

# 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 28, 2014 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  
Joseph Hudson  
George Jondro

Bobby Lambert  
Henry Lievens @ 5:05  
Anne McCarthy  
James Morgan

### ABSENT

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

Motion by Trustee Jondro to approve the minutes of the June 23, 2014 regular meeting and July 1, 2014 special meeting and waive the reading of the minutes. Supported by Trustee Davies. 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.

### Retirements

- |                                  |         |
|----------------------------------|---------|
| 1. Karen Warren, Mental Health   | June 12 |
| 2. Gary Kujawa, Sheriff's Office | July 12 |
| 3. Kathryn Gautz, General County | July 28 |

### Financial Reports

1. Boyd Watterson Asset Management Client Statement for the period ended June 30, 2014.
2. Brandywine Global Investment Management Portfolio for the period ended May 2014.
3. Brandywine Global Investment Management Portfolio for the period ended June 2014.
4. Brandywine Global Investment Management Portfolio for the second quarter 2014.

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**Communication**

1. Robbins Geller Rudman & Dowd May 30, 2014 Settlement Report.
2. Robbins Geller Rudman & Dowd May 30, 2014 Monitoring Report.
3. Robbins Geller Rudman & Dowd June 27, 2014 Settlement Report.
4. Robbins Geller Rudman & Dowd June 27, 2014 Monitoring Report.
5. Robbins Geller Rudman & Dowd June 27, 2014 International Portfolio Monitoring Report.
6. Robbins Geller Rudman & Dowd Litigation Report as of June 30, 2014.

**Invoices**

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

1. Invoice #39956 dated July 8, 2014 in the amount of \$25,561.00 from Boyd Watterson Asset Management for investment services rendered for the period of March 1, 2014 – May 31, 2014.
2. Invoice dated June 30, 2014 in the amount of \$169.71 from Comerica Commercial Card Service for tablet cases.
3. Invoice dated June 25, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Sherie Chudnicki.
4. Invoice dated June 18, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Helen Cotton.
5. Invoice dated July 1, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Denise Fashbaugh.
6. Invoice dated June 27, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Linda Martin.
7. Invoice dated June 25, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Polly Minke.
8. Invoice dated June 27, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Trudy Robinson.
9. Invoice dated June 27, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Pamela Smith.
10. Invoice dated July 1, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Gregory Tafelski.
11. Invoice #408215 in the amount of \$4,713.00 from Gabriel Roeder Smith & Company for regular actuarial services performed for the quarter from April 1, 2014 – June 30, 2014.
12. Invoice #5580 in the amount of \$14,144.07 from Monroe County Library System for services rendered to the Retirement Board for April – June 2014.
13. Invoice dated July 21, 2014 in the amount of \$184,293.08 from Morgan Stanley for management fees for the period of April 1, 2014 – June 30, 2014.

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14. Final Invoice #20140203290722M dated February 24, 2014 in the amount of \$11,033.34 from NWQ Investment Management Company for investment services rendered for the period of January 1, 2014 – February 24, 2014.
15. Invoice #RR225054 dated June 30, 2014 in the amount of \$2,500.00 from Rehmann Robson for final billing for the 2013 audit.
16. Invoice dated July 22, 2014 in the amount of \$1,400.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of June 1, 2014 – June 30, 2014.
17. Reimbursement in the amount of \$196.00 to Henry Lievens for expenses incurred for the 2014 Spring MAPERS conference.

Roll call for approval of the bills as follows:

AYES		NAYS	ABSENT
Nancy Bellaire	Bobby Lambert		
James Davies	Henry Lievens		
Michael Grodi	Anne McCarthy		
Joseph Hudson	James Morgan		
George Jondro			

All in favor. Motion carried.

**Retirement Refunds**

Motion by James Davies to approve the following retirement refunds. Supported by Trustee Jondro. All in favor. Motion carried.

- |  |             |
|--|-------------|
| 1. Michael Labeau, General County          | \$ 7,532.78 |
| Charles Schwab & Co. (FBO: Michael Labeau) | \$32,067.07 |

**Retirement Payments**

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

- |   |             |
|---|-------------|
| 1. Douglas Kuras, General County                      | \$ 4,255.06 |
| May \$67.54, June \$2,093.76                          |             |
| 2. Michael LaBeau, General County                     | \$ 2,988.03 |
| May \$47.43, June \$1,470.30                          |             |
| 3. Joyce Laming, General County                       | \$ 5,488.77 |
| February \$296.72, March \$1,038.41, April \$1,038.41 |             |
| May \$1,038.41, June \$1,038.41                       |             |
| 4. Karen Warren, Mental Health                        | \$ 2,086.94 |
| June \$809.21   |             |

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**Communications – Board Action**

Motion by Trustee Jondro to accept and place on file the following applications for service retirement. Supported by Vice Chairman Bellaire. All in favor. Motion carried.

1. Kathryn Gautz, General County
2. Karen Warren, Mental Health

Motion by Trustee Jondro to accept and place on file the following application for deferred retirement. Supported by Vice Chairman Bellaire. All in favor. Motion carried.

3. Joyce Laming, General County

Motion by Trustee Jondro to accept and place on file the following application for deferred service status. Supported by Vice Chairman Bellaire. All in favor. Motion carried.

4. Gail Ridgon, General County

Motion by Trustee Jondro to accept and place on file the following medical reports. Supported by Vice Chairman Bellaire. All in favor. Motion carried.

5. Sherie Chudnicki, Mental Health
6. Helen Cotton, General County
7. Denise Fashbaugh, Central Dispatch
8. Linda Martin, Mental Health
9. Polly Minke, General County
10. Trudy Robinson, Library
11. Pamela Smith, General County
12. Gregory Tafelski, Sheriff's Office

Motion by Trustee Jondro to accept and place on file the following disclosure forms. Supported by Vice Chairman Bellaire. All in favor. Motion carried.

13. Anchor Capital Advisors
14. Franklin Templeton Portfolio Advisors
15. Gabriel, Roeder, Smith & Company
16. NWQ Investment Management
17. Seizert Capital
18. VanOverbeke, Michaud & Timmony

Motion by Trustee Jondro to accept and place on file the following communication from Boyd Watterson GSA Fund. Supported by Vice Chairman Bellaire. All in favor. Motion carried.

19. Communication dated July 18, 2014 from Boyd Watterson GSA Fund regarding second quarter distribution.

**Proposed Resolutions**

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.

1. Kathryn Gautz, General County
2. Karen Warren, Mental Health

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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.

3. Joyce Laming, General County

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

4. Douglas Kuras, General County
5. Michael LaBeau, General County
6. Karen Warren, Mental Health

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

7. Joyce Laming, General County

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

8. Trudy Robinson, Library

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

9. Sherie Chudnicki, Mental Health
10. Helen Cotton, General County
11. Denise Fashbaugh, Central Dispatch
12. Linda Martin, Mental Health
13. Polly Minke, General County
14. Pamela Smith, General County
15. Gregory Tafelski, Sheriff's Office

**Presentations – Renaissance Investment, Michael Fedorovich**

Mr. Fedorovich introduced himself as the Vice President, Regional Manager for Renaissance Investment Management. He stated Renaissance Investment Management manages approximately \$4.2 billion in assets and is based in Cincinnati, Ohio. Renaissance employs 22 employees that average 14 years of service, partner's average 18 years of service and portfolio managers average 25 years of service.

Mr. Fedorovich discussed the investment philosophy. He stated Renaissance believes that a disciplined process of constructing portfolios that exhibit good fundamental growth characteristics, strong earnings momentum and reasonable valuations will result in rates of return significantly better than comparable benchmarks over time.

Finally, Mr. Fedorovich discussed the investment performance results as of June 30, 2014. He stated the total portfolio YTD is up 5.3%. Since inception the portfolio is up 16.2%.

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**Presentations** – Brandywine, Brian Giuliano

Mr. Giuliano introduced himself as the Vice President, Wealth Management Group for Brandywine Global. He stated Brandywine Global is a mid-sized boutique investment firm with \$67.6 billion under management in equity and fixed income strategies. Brandywine currently has 216 employees worldwide with headquarters in Philadelphia, Pennsylvania.

Next, Mr. Giuliano discussed the investment philosophy. Brandywine seeks returns in the portfolio by investing in bonds with the highest real yields, actively managing currency exposures in order to protect principal and enhance returns, patiently rotating among countries and controlling risk by purchasing undervalued securities.

Finally, Mr. Giuliano discussed the performance summary for the period ended June 2014. He stated the total portfolio YTD is up 7.40%. Since inception the portfolio is up 7.07%.

**Consultant's Report**

Mr. Cho reviewed the valuation report for the month ending June 30, 2014. The fund is valued at \$194,344,282.01 up \$2,374,916.80 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 up 1.53% for the month and up 4.55% year to date.

Mr. Cho performed a large value manager search for NWQ's allocation. He recommends interviewing Delaware and Hancock Horizon.

Trustee Morgan would like Herndon Capital included in the interview.

Trustee Lambert would like Seizert Capital included in the interview because they are a Michigan based company.

Motion by Trustee Morgan to hold a special meeting and interview Delaware, Hancock Horizon, Herndon Capital and Seizert Capital. Supported by Trustee McCarthy. All in favor. Motion carried.

**Attorney's Report**

Chairman Grodi would like to confirm that the Retirement System is in compliance with public act 314.

Mr. Michaud confirmed that the Retirement System is in compliance.

**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

The draft version is being reviewed by the committee. At this point, the report is incomplete.

3. Investment Policy Statement Review

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

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4. Retirement Ordinance update

Chairman Grodi stated he will be working with the County Commissioners on a reasonable compromise for the Retirement Ordinance update as well as the Code of Conduct/Education/Due Diligence Policy and County Travel Policy 307.1.

**New Business** - None

**Trustee Comments**

Trustee McCarthy addressed the tablet training. She stated the training has been very beneficial. She would also like Vice Chairman Bellaire reimbursed for her expenses to conduct the training.

Mr. Michaud stated it is allowable to reimburse Vice Chairman Bellaire for the expenses incurred for the tablet training.

Trustee Lambert stated the Retirement Board meetings at one point were held at the Monroe County Board of Commissioners Chambers. He would like to know when that was changed.

Chairman Grodi stated he changed the meeting location to the Mary K. Daume Library Service Center.

Trustee Hudson complimented the Trustees for attending the tablet training.

Trustee Morgan addressed the distribution of confidential medical reports. He stated a better system needs to be in place. There were several medical reports and he did not feel he had adequate time to review them.

Chairman Grodi stated going forward only the Retirement Board Trustees will receive the secure packets.

Chairman Grodi stated the next meeting is August 25, 2014 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 6:22 P.M.

Respectfully Submitted,

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