

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 November 25, 2013 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan.

Roll call as follows:

PRESENT

Nancy Bellaire
James Davies
Michael Grodi
Joseph Hudson

George Jondro
Anne McCarthy
James Morgan
Jerry Oley – Left at 5:50 P.M.

ABSENT

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

Motion by Trustee Jondro to approve the minutes of the October 28, 2013 regular meeting and waive the reading of the minutes. Supported by Trustee Davies. Motion carried.

Citizens Time

Mr. Henry Lievens, Chairman of the Personnel Committee for the County of Monroe addressed the Purchase of Prior Military Service Credit Policy. He would like to focus on employees that are being excluded from purchasing Military Time based on the date they entered the military. He would like to explore ways to potentially update the policy.

Chairman Grodi asked if the employer has the ability to place the purchase of military time in the collective bargaining agreements.

Mr. Michaud stated the plan would need to be amended. The ordinance could be changed to reflect all military service credit is eligible for purchase.

Chairman Grodi stated this decision is up to the employer's not the Retirement Board.

Trustee Oley stated life is not fair. Caps are put in place, cut-off dates are made, and there is a cost to review all of it. He stated he is certain there is rationale for the 1980 cut-off date, but he doesn't know what it is.

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Trustee Davies stated everyone should be able to purchase military service credit. There should be a way to correct unfair situations.

Mr. Lievens asked Trustee Oley, as Chairman of the County Board of Commissioners if he would be willing to review the military service credit situation.

Trustee Oley stated it is not fair to ask him at the retirement meeting. He needs to conduct research, speak with the County's legal counsel, and the Retirement Board's legal counsel if necessary.

Motion by Trustee Davies to approve the consent agenda as listed below. Supported by Trustee Oley. Motion carried.

Retirements

- | | |
|--|-------------|
| 1. Janet Kurtz, Sheriff's Office | November 2 |
| 2. Marcus Howton, Road Commission | November 15 |
| 3. Sandra McAdoo, Mental Health (deferred) | November 19 |

Financial Reports

1. Anchor Capital Advisors Portfolio Summary for the period ended September 30, 2013.
2. Boyd Watterson Asset Management client statement for the period ended October 31, 2013.
3. Comerica Bank Collateral Investment Summary as of October 31, 2013.
4. Comerica Bank Securities Lending Statement for September 2013.
5. Franklin Templeton Investments Portfolio Quarterly Report as of September 30, 2013.
6. Lazard Asset Management Portfolio Review for the period ended October 31, 2013.
7. Morgan Stanley Client Statement for the period ended October 31, 2013.
8. SEI Trust Company Monthly Statement for the period ended October 31, 2013.

Communication

1. Robbins Geller Rudman & Dowd October 25, 2013 Monitoring Report.

Invoices

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

1. Invoice dated October 1, 2013 in the amount of \$20,551.76 from Anchor Capital Advisors for investment services rendered for the period of July 1, 2013 – September 30, 2013.
2. Invoice #37191 dated September 4, 2013 in the amount of \$37,608.00 from Boyd Watterson Asset Management for investment services rendered for the period of June 1, 2013 – August 31, 2013.
3. Invoice #20130930-228-136A dated October 23, 2013 in the amount of \$29,219.38 from Brandywine Global Investment Management for investment services rendered for the period of July 1, 2013 – September 30, 2013.
4. Invoice #20131031-228-136A dated November 11, 2013 in the amount of \$9,910.35 from Brandywine Global Investment Management for investment services rendered for the period of October 1, 2013 – October 31, 2013.

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5. Invoice in the amount of \$15,277.00 from Eagle Global Advisors for investment services rendered for the period of July 1, 2013 – September 30, 2013.
6. Invoice #36138004 dated October 16, 2013 in the amount of \$10,261.24 from Federated Investors for investment services rendered for the period of July 1, 2013 – September 30, 2013.
7. Invoice dated October 21, 2013 in the amount of \$24,250.56 from Franklin Templeton Investments for investment services rendered for the period ending September 30, 2013.
8. Invoice #403874 dated November 6, 2013 in the amount of \$12,974.00 from Gabriel Roeder Smith & Company for the finalized December 31, 2012 valuation.
9. Invoice #403978 dated November 9, 2013 in the amount of \$3,162.00 from Gabriel Roeder Smith & Company for the pension administration web hosting fee starting August 1, 2013.
10. Invoice #1702240 dated October 29, 2013, 2013 in the amount of \$16,682.21 from Lazard Asset Management for investment services rendered for the period of July 1, 2013 –September 30, 2013.
11. Invoice #2376 dated October 24, 2013 in the amount of \$250.00 from NCPERS for annual dues.
12. Invoice #3Q13027 dated October 30, 2013 in the amount of \$3,762.00 from Pacific Income Advisers for investment services rendered for the period of July 1, 2013 – September 30, 2013.
13. Final Invoice #3Q13028 dated October 30, 2013 in the amount of \$669.00 from Pacific Income Advisers for investment services rendered for the period of October 1, 2013 – October 16, 2013.
14. Invoice dated October 10, 2013 in the amount of \$16,317.22 from Renaissance Investment Management for investment services rendered for the period of July 1, 2013 –September 30, 2013.
15. Reimbursement in the amount of \$198.88 to Anne McCarthy 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
Jerry Oley

ABSENT

Bobby Lambert (excused)

Motion carried.

Refunds

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

- | | |
|--|-------------|
| 1. Geoffrey Kovenich, Sheriff's Office | \$24,321.45 |
| Ohio National (FBO: Geoffrey Kovenich) | \$18,465.19 |
| 2. John Plath, Sheriff's Office | \$26,871.71 |
| Edward Jones (FBO: John Plath) | \$26,089.21 |

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Retirement Payments

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

- | | |
|--|-------------|
| 1. Nancy Hanke, Mental Health | \$ 4,222.15 |
| 2. Geoffrey Kovenich, Sheriff's Office | \$ 8,608.79 |
| **October \$3,926.78 | |
| 3. John Plath, Sheriff's Office | \$ 9,361.22 |
| **October \$4,357.80 | |
| 4. Dean Walters, District Court | \$ 2,066.34 |
| **October 834.54 | |

Communications – Board Action

Motion by Trustee Davies to accept and place on file the following communication from Brandywine Global.
Supported by Vice Chairman McCarthy. Motion carried.

1. Communication dated November 4, 2013 from Brandywine Global regarding the Commingled Trust Transition.

Motion by Trustee Davies to accept and place on file the following communication from the United States District Court. Supported by Vice Chairman McCarthy. Motion carried.

2. Communication from the United States District Court regarding the securities lending settlement.

Motion by Trustee Davies to accept, place on file and issue the 13th checks. Supported by Vice Chairman McCarthy.
Motion carried.

3. Communication dated November 8, 2013 from Randy Pierce, Managing Director for the Monroe County Road Commission concerning issuance of the 13th checks for 2013.

Motion by Trustee Davies to accept, place on file and issue the 13th checks. Supported by Vice Chairman McCarthy.
Motion carried.

4. Communication dated November 21, 2013 from Nancy Bellaire, Director for the Monroe County Library System concerning issuance of the 13th checks for 2013.

Motion by Trustee Davies to accept, place on file and issue the 13th checks. Supported by Vice Chairman McCarthy.
Motion carried.

5. Communication dated October 24, 2013 from Audrey Lewis, Deputy Clerk for the County of Monroe concerning issuance of the 13th checks for 2013.

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

6. Nancy Chalupka, County Clerk
7. Peggy Engel, Library
8. Trisha Schaffenberg, Sheriff's Office

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

9. Karen Burns, Health Department
10. Sandra McAdoo, Mental Health

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

11. John Hohman, Probate Court
12. Frances Toth, Health Department

Motion by Trustee Davies to accept and place on file the following application for purchase of military service time. Supported by Vice Chairman McCarthy. Motion carried.

13. Randy Nicholson, Sheriff's Office

Proposed Resolutions

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

1. Nancy Chalupka, County Clerk
2. Peggy Engel, Library
3. Trisha Schaffenberg, Sheriff's Office

Motion by Trustee Jondro to accept and place on file the following service retirement resolutions. Supported by Vice Chairman McCarthy. Motion carried.

4. Nancy Hanke, Mental Health
5. Geoffrey Kovenich, Sheriff's Office
6. John Plath, Sheriff's Office
7. Dean Walters, District Court

Motion by Trustee Jondro to accept and place on file the following application for deferred retirement resolutions. Supported by Vice Chairman McCarthy. Motion carried.

8. Karen Burns, Health Department
9. Sandra McAdoo, Mental Health

Presentations – None

Consultant's Report

Mr. Cho reviewed the valuation report for the month ending October 31, 2013. The fund is valued at \$187,964,744.46 up \$4,558,724.21 from the previous month. The current asset allocation includes 54% in equities, 38% in fixed income, 5% in cash and 3% in alternative investments. The Total Fund was up 2.83% for the month and up 10.64% year to date.

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Mr. Cho reviewed the investment manager performance report for the third quarter 2013. In the third quarter, equities and other risk assets advanced, even with the expectation that the Federal Reserve would announce a tapering of its asset purchases in September. Developed markets rose for the quarter, equities made gains even as interest rates rose. Year to date the fund was up 7.65% versus the benchmark up 7.39%. Trailing 3 years was up 6.59% versus the benchmark up 6.72%. Trailing 5 years was up 6.77% vs. the benchmark up 6.14%. The asset allocation includes 41.6% in fixed income, 52.8% in equities, 2.8% in hedge funds and 2.8% in cash.

Vice Chairman McCarthy requested Public Act 314 review for next month as well.

Chairman Grodi addressed Anchor Capital's high cash position.

Mr. Cho stated Anchor is seeking valued stock and if they are not able to find it, they hold the cash and wait for an opportunity. He stated Anchor Capital typically has a high cash amount, they have held as high as 30% in cash.

Trustee Hudson expressed his concern with the large investment in Boyd Watterson. He doesn't want to be unprepared with interest rates rising. He questioned the possibility of liquidating and purchasing short term treasury bonds. He doesn't want the Retirement System taking unnecessary risks.

Mr. Cho stated there is risk involved no matter what. His job is to actively manage the portfolio and prepare for long term investments.

Chairman Grodi addressed the Investment Policy Statement. The Investment Policy Statement will be forwarded to the Investment Policy Committee for review and recommendation.

Attorney's Report

Mr. Michaud addressed the Tablet Policy. He is comfortable stating only information on the tablet that pertains to Retirement Board matters will be subject to the Freedom of Information Act. Mr. Michaud recommends the Retirement System purchase and owns the tablets. The Retirement Specialist is looking into tablets and Mr. Michaud is working on the policy.

Mr. Michaud discussed Randy Nicholson's request to purchase military service time. Mr. Nicholson originally applied in 2008. At that time, he didn't appear to meet the qualifications to purchase military service time. Since then, metals have been issued and he is now eligible to purchase the military service time. Mr. Michaud would recommend offering the purchase of military service time at his 2008 wages.

Act 314 compliance communication is for informational purposes.

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. Travel Summary

The Retirement Board has spent \$12,870.98 for travel in 2013 and \$41,152.11 for travel in 2012.

3. Pension Evaluation

Chairman Grodi has met with the committee and the Request for Proposals will be sent out soon.

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New Business

1. Retirement Specialist Compensation

Chairman Grodi addressed the lump sum payment that was recently approved by the County Board of Commissioners for non-union employees. The approved payment was a \$1,000.00 lump sum payment for 2013 and 2014.

Trustee Davies stated if anyone deserves the lump sum payment, the Retirement Specialist does. He would feel more comfortable making the decision if the two County Commissioners were present.

Trustee Hudson asked if the Retirement Specialist was under the County non-union rye system at the time of the transfer.

Chairman Grodi stated yes.

Mr. Bosanac described the lump sum payment. He stated it is a \$1,000.00 cash payment payable to the non-union group because they did not receive a wage increase for 2010, 2011, 2012 and 2013. The employer also made modifications to the non-union group's healthcare plan and sick pay-out. The cash payment is scheduled for December 13, 2013 and February 2014.

Trustee Davies thanked Mr. Bosanac for describing the lump sum payment in great detail. He asked Mr. Bosanac if the Retirement Specialist was an employee of the County would she have received the lump sum payment.

Mr. Bosanac stated yes.

Trustee Bellaire stated since the Retirement Specialist is a Library employee now, the Library will review the Retirement Specialist position in six months and determine if the position is eligible for the next step increase.

Motion by Trustee Davies to match the County's lump sum payment of \$1,000.00 payable December 13, 2013 and \$1,000.00 payable in February 2014 for the Retirement Specialist. Supported by Trustee Jondro.

Roll call for approval of the Retirement Specialist lump sum payment as follows:

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

Motion carried.

Trustee Comments

Trustee Morgan stated he had an issue with the lump sum motion and it was a tough decision for him.

Trustee Hudson thanked Mr. Cho for the investment information stating it was right on point.

Vice Chairman McCarthy agreed with Trustee Morgan on the lump sum motion. She wished everyone a Happy Thanksgiving.

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Trustee Davies stated he voted yes on the lump sum payment because if the Retirement Specialist was a County employee she would have received it.

Trustee Bellaire stated the salary issue is complicated and she is trying to make the most careful decisions.

Chairman Grodi stated had the Retirement Specialist position not been moved she would have received the lump sum payment and that is why he voted yes. He thanked Mr. Bosanac for his thorough explanation.

Chairman Grodi stated the next meeting will be held on December 9, 2013 at the Road Commission.

Motion by Vice Chairman McCarthy to adjourn. Supported by Trustee Jondro. Motion carried. Meeting adjourned at 6:40 P.M.

Respectfully Submitted,

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