

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, May 15, 2017

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 May 15, 2017 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan 48161.

2. Roll Call

Roll call as follows:

PRESENT:

Nancy Bellaire	James Morgan
Michael Grodi	Bob Neely
George Jondro	Jason Turner
Jeff Koras	

ALSO PRESENT:

Joey Becker, Retirement Specialist
Michael Cho, Investment Consultant
Thomas Michaud, Legal Counsel
Sean Delaney, Lazard
Michael Bosanac, Retirement Secretary arrived at 5:20 p.m.
David Taylor, Citizen

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

3. Pledge of Allegiance

Chairman Grodi led the Pledge of Allegiance.

4. Approval of Agenda

Motion by Trustee Jondro to approve the agenda as submitted. Supported by Trustee Neely. All in favor. Motion carried.

5. Approval of Minutes

Motion by Trustee Morgan to approve the minutes of the April 24, 2017 regular meeting and waive the reading of the minutes. Supported by Trustee Bellaire. All in favor. Motion carried.

6. Citizens Time

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1. Mr. Michaud addressed Mr. Taylor's request for reimbursement of deferred pension benefits. Mr. Michaud stated the Board should continue to administer the benefits consistent with past practice. The payment of retirement benefits commence after the Board's receipt of a written application. Chairman Grodi questioned if the concern is previous deferred retirees who did not receive retro payments. Mr. Michaud stated that is correct; we need to be consistent. Motion by Trustee Jondro to receive and accept the legal opinion of Mr. Michaud. Supported by Trustee Neely. All in favor. Motion carried.

7. Consent Agenda

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

1. Retirements
 - a. Michael Boczar, Sheriff's Office May 1
 - b. Jan Ford, Sheriff's Office May 14
 - c. Elizabeth Kozlowski, Library (deferred) May 31
2. Financial Reports
 - a. Brandywine Global Investment Management Global Fixed Income April 2017.
 - b. Comerica Bank account statement for April 2017.
 - c. Morgan Stanley client statement for April 2017.
 - d. Corbin Pinehurst account statement for March 2017.
 - e. Mesirow account statement for March 2017.
3. Communication
 - a. Robbins Geller Rudman & Dowd settlement report for April, 2017.
 - b. Robbins Geller Rudman & Dowd portfolio monitoring report for April, 2017.
 - c. Robbins Geller Rudman & Dowd litigation report for The Southern Company.

All in favor. Motion carried.

8. Approval of Bills

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

1. Invoice in the amount of \$119.95 from Comerica Commercial Card Service for monthly QuickBooks online fee, notary fee – Becker.
2. Invoice in the amount of \$1,505.00 from VanOverbeke, Michaud & Timmony for legal services rendered for March 1, 2017 through March 31, 2017.
3. Invoice #5823 in the amount of \$21,030.11 from Monroe County Library System for retirement services rendered for January 1, 2017 – March 31, 2017.
4. Invoice dated April 12, 2017 in the amount of \$40,546.00 from Seizert Capital for investment services rendered for the period of January 1, 2017 – March 31, 2017.
5. Invoice #29042117 in the amount of \$118,568.43 from Morgan Stanley for management fees for the period of January 1, 2017 – March 31, 2017.

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Roll call for approval of the bills as follows:

AYES: Nancy Bellaire James Morgan
 Michael Grodi Bob Neely
 George Jondro Jason Turner
 Jeffrey Koras

NAYS: None

All in favor. Motion carried.

8A. Refunds

Motion by Trustee Jondro to approve the following refunds. Supported by Trustee Koras.

- | | |
|--------------------------------------|--------------|
| 1. Cynthia Merritt, Central Dispatch | \$ 423.08 |
| 2. Jeffrey Smith, Sheriff's Office | \$ 59,199.50 |

All in favor. Motion carried.

8B. Retirement Payments

Motion by Trustee Jondro to approve the following retirement payments. Supported by Trustee Koras.

- | | |
|---|-------------|
| 1. Linda Hammac, General County
*April \$1,736.57, May \$1,736.57 | \$ 3,473.14 |
| 2. Roberta Jondra, Mental Health
*April \$1,285.96, May \$1,285.96 | \$ 2,571.92 |
| 3. Jeffrey Smith, Sheriff's Office
*April \$3,179.17, May \$3,179.17 | \$ 6,358.34 |

All in favor. Motion carried.

9. Communications

Motion by Trustee Morgan to receive and file the following communications. Supported by Trustee Neely.

Application for Service Retirement

1. Jan Ford, Sheriff's Office
2. Paula Ochs, General County
3. Janet Weingart, Mental Health

Application for Deferred Retirement

4. Elizabeth Kozlowski, Library
5. Janice Murphy, Library
6. Letter of Understanding dated May 2, 2017 regarding an agreement between the County of Monroe and the Monroe County Sheriff and the Command Officers Association of Michigan.
7. Letter of Understanding dated May 2, 2017 regarding an agreement between the County of Monroe and the Monroe County Sheriff and the Police Officers Association of Michigan.

Mr. Michaud stated an impact study needs to be completed by the Actuary prior to signing the Letters of Understanding. Mr. Michaud also stated the cost of the impact study is not paid by the Retirement System.

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The Letters of Understanding would need to be re-ratified after the impact study has been completed. Trustee Turner questioned if the Actuary was contacted, and who was responsible for contacting the Actuary. Mr. Michaud stated anyone who signed the Letters of Understanding can contact the Actuary.

8. Communication from Boyd Watterson regarding distribution related to interest in the Fund.

All in favor. Motion carried.

10. Resolutions

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

- Application Service Retirement**
 1. Jan Ford, Sheriff's office
 2. Paula Ochs, General County
 3. Janet Weingart, Mental Health
- Service Retirement**
 4. Linda Hammac, General County
 5. Roberta Jondro, Mental Health
 6. Jeffrey Smith, Sheriff's Office
- Application for Deferred Retirement**
 7. Elizabeth Kozlowski, Library
 8. Janice Murphy, Library

All in favor. Motion carried.

11. Presentations – Sean Delany, Lazard

Mr. Delany reviewed the performance summary. Year to date, the fund is up 14.75%, up 25.38% for 2016, and since inception up 1.95%. He discussed strategy, investment philosophy, and their management team.

Mr. Cho questioned the price/earnings and return on equity. Mr. Delany stated they focus on profitable companies with attractive prices, adding that emerging markets are well positioned to outperform this year.

Trustee Jondro questioned why there were no investments in Japan. Mr. Delany stated Japan is a developed market; their focus is emerging markets.

12. Consultant's Report

Mr. Cho reviewed the valuation report for the month ending April 30, 2017. The fund is valued at \$197,146,275.44, up \$631,434.80 from the previous month. The current asset allocation includes 58% in equities, 22% in fixed income, 3% in cash, 8% in alternative investments, and 9% in real estate. The Total Fund was up 0.88% for the month and up 5.26% year to date.

Mr. Cho stated it is a slow growth economy. Chairman Grodi questioned how many times we should expect the interest rates to rise. Mr. Cho stated interest rates are expected to rise two more times this year.

Trustee Neely questioned if Mr. Cho could have a recommendation in regards to Seizert next month. Mr. Cho stated that he will complete a study.

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Trustee Turner questioned if we should consider increasing investments with Intercontinental, decreasing Boyd Watterson. Mr. Cho stated that Boyd Watterson is more conservative with steady growth. Trustee Turner questioned if a more aggressive manager would be a better choice right now. Mr. Cho stated more aggressive means a more volatile manager with Intercontinental. Mr. Cho referenced the standard deviation for Boyd Watterson at 1.27% and 5.74% for Intercontinental. Mr. Cho stated that he will complete a study for Boyd Watterson versus Intercontinental.

13. Old Business

1. County Travel Policy 307.1

This issue is in the process of being reviewed.

2. Request for Proposal Investment Consultant.

Trustee Jondro stated an evaluation request was sent to current clients for top three choices for investment consultants. All but one response was received back. Performance for each consultant was reviewed, as well as, their annual fees. The Investment Policy Committee is preparing a packet showing the process used in determining the final choices to present to the Board.

Trustee Neely added the Investment Policy Committee has been driven by returns, not fees during this process. The Investment Policy Committee is preparing standard and company specific questions for the interview process.

14. New Business

1. Disability Re-examinations

Motion by Trustee Morgan to follow the disability retirement procedure and schedule the disability re-examinations. Supported by Trustee Jondro. All in favor. Motion carried.

2. Certification of Earnings for Disability Retirants

Motion by Trustee Neely to send out the request according to policy. Supported by Trustee Koras. All in favor. Motion carried.

3. Service Provider Disclosure Policy

Motion by Trustee Jondro to send out the request according to policy. Supported by Trustee Bellaire. All in favor. Motion carried.

15. Attorney's Report

1. Closed Session – Class Action Update

Motion by Trustee Jondro to go into closed session at 6:08 P.M. Supported by Trustee Neely.

Roll call for approval of closed session as follows:

AYES: Nancy Bellaire	James Morgan
Michael Grodi	Bob Neely
George Jondro	Jason Turner
Jeff Koras	

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NAYS: None

ABSENT: Henry Lievens and Anne McCarthy excused.

All in favor. Motion carried.

Motion by Trustee Turner to go into open session at 6:12 P.M. Supported by Trustee Jondro. All in favor. Motion carried.

Motion by Trustee Turner to accept recommendation to voluntary dismiss complaint against Trunk, formerly Tribune Publishing without prejudice. Supported by Trustee Neely. All in favor. Motion carried.

16. Trustee Comments

Trustee Bellaire questioned if there was anything new on the travel policy. Trustee Turner stated that he is continuing to work on it.

Trustee Morgan wished everyone attending the MAPERS conference good luck.

Trustee Jondro stated everyone on the Investment Policy Committee has worked very diligently and he thanked the committee.

Chairman Grodi expressed concern regarding Mr. Taylor. He stated that the money is set aside in the system; we budgeted for it. Mr. Michaud stated the Pension Board is unable to change the rules. They must stay consistent with past practice.

17. Administrative Calendar

Chairman Grodi stated the next meeting is June 26, 2017 at 5:00 P.M.

18. Adjourn

Motion by Trustee Turner to adjourn. Supported by Trustee Morgan. All in favor. Motion carried.

Meeting adjourned at 6:18 P.M.

Respectfully Submitted,

Michael Grodi, Chairman
Monroe County Employees Retirement System

George Jondro, Vice Chairman
Monroe County Employees Retirement System