

840 South Roessler Street, Monroe, MI 48161-1557 (734) 241-1174



## MINUTES

### Monroe County Employees Retirement System Board of Trustees Monday, January 25, 2016

#### 1. Call to Order

A regular meeting of the Monroe County Employees Retirement System Board of Trustees was called to order at 5:00 PM on January 25, 2016 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan 48161.

#### 2. Roll Call

Roll call as follows:

##### PRESENT:

|               |               |
|---------------|---------------|
| Michael Grodi | Anne McCarthy |
| Joseph Hudson | James Morgan  |
| George Jondro | Al Potratz    |

Nancy Bellaire and Jason Turner excused.

##### ALSO PRESENT:

Sandy Calkins, Retirement Specialist  
Michael Bosanac, Retirement Secretary  
Michael Cho, Investment Consultant  
Michael Holycross, Investment Consultant  
Thomas Michaud, Legal Counsel

A quorum being present, the Board proceeded to transact business.

#### 3. Pledge of Allegiance

Sandy Calkins led the Pledge of Allegiance.

#### 4. Election of Chairman

Sandy Calkins opened the meeting up to nominations for the Chairman. Trustee Hudson nominated Trustee Grodi as Chairman of the Monroe County Employees Retirement System Board of Trustees.

No other nominations were offered.

Motion by Trustee McCarthy to close the nominations and cast a unanimous ballot for Trustee Grodi as Chairman. Supported by Trustee Jondro.

All in favor. Motion carried.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
January 25, 2016 – Page 2

**5. Election of Vice Chairman**

Chairman Grodi requested nominations for the Vice Chairman. Trustee McCarthy nominated Trustee Jondro as Vice Chairman of the Monroe County Employees Retirement System Board of Trustees.

No other nominations were offered.

Motion by Trustee Morgan to close the nominations and cast a unanimous ballot for Trustee Jondro as Vice Chairman. Supported by Trustee Potratz.

All in favor. Motion carried.

**6. Approval of Agenda**

Motion by Trustee Hudson to approve the agenda as submitted. Supported by Trustee Jondro.

All in favor. Motion carried.

**7. Approval of Minutes**

Motion by Trustee Jondro to approve the minutes of the December 7, 2015 regular meeting and waive the reading of the minutes. Supported by Trustee Morgan.

All in favor. Motion carried.

**8. Citizens Time**

No citizens in attendance.

**9. Consent Agenda**

1. Deceased Retirees - 2015

Chairman Grodi requested a moment of silence for all those retirees who passed away in 2015:

|                                    |              |
|------------------------------------|--------------|
| Christine Rydman, General County   | January 13   |
| Jennifer Hensley, Library          | February 12  |
| Loma Papp, General County          | February 28  |
| Alton Dushane, Road Commission     | March 2      |
| Douglas Trouten, Road Commission   | March 14     |
| Jack Smith, General County         | March 17     |
| Marilou Lommerse, General County   | April 16     |
| Marian Bunkelman, General County   | April 28     |
| Edward Nyitray, Road Commission    | June 11      |
| Rebecca Head, General County       | June 23      |
| Richard Rod, Sheriff's Office      | August 3     |
| William Winson, County Agency      | September 24 |
| Dorothy Navarre, General County    | November 12  |
| Glen Grosteffon, General County    | November 25  |
| Bonnie Heid-Dussia, General County | December 23  |

Motion by Trustee McCarthy to approve the consent agenda as listed below. Supported by Trustee Jondro.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
January 25, 2016 – Page 3

2. Retirements
  - a. Janet Hoffman, Library December 31
  - b. Alan Frank, Central Dispatch January 1
  - c. Bradley Bentley, Sheriff's Office January 20
3. Financial Reports
  - a. Boyd Watterson GSA Fund for the period ended November 30, 2015.
  - b. Boyd Watterson GSA Fund for the period ended December 31, 2015.
  - c. Boyd Watterson Limited Duration for the period ended November 30, 2015.
  - d. Boyd Watterson Limited Duration for the period ended December 31, 2015.
  - e. Brandywine Global Investment Management Global Fixed Income November 2015.
  - f. Brandywine Global Investment Management Global Fixed Income December 2015.
  - g. Comerica Bank account statement for November 2015.
  - h. Comerica Bank account statement for December 2015.
  - i. Morgan Stanley client statement for November 2015.
  - j. Morgan Stanley client statement for December 2015.
  - k. Pinehurst Institutional account statement for the period ended November 30, 2015.
  - l. Mesirow Institutional account statement for the period ended November 30, 2015.
4. Communication
  - a. Robbins Geller Rudman & Dowd Settlement Report for November 27, 2015.
  - b. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for November 27, 2015.
  - c. Robbins Geller Rudman & Dowd Settlement Report for December 31, 2015.
  - d. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for December 31, 2015.
  - e. Robbins Geller Rudman & Dowd Fourth Quarter International Portfolio Monitoring Report.

All in favor. Motion carried.

**10. Approval of Bills**

Motion by Trustee Jondro to approve payment for the following invoices, subject to house audit. Supported by Trustee Morgan.

1. Invoice #43315 dated December 15, 2015 in the amount of \$15,446.00 from Boyd Watterson Asset Management for investment services rendered for the period of September 1, 2015 – November 30, 2015.
2. Invoice #2255744 dated December 10, 2015 in the amount of \$5,750.00 from Buck Consultants for the fourth installment for basic actuarial services.
3. Invoice dated December 21, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Bradd Crary.
4. Invoice #5689 dated January 20, 2016 in the amount of \$14,931.74 from Monroe County Library System for retirement services through December 31, 2015.
5. MAPERS 2016 membership dues in the amount of \$100.00

Roll call for approval of the bills as follows:

|                     |               |
|---------------------|---------------|
| AYES: Michael Grodi | Anne McCarthy |
| Joseph Hudson       | James Morgan  |
| George Jondro       | Al Potratz    |

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
January 25, 2016 – Page 4

NAYS: None

ABSENT: Nancy Bellaire and Jason Turner excused

All in favor. Motion carried.

**10A. Refunds**

Motion by Trustee McCarthy to approve the following refund. Supported by Trustee Jondro.

- |                                     |             |
|-------------------------------------|-------------|
| 1. Anthony DeSilvis, General County | \$ 1,765.20 |
|-------------------------------------|-------------|

All in favor. Motion carried.

**10B. Retirement Payments**

Motion by Trustee McCarthy to approve the following retirement Payment. Supported by Trustee Jondro.

- |                                       |             |
|---------------------------------------|-------------|
| 1. Anthony DeSilvis, General County   | \$ 2,473.48 |
| *October \$39.26, November \$1,217.11 |             |

All in favor. Motion carried.

**11. Communications**

Motion by Trustee Jondro to receive and file the following communications. Supported by Trustee McCarthy.

**Application for Service Retirement**

1. John Ciacelli, Sheriff's Office
2. Janet Hoffman, Library
3. Micheal James, General County

**Application for Deferred Retirement**

4. Carl Katafiasz, Library
5. Sharon Williams, General County

**Application for Deferred Service Status**

6. James Hamilton, County Agency

**Certificate of Attendance**

7. Jason Turner

**Medical Report**

8. Bradd Crary
9. Ullico fiduciary liability insurance renewal application.
10. Communication dated December 7, 2015 from Comerica Bank regarding municipal advisor rule.
11. Communication dated December 23, 2015 from Elizabeth Stewart, City of Detroit Retirement System regarding Michael Bender.
12. Prior service credit purchase for Phillip Masserant, Road Commission.

13. Prior Service credit purchase for Daniel Donahue, General County.

All in favor. Motion carried.

## **12. Resolutions**

Motion by Trustee Jondro to accept and place on file the following retirement resolutions. Supported by Trustee Hudson.

- Service Retirement**
  1. Anthony DeSilvis, General County
- Disability Retirement**
  2. Bradd Crary, Sheriff's Office
- Application for Service Retirement**
  3. John Ciacelli, Sheriff's Office
  4. Janet Hoffman, Library
  5. Micheal James, General County
- Application for Deferred Retirement**
  6. Carl Katafiasz, Library
  7. Sharon Williams, General County

All in favor. Motion carried.

## **13. Presentations – Brian Gevry, Boyd Watterson**

Mr. Gevry discussed the investment policy, stating Boyd Watterson is authorized to allocate up to 30% to the Limited Duration Mid-Grade Fund. He discussed the quality analysis, maturity analysis, and the credit analysis.

Next, Mr. Gevry reviewed the performance summary. Year to date, Boyd Watterson was up 1.5%, three years up 1.6%, five years up 2.9% , and ten years up 4.6%. The average duration of the portfolio is 3.52 years, the average maturity for the portfolio is 3.95 years, and the average coupon is 3.50%.

Then, Mr. Gevry reviewed the GSA fund objectives and guidelines. The GSA fund returns are expected to come from three sources: leasehold income, leverage, and capital appreciation. The targeted rate of return is 8%. Year to date the GSA return is 9.84%.

Lastly, Mr. Gevry discussed the outlook and strategy. He expects 2016 domestic growth to center on 2.0%. Growth will be supported by sustained consumer activity but dampened by weakening global growth. Global growth should center on 2.5%. There are continued improvements in labor market conditions and the Federal Reserve initiated lift-off by raising the fed funds target rate.

## **14. Consultant's Report**

Mr. Cho reviewed the valuation report for the month ending December 31, 2015. The fund is valued at \$182,546,498.68 down \$3,147,566.69 from the previous month. The current asset allocation includes 62% in equities, 23% in fixed income, 2% in cash, 6% in alternative investments, and 7% in real estate. The Total Fund was down 1.38% for the month and down .21% year to date.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
January 25, 2016 – Page 6

Mr. Cho stated the cash account is getting low and cash needs to be raised to pay bills. He recommends transferring two million from Brandywine Global.

Mr. Bosanac stated the County of Monroe just paid the six month employer contribution of over two million.

Mr. Cho stated that is satisfactory and no transfer is needed.

Mr. Cho presented the board with a municipal pension statistics report comparing retirement systems.

Trustee McCarthy would like to see more detail from comparable systems. She would like to know the actual rate of return for Bay County, Jackson County, St. Clair County, and the City of Monroe.

Mr. Holycross discussed the GIC Weekly, a Morgan Stanley newsletter. He will provide a link so trustees can view the newsletter weekly.

**15. Old Business**

1. Code of Conduct/Education/Travel/Due Diligence Policy and County Travel Policy 307.1

Trustee Grodi advised that this issue is in the process of being reviewed.

2. Citizen-at-Large recommendation

Chairman Grodi stated there were seven applications received.

Trustee McCarthy would like to schedule a special meeting to interview all of the candidates.

Mr. Bosanac stated the Board of Commissioners expects the subcommittee to interview the candidates.

Trustee McCarthy would like details on the subcommittee.

Chairman Grodi stated the subcommittee consists of Al Potratz, Jason Turner, Henry Lievens, Michael Bosanac, and himself.

Trustee Morgan agreed with Trustee McCarthy, he would like to interview all the candidates as well. His impression was that the Retirement Board makes the recommendation and the Board of Commissioners makes the appointment.

Trustee Jondro stated that has been past practice. The Retirement Board has made the recommendations and the Board of Commissioners makes the appointment.

Motion by Trustee McCarthy to schedule a special meeting for February 8, 2016 at 4:00 P.M. to interview all of the candidates. Supported by Trustee Morgan.

Roll call for approval of the special meeting on February 8, 2016 at 4:00 P.M. as follows:

|                     |               |
|---------------------|---------------|
| AYES: Michael Grodi | Anne McCarthy |
| Joseph Hudson       | James Morgan  |
| George Jondro       | Al Potratz    |

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
January 25, 2016 – Page 7

NAYS: None

ABSENT: Nancy Bellaire and Jason Turner excused

All in favor. Motion carried.

**16. New Business**

1. Set interest rate for 2016

Mr. Cho stated the December 31, 2015 Ten Year U.S. Treasury Rate was 2.27%.

Motion by Trustee Hudson to set the 2016 interest rate at 2.27%. Supported by Trustee Jondro.

All in favor. Motion carried.

2. Trustee Election Declaration

Motion by Trustee McCarthy to certify the election results and declare Michael Grodi the winner. Supported by Trustee Hudson.

All in favor. Motion carried.

3. Committee Appointments

Chairman Grodi will make the appointments at the next meeting.

4. MAPERS One Day Seminar, MAPERS Spring/Fall Conference, NCPERS Annual Conference

Motion by Trustee Hudson to allow any member to attend all MAPERS and NCPERS conferences for 2016. Supported by Trustee Jondro.

All in favor. Motion carried.

**17. Attorney's Report**

Mr. Michaud addressed an income withholding order for Todd Sulfaro. His recommendation is to follow the order and authorize payment to Mr. Sulfaro's former spouse.

Motion by Trustee Morgan to accept Mr. Michaud's recommendation and follow the order and authorize payment to the former spouse. Supported by Trustee McCarthy.

All in favor. Motion carried.

**18. Trustee Comments**

Board members congratulated Chairman Grodi on his election victory. Trustee McCarthy would like the board to be more transparent.

**19. Administrative Calendar**

Chairman Grodi stated the next meeting is February 22, 2016 at 5:00 P.M.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
January 25, 2016 – Page 8

**20. Adjourn**

Motion by Trustee McCarthy to adjourn. Supported by Trustee Hudson.

All in favor. Motion carried.

Meeting adjourned at 8:20 P.M.

Respectfully Submitted,

Michael Grodi, Chairman  
Monroe County Employees Retirement System