

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, August 28, 2017

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 August 28, 2017 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan 48161.

2. Roll Call

Roll call as follows:

PRESENT:

Nancy Bellaire	Anne McCarthy
Michael Grodi	James Morgan
George Jondro	Bob Neely, excused at 6:10p.m.
Jeff Koras	Jason Turner

ABSENT:

Henry Lievens, excused

ALSO PRESENT:

Joey Becker, Retirement Specialist
Michael Bosanac, Retirement Secretary
Thomas Michaud, Legal Counsel
Michael Cho, Investment Consultant
Brian Brice, Investment Consultant
Amy Cole, Investment Consultant

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

5. Approval of Minutes

Motion by Vice Chairman Jondro to approve the minutes of the July 24, 2017 regular meeting, and August 4, 2017 special meeting and waive the reading of the minutes. Supported by Trustee Bellaire. All in favor. Motion carried.

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6. Citizens Time

No citizens wish to address the board.

7. Consent Agenda

Motion by Vice Chairman Jondro to approve the consent agenda as listed below. Supported by Trustee Morgan.

1. Retirements

- | | |
|------------------------------------|-----------|
| a. Harold Bilotta, Mental Health | August 6 |
| b. Joan Meinhart, General County | August 22 |
| c. Katherine Moore, General County | August 3 |

2. Financial Reports

- a. Boyd Watterson client statement for the period ended July 31, 2017.
- b. Boyd Watterson Limited Duration Mid-Grade Fund for the period ended July 31, 2017.
- c. Boyd Watterson GSA Fund for the period ended July 31, 2017.
- d. Brandywine Global Investment Management Global Fixed Income July 2017.
- e. Comerica Bank account statement for July 2017.
- f. Corbin Pinehurst account statement for the period ended June 30, 2017.
- g. Morgan Stanley client statement for July 2017.

3. Communication

- a. Robbins Geller Rudman & Dowd settlement report for July 28, 2017.
- b. Robbins Geller Rudman & Dowd portfolio monitoring report for July 28, 2017.
- c. Robbins Geller Rudman & Dowd litigation report for The Southern Company.

All in favor. Motion carried.

8. Approval of Bills

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

1. Invoice in the amount of \$824.00 from Comerica Commercial Card Service for monthly QuickBooks online fee, postage and NCPERS registration.
2. Invoice #432545 in the amount of \$8,775.51 from Comerica for custodial services rendered for the period of April 1, 2017 – June 30, 2017.
3. Invoice dated July 18, 2017 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Gregory Tafelski.
4. Invoice dated August 7, 2017 in the amount of \$1,000.00 from Diane Klisz-Karle, Ph.D. for an independent psychological evaluation performed on Keith Turner.
5. Invoice dated July 11, 2017 in the amount of \$39,614.00 from Seizert Capital for investment services rendered for the period of April 1, 2017 – June 30, 2017.
6. Invoice dated July 21, 2017 in the amount of \$3,990.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of July 1, 2017 – July 31, 2017.

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Roll call for approval of the bills as follows:

AYES: Nancy Bellaire Jeff Koras Bob Neely
 Michael Grodi Anne McCarthy Jason Turner
 George Jondro James Morgan

NAYS: None

ABSENT: Henry Lievens, excused

All in favor. Motion carried.

8A. Refunds

Motion by Vice Chairman Jondro to approve the following refunds. Supported by Trustee McCarthy.

1. Douglas Arndt, Sheriff's Office
Edward Jones FBO: Douglas Arndt \$ 28,992.32
Edward Jones FBO: Douglas Arndt \$ 15,996.02
2. Harold Bilotta, Mental Health \$ 18,420.09
3. Lindsay Borawski, General County
Alerus Retirement Solutions FBO: Lindsay Borawski \$ 3,254.14
4. James Collins, General County
Alerus Retirement Solutions FBO: James Collins \$ 4,249.58
5. Melissa Trouten, General County
Alerus Retirement Solutions FBO: Melissa Trouten \$ 4,060.44
Alerus Retirement Solutions FBO: Melissa Trouten \$ 506.59
6. Ernest Greer, General County \$ 4,282.06
7. Janet Weingart, Mental Health \$ 12,072.62

All in favor. Motion carried.

8B. Retirement Payments

Motion by Vice Chairman Jondro to approve the following retirement payments. Supported by Trustee McCarthy.

1. Douglas Arndt, Sheriff's Office \$ 2,809.40
*July \$87.80, August \$2,721.60
2. Harold Bilotta, Mental Health \$ 2,455.18
*August \$2,455.18, September \$2,927.09
3. Ernest Greer, General County \$ 1,638.76
*July \$509.88, August \$1,128.88
4. Janice Kirch, Library System \$ 3,344.65
*July \$1,090.65, August \$2,254.00
5. Katherine Moore, General County \$ 1,401.28
*August \$1,401.28, September \$1,497.82
6. Janet Weingart, Mental Health \$ 6,322.94
*July \$2,479.60, August \$3,843.34

All in favor. Motion carried.

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9. Communications

Motion by Trustee McCarthy to receive and file the following communications. Supported by Trustee Koras.

1. **Application for Deferred Retirement**
Katherine Moore, General County

2. **Application for Disability Retirement**
Matthew Torongeau, Sheriff's Office

3. **Application for Deferred Service Status**
Deanna Gower, General County

4. **Medical Reports**
Gregory Tafelski, Sheriff's Office
5. Keith Turner, General County

6. **Disclosure Forms**
Conduent
7. Federated Investment
8. Lazard Asset Management
9. Morgan Stanley Wealth Management
10. Renaissance Investment Management
11. Winslow Capital Management
12. WisdomTree Asset Management

13. Communication from Boyd Watterson regarding 2nd quarter distribution related to interest in the Fund.

All in favor. Motion carried.

10. Resolutions

Motion by Trustee Turner to accept and place on file the following retirement resolutions. Supported by Trustee McCarthy.

1. **Service Retirement**
Douglas Arndt, Sheriff's Office
2. Ernest Greer, General County
3. Janice Kirch, Library System
4. Janet Weingart, Mental Health

5. **Deferred Retirement**
Harold Bilotta, Mental Health
6. Katherine Moore, General County

7. **Application for Deferred Retirement**
Katherine Moore, General County

8. **Application for Disability Retirement**
Matthew Torongeau, Sheriff's Office

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Disability Retirant Re-examination

9. Gregory Tafelski, Sheriff's Office
10. Keith Turner, General County

All in favor. Motion carried.

11. Consultant's Report

Mr. Cho reviewed the valuation report for the month ending July 31, 2017. The fund is valued at \$203,088,791.58 up \$5,592,660.83 from the previous month. The current asset allocation includes 60% in equities, 20% in fixed income, 3% in cash, 8% in alternative investments, and 9% in real estate. The total fund was up 1.86% for the month and up 8.68% year to date.

Mr. Cho reviewed the second quarter performance report. He discussed the investment perspectives, and then he discussed the total fund performance. The fund is valued at \$197,686,059. The current asset allocation includes 43.9% in equity, 20% in fixed income, 5.9% in alternative investments, 9.1% in real estate and 3.6% in cash. The total fund was up 6.62% year to date.

Chairman Grodi questioned the redemption period for Mesirow. Mr. Cho stated Mesirow releases 95% and will hold 5% in cash per their contract. Chairman Grodi questioned if that was standard. Mr. Cho stated yes, very standard.

Trustee McCarthy questioned if there were any reasons for the underperformance of Seizert Sm/Mid. Mr. Cho stated that there have been some portfolio changes, however they have reviewed the changes and found no issues.

Mr. Cho recommended terminating Wisdomtree and investing \$2.5 million of the proceeds with Cambriar and the balance with Renaissance.

Motion by Trustee Neely to accept Mr. Cho's recommendation to terminate Wisdomtree and invest \$2.5 million of the proceeds with Cambriar and the balance with Renaissance. Supported by Trustee Turner. Motion carried. Trustee Morgan voted no.

12. Old Business

1. Request for Proposal Investment Consultant

Trustee McCarthy made a motion to retain Graystone and review in one year. Supported by Vice Chairman Jondro.

Trustee McCarthy stated that she is impressed with new management, and impressed with their approach. She feels they deserve this.

Vice Chairman Jondro stated that he took another look at the 5 year performances. He ranked each company by performance from 1 to 13. Morgan Stanley managed 3 out of the top 5 companies. AndCo managed 2 out of the top 5 companies.

Trustee Morgan stated there are pros and cons for both Morgan Stanley and AndCo. Morgan Stanley is improving. He likes the idea of waiting a year.

Trustee Turner stated there has been a lot of underperformance in the past and does not want to put a ton of weight on the past year's performance. He voiced his concerns that no recommendation was made on a replacement for a manager after 2 underperforming quarters.

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Trustee Koras stated that Morgan Stanley has stepped up over this past year, but that it was also around the time the board started the RFP process.

Trustee Bellaire stated that she has been back and forth also. She went over the review completed in 2014 and historically, Morgan Stanley has not lost as much during market downturns.

Chairman Grodi stated if AndCo was given a year and the board was not happy, they have a 100% money back guarantee.

Trustee McCarthy stated she has some reservations with AndCo.

Trustee Neely stated AndCo is completely independent and Graystone only sells Morgan Stanley products.

Vice Chairman Jondro questioned what to expect regarding transition fees if the board did choose to change investment consultants.

Mr. Michaud stated there would be changes to the manager portfolio. There would be costs involved to transition, however you would not make changes if there would not be a net positive.

Chairman Grodi contacted Trustee Lievens via telephone.

Roll call to retain Morgan Stanley as investment consultant.

AYES: George Jondro
Anne McCarthy

NAYS: Nancy Bellaire Henry Lievens Jason Turner
Michael Grodi James Morgan
Jeff Koras Bob Neely

Motion by Trustee Neely to appoint AndCo as the new investment consultant. Supported by Trustee Turner.

Roll call to appoint AndCo as investment consultant.

AYES: Nancy Bellaire Henry Lievens Jason Turner
Michael Grodi James Morgan
Jeff Koras Bob Neely

NAYS: George Jondro
Anne McCarthy

Motion carried.

13. New Business

1. Decision of Examining Physician – Permanent Disability Form

Motion by Trustee McCarthy to accept and place on file. Supported by Trustee Koras. All in favor. Motion carried.

2. MAPERS Delegates

Motion by Trustee McCarthy to appoint Trustee Turner and Trustee Bellaire as MAPERS delegates. Supported by Trustee Morgan. All in favor. Motion carried.

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3. Purchase of Chromebooks

Motion by Trustee Morgan to purchase Chromebooks for the trustees. Supported by Vice Chairman Jondro. All in favor. Motion carried.

4. Summary of Annual Report to Members.

Motion by Vice Chairman Jondro to accept, place on file, and post to the retirement website. Supported by Trustee McCarthy. All in favor. Motion carried.

5. Verification of Retirant and Beneficiary Data

Motion by Vice Chairman Jondro to send out the request according to policy. Supported by Trustee Koras. All in favor. Motion carried.

14. Attorney's Report

1. Purchase of Military Service Credit – Cynthia Green

Motion by Trustee McCarthy to accept and place on file the Purchase of Military Service Credit for Cynthia Green. Supported by Trustee Bellaire. All in favor. Motion carried.

2. Disability Retirement Benefit Limitations

Motion by Trustee McCarthy to accept and place on file the Disability Retirement Benefit Limitations. Supported by Trustee Morgan.

3. Litigation – IDT Corporation

Motion by Trustee McCarthy to go into closed session at 6:25 P.M. Supported by Trustee Turner.

Roll call for approval of closed session as follows:

AYES: Nancy Bellaire	Ann McCarthy
Michael Grodi	James Morgan
George Jondro	Bob Neely
Jeff Koras	Jason Turner

NAYS: None

ABSENT: Henry Lievens excused.

All in favor. Motion carried.

Motion by Vice Chairman Jondro to go into open session at 6:30 P.M. Supported by Trustee Turner. All in favor. Motion carried.

Motion by Vice Chairman Jondro to authorize legal counsel to pursue legal action involving IDT Corporation. Supported by Trustee Turner. All in favor. Motion carried.

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15. Trustee Comments

Vice Chairman Jondro stated it was a good discussion and the Board did a good job.

Trustee Turner thanked Vice Chairman Jondro, Trustee Neely, Trustee Koras, and the retirement specialist for all the hard work that was put into the investment consultant search. He stated it is nice to be on a board that values the opinions of each other.

Trustee McCarthy stated that she wished she could have voted for AndCo. She feels the membership will be well taken care of, and is open to being pleasantly surprised.

Trustee Morgan stated that he was teetering back and forth between Morgan Stanley and AndCo. He was disappointed that Trustee Lievens could not be a part of the discussion.

Chairman Grodi thanked everyone on the investment committee, and stated that he would address attendance with Trustee Lievens. He stated this was a difficult decision, and he feels lucky to be a part of this board. The board makes him a better Chairman.

16. Administrative Calendar

Chairman Grodi stated the next meeting is September 25, 2017 at 5:00 P.M.

17. Adjourn

Motion by Trustee Morgan to adjourn. Supported by Vice Chairman Jondro. All in favor. Motion carried.

Meeting adjourned at 6:37 P.M.

Respectfully Submitted,

Michael Grodi, Chairman
Monroe County Employees Retirement System

George Jondro, Vice Chairman
Monroe County Employees Retirement System