

**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 November 26, 2012 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

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

ABSENT: George Jondro (Excused)

ALSO PRESENT: Audrey Lewis, Deputy Clerk, Royce Maniko, Retirement Secretary, Michael Cho, Investment Consultant and Thomas Michaud, Legal Counsel

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

Vice Chairman Morgan led the Pledge of Allegiance.

Vice Chairman Morgan asked that the agenda be amended and move item 9-1 (Medical report dated October 15, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Tobi Sisman) up to Citizens Time due to Tobi Sisman being in the audience, thus not lengthening her stay.

Motion by William Sisk, supported by Anne McCarthy to approve the amended agenda.

Motion carried.

Motion by William Sisk, supported by James Davies to approve the minutes from the October 22, 2012 regular meeting.

Motion carried.

**Citizens Time** – Thomas Michaud gave the board some background to the board, stating that the board has a re-examination of disability retirees – once every year for the first five years and once every three years thereafter. In this instance, Ms. Sisman is a current disability retiree and included in the board member packet is information pertaining to Ms. Sisman. Mr. Michaud reminded the board that in the event that any of Ms. Sisman's medical information is specifically discussed, that the board goes into closed session. Mr. Michaud's recommendation was to go into closed session.

Motion by Anne McCarthy, supported by William Sisk to go into closed session @ 5:03 pm.

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Roll call by Clerk as follows:

Ayes

Nay

Absent

Nancy Bellaire

George Jondro (excused)

James Davies

Michael Grodi

Joseph Hudson

Henry Lievens

Anne McCarthy

James Morgan

William Sisk

Motion Carried

Motion by Michael Grodi, supported by Joseph Hudson to reopen session @ 5:22 pm.

Roll call by Clerk as follows:

Ayes

Nay

Absent

Nancy Bellaire

George Jondro (excused)

James Davies

Michael Grodi

Joseph Hudson

Henry Lievens

Anne McCarthy

James Morgan

William Sisk

Motion Carried.

Anne McCarthy states just for the record, that there was an issue regarding the type of employment that Ms. Sisman was engaged in. The boards' concern was satisfied with the report that was given.

Motion by Anne McCarthy, supported by James Davies to accept and place on file the following medical report:

**Communication – Board Action**

1. Medical report dated October 15, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Tobi Sisman.

Motion Carried.

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**Presentations** – Guy Torres, Pacific Income

Michael Cho introduced Guy Torres, Vice President Regional Director, Pacific Income Advisers.

Guy Torres thanked the board for having him and overviewed Pacific Income Advisers with a brief introduction. Pacific Income Advisers is based in Santa Monica, CA and have been since 1986 and have 26 years experience managing taxable bond portfolio for their clients. They are completely independent employee owned and have been independent since they started and have been able to maintain that independence to present day.

Pacific Income has about thirteen billion dollars in assets under management and because their company is a taxable bond manager the majority of their clients are institutions, so they do a lot of Public, County, and City plans, police pensions, etc.

Monroe County Employee Retirement System's portfolio from the beginning of the year, January 1, 2012 through October 31, 2012:

Beginning Market Value of	\$ 9,723,432
Contributions of	\$ 2,264,341
Net Gain	<u>\$ 447,146</u>
Ending Market Value of	\$12,434,919

Since inception the Net Gain of this portfolio has been a little over 4.6 million dollars. When compared with a blended benchmark index, the rate of return outperformed by approximately 37 basis points year to date.

Anne McCarthy asked if there were other index/indices that could be used, instead of the one that was used and Mr. Torres replied that the one used was a primary one that is known as the bond indices. In the intermediate range (all of the individual bonds mature within ten years) the index that was used is the most incorporated in all their opinion. Overall, since inception there has been an annualized return of 5.00% per year versus 4.85% for the index.

Portfolio characteristics – average quality of the portfolio is Aa2/AA- with the highest credit quality rating being AAA. Most of the corporate issuance is in A, BBB. Monroe County Employee Retirement System's distribution is about 38% in Treasury, 24% in Agency, approx 14% in A corporate bonds and about 24% in BBB.

Mr. Torres said that this is really a high quality portfolio with about 38% in corporate bonds and 28% for the index.

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Motion by William Sisk, supported by Michael Grodi to approve the consent agenda as listed below:

**Consent Agenda**

**A. Retirements**

Phyllis Loop, Road Commission (Service) September 7  
Mark Welliver, Mental Health (Service) September 28

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

1. Lazard Portfolio Summary for the period ended September 30, 2012.
2. NWQ Investment Management Company, LLC portfolio summary for the period ended September 30, 2012.
3. Winslow Capital Portfolio Summary for the period ended October 31, 2012.
4. Lazard Portfolio Summary for the period ended October 31, 2012.
5. Anchor Capital Advisors LLC Investment Policy Outlook for October 2012.
6. Anchor Capital Advisors LLC Portfolio Summary for the period ended September 30, 2012.
7. Boyd Watterson Asset Management, LLC statement of accounts as of October 31, 2012.
8. Comerica Bank Securities Lending Statement for September 2012.
9. Franklin Templeton Investments Vote Summary for the period of July 1, 2012 – September 30, 2012.
10. Tradewinds Global Investors Portfolio Summary for the period ended September 30, 2012.
11. Comerica Bank Collateral Investment Summary as of October 26, 2012.

**C. Communication**

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended November 2012.
2. Boyd Watterson Quarterly Investment Outlook for October 2012.

Motion carried.

Henry Lievens excused at 5:28 pm

**Invoices**

Motion by James Davies, supported by Joseph Hudson to approve payment for the following invoices, subject to house audit:

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1. Invoice dated October 15, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Tobi Sisman.
2. Invoice dated October 5, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Helen Cotton.
3. Invoice dated October 8, 2012 in the amount of \$13,647.26 from Renaissance Investment Management for investment services for the period of July 1, 2012 – September 30, 2012.
4. Invoice #387877 in the amount of \$12,907.45 from Comerica Bank for custodial services rendered for the period of July 1, 2012 – September 30, 2012.
5. Invoice dated November 2, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Denise Fashbaugh.
6. Invoice #20120930-228-136-A in the amount of \$29,065.91 from Brandywine Global Investment Management for investment services rendered for the period of July 1, 2012 – September 30, 2012.
7. Invoice #2268 in the amount of \$21.15 from the County of Monroe Finance Department for October 2012 Postage and Federal Express.
8. Invoice #1689820 in the amount of \$10,632.75 from Lazard Asset Management for investment services rendered for the period of July 1, 2012 – September 30, 2012.
9. Invoice dated October 31, 2012 in the amount of \$10,543.00 from Pacific Income Advisors for investment services rendered for the period of April 1, 2012 – September 30, 2012.
10. Invoice dated October 15, 2012 in the amount of \$14,153.77 from Franklin Templeton Portfolio Advisors for investment services rendered for the period ending September, 30, 2012.
11. Invoice dated November 6, 2012 in the amount of \$800.00 from Michael Vredevoogd, P.C. (Dr. Diane Klisz-Karle, PhD) for an Independent Psychological Evaluation of Keith Turner.
12. Invoice dated November 6, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for the Independent Medical Evaluation of Polly Minke.

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13. Invoice dated October 1, 2012 in the amount of \$18,133.91 from Anchor Capital Advisors for investment services rendered for the period of July 1, 2012 – September 30, 2012.
14. Invoice #20121101000646 in the amount of \$23,216.53 from NWQ Investment Management Company, LLC for investment services rendered for the period of July 1, 2012 – September 30, 2012.

Roll call by Clerk as follows:

Ayes

Nancy Bellaire  
James Davies  
Michael Grodi  
Joseph Hudson  
Anne McCarthy  
James Morgan  
William Sisk

Nay

Absent

George Jondro (excused)  
Henry Lievens (excused at 5:28 pm)

Motion Carried

Motion by William Sisk, support by Joseph Hudson to postpone payment of item 8-15 invoice dated November 26, 2012 in the amount of \$1,365.00 from Vanoverbeke, Michaud & Timmony, P.C. for legal services rendered for the period of October 1, 2012 – October 31, 2012, until next month's meeting.

Motion carried.

**Refunds**

Motion by Michael Grodi, supported by William Sisk to approve the following refund:

1. Phyllis F. Loop, Road Commission \$ 34,710.97

Motion carried.

**Retirement Payments**

Motion by Michael Grodi, supported by Anne McCarthy to approve the following retirement payments and if any discrepancy in the total amount to be paid, then the board will be advised of the discrepancy.

Motion carried.

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1. Phyllis F. Loop, Road Commission \$ 4,702.20  
\*\*September: \$1,383.00  
\*\*October: \$1,659.60
2. Mark E. Welliver, Mental Health \$ 2,492.56  
\*\*September: \$118.68  
\*\*October: \$1,186.94  
\*\*November: \$1,186.94

Motion carried.

**Communication – Board Action**

Motion by James Davies, supported by Nancy Bellaire to accept and place on file the following medical report:

2. Medical report dated October 5, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Helen Cotton.

Motion carried.

**Application for Vested Benefits**

Motion by James Davies, supported by Nancy Bellaire to accept and place on file the following application for vested benefits:

3. Nicholas Vince, Mental Health

Motion carried.

**Application for Service Retirement**

Motion by James Davies, supported by Nancy Bellaire (William Sisk abstains from voting on item 9-5) to accept and place on file the following applications for service retirement:

4. Marty Nicotra, Buildings & Grounds (Member changed Ret. Date)
5. William D. Sisk, Board of Commissioners
6. Francis R. Spreeman, Human Resources
7. Royce Maniko, Finance
8. Barbara J. Zorn, Library

Motion carried.

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Motion by James Davies, supported by Nancy Bellaire to accept and place on file the following medical reports:

9. Medical report dated November 2, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Denise Fashbaugh.
10. Medical report dated November 6, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Polly Minke.
11. Medical report dated October 22, 2012 from Diane K. Klisz-Karle, Ph.D. regarding an independent psychological evaluation of Keith Turner.

Motion carried.

Motion by James Davies, supported by Nancy Bellaire to accept and place on file the following letter from George Jondro:

12. Letter dated November 26, 2012 from George Jondro, Chairman, Board of Trustees of the Monroe County Employees retirement System recommending action be taken for the appointment of the Citizen-At-Large member. Current Citizen-At-Large member, James Davies, term expires December 31, 2012.

Motion carried.

**Application for Service Retirement**

Motion by James Davies, supported by Nancy Bellaire to accept and place on file the following applications for service retirement:

13. R. LaMar Frederick, Board of Commissioners

Motion carried.

**Resolutions**

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following Service Retirement resolutions:

1. Phyllis F. Loop, Road Commission
2. Mark E. Welliver, Mental Health

Motion carried.



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Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following Disability Retirement resolutions:

3. Helen Cotton, Youth Center
4. Denise Fashbaugh, Central Dispatch
5. Polly Minke, Youth Center
6. Keith Turner, Buildings & Grounds

Motion carried.

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following Applications for Service Retirement resolutions (William Sisk abstains from voting on item 10-8):

7. Marty Nicotra, Buildings & Grounds (Member changed Ret. Date)
8. William D. Sisk, Board of Commissioners
9. Francis R. Spreeman, Human Resources
10. Royce Maniko, Finance
11. Barbara J. Zorn, Library

Motion carried.

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following Disability Retirant Re-Examination resolutions:

12. Tobi Sisman, Youth Center

Motion carried.

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following Application for Service Retirement resolution:

13. R. LaMar Frederick, Board of Commissioners

Motion carried.

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**Attorney's Report**

1. Code of Conduct/Education/Travel/Due Diligence Policy – Discussion followed Thomas Michaud's report of the latest draft of the policy. Michael Grodi asked if it would be appropriate to put gratuity language in the meal reimbursement and suggested that it be included to eliminate confusion.

William Sisk said that he would support the motion, but he was not sure that it would be enough.

Anne McCarthy stated that she appreciated all of the work that everyone does on the board and that all of the members have the best interest of the employees and citizens of the County. Anne McCarthy also said that she wanted to make it clear that the board was not bullied or threatened into making the changes to the policy.

Michael Grodi said that this will be the first budget for travel that this board has had and that this will be a work in progress and he hopes that the Board of Commissioners will recognize this as a step.

LaMar Frederick spoke before the board and said that he did not see a sense of urgency by the pension board in the past to establish a travel program, but said that the sense of urgency has now been recognized. Mr. Frederick asked for clarification about the one out of state conference and what it meant.

William Sisk answered and said that with the cap that is indicated in the proposed policy that travel would be kept to within those limits.

Mr. Frederick said that he felt that vacation time should not have to be used to attend functions for the Retirement board if you were an employee. His thought was that each person should have forty hours allowed without having to use vacation time as an employee. Mr. Frederick said that he is willing to support the proposed policy agreement that was presented.

Nancy Bellaire thanked the fellow board members for their support and contribution.

Motion by Joseph Hudson, supported by James Davies to adopt the proposed Policy with the revision to the meal allowance to include the gratuity.

Motion carried.

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2. Heart Act Amendments – Thomas Michaud discussed the Act Amendments and recommends to the board to adopt the resolution as presented.

Motion by Nancy Bellaire, supported by Anne McCarthy to adopt the Monroe County Employees Retirement System Resolution Re: Heart Act Amendments.

Motion Carried.

**Consultant's Report**

Michael Cho discussed the quarterly report – overviewed the Federal governments, European governments, Bank of England, Bank of Japan and Bank of China all having monetary easing policies. Michael Cho said that we had a very strong and positive third quarter for the equities and fixed income came in at a moderate rate.

Overall performance for the third quarter was 4.4%, versus the Manager Allocation Index at 3.86% and Policy Index at 3.35%. 2012 YTD – 7.93%, Manager Allocation Index at 7.93% and Policy Index at 8.39%. Since inception – June 1990, performance is 7.99%, Manager Allocation Index at 7.94% and Policy Index at 7.96%. Change in value for the quarter – Beginning Market Value \$168,660,000, Net Flow (-1,190,000), Investment Earnings \$7,136,000 with the Ending Market Value at \$174,605,000.

Asset Allocation currently is 46.3% in Equities, 48.3% in Fixed Income and 5.4% in Cash. Mr. Cho said that this is a conservative allocation.

Mr. Cho overviewed the performance of managers. Anchor Capital, Renaissance International Equity, Eagle Global International, Lazard Emerging Markets all underperformed for the quarter.

Anne McCarthy asked why are we keeping the underperforming managers and wondered if there were other options / managers that we could bring in or substitute for them. She asked Mr. Cho if he could research this and let the board know at the next meeting. Mr. Cho said that he would look into alternatives or combining managers and present at a future meeting.

Mr. Cho reviewed the valuation report for the month ending October 31, 2012. The fund is valued at \$173,984,652.72 down \$620,410.96 from the previous month. The Total Fund was down .29% and up 7.62% YTD. The current asset allocation includes 48.42% in equity, 49.48% in fixed income, and 2.10% in cash.

Mr. Cho postponed the presentation that was scheduled and asked to move it to the January meeting.

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**Old Business**

- Disability Re-examinations – Ronald Whited, (Letter to Whited) Mr. Whited has been contacted. Continue to Old Business.
- Confidentiality Agreement – continues to be pending
- Monroe County Employees’ Retirement System Professional & Clerical Services Agreement was presented at the last meeting and is still pending
- Letter from Monroe County Board of Commissioners Chairman, R. LaMar Frederick dated October 1, 2012 regarding the Supplemental Pension Benefit Resolution and Amendment to Section 8.6 of the Monroe County Employees’ Retirement System – pending

**New Business - None**

**Chairman’s Report** – James Morgan thanked everyone for their patience.

**Trustee Comments**

Nancy Bellaire – passed

James Davies – passed

Michael Grodi - commented on requesting permission for time off work / vacation time for seminars.

Joseph Hudson – told Mr. Morgan that he did a fine job.

Anne McCarthy - passed

James Morgan - passed

William Sisk - passed

**Administrative Calendar**

December 10, 2012

**Trustee Election: Michael Grodi, County**

**James Davies, Citizen at Large**

Motion by Ann McCarthy, supported by Joseph Hudson to adjourn. Motion carried. Meeting adjourned at 6:51 P.M.

Respectfully Submitted,

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