

**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 25, 2011 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan. The meeting was called to order by Chairman Colpaert at 5:00 P.M.

**PRESENT:** Nancy Colpaert, James Davies, Michael Grodi, Joseph Hudson, Henry Lievens, Anne McCarthy, James Morgan and William Myers

**ABSENT:** William Sisk (excused)

**ALSO PRESENT:** Sandy Calkins, Retirement Specialist, Michael Cho and Michael Holycross, Investment Consultants and Thomas Michaud, Legal Counsel

Motion by James Morgan, supported by James Davies to approve the minutes of the June 27, 2011 regular meeting. Motion carried.

Motion by James Davies, supported by Joseph Hudson to approve the agenda as amended, adding items 7-9 and 7-10. Motion carried.

**Citizens Time** – None

**Presentations** – Casey Zaski, Rehmann Robson

Casey discussed the retirement audit. He stated there were two specific errors found. The first one was the cost of living adjustment. It was incorrectly calculated in 2003 as 4.0% and should have been 1.4%. It affected 13 Road Commission retirees. The second error was a years of service miscalculation. His benefit was calculated on 29 years and 8 months of service credit when he only had 29 years and 1 month of service credit.

He stated the audit is based on sampling. Rehmann Robson selected 25 files and reviewed them. Out of the 25 files only 2 of them had errors. He stated if the Retirement Board would like a more comprehensive audit he would be willing to submit a proposal detailing the cost and scope of the audit. He also stated it will be less costly to review samples again. Such as 25 more files or even 50 files to complete a larger sample review.

Ray Urban, Winslow Capital

Mr. Urban introduced himself as the Managing Director, Portfolio Advisor for Winslow Capital. He stated Winslow Capital manages approximately \$25 billion in assets, is based in Minneapolis, Minnesota, and specializes in managing large cap growth stock portfolios.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**

July 25, 2011 – Page 2

He stated Winslow Capital's portfolios focus solely on large cap growth stocks. These stocks include companies that demonstrate long-term sustainable earnings growth, quality companies with cyclical growth, and companies in newer industries with rapid growth potential. The same portfolio management team has been together and has used the same consistent investment process since 1999.

Mr. Urban discussed the performance review. The fund is down 1.7%, but is up 5.3% since inception. He stated the best performing sectors were Industrials and Consumer Staples, and the underperforming sectors were Financials, Consumer Discretionary and Technology.

Motion by James Davies, supported by Anne McCarthy to approve the consent agenda as listed below.

**A. Retirements**

Catherine Frank, Health Department	June 25
Terrie Vanderpool, Youth Center	July 1

**B. Financial Reports – On File with Retirement Specialist**

1. Boyd Watterson Asset Management Client Statement for the period ended June 30, 2011.
2. Lazard Asset Management Portfolio Review for the period ended June 30, 2011.
3. Morgan Stanley Smith Barney Client Statement for Anchor Capital Advisors, Eagle Global Advisors, Lazard Asset Management, NWQ LCV and International and Renaissance Investment Management for the period ended June 30, 2011.
4. Winslow Capital Portfolio Summary for the period ended June 30, 2011.

**C. Communication**

1. Resolution approved on June 28, 2011 by the Monroe County Board of Commissioners supporting the obligations of the Monroe County Employees Retirement System for the benefit of qualified and retired member.
2. Robbins Geller Rudman & Dowd Settlement Report for the period ended July 2011.

Motion Carried.

**Invoices**

Motion by James Morgan, supported by William Myers to approve for payment the following invoices, subject to house audit:

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**

July 25, 2011 – Page 3

1. Invoice #374384 in the amount of \$13,051.45 from Comerica Bank for custodial services rendered for the period of April 1, 2011 – June 30, 2011.
2. Invoice dated July 8, 2011 in the amount of \$550.00 from Steven Dovitz, M.D. for the independent medical evaluation of Deborah Jondro.
3. Invoice dated June 16, 2011 in the amount of \$550.00 from Steven Dovitz, M.D. for the independent medical evaluation of Pamela Smith.
4. Invoice dated July 5, 2011 in the amount of \$550.00 from Steven Dovitz, M.D. for the independent medical evaluation of Jerome VanSlambrouck.
5. Invoice dated July 12, 2011 in the amount of \$550.00 from Steven Dovitz, M.D. for the independent medical evaluation of Marie Zion.
6. Invoice dated July 8, 2011 in the amount of \$700.00 from J. Stephen Howell, D.O. for the independent medical evaluation of Mark Winter.
7. Invoice #1981 dated July 13, 2010 in the amount of \$19,120.19 from the County of Monroe Finance Department for charges for services rendered to the Retirement Board for April – June 2011.
8. Invoice #115555 dated June 29, 2011 in the amount of \$4,413.00 from Gabriel Roeder Smith & company for regular actuarial services performed for the quarter from April 1, 2011 – June 30, 2011.
9. Invoice in the amount of \$4,392.50 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of April 1, 2011 – June 30, 2011.

Motion carried.

10. Reimbursement in the amount of \$584.84 to Henry Lievens for expenses incurred for the 2011 NCPERS educational seminar.

James Morgan requested item 7-10 be pulled for discussion. Mr. Morgan stated the rental car that Mr. Lievens was requesting reimbursement for was not preapproved, which is against the educational policy. Mr. Lievens stated it was less expensive to pay for the rental car than taxi fees. Mr. Lievens was also able to offer car rides to additional trustees.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**

July 25, 2011 – Page 4

Motion by Michael Grodi, supported by James Davies to approve item 7-10, reimbursement in the amount of \$584.84 to Henry Lievens for expenses incurred for the 2011 NCPERS educational seminar. Motion carried. James Morgan voted no and Henry Lievens abstained from voting.

**Refunds - None**

**Retirement Payments**

Motion by Michael Grodi, supported by Anne McCarthy to approve the following retirement payments:

- |                           |             |
|---------------------------|-------------|
| 1. Marian Sisung, Library | \$ 6,659.20 |
| **June \$3,329.60         |             |
| 2. Marie Sowa, Library    | \$ 4,033.41 |
| **June \$3,630.15         |             |

Motion carried.

**Communications**

Motion by Michael Grodi, supported by Anne McCarthy to accept and place on file the following Application for Deferred Status:

1. Terrie Hammad, Commission on Aging

Motion by Michael Grodi, supported by Anne McCarthy to accept and place on the following Medical Reports:

2. Medical report dated July 8, 2011 from Steven Dovitz, M.D. regarding an independent medical evaluation of Deborah Jondro.
3. Medical report dated June 16, 2011 from Steven Dovitz, M.D. regarding an independent medical evaluation of Pamela Smith.
4. Medical report dated July 5, 2011 from Steven Dovitz, M.D. regarding an independent medical evaluation of Jerome VanSlambrouck.
5. Medical report dated July 8, 2011 from J. Stephen Howell, D.O. regarding an independent medical evaluation of Mark Winter.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**

July 25, 2011 – Page 5

6. Medical report dated July 12, 2011 from Steven Dovitz, M.D. regarding an independent medical evaluation of Marie Zion.

Motion carried.

James Morgan addressed item 8-6. He acknowledged the medical report states this patient should now be considered permanently and medically disabled and the doctor does not think any further examinations through his office would be of any value.

Motion by James Morgan, supported by Michael Grodi to waive all future re-examinations due to medical report language. Motion carried.

**Proposed Resolutions**

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Service Retirement resolutions:

1. Marian Sisung, Library
2. Maria Sowa, Library

Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Purchase of Universal Service Credit resolution:

3. Terrie Vanderpool, Youth Center

Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Disability Retirant Re-examination resolutions:

7. Deborah Jondro, County Clerk
8. Pamela Smith, Youth Center
9. Jerome VanSlambrouck, County Agency
10. Mark Winter, Animal Control
11. Marie Zion, Central Dispatch

Motion carried.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**

July 25, 2011 – Page 6

**Attorney Report**

Mr. Michaud discussed the record retention policy, stating the policy identifies issues for record retention. He recommended following the record schedule because it establishes consistency.

Motion by Michael Grodi, supported by Anne McCarthy to adopt the record retention policy as presented. Motion carried.

Next, Mr. Michaud discussed the educational policy. He stated it should be reviewed and updated annually. The policy has broad details and is based on reasonable standards.

Motion by Anne McCarthy, supported by Joseph Hudson to adopt the educational policy as presented. Motion carried.

Finally Mr. Michaud discussed legislative updates. He stated the updates are changing daily and he is willing to answer any specific questions regarding legislation.

**Consultant Report**

Mr. Cho reviewed the valuation report for the month ending June 30, 2011. The fund is valued at \$178,937,185.84 down \$2,401,428.95 from the previous month.

The Total Fund was down 1.03%. The current asset allocation includes 42.65% in fixed income, 51.38% in equity, and 5.96% in cash.

Mr. Holycross discussed the Asset Allocation Analysis and Recommendation packet. He along with Brian Green addressed the Investment Policy Statement. There are recommended changes on pages 7, 11, 12, 13 and 14. James Davies addressed page 13, Underperforming Investment Manager Policy. He expressed his concern for the language, stating that it is requiring the Retirement Board to terminate a relationship. Mr. Holycross agreed and stated they are willing to modify the language to allow flexibility.

**Old Business**

- Investment Consultant RFP

Mr. Morgan stated the Investment Policy Committee has selected the top five candidates. The committee began by eliminating candidates by location. If they did not have an office and contact in Michigan, they were eliminated. This left 10 candidates remaining. After deliberating they were able to come to a unanimous decision selecting Asset Strategies, Gray & Company, Morgan Stanley Smith Barney, Oppenheimer and Wells Fargo to conduct

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**

July 25, 2011 – Page 7

presentations. The committee recommends 30 minutes for presentations and 15 minutes for questions and answers.

Henry Lievens suggested separating the presentations into two special meetings on Monday, August 8, 2011 and Monday, August 15, 2011.

Motion by Anne McCarthy, supported by Joseph Hudson to accept the recommendation of the Investment Policy Committee's top five candidates and allow 30 minutes for presentations and 15 minutes for questions and answers. Also, to separate the presentations into two special meetings on Monday, August 8, 2011 and Monday, August 15, 2011. Motion carried.

- Disability Re-examinations 2011

Disability re-examinations are being scheduled.

- Audit Retirement Files

Michael Grodi recommended the Retirement Board establish guidelines and have the Retirement Specialist start reviewing the files. James Davies stated he did not feel it was a good idea for the Retirement Specialist to audit her own work. The results would not be unbiased. Anne McCarthy would like to request a proposal from Rehmann Robson detailing the size, scope and cost of conducting a sample audit and also for a comprehensive audit.

Motion by Joseph Hudson, supported by William Myers to request a proposal from Rehmann Robson detailing the size, scope and cost of conducting a sample audit and also for a comprehensive audit. Motion carried.

**New Business**

- Financial Audit

Motion by Anne McCarthy, supported by James Davies to accept the audit report and place on file. Motion carried.

Motion by James Davies, supported by Michael Grodi to allow any Trustee, Retirement Secretary or Retirement Specialist to attend MAPERS 2011 Fall Education Seminar. Motion carried.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**

July 25, 2011 – Page 8

Motion by James Morgan, supported by Anne McCarthy to waive 30 day notification period and extend to a 60 day notification period for selecting a repayment option for the retirees that were overpaid due to the incorrect cost of living adjustment.

**Trustee Comments**

William Myers thanked the Investment Policy Committee for their hard work and recommendations for the Investment Consultant search.

Motion by James Morgan, supported by Anne McCarthy to adjourn. Motion carried. Meeting adjourned at 6:55 P.M.

Respectfully Submitted,

Nancy Colpaert, Chairman  
Monroe County Employees Retirement System  
Board of Trustees