

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 October 28, 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
Joseph Hudson

George Jondro
Anne McCarthy
James Morgan

ABSENT

Bobby Lambert (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 Trustee Jondro to approve the agenda as submitted. Supported by Vice Chairman McCarthy. Motion carried.

Motion by Trustee Morgan to approve the minutes of the September 16, 2013 regular meeting, and the October 9, 2013 special meeting and waive the reading of the minutes. Supported by Trustee Jondro. Motion carried.

Citizens Time

Mr. David Thompson, former Chairman of the Monroe County Employees Retirement System wanted to thank the Trustees for moving the Retirement Specialist's office. In the past, he wanted to move the office, but he retired before he could accomplish it. He stated he had the opportunity to visit the new office and it is a great asset to the Retirement System.

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

Retirements

- | | |
|--|------------|
| 1. John Plath, Sheriff's Office | October 5 |
| 2. Geoffrey Kovenich, Sheriff's Office | October 6 |
| 3. Dean Walters, District Court | October 11 |
| 4. Nancy Hanke, Mental Health | October 19 |
| 5. Thomas Roberts, Road Commission | October 26 |

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Financial Reports

1. Boyd Watterson Asset Management client statement for the period ended September 30, 2013.
2. Comerica Bank Collateral Investment Summary as of August 31, 2013.
3. Comerica Bank Collateral Investment Summary as of September 30, 2013.
4. Comerica Bank Securities Lending Statement for August 2013.
5. Federated Investment Counseling Quarterly Report for the period ended September 30, 2013.
6. Lazard Asset Management Portfolio Review for the period ended August 31, 2013.
7. Lazard Asset Management Portfolio Review for the period ended September 30, 2013.
8. SEI Trust Company Monthly Statement for the period ended August 31, 2013.
9. SEI Trust Company Monthly Statement for the period ended September 30, 2013.

Communication

1. Robbins Geller Rudman & Dowd August 30, 2013 Settlement Report.
2. Robbins Geller Rudman & Dowd September 27, 2013 Settlement Report.
3. Robbins Geller Rudman & Dowd August 30, 2013 Monitoring Report.
4. Robbins Geller Rudman & Dowd September 27, 2013 Monitoring Report.

Invoices

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

1. Invoice #2470 dated October 2, 2013 in the amount of \$8,022.16 from County of Monroe Finance Department for services rendered to the Retirement Board for July – September 2013.
2. Invoice #0313-576-03 dated April 29, 2013 in the amount of \$71.23 from County of Monroe Printing for envelopes.
3. Invoice dated September 30, 2013 in the amount of \$3,809.26 from Comerica Commercial Card Service for MAPERS Fall educational seminar hotel costs.
4. Invoice #2-397-46739 dated September 11, 2013 in the amount of \$19.10 from FedEx for August 2013 federal express charges.
5. Invoice dated October 18, 2013 in the amount of \$55,457.45 from Morgan Stanley for management fees for the period of July 1, 2013 – September 30, 2013.
6. Invoice dated August 26, 2013 in the amount of \$1,890.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of July 1, 2013 – July 31, 2013.
7. Invoice dated September 16, 2013 in the amount of \$1,785.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of August 1, 2013 – August 31, 2013.
8. Invoice dated October 22, 2013 in the amount of \$1,945.50 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of September 1, 2013 – September 30, 2013.
9. Reimbursement in the amount of \$198.88 to Nancy Bellaire for expenses incurred for the 2013 MAPERS educational seminar.

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10. Reimbursement in the amount of \$195.49 to Sandy Calkins for expenses incurred for the 2013 MAPERS educational seminar.
11. Reimbursement in the amount of \$219.09 to James Davies for expenses incurred for the 2013 MAPERS educational seminar.
12. Reimbursement in the amount of \$266.89 to Michael Grodi for expenses incurred for the 2013 MAPERS educational seminar.
13. Reimbursement in the amount of \$194.36 to Joseph Hudson for expenses incurred for the 2013 MAPERS educational seminar.
14. Reimbursement in the amount of \$192.10 to George Jondro for expenses incurred for the 2013 MAPERS educational seminar.

Roll call for approval of the bills as follows:

AYES

Nancy Bellaire
James Davies
Michael Grodi
Joseph Hudson

NAYS

George Jondro
Anne McCarthy
James Morgan

ABSENT

Bobby Lambert (excused)
Jerry Oley (excused)

Motion carried.

Refunds

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

1. Lawrence Cucinella, Sheriff's Office \$ 287.01

Retirement Payments

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

1. Della Carmon, Fairview \$ 473.40
2. Susan Heer, Mental Health \$ 2,898.62
**August \$331.28, September \$1,283.67
3. Debra Remley, Mental Health \$ 1,436.12
4. Margaret Schilling, Register of Deeds \$ 3,740.78
**September \$1,450.46

Communications – Board Action

Motion by Vice Chairman McCarthy to accept and place on file the following communication from Franklin Templeton Investments. Supported by Trustee Hudson. Motion carried.

1. Communication dated October 1, 2013 from Franklin Templeton Investments regarding the firm update.

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Motion by Vice Chairman McCarthy to accept and place on file the following applications for service retirement. Supported by Trustee Hudson. Motion carried.

2. Marcus Howton, Road Commission
3. Thomas Roberts, Road Commission
4. Cynthia Wertenberger, Drain Commission

Motion by Vice Chairman McCarthy to accept and place on file the following applications for deferred service status. Supported by Trustee Hudson. Motion carried.

5. Richard Cope, Sheriff's Office
6. Todd Opperman, Sheriff's Office

Motion by Vice Chairman McCarthy to accept and place on file the following certificates of attendance. Supported by Trustee Hudson. Motion carried.

7. Nancy Bellaire
8. Sandy Calkins
9. James Davies
10. Michael Grodi
11. Joseph Hudson
12. George Jondro
13. Anne McCarthy

Proposed Resolutions

Motion by Trustee Hudson to accept and place on file the following application for service retirement resolutions. Supported by Trustee Morgan. Motion carried.

1. Marcus Howton, Road Commission
2. Thomas Roberts, Road Commission
3. Cynthia Wertenberger, Drain Commission

Motion by Trustee Hudson to accept and place on file the following service retirement resolutions. Supported by Trustee Morgan. Motion carried.

4. Della Carmon, Fairview
5. Susan Heer, Mental Health
6. Margaret Schilling, Register of Deeds

Motion by Trustee Hudson to accept and place on file the following deferred retirement resolution. Supported by Trustee Morgan. Motion carried.

7. Debra Remley, Mental Health

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Motion by Trustee Hudson to accept and place on file the following purchase of universal service credit resolutions. Supported by Trustee Morgan. Motion carried.

8. Rosa Amato, Building & Grounds
9. Jason Childress, Health Department
10. Robin Miller, County Clerk
11. Kathy Mitteff, Fairview
12. Karen Raymond, Prosecuting Attorney
13. Lynn Reaume, Museum
14. Linda Stotz, Probate Court

Presentations – Michael Serchen, Anchor Capital

Mr. Serchen introduced himself as the First Vice President for Anchor Capital Advisors. He stated the firm is based in Boston, Massachusetts, manages approximately \$8 billion in assets, and provides investment counseling services to individuals, corporate and retirement accounts, Taft-Hartley funds, public funds and charitable organizations.

Mr. Serchen reviewed the investment philosophy and stated Anchor Capital Advisors strives to invest in those Mid Cap securities which are undervalued, while always maintaining prudent and appropriate levels of risk. They also believe that capital preservation is as important as capital appreciation in achieving long-term investment success. Mr. Serchen also discussed the investment process stating the objective of Anchor Capital's process is to identify investment opportunities which are undervalued, have moderate downside risk and a reasonable probability of above average total return.

Finally, Mr. Serchen discussed the portfolio characteristics and investment performance results. The fund is up 15.60% year to date versus the benchmark up 24.34% year to date.

Consultant's Report

First, Mr. Cho discussed positioning stating markets are always concerned about something, so it's always easy to come up with reasons to not invest. Investing is risky, which is why returns are usually commensurate with the amount of risk assumed. Since the financial crisis, the more acute risks have subsided, which is why asset prices have risen and consequently, now there is better investor sentiment but less available return. While ironic, that's just the way it goes in the investment business.

Mr. Cho reviewed the valuation report for the month ending September 30, 2013. The fund is valued at \$183,403,211.04 up \$5,925,562.84 from the previous month. The current asset allocation includes 52% in equities, 42% in fixed income, 3% in cash and 3% in alternative investments. The Total Fund was up 3.34% for the month and up 6.63% year to date.

Next, Mr. Cho discussed the Direct Real Estate recommendations and allocation. Mr. Cho's Direct Real Estate recommendation is to allocate \$3,500,000 to Intercontinental and \$3,500,000 to Titanium.

He stated Intercontinental and Titanium are more liquid than Alidade.

Vice Chairman McCarthy stated although she was not able to attend the meeting to hear the presentations, she did read the presentation material and is comfortable with Mr. Cho's recommendations.

Motion by Trustee Davies to accept Mr. Cho's Direct Real Estate recommendation to allocate \$3,500,000 to Intercontinental and \$3,500,000 to Titanium. Supported by Trustee Jondro.

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Roll call to accept Mr. Cho’s Direct Real Estate recommendation as follows:

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

Motion carried.

Finally, Mr. Cho discussed the Smid Cap manager recommendations and allocation. Mr. Cho’s Smid Cap recommendation is to allocate \$9,000,000 to Seizert and \$3,500,000 to Riverbridge.

Motion by Trustee Jondro to accept Mr. Cho’s Smid Cap manager recommendation to allocate \$9,000,000 to Seizert and \$3,500,000 to Riverbridge. Supported by Trustee Davies.

Roll call to accept Mr. Cho’s Smid Cap manager recommendation as follows:

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

Motion carried.

Motion by Trustee Davies to execute the trades through the transition manager GTS Advisor. Supported by Vice Chairman McCarthy. Motion carried.

Attorney’s Report

Mr. Michaud addressed the Tablet Policy and the Purchase of Military Service Credit. His recommendation is to have the Administrative Policy Committee review both issues and submit a recommendation to the full board.

Chairman Grodi will schedule an Administrative Policy Committee meeting as soon as possible.

Next, Mr. Michaud discussed the MAPERS Certificate of Attendance. Trustee Davies would like his certificate mailed directly to his home. Mr. Michaud stated he will address this issue at the next MAPERS meeting.

Finally, Mr. Michaud discussed Comerica’s Securities Lending. There has been a settlement in the case and the Retirement System should be receiving a notice shortly. Comerica will be requesting payment very soon.

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. Consideration of purchasing Tablets for Retirement Board Meetings

This policy will be placed on the next Administrative Policy Committee meeting.

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3. Custodial Services

Chairman Grodi stated he had the opportunity to meet with the Relationship Manager at Comerica Bank to discuss the Benefits Administration costs. He stated according to her, there has been a settlement in the Securities Lending and the amount will be due very soon. Comerica did provide a cost summary for Benefits Administration.

Trustee Davies recommends the Retirement System make the move at the time the Securities Lending balance is due.

Chairman Grodi asked Mr. Cho how long it will take to execute the transfer to Morgan Stanley.

Mr. Cho stated approximately one month.

Trustee Davies wanted to know how much cash is in the cash account with Comerica Bank.

Mr. Cho stated approximately three million dollars.

Trustee Jondro stated by moving, the Retirement System could save around \$115,000.

Mr. Cho confirmed.

Chairman Grodi recommends the transfer take place immediately.

Motion by Trustee Hudson to move the custody of assets from Comerica Bank to Morgan Stanley effective immediately. Supported by Trustee Jondro.

Roll call to move the custody of assets from Comerica Bank to Morgan Stanley as follows:

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

Motion carried.

4. Pension Evaluation

Chairman Grodi has had the opportunity to meet with Commissioners Sheppard and Turner and Trustee Bellaire regarding a request for proposal. They will be meeting again in the next couple weeks to finalize the document.

New Business - None

Trustee Comments

Trustee Bellaire stated MAPERS was a good conference. She was able to take the MAP 2 test.

Trustee Jondro stated MAPERS was good seminar and very informative.

Vice Chairman McCarthy was able to attend the New Trustee Seminar and felt it was a refreshing seminar with important information for New Trustees.

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Trustee Davies stated MAPERS held an excellent conference this year. He felt it is an additional benefit to sit with Trustees and discuss different ideas and opinions. He also said it was great to see David Thompson tonight.

Trustee Hudson stated there was good information at the conference regarding fiduciary responsibility.

Chairman Grodi stated he spoke with the Senate Fiduciary Committee and the legislatures want to help. They often offer good, reasonable solutions. He was happy with the MAPERS Conference venue. He will address the Certificate of Attendance at the next MAPERS meeting.

Chairman Grodi stated the next meeting will be held at the Mary K. Daume Library Service Center.

Motion by Vice Chairman McCarthy to adjourn. Supported by Trustee Morgan. Motion carried. Meeting adjourned at 6:55 P.M.

Respectfully Submitted,

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