

# Monroe County Employees Retirement System

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



## Monroe County Employees Retirement System Board of Trustees MINUTES

A regular meeting of the Monroe County Employees Retirement System Board of Trustees was held on February 23, 2015 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan.

Roll call as follows:

### PRESENT

Nancy Bellaire  
James Davies - @ 5:03  
Michael Grodi  
Joseph Hudson

George Jondro  
Anne McCarthy  
James Morgan  
Jason Turner

### ABSENT

Al Potratz (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Michael Bosanac, Retirement Secretary @ 5:14, Michael Cho and Brian Green, Investment Consultants, and Thomas Michaud, Legal Counsel

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

Chairman Grodi led the Pledge of Allegiance.

Motion by Trustee Hudson to approve the agenda as amended moving item 15-1 to item 11-2. Supported by Vice Chairman Jondro. All in favor. Motion carried.

Motion by Vice Chairman Jondro to approve the minutes of the February 9, 2015 regular meeting and the February 11, 2015 special meeting and waive the reading of the minutes. Supported by Trustee McCarthy. All in favor. Motion carried.

**Citizens Time** – None

Motion by Trustee McCarthy to approve the consent agenda as listed below. Supported by Trustee Turner. All in favor. Motion carried.

### Retirements

- |  |             |
|--|-------------|
| 1. Mary Jo Edelman, Library (deferred)   | January 28  |
| 2. Petrina Terrell Blunt, General County | February 18 |

### Financial Reports

1. Seizert Capital Partners Large Cap Value Performance Summary for the period ended December 31, 2014.
2. Seizert Capital Partners SMID Performance Summary for the period ended December 31, 2014.
3. Brandywine Global Investment Management Global Fixed Income for January 2015.

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**Communication**

1. Robbins Geller Rudman & Dowd Settlement Report for January 30, 2015.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for January 30, 2015.
3. Robbins Geller Rudman & Dowd Litigation Report as of December 31, 2014.

**Invoices**

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

1. Invoice dated January 23, 2015 in the amount of \$28,192.00 from Seizert Capital Partners for investment services rendered for the period of October 1, 2014 – December 31, 2014.
2. Reimbursement in the amount of \$286.20 to James Davies for flight expenses incurred for the 2015 NCPERS conference.

Roll call for approval of the bills as follows:

**AYES**

Nancy Bellaire  
James Davies  
Michael Grodi  
Joseph Hudson

**NAYS**

George Jondro  
Anne McCarthy  
James Morgan  
Jason Turner

**ABSENT**

Al Potratz (excused)

Motion carried.

**Retirement Refunds - None**

**Retirement Payments**

Motion by Trustee McCarthy to approve the following retirement payments. Supported by Trustee Davies. All in favor. Motion carried.

1. Judith See, General County \$ 6,517.74  
\*January \$3,258.87

**Communications – Board Action**

Motion by Trustee McCarthy to accept and place on file the following application for service retirement. Supported by Trustee Davies. All in favor. Motion carried.

1. Timothy Garbo, Sheriff's Office

Motion by Trustee McCarthy to accept and place on file the following application for deferred service status. Supported by Trustee Davies. All in favor. Motion carried.

2. Janice Navarre, General County

Motion by Trustee McCarthy to accept and place on file the following application for deferred retirement. Supported by Trustee Davies. All in favor. Motion carried.

3. Mary Jo Edelman, Library

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Motion by Trustee McCarthy to accept and place on file the following communication from Chairman Grodi. Supported by Trustee Davies. All in favor. Motion carried.

4. Communication from Chairman Grodi regarding committee appointments.

**Proposed Resolutions**

Motion by Trustee Davies to accept and place on file the following service retirement resolution. Supported by Trustee McCarthy. All in favor. Motion carried.

1. Judith See, General County

Motion by Trustee Davies to accept and place on file the following application for deferred retirement resolution. Supported by Trustee McCarthy. All in favor. Motion carried.

2. Mary Jo Edelman, Library

Motion by Trustee Davies to accept and place on file the following application for service retirement resolution. Supported by Trustee McCarthy. All in favor. Motion carried.

3. Timothy Garbo, Sheriff's Office

**Presentations – Cassidy Burns, Riverbridge**

Ms. Burns discussed the firm overview. Riverbridge Partners was founded in 1987. The firm has remained an investment centric firm with substantial employee ownership. Riverbridge manages growth-equity strategies that span the market capitalization range.

Next, Ms. Burns reviewed Riverbridge's Investment Philosophy and Strategy. Riverbridge believes earnings power determines the value of a franchise. They focus on companies that are building their earnings power and intrinsic value over long periods of time. Riverbridge invests in high-quality growth companies that demonstrate the ability to sustain strong secular earnings growth, regardless of overall economic conditions. The Riverbridge Investment Team looks to identify and invest in companies that meet all aspects of their investment criteria, sustainable high returns on invested capital, transparent fundamental progress, and advantaged capital.

Finally, Ms. Burns discussed performance history. The fund is up 9.70% for the fourth quarter 2014. The fund is up 1.02% since inception. The fund has 44 holdings with a four to eight year market cycle.

Trustee Turner asked what would make Riverbridge sell a company.

Ms. Burns stated if something was discovered that was originally unknown. Accounting books are a red flag and would be cause for selling a company. Another reason would be to make room for a better opportunity.

Trustee Davies stated he would like to see the fees net of fees.

Mr. Cho stated he will make sure all managers are providing net of fees.

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**Presentations** – Thomas Stringer, Attorney for Bruce Weeks

Mr. Michaud briefly discussed the situation with the Retirement Board. Mr. Weeks separated from employment in 1994 with 7 years and 4 months of retirement service credit therefore, he was not vested. Due to a coding error Mr. Weeks has been receiving interest that he should not have been receiving because past practice has been if an employee terminates and is not vested they do not receive any additional interest. Mr. Weeks is requesting payment for interest since his termination date in 1994.

Mr. Stringer stated that according to statements received Mr. Weeks assumed he would be receiving the interest and that is why he chose to leave his money in his retirement account. Mr. Weeks received annual statements detailing his interest earned.

Trustee McCarthy asked Mr. Stringer if he reviewed the ordinance that was in place at the time of Mr. Week's termination.

Mr. Stringer stated yes.

Trustee McCarthy asked where he saw that his client would receive interest after he terminated.

Mr. Stringer stated he did not see that language in the ordinance.

Trustee McCarthy asked Mr. Stringer if his client was vested.

Mr. Stringer stated no. But Mr. Weeks thought he was able to leave his money in his retirement account and receive interest.

Trustee Davies stated as fiduciary's to the fund this is a difficult decision. After all, the system was using Mr. Week's money.

Trustee McCarthy used a Social Security example as a comparison. She stated if someone is overpaid from Social Security regardless of the reason the money has to be paid back. No exceptions.

Mr. Stringer stated Mr. Weeks is requesting payment of approximately \$20,000.00 in interest.

Chairman Grodi stated this matter will be discussed in closed session with legal counsel.

**Consultant's Report**

Mr. Green reviewed the valuation report for the month ending January 31, 2015. The fund is valued at \$189,418,656.31 down \$1,024,887.90 from the previous month. The current asset allocation includes 58% in equities, 32% in fixed income, 3% in cash, 3% in alternative investments, and 4% in real estate. The Total Fund was down .28% for the month and down .28% year to date.

Next, Mr. Green reviewed the investment manager performance report for the fourth quarter 2014. Year to date the fund was up 4.55%. Trailing 3 years the fund was up 8.74%. Trailing 5 years the fund was up 7.11%. The asset allocation includes 59.3% in equities, 31.1% in fixed income, 2.9% in hedge funds, 3.9% in real estate and 2.8% in cash.

Trustee Davies stated it doesn't look like the fund is doing well according to the quarterly report and looking at the long term.

Trustee Turner stated the Retirement Board was too conservative and the changes that have been made will hopefully be enough to meet the benchmark going forward.

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Trustee McCarthy asked if there were any managers to be concerned about.

Mr. Green said no.

Trustee McCarthy asked why.

Mr. Cho stated all the money managers are doing well right now.

**Old Business**

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

This policy will be placed on the next Administrative Policy Committee meeting.

2. Investment Policy Statement Review

This policy will be placed on the next Investment Policy Committee meeting.

3. Request for Proposal – Actuary Services

A decision on Actuary Services will be made at the next meeting.

4. Gabriel Roeder Smith & Company Experience Study recommendation

The Retirement Board will need to select an Actuary before the experience study can be conducted.

**New Business** - None

**Attorney's Report**

1. Communication dated February 6, 2015 from Thomas Stringer, Attorney for Bruce Weeks.

Motion by Trustee McCarthy to go into closed session. Supported by Trustee Davies.

Roll call for closed session as follows:

AYES	NAYS	ABSENT
Nancy Bellaire	George Jondro	Al Potratz (excused)
James Davies	Anne McCarthy	
Michael Grodi	James Morgan	
Joseph Hudson	Jason Turner	

All in favor. Motion carried. Closed session at 6:30 P.M.

Motion by Trustee Hudson to go into open session. Supported by Trustee McCarthy. All in favor. Motion carried. Open session at 6:48 P.M.

Based on the Retirement Boards discussion and hearing from Mr. Week's attorney, the request to approve Mr. Weeks request for payment of interest is denied.

Motion by Trustee Davies to deny Mr. Weeks request for payment of interest. Supported by Trustee Hudson. All in favor. Motion carried.

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**Trustee Comments**

Trustee McCarthy addressed a situation that came up during contract negotiations. Due to the nature of the conversation she feels it is best to abstain from discussions and voting on the decision to close the amortization period. Trustee McCarthy stated Mrs. Armstrong, the Human Resources Director addressed her regarding the decision to close the amortization period stating, if the amortization period was open the County will have more money for the active employees. Trustee McCarthy felt as though she was being asked to vote to leave the amortization period open. She believes her vote has been compromised therefore she will have to abstain from the vote.

Chairman Grodi stated he is disturbed by the comment from Mrs. Armstrong.

Chairman Grodi stated the next meeting is March 23, 2015 at 5:00 P.M. at the Mary K. Daume Library Service Center.

Motion by Trustee McCarthy to adjourn. Supported by Trustee Morgan. All in favor. Motion carried. Meeting adjourned at 6:55 P.M.

Respectfully Submitted,

Michael Grodi, Chairman  
Monroe County Employees Retirement System  
Board of Trustees