

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 May 12, 2014 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

Roll call as follows:

PRESENT

James Davies
Michael Grodi
Joseph Hudson
George Jondro

Henry Lievens
Anne McCarthy
James Morgan

ABSENT

Nancy Bellaire (excused)
Bobby Lambert (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Michael Bosanac, Retirement Secretary, Michael Cho, Investment Consultant, 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 Davies to approve the agenda as submitted. Supported by Trustee Jondro. Motion carried.

Motion by Trustee McCarthy to approve the minutes of the April 21, 2014 regular meeting and waive the reading of the minutes. Supported by Trustee Hudson. Motion carried.

Citizens Time - None

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

Retirements

1. Michael Labeau, General County May 31

Financial Reports

1. Boyd Watterson Asset Management Client Statement for the period ended March 31, 2014.
2. Brandywine Global Investment Management Portfolio for the First Quarter 2014.
3. Comerica Bank Securities Lending Statement for March 2014.
4. Seizert Capital Partners Performance Summary for the period ended March 31, 2014.

Communication

1. Robbins Geller Rudman & Dowd Settlement Report as of March 28, 2014.
2. Robbins Geller Rudman & Dowd International Portfolio Monitoring Report as of March 28, 2014.
3. Robbins Geller Rudman & Dowd Monitoring Report as of March 28, 2014.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes
May 12, 2014 – Page 2**

Invoices

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

1. Invoice dated April 30, 2014 in the amount of \$4,021.24 from Comerica Commercial Card Service for NCPERS annual conference registration, MAPERS spring conference registration, NCPERS & MAPERS hotel costs.
2. Invoice #402714 in the amount of \$4,764.75 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – March 31, 2014.
3. Invoice #403876 in the amount of \$1,250.00 from Gabriel Roeder Smith & Company for EDRO calculations for Haskins vs. Haskins.
4. Invoice #403875 in the amount of \$1,250.00 from Gabriel Roeder Smith & Company for EDRO calculations for Nicotra vs. Russeau.
5. Invoice dated April 29, 2014 in the amount of \$84,076.30 from Morgan Stanley for management fees for the period of January 1, 2014 – March 31, 2014.
6. Invoice dated April 23, 2014 in the amount of \$12,597.00 from Seizert Capital Partners for investment services rendered for the period of January 1, 2014 – March 31, 2014.
7. Invoice #RR214524 dated April 30, 2014 in the amount of \$12,750.00 from Rehmann Robson for progress billing #1 for the 2013 audit.
8. Invoice #8017 dated May 8, 2014 in the amount of \$1,085.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of March 1, 2014 – March 31, 2014.
9. Invoice #8005 dated May 8, 2014 in the amount of \$332.50 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of April 1, 2014 – April 30, 2014.
10. Reimbursement in the amount of \$139.94 to James Davies for expenses incurred for the NCPERS annual conference.
11. Reimbursement in the amount of \$321.44 to Joseph Hudson for expenses incurred for the NCPERS annual conference.

Roll call for approval of the bills as follows:

AYES

James Davies
Michael Grodi
Joseph Hudson
George Jondro

NAYS

Henry Lievens
Anne McCarthy
James Morgan

ABSENT

Nancy Bellaire (excused)
Bobby Lambert (excused)

Motion carried.

Refunds - None

Retirement Payments - None

Communications – Board Action

Motion by Trustee Davies to accept and place on file the following applications for disability retirement. Supported by Trustee Jondro. Motion carried.

1. Bradley Bentley, Sheriff's Office
2. Trudy Robinson, Library

Motion by Trustee Davies to accept and place on file the following application for purchase of military service time. Supported by Trustee Jondro. Motion carried.

1. Vincent Badalamente, Sheriff's Office

Proposed Resolutions

Motion by Trustee McCarthy to accept and place on file the following disability retirement application resolutions. Supported by Trustee Davies. Motion carried.

1. Bradley Bentley, Sheriff's Office
2. Trudy Robinson, Library

Presentations – Frank Sposato, Lazard

Mr. Sposato introduced himself as the Director for Lazard Asset Management. He stated Lazard's key differentiators are team-based decision making, internally-generated research, proprietary quantitative tools and models, and disciplined risk management. Lazard believes that bottom-up, value driven investing leads to uniform portfolios that outperform in the long term. Lazard focuses on those companies that are financially productive and inexpensively valued and seeks to outperform relevant benchmarks over a full market cycle.

Mr. Sposato stated Lazard manages approximately 169.5 billion in assets under management and has over 700 employees worldwide, including more than 300 investment personnel. Mr. Sposato discussed the performance as of April 30, 2014. The total portfolio is down 1.43% YTD versus the benchmark down .10% and up .95% versus the benchmark down 1.25% since inception. The portfolio consists of 47 holdings.

Finally, Mr. Sposato discussed the Outlook. Lazard believes fundamentals and valuations remain attractive in emerging markets, they will remain bullish on the outlook for emerging markets equities over the medium and long term.

Consultant's Report

Mr. Cho reviewed the valuation report for the month ending April 30, 2014. The fund is valued at \$188,875,829.36 down \$436,376.00 from the previous month. The current asset allocation includes 61% in equities, 31% in fixed income, 3% in cash, 3% in alternative investments, and 2% in real estate. The Total Fund was up .30% for the month and up .86% year to date.

Mr. Cho stated we need to raise funds for the Comerica cash account to cover pension payments and bills. He recommends transferring two million from Boyd Watterson and one million from Brandywine.

Motion by Trustee Davies to transfer two million from Boyd Watterson and one million from Brandywine and deposit the funds in the Comerica cash account. Supported by Trustee Hudson. Motion carried.

Attorney's Report

Mr. Michaud reviewed the recent legal issues and decisions communication. The summary was provided as a general reference to recent legal decisions of interest to Michigan public retirement and healthcare plans.

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. Pension Evaluation

Asset Strategies is working on the evaluation.

3. Investment Policy Statement Review

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

4. Retirement Ordinance update

Chairman Grodi stated the intent was never to have the Retirement Board update the Retirement Ordinance, only to offer recommendations. The County Board of Commissioners are responsible for the update.

5. Disability Re-examinations

The appointments are being scheduled.

New Business

1. Service Provider Disclosure Policy

Motion by Trustee Davies to send out the Service Provider Disclosure Policy. Supported by Trustee Hudson. Motion carried.

2. Certification of Earnings for Disability Retirants

Motion by Trustee Davies to send out the Certification of Earnings for Disability Retirants. Supported by Trustee Hudson. Motion carried.

Trustee Comments

Trustee McCarthy would like the Retirement Board to consider having the monthly meetings at the Mary K. Daume Library Service Center, starting with the next meeting as Trustees are unable to access the computers in the Board of Commissioners Chambers. She also appreciates the less formal setting. Additionally, she is concerned with the confidentiality of medical reports. She would prefer the retirement packets not include medical information, as this information should not be shared. She would like Trustees to receive a hard copy and then return it at the close of the meeting. Finally, Trustee McCarthy would like to look into options for a tablet case.

Trustee Davies thanked Mr. Cho for arranging a due diligence meeting with Mesirow. He stated it was incredible to visit the offices and buildings. He would encourage more Trustees to participate. He would also like a tablet training to get more acquainted with the device.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**
May 12, 2014 – Page 5

Trustee Hudson agreed with Trustee Davies regarding the due diligence tour. He would like to see more Trustees attending. He feels it is very beneficial. At NCPERS the presentations were sit down and less formal. He enjoyed that as he felt more comfortable and allowed Trustees to ask questions.

Chairman Grodi stated the next meeting is June 23, 2014.

Motion by Trustee McCarthy to adjourn. Supported by Trustee Jondro. Motion carried. Meeting adjourned at 6:25 P.M.

Respectfully Submitted,

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