

# 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, June 27, 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 June 27, 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	Bob Neely
George Jondro	Al Potratz
Anne McCarthy	Jason Turner
James Morgan	

Nancy Bellaire and Joseph Hudson excused.

##### ALSO PRESENT:

Sandy Calkins, Retirement Specialist  
Michael Bosanac, Retirement Secretary  
Thomas Michaud and Rob Abb, Legal Counsel  
Michael Cho, Investment Consultant  
Beth Baily and Manju Patnaik, Plante Moran  
Larry Langer, Buck Consulting  
MP Hayden and John Cocke, Corbin Capital

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 amended, adding item 11-3, MP Haden, Corbin Capital presentation and removing item 9-15, MAPERS certificate of attendance for Jason Turner. Supported by Trustee Neely.

All in favor. Motion carried.

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**5. Approval of Minutes**

Motion by Trustee McCarthy to approve the minutes of the May 9, 2016 regular meeting and June 20, 2016 special meeting and waive the reading of the minutes. Supported by Trustee Jondro.

All in favor. Motion carried.

**6. Citizens Time**

No citizens wish to address the board.

**7. Consent Agenda**

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

1. Retirements

- a. Debra Daniels, Mental Health June 13
- b. Michael Hewitt, Road Commission June 13

2. Financial Reports

- a. Boyd Watterson client statement for the period ended April 30, 2016.
- b. Boyd Watterson client statement for the period ended May 31, 2016.
- c. Boyd Watterson Limited Duration Mid-Grade Fund for the period ended April 30, 2016.
- d. Boyd Watterson Limited Duration Mid-Grade Fund for the period ended May 31, 2016.
- e. Boyd Watterson GSA Fund for the period ended April 30, 2016.
- f. Boyd Watterson GSA Fund for the period ended May 31, 2016.
- g. Brandywine Global Investment Management Global Fixed Income April 2016.
- h. Brandywine Global Investment Management Global Fixed Income May 2016.
- i. Comerica Bank account statement for April 2016.
- j. Comerica Bank account statement for May 2016.
- k. Corbin Pinehurst account statement for the period ended March 31, 2016.
- l. Corbin Pinehurst account statement for the period ended April 30, 2016.
- m. Intercontinental account statement for the period ended March 31, 2016.
- n. Mesirow Institutional account statement for the period ended April 30, 2016.
- o. Morgan Stanley client statement for April 2016.
- p. Morgan Stanley client statement for May 2016.

3. Communication

- a. Robbins Geller Rudman & Dowd settlement report for April 29, 2016.
- b. Robbins Geller Rudman & Dowd portfolio monitoring report for April 29, 2016.
- c. Robbins Geller Rudman & Dowd settlement report for May 27, 2016.
- d. Robbins Geller Rudman & Dowd portfolio monitoring report for May 27, 2016.

All in favor. Motion carried.

**8. Approval of Bills**

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

- 1. Invoice #44342 dated June 15, 2016 in the amount of \$21,331 from Boyd Watterson Asset Management for investment services rendered for the period of March 1, 2016 – May 31, 2016.

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2. Invoice #2278682 dated June 15, 2016 in the amount of \$6,000.00 from Buck Consultants for the second installment for basic actuarial services.
3. Invoice in the amount of \$4,223.30 from Comerica Commercial Card Service for NCPERS and MAPERS.
4. Invoice #1346340 in the amount of \$9,750.00 from Plante Moran for professional services rendered.
5. Invoice dated June 24, 2016 in the amount of \$1,750.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of April 1, 2016 – May 31, 2016.
6. Reimbursement in the amount of \$189.00 to Nancy Bellaire for expenses incurred for the MAPERS spring conference.
7. Reimbursement in the amount of \$191.70 to Michael Grodi for expenses incurred for the MAPERS spring conference.
8. Reimbursement in the amount of \$233.75 to Joseph Hudson for expenses incurred for the MAPERS spring conference.
9. Reimbursement in the amount of \$180.90 to Anne McCarthy for expenses incurred for the MAPERS spring conference.
10. Reimbursement in the amount of \$257.55 to Bob Neely for expenses incurred for the MAPERS spring conference.
11. Reimbursement in the amount of \$178.20 to Al Potratz for expenses incurred for the MAPERS spring conference.
12. Reimbursement in the amount of \$166.11 to James Morgan for expenses incurred for the NCPERS annual conference.

Roll call for approval of the bills as follows:

AYES: Michael Grodi	Bob Neely
George Jondro	Al Potratz
Anne McCarthy	Jason Turner
James Morgan	

NAYS: None

ABSENT: Nancy Bellaire and Joseph Hudson excused.

All in favor. Motion carried.

**8A. Refunds**

Motion by Trustee Jondro to approve the following retirement refunds. Supported by Trustee Morgan.

- |                                    |             |
|------------------------------------|-------------|
| 1. John Ciacelli, Sheriff's Office | \$42,477.10 |
| 2. Jacob Green, General County     | \$ 2,459.15 |
| 3. Timothy Merman, Mental Health   | \$19,470.16 |
| 4. Tammy Murdock, General County   | \$ 860.16   |

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All in favor. Motion carried.

**8B. Retirement Payments**

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

1. Margaret Bentley, Sheriff's Office (EDRO)	\$ 5,062.62
*Jan \$396.12, Feb \$1,023.30, Mar \$1,023.30, Apr \$1,023.30 May \$1,023.30 - \$450.00 EDRO Invoice	
2. Mark Braunlich, General County	\$ 1,952.72
*May \$400.56	
3. John Ciacelli, Sheriff's Office	\$ 7,973.90
*April \$2,410.72, May \$2,781.59	
4. Jill Denko, General County	\$ 1,298.52
*May \$524.37	
5. Timothy Merman, Mental Health	\$ 3,853.08
*May \$709.80, June \$1,571.64	
6. Linda Stotz, General County	\$ 2,671.07
*April \$43.79, May \$1,313.64	

All in favor. Motion carried.

**9. Communications**

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

**Application for Service Retirement**

1. Robert Fleeman, Sheriff's Office
2. Robert Harmon, Road Commission

**Application for Deferred Retirement**

3. Jill Denko, General County
4. Timothy Merman, Mental Health

**Application for Deferred Service Status**

5. Stephanie Brancheau, Mental Health
6. Shane Howard, County Agency
7. Craig Schuele, General County

**Certificate of Attendance**

8. Nancy Bellaire, MAPERS
9. Michael Grodi, MAPERS
10. Joseph Hudson, MAPERS
11. George Jondro, MAPERS
12. Anne McCarthy, MAPERS
13. Bob Neely, MAPERS
14. Al Potratz, MAPERS

**Disclosure Forms**

15. Boyd Watterson Asset Management
16. Brandywine Global Investment Management
17. Federated Investment
18. Intercontinental Real Estate

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19. Plante Moran
20. Riverbridge Partners
21. Seizert Capital Partners
22. Communication dated June 8, 2016 from Brandywine Global regarding personnel changes.
23. Communication dated June 17, 2016 from Buck Consulting regarding new company name.
24. Communication dated June 6, 2016 from Intercontinental regarding U.S. Real Estate Investment Fund capital call.
25. Communication dated May 4, 2016 from Seizert Capital regarding personnel changes.
26. Monroe County Retiree Health Care Board Meeting Minutes.

All in favor. Motion carried.

**10. Resolutions**

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

**Service Retirement**

1. John Ciacelli, Sheriff's Office
2. Linda Stotz, General County

**Deferred Retirement**

3. Mark Braunlich, General County
4. Jill Denko, General County
5. Timothy Merman, Mental Health

**Application for Service Retirement**

6. Robert Fleeman, Sheriff's Office
7. Robert Harmon, Road Commission

**Application for Deferred Retirement**

8. Jill Denko, General County
9. Timothy Merman, Mental Health

All in favor. Motion carried.

**11. Presentations**

1. Beth Baily, Plante Moran, Financial Audit/Statement

Ms. Bialy presented the Monroe County Employees Retirement System Financial Report with Supplemental Information for year ended December 31, 2015.

She discussed the independent auditor's report, management's discussion and analysis, statement of fiduciary net position, statement of changes in fiduciary net position, notes to financial statements, schedule of changes in the system net pension liability and related ratios, schedule of contributions, and schedule of investment returns.

Ms. Bialy also reviewed internal control related matters identified in the audit, required communications with those charged with Governance, other recommendations and related information, and GASB 67.

Motion by Trustee Turner to accept and place on file the Monroe County Employees Retirement System Financial Report with Supplemental Information for year ended December 31, 2015. Supported by Trustee McCarthy.

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All in favor. Motion carried.

2. Larry Langer, Buck Consulting, Actuarial Report

Mr. Langer presented the results of the December 31, 2015 Actuarial Valuation. Overall, the following events resulted in the funded status to be lower than anticipated: market value returns of -0.6% compared to 7.0% assumed and unfavorable demographic experience. The total employer contributions amount increased from \$8.9 million to \$9.6 million. Funded ratio fell from 74.3% to 73.1%.

Motion by Trustee Turner to accept and place on file the Monroe County Employees Retirement System 2015 Actuarial Valuation Report. Supported by Trustee Jondro.

All in favor. Motion carried.

3. MP Hayden and John Cocke, Corbin Capital

Mr. Cocke discussed Corbin at a glance; the company was established in 1984, has \$4.5 billion in assets under management, and has 38 employees. He then discussed the investment performance. The fund was down 3.57% year to date.

**12. Consultant's Report**

Mr. Cho reviewed the valuation report for the month ending May 31, 2016. The fund is valued at \$183,854,160.69 up \$49,480.31 from the previous month. The current asset allocation includes 60% in equities, 24% in fixed income, 3% in cash, 6% in alternative investments, and 7% in real estate. The Total Fund was up .73% for the month and up 1.89% year to date.

Mr. Cho recommends transferring \$3,000,000.00 from Winslow, \$2,500,000.00 from Renaissance, \$2,500,000.00 from Cambiar, and \$2,000,000.00 from Brandywine to \$2,000,000.00 to Boyd Watterson GSA, \$4,000,000.00 to Tortoise MLP, and \$4,000,000.00 to Boyd Watterson International Fixed.

Motion by Trustee Jondro to accept Mr. Cho's recommendation and transfer \$3,000,000.00 from Winslow, \$2,500,000.00 from Renaissance, \$2,500,000.00 from Cambiar, and \$2,000,000.00 from Brandywine to \$2,000,000.00 to Boyd Watterson GSA, \$4,000,000.00 to Tortoise MLP, and \$4,000,000.00 to Boyd Watterson International Fixed Supported by Trustee Neely.

Roll call for approval of Mr. Cho's recommendation as follows:

AYES: Michael Grodi	Bob Neely
George Jondro	Al Potratz
Anne McCarthy	Jason Turner
James Morgan	

NAYS: None

ABSENT: Nancy Bellaire and Joseph Hudson excused.

All in favor. Motion carried.

**13. Old Business**

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

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This issue is in the process of being reviewed.

**2. Request for Proposal Investment Consultant**

Trustee McCarthy would like the Retirement Board to wait on sending out the request. She would like to see more details worked out before proceeding. She would also like to review the timeline.

Trustee Neely agreed on the timeline. He feels it may be too tight.

Trustee Morgan stated he is concerned and confused over the process. He is uncomfortable with the other boards involved in the process.

Trustee Jondro stated the process is getting confusing. He would like the administrative committee to review the request for proposals document and approve before it is sent out.

Trustee Neely stated he is after the best performance.

Trustee Morgan stated there is no savings if each board chooses a different consultant, which places pressure on the boards to select the same consultant to save money. He stated his fiduciary responsibility is to the Retirement System.

Trustee Neely stated the plan is for all the boards to choose the same consultant to save money. It benefits all plans.

Trustee Potratz stated he respects everyone's opinion and he would like to make a motion.

Motion by Trustee Potratz to approve the request for proposals document as presented. Supported by Trustee Neely.

Roll call for approval of the request for proposals document as presented as follows:

AYES: Michael Grodi  
Bob Neely  
Al Potratz  
Jason Turner

NAYS: George Jondro  
Anne McCarthy  
James Morgan

ABSENT: Nancy Bellaire and Joseph Hudson excused.

Motion failed.

The request for proposals document will be review by the administrative policy committee.

**14. New Business**

**15. Attorney's Report**

**1. EDRO, Gregory Abood vs. Shannon Abood**

Mr. Michaud stated his office has reviewed the EDRO and it is consistent with the act and ordinance.

Motion by Trustee Turner to accept communication and place on file. Supported by Trustee McCarthy.

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All in favor. Motion carried.

2. Recent Legal Issues and Decisions

Mr. Michaud stated this is just for informational purposes.

Motion by Trustee Morgan to accept communication and place on file. Supported by Trustee McCarthy.

All in favor. Motion carried.

3. Closed Session – Class Action Update

Motion by Trustee McCarthy to go into closed session at 7:39 P.M. Supported by Trustee Morgan.

Roll call for approval of closed session as follows:

AYES: Michael Grodi	Bob Neely
George Jondro	Al Potratz
Anne McCarthy	Jason Turner
James Morgan	

NAYS: None

ABSENT: Nancy Bellaire and Joseph Hudson excused.

All in favor. Motion carried.

Motion by Trustee McCarthy to go into open session at 7:48 P.M. Supported by Trustee Potratz.

All in favor. Motion carried.

Motion by Trustee Neely to authorize legal action against the Tribune Directors alleging breach of fiduciary duty. Supported by Trustee Jondro.

All in favor. Motion carried.

**16. Trustee Comments**

Trustee Potratz discussed the MAPERS Conference. He found the actuarial hour session to be very informative.

Trustee Morgan discussed the NCPERS Annual Conference. He stated TEDS offered an outstanding exercise regarding investments.

Trustee McCarthy discussed the MAPERS Conference. She attended every session. She felt the sessions were not as good as some in the past.

Trustee Neely discussed the MAPERS Conference. He felt it was a very informative conference.

Trustee Jondro discussed the NCPERS Annual Conference. He stated TEDS offered an excellent exercise regarding asset allocations. Next, he discussed the MAPERS Conference. He stated it was a great conference and he enjoyed the economic update.

Chairman Grodi discussed the MAPERS Conference. He felt it was a good conference with a nice turnout.



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**17. Administrative Calendar**

Chairman Grodi stated the next meeting is July 25, 2016 at 5:00 P.M.

**18. Adjourn**

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

All in favor. Motion carried.

Meeting adjourned at 7:59 P.M.

Respectfully Submitted,

Michael Grodi, Chairman  
Monroe County Employees Retirement System