



# Monroe County Employee's Retirement System

125 East Second Street • Monroe, Michigan 48161-2197  
Retirement Specialist: (734) 240-7264 • Secretary: (734) 240-7267  
Fax: (734) 240-7260

## 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 April 22, 2013 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

Roll call as follows:

### PRESENT

Nancy Bellaire  
James Davies @ 5:02  
Michael Grodi  
George Jondro

Bobby Lambert @ 5:06  
Anne McCarthy  
James Morgan

### ABSENT

Joseph Hudson (excused)  
Jerry Oley (excused)

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 Vice Chairman McCarthy to approve the amended agenda adding item 15-6 Brian Murray Disability Re-examination. Supported by Trustee Bellaire.

Roll call to approve the amended agenda as follows:

### AYES

Nancy Bellaire  
Michael Grodi  
George Jondro

Anne McCarthy  
James Morgan

### NAYS

### ABSENT

James Davies  
Joseph Hudson (excused)  
Bobby Lambert  
Jerry Oley (excused)

Motion carried.

Motion by Trustee Jondro to approve the minutes of the March 25, 2013 regular meeting and waive the reading of the minutes. Supported by Trustee Morgan. Motion carried. Vice-Chairman McCarthy advised the retirement board that even though she was not in attendance for the meeting she was able to request the recording and listen to it.

**Citizens Time** – None

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

### Retirements

1. Joanne Aichler, Road Commission (deferred) April 8

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
April 22, 2013 – Page 2

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

1. Boyd Watterson Asset Management Client Statement for the period ended March 31, 2013.
2. Comerica Bank Securities Lending Statement for February 2013.
3. Comerica Bank Collateral Investment Summary as of March 29, 2013.
4. Renaissance Investment Management Portfolio Summary for the First Quarter 2013.
5. Winslow Capital Monthly Statement for the period ended March 31, 2013.

**Communication**

1. Robbins Geller Rudman & Dowd Settlement Report for April 2013.
2. Robbins Geller Rudman & Dowd Monitoring Report for March 2013.

**Invoices**

Vice Chairman McCarthy inquired on item 1&2. She questioned why Comerica Bank's invoices are so late. The Retirement Specialist stated the concern has been addressed with Comerica Bank and the fee unit will be notified to send the invoices in a timely manner.

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

1. Invoice #391431 in the amount of \$2,216.19 from Comerica Bank for custodial services rendered for the period of October 1, 2012 – December 31, 2012.
2. Invoice #391432 in the amount of \$354.18 from Comerica Bank for custodial services rendered for the period of October 1, 2012 – December 31, 2012.
3. Invoice #2359 dated April 11, 2013 in the amount of \$9.62 from County of Monroe Finance Department for February 2013 postage charges.
4. Invoice #2360 dated April 11, 2013 in the amount of \$30.31 from County of Monroe Finance Department for March 2013 postage charges.
5. Invoice #2353 dated April 5, 2013 in the amount of \$9,678.29 from County of Monroe Finance Department for Services Rendered to the Retirement Board for January 1 – March 31, 2013.
6. Invoice #0213-576-38 dated March 21, 2013 in the amount of \$47.47 from County of Monroe Printing for Summary Annual Report to Members.
7. Invoice #401010 dated March 12, 2013 in the amount of \$4,713.00 from Gabriel Roeder Smith & Company for regular actuarial services performed for the quarter from January 1, 2013 – March 31, 2013.
8. Final Invoice #20130305292303M dated March 18, 2013 in the amount of \$7,696.45 from Tradewinds Global Investors for investment services rendered for the period of January 1, 2013 – March 5, 2013.
9. Invoice dated March 20, 2013 in the amount of \$647.50 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of February 1, 2013 – February 28, 2013.

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

April 22, 2013 – Page 3

10. Invoice dated April 15, 2013 in the amount of \$1,172.50 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of March 1, 2013 – March 31, 2013.
11. Invoice dated April 1, 2013 in the amount of \$2,000.00 from Diane Klisz-Karle, Ph.D. for an Independent Medical Evaluation performed on Ronald Whited.

Roll call for approval of the bills as follows:

**AYES**

Nancy Bellaire  
James Davies  
Michael Grodi

**NAYS**

George Jondro  
Anne McCarthy  
James Morgan

**ABSENT**

Joseph Hudson (excused)  
Bobby Lambert  
Jerry Oley (excused)

Motion carried.

**Refunds**

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

1. Kassondra Aldrich, Central Dispatch \$ 172.01
2. Jack Boll, County Agency \$ 8,201.58

Motion carried.

**Retirement Payments**

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

1. Jack Boll, County Agency \$ 2,782.77  
\*\*March \$168.66

Motion carried.

**Communications – Board Action**

1. Communication from Renaissance Investment Management regarding the restated performance for 2010, 2011 and 2012.

Trustee Morgan questioned how this error was caught. Mr. Cho stated it was caught during the annual audit. He also explained that Morgan Stanley does not rely on Renaissance for their performance numbers. They use Morgan Stanley's performance numbers.

Motion by Vice Chairman McCarthy to accept and place on file the communication from Renaissance Investment Management. Supported by Trustee Davies. Motion carried.

2. Medical report dated April 1, 2013 from Diane Klisz-Karle, Ph.D. regarding independent medical evaluation of Ronald Whited.

Motion by Vice Chairman McCarthy to accept and place on file the medical report from Diane Klisz-Karle, Ph.D. Supported by Trustee Davies. Motion carried.

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

April 22, 2013 – Page 4

Motion by Vice Chairman McCarthy to accept and place on file the following Applications for Service Retirement. Supported by Trustee Davies. Motion carried.

3. Montie Hurst, Mental Health
4. Barbara Southworth, Health Department
5. Todd Sulfaro, Sheriff's Office

Motion by Vice Chairman McCarthy to accept and place on file the following Application for Deferred Retirement. Supported by Trustee Davies. Motion carried.

6. Joanne Aichler, Road Commission

Motion by Vice Chairman McCarthy to accept and place on file the following Application for Disability Retirement. Supported by Trustee Davies. Motion carried.

7. David Diekman, County Agency

**Proposed Resolutions**

Motion by Trustee Jondro to accept and place on file the following Applications for Service Retirement resolutions. Supported by Vice Chairman McCarthy. Motion carried.

1. Montie Hurst, Mental Health
2. Barbara Southworth, Health Department
3. Todd Sulfaro, Sheriff's Office

Motion by Trustee Jondro to accept and place on the file the following Service Retirement resolution. Supported by Vice Chairman McCarthy. Motion carried.

4. Jack Boll, County Agency

Motion by Trustee Jondro to accept and place on file the following Deferred Service Retirement resolution. Supported by Vice Chairman McCarthy. Motion carried.

5. Joanne Aichler, Road Commission

Motion by Trustee Jondro to accept and place on file the following Application for Disability Retirement resolution. Supported by Vice Chairman McCarthy. Motion carried.

6. David Diekman, County Agency

Motion by Trustee Jondro to accept and place on file the following Purchase of Universal Service Credit resolutions. Supported by Vice Chairman McCarthy. Motion carried.

7. Jack Boll, County Agency
8. Jack Simms, Prosecuting Attorney

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

April 22, 2013 – Page 5

Motion by Trustee Jondro to accept and place on file the following Disability Retirant Re-examination resolution. Supported by Vice Chairman McCarthy. Motion carried.

9. Ronald Whited, Sheriff's Office

**Presentations – Steve Otto, Federated**

Mr. Otto introduced himself as the Regional Sales Manager for Federated. He explained that he accepted a new position with Federated and he will be based in Chicago. He stated Mr. Rob Kern will be the new Portfolio Manager. Mr. Otto then discussed Federated's background. He stated Federated was founded in 1955, has offices in New York, Boston, Dublin, Frankfurt and London, employs approximately 220 professionals, and manages approximately 370 billion in total asset under management.

Next, Mr. Otto discussed the Investment Performance. He stated year to date the fund is valued at 9.55% compared to the benchmark at 10.61%. The fund is valued at 8.65% compared to the benchmark at 10.19% since inception. The fund is currently 98% Equities and 2% Cash Equivalents and has 37 stocks in the portfolio.

Finally, Mr. Otto discussed Federated's Philosophy, Dividend Yield and Relative Performance, Characteristics and Sector Weights. He stated the portfolio is well positioned at this time.

**Consultant's Report**

Mr. Cho reviewed the valuation report for the month ending March 31, 2013. The fund is valued at \$179,421,158.06 up \$1,927,331.20 from the previous month. The current asset allocation includes 50.0% in Equities, 45.0% in Fixed Income, and 5.0% in Cash. The Total Fund was up 1.40% and up 3.52% YTD.

Mr. Cho discussed Alternative Investments. His recommendation for the hedge fund portfolio is to transfer 5 million from Pacific Income Advisors and transfer 60 % or 3 million to Corbin Capital and 40% or 2 million to Mesirow. This will leave Pacific Income Advisors with a balance of approximately 4 million.

Vice Chairman McCarthy stated she was concerned with Mesirows performance. Mr. Cho stated it has less volatility. Trustee Lambert asked for Pacific Income Advisors rate of return. Mr. Cho stated it is 4.91% since inception. Mr. Cho stated this transfer will help diversify the portfolio. Trustee Morgan questioned the portfolio performance if the transfer does not take place. Mr. Cho stated the portfolio will really see the pinch in the next 5-7 years if nothing is done.

Motion by Trustee Davies to adopt the recommendation offered by Mr. Cho. Supported by Trustee Lambert.

Roll call for approval of the hedge fund portfolio as follows:

**AYES**

Nancy Bellaire  
James Davies  
Michael Grodi  
George Jondro

**NAYS**

Bobby Lambert  
Anne McCarthy  
James Morgan

**ABSENT**

Joseph Hudson (excused)  
Jerry Oley (excused)

Motion carried.

**Attorney's Report**

No formal report.

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

April 22, 2013 – Page 6

**Old Business**

1. Confidentiality Agreement
  - The Administrative Policy Committee recommends the Retirement Board adopt the agreement and requests all Trustees, Staff, Human Resources and Information Technology personnel sign it.

Vice Chairman McCarthy would like to know how the Retirement Board will be notified of staff changes. Chairman Grodi stated the Retirement Board will rely on the Human Resources Department for notification. Trustee Jondro would request written communication from Human Resources to notify the Retirement Board of any personnel changes. Trustee Lambert agreed there is a need to protect documents and the confidential nature of certain documents, but he questioned if this agreement will ensure the confidentially is taking place. Mr. Michaud stated the agreement aids in ensuring the process is protected. Mr. Bosanac informed the Retirement Board that Human Resources facilitates Retiree Healthcare Administration, Retirement Administration and they are also governed with a HIPAA policy. He stated the agreement is just an acknowledgement by the signer to protect confidential information. Mr. Bosanac stated he has no problem with signing the agreement. Trustee Lambert stated he has no problem signing the document either. He feels it is coming from the wrong authority. He questioned how the Retirement Board has authority to require employees to sign the agreement. Mr. Bosanac stated if a claim is submitted the County will be included in the claim. The agreement is a safe guard. Mr. Bosanac stated the HIPAA policy is already in place, this will be secondary.

Motion by Vice Chairman McCarthy to adopt the agreement and request all Trustees, Staff, Human Resources and Information Technology personnel sign it. Supported by Trustee Bellaire.

2. Code of Conduct/Education/Due Diligence Policy and County Travel Policy 307.1
  - Further research is needed, continue on old business.

**New Business**

1. Fiduciary Liability Insurance

Chairman Grodi stated there was a discussion at the Administrative Policy Committee meeting to request quotes. All four of the quotes offer comparable coverage. Vice Chairman McCarthy asked if Union Services offered the exact same coverage. Chairman Grodi stated it is an apples to apples comparison. Vice Chairman McCarthy inquired about the increased premium. Chairman Grodi stated it was because of the decrease in funding valuation and percentage ratio decrease.

Mr. Michaud recommended adding the Retirement Specialist and Retirement Secretary to the policy and also mirroring the Chartis modifications.

Motion by Vice Chairman McCarthy to purchase Fiduciary Liability Insurance through Union Services, add Retirement Specialist and Retirement Secretary to the policy, and mirror the Chartis modifications. Supported by Trustee Davies.

Roll call to purchase Fiduciary Liability Insurance through Union Services as follows:

**AYES**

Nancy Bellaire  
James Davies  
Michael Grodi  
George Jondro

**NAYS**

Bobby Lambert  
Anne McCarthy  
James Morgan

**ABSENT**

Joseph Hudson (excused)  
Jerry Oley (excused)

Motion carried.

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

April 22, 2013 – Page 7

2. Service Provider Disclosure Policy

- Place on agenda annually to ensure providers are compliant. Administrative Policy Committee recommends the Retirement Board adopt the draft.

Mr. Michaud stated there has been a change to Act 314. He stated the Retirement Board is required to withhold payment from service providers who violate the pay-to-play provisions of Act 314. In May of every year, the Retirement Board will require all of its service providers to acknowledge that they are in compliance with Act 314. Failure to complete and submit the disclosure form will be deemed a violation. He recommends adopting the Service Provider Disclosure Policy.

Motion by Trustee Jondro to adopt Service Provider Disclosure Policy effective May 2013. Supported by Trustee Morgan. Motion carried.

3. Summary Annual Report Outline

- Administrative Policy Committee recommends the Retirement board adopt the Annual Report Outline and incorporate all changes on the next Summary Annual Report.

Mr. Michaud stated more detail is now required. The Summary Annual Report Outline is intended to be a useful guide.

Motion by Trustee Davies to adopt the Summary Annual Report Outline. Supported by Vice Chairman McCarthy. Motion carried.

4. Disability Re-examinations

The Retirement Specialist stated past practice has been to not require disability retirees a re-examination in the first year of retirement. The disability retirees that fall in the category are Sherie Chudnicki, Helen Cotton, Denise Fashbaugh, Linda Martin, Polly Minke, Gregory Tafelski and Keith Turner.

Motion by Trustee Jondro to approve Disability Re-examinations with the exception of disability retirees approved for retirement in the first year of retirement. Supported by Vice Chairman McCarthy. Motion carried.

5. MAPERS Spring Educational Seminar

Motion by Vice Chairman McCarthy to approve attendance at the MAPERS Spring Educational Seminar as consistent with the Code of Conduct/Education/Due Diligence Policy. Supported by Trustee Bellaire. Motion carried.

Motion by Trustee Lambert to appoint Vice Chairman McCarthy and Trustee Morgan to serve as delegates and Trustee Bellaire and Trustee Jondro to serve as alternate delegates at the MAPERS Spring Educational Seminar. Supported by Trustee Davies. Motion carried.

6. Brian Murray – Disability Re-examination

Chairman Grodi addressed Brian Murray's medical report. The medical report states Mr. Murray remains permanently medically disabled from any sort of work with the County of Monroe. Chairman Grodi would like to add Mr. Murray to the permanently medically disabled list and not require annual re-examinations due to his medical condition.

Motion by Trustee Lambert to add Brian Murray to the permanently medically disabled list and not require annual re-examinations. Supported by Vice Chairman McCarthy. Motion carried.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
April 22, 2013 – Page 8

**Trustee Comments**

Vice Chairman McCarthy would like to start using the Committee Room for Retirement Board meetings. She would also like to have meetings at the Library and Road Commission. Trustee Bellaire and Trustee Morgan stated they have meeting rooms available.

Motion by Trustee Lambert to request the Chairman submit a calendar to change the meeting locations. Supported by Vice Chairman McCarthy. Motion carried.

Chairman Grodi requested Mr. Cho prepare a cost comparison for custodial services. Since the beginning of the year, there has been a problem with Comerica's services. Chairman Grodi requested the Trustees review the document and be prepared at the next meeting to have a plan and direction.

Vice Chairman McCarthy requested communication from Mr. Cho stating if the Retirement Board utilizes Morgan Stanley's custodial services, there is proper checks and balances in place.

Chairman Grodi would like to evaluate the Retirement Services Agreement. The position will be evaluated quarterly. He would like Trustee Bellaire and Trustee Morgan to discuss the agreement and make a recommendation.

Motion by Vice Chairman McCarthy to adjourn. Supported by Trustee Morgan. Motion carried. Meeting adjourned at 6:46 P.M.

Respectfully Submitted,

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