

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 July 27, 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
Michael Grodi
George Jondro

Anne McCarthy
James Morgan
Al Potratz
Jason Turner

ABSENT

Joseph Hudson (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist, 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 McCarthy to approve the agenda as amended, adding item 8-18, Legal Invoice. Supported by Trustee Turner.

Roll call for approval of the amended agenda as follows:

AYES

Nancy Bellaire
James Davies
Michael Grodi
George Jondro

NAYS

Anne McCarthy
James Morgan
Al Potratz
Jason Turner

ABSENT

Joseph Hudson (excused)

All in favor. Motion carried.

Motion by Vice Chairman Jondro to approve the minutes of the June 29, 2015 regular meeting and waive the reading of the minutes. Supported by Trustee Morgan. All in favor. Motion carried.

Citizens Time – None

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

Financial Reports

1. Brandywine Global Investment Management Global Fixed Income for June 2015.

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Communication

1. Robbins Geller Rudman & Dowd Settlement Report for June 26, 2015.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for June 26, 2015.
3. Robbins Geller Rudman & Dowd Second Quarter 2015 International Portfolio Monitoring Report.
4. Robbins Geller Rudman & Dowd Second Quarter 2015 Repose Report.

Invoices

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

1. Invoice #41545 dated March 24, 2105 in the amount of \$17,350.00 from Boyd Watterson Asset Management for investment services rendered for the period of December 1, 2014 – February 28, 2015.
2. Invoice #42260 dated June 26, 2015 in the amount of \$16,256.00 from Boyd Watterson Asset Management for investment services rendered for the period of March 1, 2015 – May 31, 2015.
3. Invoice #413285 in the amount of \$5,139.28 from Comerica Bank for custodial services rendered for the period of April 1, 2015 – June 30, 2015.
4. Invoice dated June 30, 2015 in the amount of \$6.74 from Comerica Commercial Card Service for certified mail.
5. Invoice dated June 16, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Sherie Chudnicki.
6. Invoice dated June 16, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Scott Ferguson.
7. Invoice dated June 29, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on David Diekman.
8. Invoice dated June 29, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Polly Minke.
9. Invoice dated June 29, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Denise Smith.
10. Invoice dated July 2, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Linda Martin.
11. Invoice dated July 2, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Shelly Romanowski.
12. Invoice dated July 2, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Gregory Tafelski.
13. Invoice dated July 2, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Jerome VanSlambrouck.
14. Invoice dated July 7, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Helen Cotton.

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15. Invoice dated July 17, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Denise Fashbaugh.
16. Invoice dated July 17, 2015 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Teresa Schotte.
17. Invoice #107113 dated July 2, 2015 in the amount of \$7,750.00 from Plante Moran for final billing for the audit of fiscal year ended December 31, 2014.
18. Invoice #8362 dated July 24, 2015 in the amount of \$1,207.50 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of June 1, 2015 – June 30, 2015.

Roll call for approval of the bills as follows:

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

All in favor. Motion carried.

Retirement Refunds

Motion by Trustee McCarthy to approve the following retirement refunds. Supported by Vice Chairman Jondro. All in favor. Motion carried.

1. Audrey Lewis, Central Dispatch \$ 2,721.78

Retirement Payments

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

1. Ilya Davidovich, Mental Health \$ 2,371.68
*May \$329.40, June \$1,021.14

Communications – Board Action

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

1. Denise Erving, General County
2. Mary Francis, General County
3. Janet Hoffman, Library

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

4. Shawn Cousino, County Agency
5. Mary Johnson, General County
6. Michelle O'Connor, General County
7. Daniel Smith, General County

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

8. Gary Hedger, Sheriff's Office

Motion by Trustee Davies to accept and place on file the following disclosure forms. Supported by Trustee McCarthy. All in favor. Motion carried.

9. Anchor Capital Advisors
10. Intercontinental Real Estate

Motion by Trustee Davies to accept and place on file the following medical reports. Supported by Trustee McCarthy. All in favor. Motion carried.

11. Sherie Chudnicki, Mental Health
12. Helen Cotton, General County
13. David Diekman, County Agency
14. Denise Fashbaugh, Central Dispatch
15. Scott Ferguson, General County
16. Linda Martin, Mental Health
17. Polly Minke, General County
18. Shelly Romanowski, Sheriff's Office
19. Teresa Schotte, General County
20. Denise Smith, Sheriff's Office
21. Gregory Tafelski, Sheriff's Office
22. Jerome VanSlambrouck, County Agency

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

23. Communication dated July 1, 2015 from Intercontinental regarding Seventeenth Amendment to Limited Liability Company Agreement of U.S. Real Estate Investment Fund.

Proposed Resolutions

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

1. Ilya Davidovich, Mental Health

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

2. Denise Erving, General County
3. Mary Francis, General County
4. Janet Hoffman, Library

Motion by Trustee Davies to accept and place on file the following purchase of military service credit resolutions. Supported by Trustee McCarthy. All in favor. Motion carried.

5. Vincent Badalamente, Sheriff's Office
6. Sarenda Davison, Sheriff's Office
7. John Longenbarger, Sheriff's Office

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8. Steve Moreau, Sheriff's Office
9. Michael Preadmore, Sheriff's Office

Motion by Trustee Davies to accept and place on file the following disability retirant re-examination resolutions. Supported by Trustee McCarthy. All in favor. Motion carried.

10. Sherie Chudnicki, Mental Health
11. Helen Cotton, General County
12. David Diekman, County Agency
13. Denise Fashbaugh, Central Dispatch
14. Scott Ferguson, General County
15. Linda Martin, Mental Health
16. Polly Minke, General County
17. Shelly Romanowski, Sheriff's Office
18. Teresa Schotte, General County
19. Denise Smith, Sheriff's Office
20. Gregory Tafelski, Sheriff's Office
21. Jerome VanSlambrouck, County Agency

Presentations – Michael Fedorovich, Renaissance Investment

Mr. Fedorovich discussed Renaissance Investments outlook, positioning, perspectives, sector performance and sector attribution. He then discussed the investment performance. The fund was up 1.26% quarter to date and up 6.81% year to date.

Consultant's Report

Mr. Cho reviewed the valuation report for the month ending June 30, 2015. The fund is valued at \$191,173,884.91 down \$2,843,652.51 from the previous month. The current asset allocation includes 61% in equities, 24% in fixed income, 3% in cash, 6% in alternative investments, and 6% in real estate. The Total Fund was down 1.17% for the month and up 2.38% year to date.

Mr. Cho recommends transferring \$1,000,000.00 from Boyd Watterson Fixed Income, \$1,500,000.00 from Brandywine and \$500,000.00 from Boyd Watterson Limited Duration to the Cash Account.

Motion by Vice Chairman Jondro to accept Mr. Cho's recommendation to transfer \$1,000,000.00 from Boyd Watterson Fixed Income, \$1,500,000.00 from Brandywine and \$500,000.00 from Boyd Watterson Limited Duration to the Cash Account. Supported by Trustee Davies. All in favor. Motion carried.

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 Investment Policy Committee is reviewing the policy.

3. Buck Consulting Experience Study recommendation

Buck Consulting will submit a proposal with scope of services and cost details.

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New Business

1. Training Budget

Motion by Trustee Davies to adopt the training budget per the educational policy. Supported by Trustee McCarthy. All in favor. Motion carried.

2. Teleconferencing

Mr. Michaud stated teleconferencing is acceptable for Trustees. Trustees can make motions via teleconferencing as well.

3. Intercontinental Professional Staff

Mr. Cho stated the CIO of Intercontinental lied about his educational background. He stated he had a Bachelor's degree in Finance and he does not. Morgan Stanley was notified of this information after a due diligence check. Mr. Cho's recommendation is to terminate Intercontinental.

Chairman Grodi would like to invite Intercontinental to present and answer questions.

Mr. Michaud stated Intercontinental needs to address the situation and be available to answer questions.

Mr. Cho stated Morgan Stanley will not be a fiduciary to Intercontinental if the Retirement Board decides to retain Intercontinental.

The Retirement Board is going to allow Intercontinental an opportunity to present and answer questions at the August 24 board meeting.

Motion by Trustee McCarthy to move Intercontinental to the August 24 board meeting and move the Buck Consulting Experience Study to the September 21 board meeting. Supported by Trustee Davies. Motion carried.

Trustee Turner would like to accept Mr. Cho's recommendation and terminate Intercontinental immediately.

Attorney's Report

1. Closed Session – Summons and Complaint, Bruce Weeks

Mr. Michaud stated closed session is not necessary. The paperwork was filed in District Court and it needs to be filed in Circuit Court. Mr. Michaud has notified Mr. Weeks attorney. The paperwork will be filed at a later date with Circuit Court.

Trustee Comments

Trustee Potratz thanked Vice Chairman Jondro for his hard work to complete the Investment Policy Statement.

Trustee Morgan stated he had an employee address him regarding his interest calculation from 1999. Mr. Michaud advised him to have the employee write a letter to the Retirement Board to further investigate the matter.

Vice Chairman Jondro thanked the Investment Policy Committee for their hard work on the Investment Policy Statement.

Trustee Bellaire addressed a renovation project that will be taking place beginning August 3. The Retirement Office will need to be closed for two weeks while the project is completed.

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Chairman Grodi stated the next meeting is August 24, 2015 at 5:00 P.M. at the Mary K. Daume Library Service Center.

Motion by Trustee Turner to adjourn. Supported by Vice Chairman Jondro. All in favor. Motion carried. Meeting adjourned at 7:05 P.M.

Respectfully Submitted,

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