

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 September 16, 2013 in the Monroe County Road Commission at 840 South Telegraph Road, Monroe, Michigan.

Roll call as follows:

PRESENT

Nancy Bellaire
James Davies @ 5:03
Michael Grodi
Joseph Hudson
George Jondro

ABSENT

Bobby Lambert @ 5:21
Anne McCarthy
James Morgan @ 5:03
Jerry Oley

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 amended to classify Dean Walters as District Court. Supported by Trustee Oley. Motion carried.

Motion by Trustee Jondro to approve the minutes of the August 26, 2013 regular meeting and waive the reading of the minutes. Supported by Vice Chairman McCarthy. Motion carried.

Citizens Time – None

Motion by Trustee Oley to approve the consent agenda as listed below. Supported by Vice Chairman McCarthy. Motion carried.

Retirements

1. Margaret Schilling, Register of Deeds September 12

Financial Reports

1. Boyd Watterson Asset Management client statement for the period ended August 31, 2013.
2. Comerica Bank securities loan statement for July 2013.
3. Morgan Stanley Client Statement for the period ended August 31, 2013

Communication

1. Robbins Geller Rudman & Dowd Litigation Update.

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Invoices

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

1. Invoice dated August 30, 2013 in the amount of \$500.00 from Comerica Commercial Card Service for MAPERS Fall educational seminar registrations.
2. Invoice #20130801004322 dated June 30, 2013 in the amount of \$16,119.01 from NWQ Investment Management Company for investment services rendered for the period of April 1, 2013 – June 30, 2013.

Roll call for approval of the bills as follows:

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

James Davies abstained. Motion carried.

Refunds

Motion by Trustee Davies to approve the following refunds. Supported by Trustee Oley. Motion carried.

- | | |
|---|-------------|
| 1. Kathy Mitteff, Fairview | \$ 3,041.77 |
| American Funds (FBO: Kathy Mitteff) | \$ 7,963.97 |
| 2. Bobbie Soleau, Mental Health | \$ 3,777.22 |
| NC Plans Processing Center (FBO: Bobbie Soleau) | \$ 9,338.14 |

Retirement Payments

Motion by Trustee Bellaire to approve the following retirement payments. Supported by Trustee Jondro. Motion carried.

- | | |
|---------------------------------|-------------|
| 1. Kathy Mitteff, Fairview | \$ 4,382.49 |
| **August \$2,118.16 | |
| 2. Teresa Schotte, County Clerk | \$ 1,310.79 |
| **August \$212.58 | |
| 3. Bobbie Soleau, Mental Health | \$ 624.11 |
| **August \$296.24 | |

Communications – Board Action

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

1. Communication dated September 12, 2013 from Winslow Capital Management 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 Davies. Motion carried.

2. Della Carmon, Fairview
3. Geoffrey Kovenich, Sheriff's Office
4. Janet Kurtz, Sheriff's Office
5. Dean Walters, District Court

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

6. Debra Remley, Mental Health

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

7. Kenneth Dobbs, Sheriff's Office

Motion by Vice Chairman McCarthy to accept and place on file the following disclosure form. Supported by Trustee Davies. Motion carried.

8. Comerica Bank

Proposed Resolutions

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

1. Della Carmon, Fairview
2. Geoffrey Kovenich, Sheriff's Office
3. Janet Kurtz, Sheriff's Office
4. Dean Walters, District Court

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

5. Debra Remley, Mental Health

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

6. Kathy Mitteff, Fairview

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

7. Teresa Schotte, County Clerk

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

8. Bobbie Soleau, Mental Health

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Presentations – Mark Buis, Gabriel Roeder Smith & Company

Mr. Buis stated the Retirement System has a solid funded ratio and a good interest rate assumption at 7%.

Motion by Trustee Morgan to accept and place on file the 2012 valuation and authorize the reserve transfer. Supported by Vice Chairman McCarthy. Motion carried.

Consultant's Report

Mr. Cho discussed the Pension Fund Analysis letter to the Monroe County Board of Commissioners dated August 27, 2013 from Michael Bosanac. He prepared a side-by-side comparison for review. The actuary assumption for the Monroe County Employees Retirement System (MCERS) is 7%, the amortization period is 20 years, smoothing of assets is 7 years, and the federal mortality table used is from 2000. The actuary assumption for the Municipal Employees Retirement System of Michigan (MERS) is 8%, the amortization period is 27 years, smoothing of assets is 10 years, and the federal mortality table used is from 1994. He stated the computed standard deviation for (MCERS) is 9.97% and (MERS) is 11.25%. According to Mr. Cho MCERS outperformed MERS and has achieved it with significantly lower risk.

Next, Mr. Cho reviewed the valuation report for the month ending August 31, 2013. The fund is valued at \$177,108,809.94 down \$3,677,183.99 from the previous month. The current asset allocation includes 51% in equities, 42% in fixed income, 4% in cash and 3% in alternative investments. The Total Fund was down 2.03% for the month and up 2.98% YTD.

Finally, Mr. Cho discussed the Global Investment Committee Market Update. He stated war is never good for the economy, but tapering is starting to slow. Bond volatility has yet to calm down. Risky asset prices are negatively affected by higher bond volatility, and emerging markets remain challenged. Mr. Cho recommends equities over fixed income for the next seven years, in the U.S., growth in technologies, industrials, financials, and healthcare. Japan appears to be in the early stages of a new bull market, Europe is a cheap laggard play of the global recovery. For fixed income he still recommends below benchmark duration.

Attorney's Report

Mr. Michaud discussed Nancy Feick's request to vest her pension. Her prior employment with the Monroe Public Schools is not service which may be recognized by the Retirement System due to the fact that the Reciprocal Retirement Act was not in effect at the time she separated from service in 1992. The County of Monroe did not adopt the Reciprocal Retirement Act until 1995. This information makes her ineligible to collect a pension. Mr. Michaud would be happy to draft a letter and send it to Ms. Feick.

Motion by Trustee Davies to accept communication, place on file and request legal counsel draft a letter to Ms. Feick and include up to date Reciprocal Retirement Act information. Supported by Vice Chairman McCarthy. Motion carried.

Old Business

1. Code of Conduct/Education/Due Diligence Policy and County Travel Policy 307.1

Chairman Grodi and Trustee Oley are collectively pursuing the matter and it will be resolved within the next few months, continue on old business.

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2. Consideration of purchasing Tablets for Retirement Board Meetings

Chairman Grodi stated after talking with the Information Technology Director, he would recommend the Retirement Board purchase the Windows Surface Pro Tablet.

Trustee Oley suggested the tablets be optional.

Chairman Grodi agrees that the tablets should be optional.

Trustee Lambert asked what happens to the tablet once you are no longer a Retirement Board Trustee.

Chairman Grodi stated the tablet will be returned to the Retirement Board.

Trustee Lambert would like the policy to state the Trustee is able to purchase the tablet once the term is up.

Chairman Grodi requested legal counsel draft a tablet policy addressing Trustees purchasing the tablet once the term is up.

Mr. Michaud stated that would be no problem.

Trustee Hudson addressed the Freedom of Information Act. How will the Retirement Board control what nine Trustees have on their tablets.

Trustee Lambert stated if the tablet is owned by the Retirement System anything could be subject to the Freedom of Information Act.

Mr. Michaud confirmed Trustee Lamberts statement.

Trustee Lambert would like the policy to state that the Trustee will purchase the tablet and be reimbursed by the Retirement System for the purchase.

This discussion will be tabled until next meeting.

There are several Trustees that are unable to attend the special meeting scheduled for September 18, 2013.

Motion by Vice Chairman McCarthy to cancel the September 18, 2013 special meeting and reschedule the special meeting for October 9, 2013. Supported by Trustee Hudson. Motion carried.

3. Custodial Services

Chairman Grodi will be meeting with the Relationship Manager at Comerica Bank to discuss the Benefits Administration costs.

New Business

1. Delegated for fall MAPERS education seminar

Motion by Trustee Lambert to appoint Vice Chairman McCarthy and Trustee Jondro as delegates for the fall MAPERS education seminar and Trustee Bellaire and Trustee Hudson as alternate delegates. Supported by Trustee Jondro. Motion carried.

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2. Trustee Per Diem for education seminars

Mr. Michaud stated the Retirement Ordinance does not allow for per diem payments for Trustees.

Trustee Lambert asked if Trustees can be compensated for lost wages.

Mr. Michaud stated not out of the Retirement System. The County of Monroe can implement a reimbursement plan for Retirement System representatives.

Trustee Lambert stated he does not see the County Board of Commissioners taking action to implement a reimbursement plan for the Retirement System representatives.

3. Pension Evaluation

Chairman Grodi stated the County of Monroe would like to conduct an evaluation of the Retirement System. He will be meeting with Commissioner Sheppard and Commissioner Turner to narrow down the scope of details. He wants to ensure an accurate representation of the data. The County of Monroe has budgeted \$35,000 towards the cost of the evaluation and would like the Retirement System to pay half of the cost of the evaluation.

Vice Chairman McCarthy would like to see something in writing before a decision is made.

Chairman Grodi stated entering into an agreement to pay half of the cost is the first step the Retirement Board needs to take.

Trustee Davies asked if the Retirement System will be compared to MERS.

Chairman Grodi stated no. The evaluation will be an apples to apples comparison against similar retirement systems.

Trustee Oley stated the County of Monroe is not suggesting any wrong doing. They just want someone from the outside to take a look at the performance and make sure the Retirement System is doing the best it can.

Trustee Jondro stated he would like legal counsel involved in the request for proposal process.

Motion by Trustee Lambert to enter into an agreement with the County of Monroe to pay half of the cost of an evaluation of the Retirement System. Supported by Trustee Davies.

Roll call to enter agreement to pay half the cost of an evaluation of the Retirement System as follows:

AYES

Nancy Bellaire
James Davies
Michael Grodi
Joseph Hudson
George Jondro

NAYS

Bobby Lambert
Anne McCarthy
James Morgan
Jerry Oley

ABSENT

Motion carried.

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Trustee Comments

Trustee Oley stated he was happy with tonight's report from Mr. Cho. It was a thorough report and he appreciates the documents.

Trustee Lambert would like to go back to having the Retirement Board meetings in the Board of Commissioners Chambers. It is more convenient.

Trustee Davies agrees with Trustee Lambert about the meeting locations.

Trustee Morgan stated the Road Commission does have Wi-Fi, but it is protected.

Trustee Bellaire addressed the transition. She stated things are going well and the Retirement Specialist is in the process of getting her office organized. A notice has been sent out for the Open House on September 25, 2013. The website has been updated to mcers.org.

Chairman Grodi stated the next meeting will be held in the Board of Commissioners Chambers at the Courthouse.

Motion by Vice Chairman McCarthy to adjourn. Supported by Trustee Oley. Motion carried. Meeting adjourned at 6:52 P.M.

Respectfully Submitted,

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