

**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 27, 2012 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Bellaire, James Davies, Michael Grodi, Joseph Hudson, George Jondro, Henry Lievens, Anne McCarthy, James Morgan and William Sisk

ABSENT: None

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

With a quorum being present, Chairman Jondro called the meeting to order at 5:00 P.M.

Chairman Jondro led the Pledge of Allegiance.

Motion by James Davies, supported by Michael Grodi to move item 9-4 to citizen's time. Motion carried.

Motion by Anne McCarthy, supported by James Davies to approve the agenda as amended. Motion carried.

Motion by William Sisk, supported by Michael Grodi to approve the minutes from the July 23, 2012 regular meeting. Motion carried.

**Citizens Time**

Item 9-4, medical report dated July 12, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Sherie Chudnicki was moved to citizen's time. There are two reports from Steven Dovitz, M.D. One states she should be retired and other states she should not be retired. A letter needs to be sent to Steven Dovitz, M.D. requesting further clarification.

Motion by Anne McCarthy, supported by James Davies to send a letter to Steven Dovitz, M.D. requesting further clarification on Sherie Chudnicki. Motion carried.

Mr. James Brown, Human Resources Director for Monroe County Mental Health Authority explained that Sherie Chudnicki has been employed with Monroe County Mental Health Authority for 26 years. She has been on disability since November 2010. She is back to work in a modified capacity. She will be terminated in November if she does not come back to work full-

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time. Monroe County Mental Health Authority would like her to become medically retired. He was informed that once a decision is rendered by the Medical Director both he and Sherie Chudnicki will be notified.

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

Mr. Buis reviewed the Components of the Actuarial Valuation. He then proceeded with the Highlights of 2011 Valuation. He stated the employer contribution rates have increased for most divisions since the 2010 valuation as a result of unfavorable investment performance working its way through the asset smoothing method and demographic experience varied by division. 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 2012 and the funded ratio for each division. He concluded with as of December 31, 2011, \$26 million in unrecognized asset losses remain to be phased into the contribution calculation over the next 7 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.

**Presentations – Ray Urban, Winslow Capital**

Mr. Urban introduced himself as the Managing Director for Winslow Capital. He stated Winslow Capital manages approximately \$34 billion in assets, is based in Minneapolis, Minnesota, and specializes in managing large cap growth stock portfolios.

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 7.56%, but is up 3.94% since inception.

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

**A. Retirements - None**

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

1. Anchor Capital Advisors Portfolio Summary for the period ended June 30, 2012.
2. Boyd Watterson Asset Management Client Statement for the period ended July 31, 2012.
3. Comerica Bank Collateral Investment Summary as of July 31, 2012.
4. Comerica Bank Securities Lending Statement for June 2012.
5. Eagle Global Advisors Quarterly Portfolio Appraisal for the period ended June 30, 2012.
6. Lazard Asset Management Investment Portfolio Summary for the period ended June 30, 2012.
7. Lazard Asset Management Investment Portfolio Summary for the period ended July 31, 2012.
8. NWQ Investment Management Company Portfolio summary for the period ended June 30, 2012.
9. Pacific Income Advisers Fixed Income Quarterly Report for the period ended June 30, 2012.
10. Templeton Investments Portfolio Quarterly Report for the period ended June 30, 2012.
11. Winslow Capital Portfolio Summary for the period ended July 31, 2012.

**C. Communication**

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended August 2012.

Motion Carried.

**Invoices**

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

1. Invoice dated July 1, 2012 in the amount of \$17,322.64 from Anchor Capital Advisors for investment services rendered for the period of April 1, 2012 – June 30, 2012.
2. Invoice #20120630-228-136-A dated July 17, 2012 in the amount of \$27,553.46 from Brandywine Global Investment Management for investment services rendered for the period of April 1, 2012 – June 30, 2012.
3. Invoice dated July 31, 2012 in the amount of \$7,167.81 from Comerica Commercial Card Service for MAPERS Fall educational seminar registration fees and hotel deposits.

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4. Invoice #385700 in the amount of \$167.88 from Comerica Bank for custodial services rendered for the period of April 1, 2012 – June 30, 2012.
5. Invoice #385606 in the amount of \$2,174.17 from Comerica Bank for custodial services rendered for the period of April 1, 2012 – June 30, 2012.
6. Invoice #384457 in the amount of \$12,866.67 from Comerica Bank for custodial services rendered for the period of April 1, 2012 – June 30, 2012.
7. Invoice #2204 dated August 3, 2012 in the amount of \$19.88 from County of Monroe Finance Department for July 2012 Postage and Federal Express charges.
8. Invoice dated July 12, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Sherie Chudnicki.
9. Invoice dated July 12, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Denise Smith.
10. Invoice in the amount of \$12,814.00 from Eagle Global Advisors for investment services rendered for the period of April 1, 2012 – June 30, 2012.
11. Invoice dated July 19, 2012 in the amount of \$12,943.97 from Franklin Templeton Investments for investment services rendered for the period ending June 30, 2012.
12. Invoice #119391 dated August 13, 2012 in the amount of \$3,162.00 from Gabriel Roeder Smith & Company for pension administration web hosting fee for a 12 month period starting August 1, 2012.
13. Invoice #1686420 dated July 30, 2012 in the amount of \$10,765.70 from Lazard Asset Management for investment services rendered for the period of April 1, 2012 – June 30, 2012.
14. Invoice dated August 1, 2012 in the amount of \$10,146.00 from Pacific Income Advisers for investment services rendered for the period of April 1, 2012 – June 30, 2012.
15. Invoice dated July 10, 2012 in the amount of \$13,976.41 from Renaissance Investment Management for investment services rendered for the period of April 1, 2012 – June 30, 2012.

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16. Invoice #20120802000403 dated June 30, 2012 in the amount of \$10,008.86 from Tradewinds Global Investors for investment services rendered for the period of April 1, 2012 – June 30, 2012.

Motion carried. Item 8-8 is conditional upon receiving updated report from Steven Dovitz, M.D. regarding Sherie Chudnicki.

**Refunds - None**

**Retirement Payments**

Motion by James Davies, supported by Anne McCarthy to approve the following retirement payments:

1. Linda Martin, Mental Health \$ 1,693.07  
\*\*July \$380.97

Motion carried.

**Communications**

Motion by James Morgan, supported by Michael Grodi to accept and place on file the following Applications for Service Retirement:

1. Phyllis Loop, Road Commission
  2. Kristine Tomczak, Library
- Motion carried.

Motion by James Morgan, supported by Michael Grodi to accept and place on file the following Application for Deferred Service Status:

3. Sarah Douglas, Employment & Training
- Motion carried.

Motion by James Morgan, supported by Michael Grodi to accept and place on file the following Medical Reports:

4. Medical report dated July 12, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Sherie Chudnicki.
5. Medical report dated July 12, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Denise Smith.

Motion carried.

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**Proposed Resolutions**

Motion by Michael Grodi, supported by William Sisk to accept and place on file the following Applications for Service Retirement resolutions:

1. Phyllis Loop, Road Commission
  2. Kristine Tomczak, Library
- Motion carried.

Motion by Michael Grodi, supported by William Sisk to accept and place on file the following Disability Retirement resolution:

3. Linda Martin, Mental Health
- Motion carried.

Motion by Michael Grodi, supported by William Sisk to accept and place on file the following Purchase of Universal Service Credit resolutions:

4. Anthony DeSilvis, District Court
  5. Michelle Wenzel, Drain Commission
- Motion carried.

Motion by Michael Grodi, supported by William Sisk to accept and place on file the following Disability Retirant Re-examination resolution:

6. Denise Smith, Sheriff's Office
- Motion carried.

**Attorney Report**

1. Code of Conduct/Education/Travel/Due Diligence Policy

Motion by Anne McCarthy supported by James Davies to forward draft of Code of Conduct/Education/Travel/Due Diligence Policy to the Administrative Policy Committee to review and bring back a recommendation to the Retirement Board.  
Motion carried.

2. Confidentially Agreement

Motion by Michael Grodi, supported by William Sisk to approve confidentially agreement and have all Trustees, Retirement Specialist, Retirement Secretary, and anyone else that could potentially have access to confidential retirement data sign the form. Motion carried.

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3. Purchase of Military Service Time for Gregory Tafelski

Motion by Michael Grodi, supported by Anne McCarthy to approve the purchase of four (4) years of Military Service Time for Gregory Tafelski. Motion carried.

**Consultant Report**

Mr. Cho reviewed the valuation report for the month ending July 31, 2012. The fund is valued at \$170,807,137.10 up \$2,147,458.71 from the previous month. The Total Fund was up 1.31% and up 4.74% YTD. The current asset allocation includes 44.73% in equity, 47.43% in fixed income, and 7.84% in cash.

Next, Mr. Cho reviewed the Investment Manager Performance Report for the Second Quarter 2012. The Total Fund was down 2.67% and up 3.38% YTD. The current asset allocation includes 45.4% in equity, 47.4% in fixed income, and 7.2% in cash.

Finally, Mr. Cho discussed the changes to the Investment Policy Statement.

The recommendation from the Investment Policy Committee is to accept the revised Investment Policy Statement.

Motion by James Morgan, supported by Michael Grodi to approve the revised Investment Policy Statement. Motion carried.

**Old Business**

- Disability Re-examinations

The re-examination information has been forwarded to Steven Dovitz, M.D. and the disability retirants. There are only two disability retirants left to be examined.

**New Business**

- Disability Re-examination for Tobi Sisman

Motion by Michael Grodi, supported by William Sisk to send Tobi Sisman for a disability re-examination. Motion carried.

**Trustee Comments**

The Trustees wished Sandy good luck while she is off.

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Motion by Anne McCarthy, supported by Joseph Hudson to adjourn. Motion carried. Meeting adjourned at 6:52 P.M.

Respectfully Submitted,

George Jondro, Chairman  
Monroe County Employees Retirement System  
Board of Trustees