

# 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 August 25, 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 @ 6:12

### ABSENT

Bobby Lambert @ 5:11  
Henry Lievens  
Anne McCarthy @ 5:09  
James Morgan

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Michael Bosanac, Retirement Secretary, 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 Morgan. All in favor. Motion carried.

Motion by Vice Chairman Bellaire to approve the minutes of the July 28, 2014 regular meeting and August 19, 2014 special meeting and waive the reading of the minutes. Supported by Trustee Hudson. All in favor. Motion carried.

**Citizens Time** - None

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

### Retirements

- |  |          |
|--|----------|
| 1. Carol O'Dell, General County              | August 1 |
| 2. Deborah Zimmerman, General County         | August 2 |
| 3. Michael Boudrie, Mental Health (deferred) | August 9 |

### Financial Reports

1. Brandywine Global Investment Management Portfolio for the period ended July 2014.
2. Seizert Capital Performance Summary as of June 30, 2014.
3. Winslow Capital Quarterly Report as of June 30, 2014.

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**Communication**

1. Robbins Geller Rudman & Dowd July 25, 2014 Settlement Report.
2. Robbins Geller Rudman & Dowd July 25, 2014 Monitoring Report.

**Invoices**

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

1. Invoice #404914 in the amount of \$5,018.88 from Comerica Bank for custodial services rendered for the period of April 1, 2014 – June 30, 2014.
2. Invoice dated June 11, 2014 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Shelly Romanowski.
3. Invoice dated July 23, 2014 in the amount of \$15,816.00 from Seizert Capital for investment services rendered for the period of April 1, 2014 – June 30, 2014.
4. Reimbursement in the amount of \$70.75 to Nancy Bellaire for tablet training expenses.

Roll call for approval of the bills as follows:

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

All in favor. Motion carried.

**Retirement Refunds**

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

- |   |             |
|---|-------------|
| 1. Jacqueline Biegajski, General County | \$ 2,347.71 |
| 2. Gary Kujawa, Sheriff's Office        | \$24,757.81 |
| Nationwide (FBO: Gary Kujawa)           | \$30,465.54 |

**Retirement Payments**

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

- |  |             |
|--|-------------|
| 1. Michael Boudrie, Mental Health (deferred) | \$ 1,321.12 |
| 2. Gary Kujawa, Sheriff's Office             | \$ 5,652.87 |
| *July \$2,216.80                             |             |
| 3. Carol O'Dell, General County              | \$ 1,945.92 |
| 4. Trudy Robinson, Library                   | \$ 2,229.80 |
| *July \$254.84                               |             |

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**Communications – Board Action**

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

1. Michael Boudrie, Mental Health

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

2. Amara Hunter, General County
3. Heidi Neil, Library
4. Kenneth Wassus, General County

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

5. Scott Goins, Central Dispatch
6. Shelly Romanowski, Sheriff's Office

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

7. Intercontinental
8. Lazard Asset Management
9. Morgan Stanley – Graystone Consulting
10. Riverbridge
11. Winslow Capital Management

**Proposed Resolutions**

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

1. Gary Kujawa, Sheriff's Office
2. Carol O'Dell, General County

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

3. Michael Boudrie, Mental Health

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

4. Michael Boudrie, Mental Health

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

5. Scott Goins, Central Dispatch
6. Trudy Robinson, Library

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

7. Shelly Romanowski, Sheriff's Office

**Presentations – Mark Buis, Gabriel Roeder Smith & Company**

Mr. Buis reviewed the highlights of the 2013 valuation. He stated the employer contribution rates have increased for most divisions since the 2012 valuation as a result of unfavorable investment performance working its way through the asset smoothing method and a large number of service purchases. Contribution rates are expected to increase in the short term as a result of the unfavorable investment performance from 2008 and 2011. In the long term, contribution rates are expected to approach the long term cost of the benefits, or the normal cost.

Mr. Buis discussed the computed contributions for 2014 and the funded ratio for each division as well as the asset performance. He reviewed the historical contributions for each group. As of December 31, 2013, \$5.9 million in unrecognized asset losses remain to be phased into the contribution calculation over the next 6 years. This will continue to apply upward pressure on the contribution rates in the short term, absent favorable investment performance to offset these losses. In the long run, employer contributions are expected to level off at the employer normal cost, absent any unfavorable market performance or demographic experience.

Mr. Buis recommends using a closed period of 20 years effective with the December 31, 2013 valuation. This will avoid having to use a lower discount rate for reporting liabilities under the new GASB standards and will help pay off the existing unfunded liability. He also recommends conducting an experience study prior to the 2014 valuation.

Chairman Grodi requested a fee proposal for the experience study. He also asked how long the experience study will take.

Mr. Buis stated the study will take approximately 8-10 weeks and the process will begin early next spring. He also stated the last study cost approximately \$19,000.00.

Motion by Trustee McCarthy to accept the December 31, 2013 Actuarial Valuation and place it on file. Supported by Trustee Hudson. All in favor. Motion carried.

**Presentations - Ray Urban, Winslow Capital**

Mr. Urban 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.

Winslow Capital provides a ten member investment team with an average of 26 years industry experience. Winslow has had the same philosophy and process for over 15 years. They currently have 36.5 billion under management.

Mr. Urban discussed the investment strategy, portfolio characteristics, portfolio holdings and performance review. For the second quarter the fund is up 4.7%, and up 3.4% year to date.

**Consultant's Report**

Mr. Cho reviewed the valuation report for the month ending July 31, 2014. The fund is valued at \$190,988,686.51 down \$3,365,157.50 from the previous month. The current asset allocation includes 58% in equities, 33% in fixed income, 2% in cash, 3% in alternative investments, and 4% in real estate. The Total Fund was down 1.24% for the month and up 3.25% year to date.

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Chairman Grodi asked Mr. Michaud if the asset allocation is in compliance with Act 314.

Mr. Michaud confirmed the asset allocation is in compliance with Act 314.

Mr. Cho discussed the need to transfer three million to Seizert from Anchor Capital to rebalance the portfolio and transfer three million to the cash account from Boyd Watterson.

Motion by Trustee Davies to transfer three million to Seizert from Anchor Capital. Supported by Trustee McCarthy. All in favor. Motion carried.

Motion by Trustee Davies to transfer three million to the cash account from Boyd Watterson. Supported by Trustee Jondro. All in favor. Motion carried.

Next, Mr. Cho reviewed the investment manager performance report for the second quarter 2014. In the second quarter, equity performance in the United States continued its upward climb. The primary driver of the rally was ongoing monetary stimulus by major central banks throughout the world. Year to date the fund was up 4.46%. Trailing 3 years the fund was up 6.99%. Trailing 5 years the fund was up 9.42%. The asset allocation includes 58.2% in equities, 31.8% in fixed income, 2.8% in hedge funds, 3.7% in real estate and 3.6% in cash.

Mr. Cho recommends placing Winslow on watch, terminating NWQ, and placing Anchor Capital on watch and initiating a search.

Trustee Lambert would like Bloomfield Capital to present to the Retirement Board when the search is conducted for Anchor Capital's allocation.

Mr. Cho stated he will provide three firms and the Retirement Board will decide how they want to proceed.

Motion by Trustee McCarthy to terminate NWQ. Supported by Trustee Davies. All in favor. Motion carried.

Mr. Cho performed a large value manager search for NWQ's \$15 million allocation. After the presentations he recommends splitting the allocation evenly between Delaware and Seizert.

Motion by Trustee Davies to accept Mr. Cho's recommendation and allocate approximately \$7.5 million to Delaware and approximately \$7.5 million to Seizert. Supported by Trustee Hudson.

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

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

Motion carried. Bobby Lambert and Henry Lievens abstained because they were not in attendance for the presentations.

**Attorney's Report**

Mr. Michaud discussed disability retirements and the distribution of medical records. He stated the Retirement System needs to be protective of medical records. Medical information needs to remain confidential.

Trustee Lambert asked what is past practice for medical information.

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Mr. Michaud stated in order to release medical records a signed release has always been required. Medical information should only be shared with Trustees.

Mr. Michaud recommends the Retirement System require a signed release in order to release medical records.

Trustee Lievens stated going forward the employers need to provide a signed release if they want access to the retirement medical records.

**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.

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**

1. MAPERS Delegates

Motion by Trustee Lievens to appoint Trustee McCarthy and Vice Chairman Bellaire as MAPERS delegates and appoint Trustee Jondro as an alternate delegate. Supported by Trustee Davies. All in favor. Motion carried.

**Trustee Comments**

Trustee Lambert stated he would like the Retirement Board packets posted to the website.

Chairman Grodi stated the next meeting is September 22, 2014 at the Mary K. Daume Library Service Center.

Motion by Trustee McCarthy to adjourn. Supported by Trustee Jondro. All in favor. Motion carried. Meeting adjourned at 7:35 P.M.

Respectfully Submitted,

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