

Monroe County Employees Retirement System

840 South Roessler Street, Monroe, MI 48161-1557 (734) 241-1174



MINUTES

Monroe County Employees Retirement System Board of Trustees Monday, January 22, 2018

1. Call to Order

A regular meeting of the Monroe County Employees Retirement System Board of Trustees was called to order at 5:00 PM on January 22, 2018 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan 48161.

2. Roll Call

Roll call as follows:

PRESENT:

Michael Grodi	James Morgan
George Jondro	Bob Neely
Jeff Koras	Nancy Bellaire – excused
Annamarie Osment	Henry Lievens – excused
	Jason Turner – absent

ALSO PRESENT:

Joey Becker, Retirement Specialist
Michael Bosanac, Retirement Secretary
Thomas Michaud, Legal Counsel
Brian Green, Investment Consultant

A quorum being present, the Board proceeded to transact business.

3. Pledge of Allegiance

Chairman Grodi led the Pledge of Allegiance.

4. Election of Chairman

Joey Becker opened the meeting up to nominations for the Chairman. Trustee Morgan nominated Trustee Grodi as Chairman of the Monroe County Employees Retirement System Board of Trustees. Trustee Neely supported the motion.

No other nominations were offered.

Motion by Trustee Morgan to close the nominations and cast a unanimous ballot for Trustee Grodi as Chairman. Supported by Trustee Jondro. All in favor. Motion carried.

5. Election of Vice Chairman

Chairman Grodi requested nominations for the Vice Chairman. Trustee Morgan nominated Trustee Jondro as Vice Chairman of the Monroe County Employees Retirement System Board of Trustees. Trustee Koras supported the motion.

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No other nominations were offered.

Motion by Trustee Neely to close the nominations and cast a unanimous ballot for Trustee Jondro as Vice Chairman. Supported by Trustee Koras. All in favor. Motion carried.

6. Approval of Agenda

Motion by Vice Chairman Jondro to approve the agenda as submitted. Supported by Trustee Osment. All in favor. Motion carried.

7. Approval of Minutes

Motion by Trustee Morgan to approve the minutes of the December 11, 2017 regular meeting and waive the reading of the minutes. Supported by Vice Chairman Jondro. All in favor. Motion carried.

8. Citizens Time

No citizen wished to address the board.

9. Consent Agenda

Motion by Vice Chairman Jondro to approve the consent agenda as listed below. Supported by Trustee Koras.

1. Deceased Retirees – 2017

Ruth Arnold, General County	February 8
Dorothy Bailey, General County	January 22
Fred Bedford, Sheriff's Office	June 15
Jay Bowman, Road Commission	June 8
Edward Burns, Sheriff's Office	February 13
Sandra Carey, Sheriff's Office	June 30
Bernadine Collino, General County	December 7
David Diekman, County Agency	April 12
Jeanne Hendrix, Library	October 29
Melitta Hnatzuk, Mental Health	December 1
Edith Keehn, General County	March 7
Lorraine Koli, General County	December 21
Michael Miletti, General County	March 16
Theresa Morgan, General County	July 4
Heidi Neil, Library	December 22
Norma Poore, Sheriff's Office	November 19
Edward Sedlar, Road Commission	March 21
Norma Smith, Library	July 4
Mary St. Pierre, Sheriff's Office	October 20
Karen Stoll, Library	November 9
Lois Stotz, General County	September 22
Barbara Swann, General County	May 19
Dennis Ulrich, General County	February 4
James Vandeveld, Road Commission	July 7
Marilyn Wahl, General County	April 12
Ella Watling, General County	June 12
Ivadell Weber, General County	December 27

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2. Retirements
 - a. Joyce Davis, Library January 18
 - b. Mark Rodan, Mental Health January 1
3. Financial Reports
 - a. Boyd Watterson statement of account for November 30, 2017.
 - b. Boyd Watterson statement of account for December 31, 2017.
 - c. Boyd Watterson Limited Duration Mid-Grade Fund for the period ended November 30, 2017.
 - d. Boyd Watterson GSA Fund for the period ended November 30, 2017.
 - e. Brandywine Global Investment Management Global Fixed Income November 2017.
 - f. Brandywine Global Investment Management Global Fixed Income December 2017.
 - g. Clarkston Capital statement of account for period ended December 31, 2017.
 - h. Comerica Bank account statements for November 2017.
 - i. Comerica Bank account statements for December 2017.
 - j. Comerica Bank consolidated account statements for November 2017.
 - k. Comerica Bank annual account statements for January 1, 2017 through December 31, 2017.
 - l. Pinehurst Institutional account statement for the period ended October 31, 2017.
 - m. Pinehurst Institutional account statement for the period ended October 31, 2017.
 - n. Intercontinental account statement for period ended September 30, 2017.
 - o. Lazard account statement for December 2017.
 - p. Morgan Stanley client statement for November 2017.
 - q. Morgan Stanley client statement for December 2017.
 - r. Seizert Large Cap account statement for period ended December 31, 2017.
4. Communication
 - a. Robbins Geller Rudman & Dowd settlement report for November 24, 2017.
 - b. Robbins Geller Rudman & Dowd settlement report for December 29, 2017.
 - c. Robbins Geller Rudman & Dowd portfolio monitoring report for November 24, 2017.
 - d. Robbins Geller Rudman & Dowd portfolio monitoring report for December 29, 2017.
 - e. Robbins Gellar Rudman & Dowd International Portfolio Monitoring Report for fourth quarter 2017.
 - f. Robbins Gellar Rudman & Dowd Repose Report for fourth quarter 2017.

All in favor. Motion carried.

10. Approval of Bills

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

1. Invoice #24053 dated December 29, 2017 in the amount of \$27,500.00 from AndCo for consulting services and performance evaluation for period of October 2017 through December 2017.
2. Invoice #47377 dated December 19, 2017 in the amount of \$18,804.00 from Boyd Watterson Asset Management for investment services rendered for the period of September 1, 2017 – November 30, 2017.
3. Invoice dated December 31, 2017 in the amount of \$32,280 from Clarkston Capital Partners for investment services rendered for the period of October 1, 2017 – December 31, 2017.

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4. Invoice#LCG123117 dated January 17, 2018 in the amount of \$15,287.79 from ClearBridge Investments for investment services rendered for the 4th quarter of 2017.
5. Invoice in the amount of \$156.42 from Comerica Commercial Card Service for monthly QuickBooks online fee, locks for ballot boxes, and MCERS envelopes.
6. Invoice #2357403 dated December 20, 2017 in the amount of \$1,620.75 from Conduent for benefit calculation.
7. Invoice #1117-576-03 dated December 29, 2017 from County of Monroe Printing in the amount of \$115.00 for 1000 trustee election ballots.
8. Invoice #1750064 dated January 4, 2018 in the amount of \$19,784.14 from Lazard Asset Management for investment services rendered for the period of October 13, 2017 – December 13, 2017.
9. Invoice #20171231-860-A dated December 31, 2017 in the amount of \$21,838.53 from MacQuarie for investment services rendered for the period of October 13, 2017 – December 31, 2017.
10. Invoice #5859 in the amount of \$19,166.81 from Monroe County Library System for retirement services rendered for October 1, 2017 – December 31, 2017.
11. Invoice #16986 dated December 21, 2017 in the amount of \$1,200.00 from Psybys, for an independent medical evaluation performed on Kelli Desilvis.

Roll call for approval of the bills as follows:

AYES: Michael Grodi James Morgan
George Jondro Bob Neely
Jeffrey Koras Annamarie Osment

NAYS: None

ABSENT: Nancy Bellaire and Henry Lievens excused. Jason Turner, absent.

All in favor. Motion carried.

10A. Refunds

Motion by Trustee Morgan to approve the following refunds. Supported by Trustee Osment.

- | | |
|---|-------------|
| 1. Michelle Ashcraft, General County | \$14,726.36 |
| 2. Mark Rodan, Mental Health | \$ 2,300.60 |
| Capital Bank & Trust FBO: Mark Rodan | \$ 7,671.74 |
| 3. Matthew Torongeau, Sheriff's Office | \$ 9,772.15 |
| 4. Heath Velliquette, Sheriff's Office | |
| Education Plus Credit Union FBO Heath Velliquette | \$33,207.48 |
| Nationwide Retirement Solutions FBO Heath Velliquette | \$18,456.53 |

All in favor. Motion carried.

10B. Retirement Payments

Motion by Trustee Morgan to approved the following retirement payments. Supported by Trustee Osment.

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1. Michelle Ashcraft, General County December \$326.70, January \$1,012.57	\$ 1,012.57
2. Timothy Carr, Library December \$3,235.96, January \$3,858.23	\$ 3,858.23
3. Cynthia Green, Library December \$2,018.56, January \$3,910.83	\$ 3,910.83
4. Monica Marcinak, Mental Health December \$1,986.12, January \$1,986.12	\$ 1,986.12
5. Mark Rodan, Mental Health	\$ 1,486.06
6. Matthew Torongeau, Sheriff's Office December \$1,301.16, January \$1,920.56	\$ 1,920.56
7. Heath Velliquette, Sheriff's Office December \$314.82, January \$4,879.70	\$ 4,879.70

All in favor. Motion carried.

11. Communications

Motion by Trustee Morgan to receive and file the following communications. Supported by Trustee Koras.

Application for Deferred Retirement

1. Joyce Davis, Library
2. Heidi McCraw, General County

Application for Disability Retirement

3. Faith Bashore, Mental Health
4. Craig Lajiness, Road Commission

Medical Reports

5. Kelli Desilvis, Sheriff's Office
6. Steve Moreau, Sheriff's Office

Designation of Accredited Fiduciary

7. Mike Grodi, NCPERS

All in favor. Motion carried.

12. Resolutions

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

Service Retirement

1. Timothy Carr, Library
2. Cynthia Green, Library
3. Monica Marcinak, Mental Health
4. Heath Velliquette, Sheriff's Office

Deferred Service Retirement

5. Michelle Ashcraft, General County
6. Mark Rodan, Mental Health

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Disability Retirement

7. Kelli Desilvis, Sheriff's Office
8. Steve Moreau, Sheriff's Office
9. Matt Torongeau, Sheriff's Office

Application for Deferred Retirement

10. Joyce Davis, Library
11. Heidi McCraw, General County

Application for Disability Retirement

12. Faith Bashore, Mental Health
13. Craig Lajiness, Road Commission

All in favor. Motion carried.

13. Consultant's Report

1. Valuation Report for the period ended December 31, 2017

Mr. Green reviewed the valuation report for the month ending December 31, 2017. The fund is valued at \$207,141,361 up \$2,536,419 from the previous month. The current asset allocation includes 63% in equities, 19% in fixed income, 1% in cash, 8% in alternative investments, and 9% in real estate. The Total Fund was up 1.24% for the month and up 13.95% year to date.

Mr. Green stated that February will be the first formal meeting reviewing values.

2. Value Add/Oppportunistic Real Estate Search

Mr. Green reviewed the three primary types of investment strategies with varying risk and return profiles that can be utilized to construct a real estate portfolio. He summarized open-end funds, closed-end funds, and separate accounts. Currently, there is 9% in core, open-ended funds. Mr. Green feels the best option is to explore closed-end funds. He believes they offer a really strong compliment to the existing portfolio.

Chairman Grodi questioned if there is a limit from fund open to fund close.

Mr. Green stated that each fund is at a different phase. There are times when a firm will ask for an extension on the final close date, and existing investors will vote to approve or deny the request.

Vice Chairman Jondro questioned if funds are left in the cash account until invested.

Mr. Green stated the funds stay invested until you receive notice. Typically, a two week notice is given.

Mr. Green recommended interviewing three managers, Alidade, Centerbridge, and TerraCap.

Chairman Grodi inquired if interviews could be arranged with the three managers for the February board meeting.

Mr. Green stated that interviews could be arranged.

Motion by Trustee Neely to interview Alidade, Centerbridge, and TerraCap. Supported by Vice Chairman Jondro. All in favor. Motion carried.

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14. Old Business

1. Service Provider Disclosures

Disclosures from Cambriar and Clearbridge are still required. Chairman Grodi asked Mr. Green to provide an update next month.

2. April Kipf Audit

Chairman Grodi stated that he will arrange to have Spencer Tawa, Plante Moran attend the February board meeting to review the report.

15. New Business

1. Set interest rate for 2018

Mr. Green stated the December 31, 2017 Ten Year U.S. Treasury Rate was 2.40%.

Motion by Trustee Morgan to set the 2018 interest rate at 2.40%. Supported by Trustee Koras. All in favor. Motion carried.

2. Investment Manager Presentations

Vice Chairman Jondro questioned what the board's fiduciary responsibility is in regards to manager reviews.

Mr. Michaud stated the board should be monitoring the system. Managers should be reviewed at least once a year. Some systems will combine the managers that are the same asset type.

Mr. Green stated some boards do not feel they benefit from manager reviews. They feel it is AndCo's responsibility to perform the due diligence on the managers, and only meet with managers as needed. However, some boards meet with the managers every two years, some have the group meetings like Mr. Michaud mentioned, and other boards still have reviews with managers at every meeting.

Trustee Morgan stated he does not understand the downfall to bringing the managers in every month.

Chairman Grodi stated there tends to be a lot of rescheduling needed when we set up the monthly meetings, due to conflicts, like the manager interviews.

Trustee Morgan stated he feels more comfortable having the managers come in each month.

Trustee Neely stated the Board hired AndCo to review these managers, and he doesn't feel it is very beneficial to bring them in. He feels AndCo can perform this responsibility.

Chairman Grodi stated the Administrative Committee will schedule a meeting to review this further.

3. Committee Appointments

Administrative Policy Committee Members:

Michael Grodi, Chairman
Nancy Bellaire
James Morgan
Annamarie Osment
Henry Lievens, alternate

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Investment Policy Committee Members:

George Jondro, Chairman
Jeff Koras
Bob Neely
Jason Turner
Henry Lievens, alternate

Motion by Vice Chairman Jondro to accept the committee appointments. Supported by Trustee Osment. All in favor. Motion carried.

4. MAPERS One-Day Seminar, MAPERS Spring/Fall Conference, NCPERS Annual Conference

Motion by Trustee Koras to approve funding for training as allowable under P.A. 314. Supported by Vice Chairman Jondro. All in favor. Motion carried.

16. Attorney's Report

1. Michigan Legislative Update

Mr. Michaud discussed changes to P.A. 202 of 2017.

2. Confidentiality

Mr. Michaud reviewed the policy in regards to confidentiality.

3. Lump Sum Withdrawal - Opperman

Mr. Michaud recommended that the retirement system direct both parties involved to decide how they want the contributions to be distributed.

Chairman Grodi requested Mr. Michaud draft a letter to send to both parties.

Motion by Trustee Neely to accept Mr. Michaud's recommendation to direct both parties involved make the decision on how the contributions will be distributed. Supported by Trustee Koras. All in favor. Motion carried.

17. Trustee Comments

Trustee Osment was welcomed by all Trustees. She thanked the Retirement Board for the warm welcome, and stated she was looking forward to working with everyone.

18. Administrative Calendar

Chairman Grodi stated the next meeting is February 26, 2018 at 5:00 P.M.

19. Adjourn

Motion by Trustee Morgan to adjourn. Supported by Trustee Osment. All in favor. Motion carried.

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Meeting adjourned at 6:40 P.M.

Respectfully Submitted,

Michael Grodi, Chairman
Monroe County Employees Retirement System