

# 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 February 9, 2015 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan.

Roll call as follows:

### PRESENT

James Davies - @ 5:05  
Michael Grodi  
Joseph Hudson  
George Jondro

Anne McCarthy  
James Morgan  
Al Potratz  
Jason Turner

### ABSENT

Nancy Bellaire (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.

Sandy Calkins led the Pledge of Allegiance.

Sandy Calkins opened the meeting up to nominations for the Chairman. Trustee McCarthy nominated Trustee Grodi as Chairman of the Monroe County Employees Retirement System Board of Trustees.

No other nominations were offered.

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

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

No other nominations were offered.

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

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

Motion by Vice Chairman Jondro to approve the minutes of the December 8, 2014 regular meeting and waive the reading of the minutes. Supported by Trustee McCarthy. All in favor. Motion carried.

**Citizens Time** – None

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Chairman Grodi requested a moment of silence for all those retirees who passed away in 2014:

Gilbert Steinman, Equalization	January 23
Arden Westover, Board of Commissioners	February 2
Lola Doyle, Extension	March 31
Jeannine Schwartz, Road Commission	June 11
Robert Oberski, Road Commission	June 25
Rose Mary West, Sheriff's Office	June 27
Joanne Vollrath, Library	July 2
Ellsworth Seegert, County Agency	July 17
Samuel Freimark, Road Commission	July 19
Marilyn Riter, Library	November 19
John Andrews, Mental Health	December 17
Debra Elmore, Buildings & Grounds	December 31

Motion by Trustee Davies to approve the consent agenda as listed below. Supported by Trustee McCarthy. All in favor. Motion carried.

**Retirements - None**

**Financial Reports**

1. Boyd Watterson statement of account as of December 31, 2014.
2. Brandywine Global Investment Management Global Fixed Income for November 2014.
3. Brandywine Global Investment Management Global Fixed Income for December 2014.
4. Brandywine Global Investment Management Global Fixed Income Fourth Quarter 2014.
5. U.S. Real Estate Investment Fund Quarter Ended September 30, 2014.
6. Winslow Capital Management Quarterly Report December 31, 2014.
7. Brandywine Global Investment Management Global Fixed Income for October 2014.

**Communication**

1. Robbins Geller Rudman & Dowd Settlement Report for November 28, 2014.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for November 28, 2014.
3. Robbins Geller Rudman & Dowd Settlement Report for December 31, 2014.
4. Robbins Geller Rudman & Dowd International Portfolio Monitoring Report for December 31, 2014.
5. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for December 31, 2014.

**Invoices**

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

1. Invoice #40797 dated December 16, 2014 in the amount of \$23,565.00 from Boyd Watterson Asset Management for investment services rendered for the period of September 1, 2014 – November 30, 2014
2. Invoice #408504 in the amount of \$4,941.36 from Comerica Bank for custodial services rendered for the period of October 1, 2014 – December 31, 2014.
3. Invoice #5615 dated January 7, 2015 in the amount of \$14,865.82 from Monroe County Library System for services rendered to the Retirement Board for October – December 2014.
4. Invoice dated January 20, 2015 in the amount of \$162,437.13 from Morgan Stanley for management fees for the period of October 1, 2014 – December 31, 2014.

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5. Invoice dated January 30, 2015 in the amount of \$1,505.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of November 1, 2014 – December 31, 2014.

Roll call for approval of the bills as follows:

AYES		NAYS	ABSENT
James Davies	Anne McCarthy		Nancy Bellaire (excused)
Michael Grodi	James Morgan		
Joseph Hudson	Al Potratz		
George Jondro	Jason Turner		

Motion carried.

**Retirement Refunds**

Motion by Trustee Davies to approve the following refunds. Supported by Trustee McCarthy. All in favor. Motion carried.

1. Michael Langton, Sheriff's Office \$26,870.49  
Edward Jones FBO: Michael Langton \$40,629.76
2. Debra Pulling, General County \$ 275.92

**Retirement Payments**

Motion by Trustee Davies to approve the following retirement payments. Supported by Trustee McCarthy. All in favor. Motion carried.

1. Michael Langton, Sheriff's Office \$10,853.00  
\*December \$1,759.92, January \$4,546.54
2. Carol Laurie, Library \$ 4,401.13  
\*November \$95.68, December \$1,435.15, January \$1,435.15
3. Gail Rochowiak, General County \$ 2,404.04  
\*January \$2,404.04

**Communications – Board Action**

Motion by Trustee McCarthy to accept and place on file the following application for disability retirement. Supported by Trustee Hudson. All in favor. Motion carried.

1. Gail Rigdon, General County

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

2. Elizabeth Kozlowski, Library
3. Steffany Wilson, Mental Health

Motion by Trustee McCarthy to accept and place on file the following certificates of attendance. Supported by Trustee Hudson. All in favor. Motion carried.

4. James Davies
5. George Jondro
6. Anne McCarthy

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Motion by Trustee McCarthy to accept and place on file the following application for service retirement. Supported by Trustee Hudson. All in favor. Motion carried.

7. Petrina Terrell Blunt, General County

Motion by Trustee McCarthy to accept and place on file the following communication from Boyd Watterson. Supported by Trustee Hudson. All in favor. Motion carried.

8. Communication dated January 23, 2015 from Boyd Watterson regarding fourth quarter 2014 distribution.

**Proposed Resolutions**

Motion by Trustee Davies to accept and place on file the following service retirement resolutions. Supported by Trustee Morgan. All in favor. Motion carried.

1. Michael Langton, Sheriff's Office
2. Carol Laurie, Library
3. Gail Rochowiak, General County

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

4. Gail Rigdon, General County

Motion by Trustee Davies to accept and place on file the following purchase of military service credit resolution. Supported by Trustee Morgan. All in favor. Motion carried.

5. William Owens, Sheriff's Office

Trustee McCarthy asked if there had been any changes to the purchase of military service credit policy.

Mr. Michaud stated there has been discussion but no changes have been implemented at this time.

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

6. Petrina Terrell Blunt, General County

**Presentations – Brian Gevry, Boyd Watterson Asset Management**

Mr. Gevry discussed the investment objectives and investment guidelines. He stated the investment objective is to make investments which balance the risk of loss and the opportunity for gain with the purpose of the Retirement System.

Next, Mr. Gevry reviewed the performance summary. Year to date, Boyd Watterson was up 3.5% versus the benchmark 3.1%, three years 2.6% versus the benchmark 2.0%, five years 3.9% versus the benchmark 3.5% and ten years 4.7% versus the benchmark 4.1%. The average duration of the portfolio is 3.48 years, the average maturity for the portfolio is 4.34 years, and the average coupon is 3.76%.

Then, Mr. Gevry reviewed the GSA fund objectives and guidelines. The fund's primary objective is to generate a stable stream of current income while also preserving capital from real estate strategies that meet specific risk parameters. Capital appreciation is a secondary objective. The fund intends to meet these objectives through the

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purchase of real estate assets that are leased to Federal agencies either directly or through the Government Services Administration. The fund returns are expected to come from three sources, primarily from leasehold income, secondarily carry on the leverage and thirdly capital appreciation.

The GSA fund is up 5.3% year to date. The fund currently has no lease expirations within the next year. The Department of Defense occupants of the recently acquired Quantico Tech Center are expected to continue to operate under short lease terms consistent with their historical lease policy. The Citizenship and Immigration Services lease expires in 2026; however the agency has the option to cancel the lease in 2016.

**Consultant's Report**

Mr. Cho reviewed the valuation report for the month ending December 31, 2014. The fund is valued at \$190,441,114.98 down \$2,511,545.60 from the previous month. The current asset allocation includes 59% in equities, 31% in fixed income, 3% in cash, 3% in alternative investments, and 4% in real estate. The Total Fund was down 1.02% for the month and up 4.68% year to date.

Mr. Cho recommends transferring \$7,000,000.00 from Anchor – Mid Value to Riverbridge – Smid, transferring \$2,000,000.00 from Renaissance International and \$3,000,000.00 from Templeton International to Wisdom Tree Japan ETF, transferring \$5,000,000.00 from Boyd Watterson International Fixed and \$8,000,000.00 from Brandywine Global to \$3,000,000.00 at Corbin and \$3,000,000.00 to Mesirov, \$1,500,000.00 to Intercontinental and \$3,500,000.00 to Titanium GSA.

Motion by Trustee Turner to accept Mr. Cho's recommendation as presented. Supported by Trustee Davies. All in favor. Motion carried.

**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. Pension Evaluation

Remove from Old Business.

3. Investment Policy Statement Review

This policy will be place on the next Investment Policy Committee meeting.

4. Request for Proposal – Actuary Services

A special meeting to interview the candidates is scheduled for Wednesday, February 11, 2015 at 4:00 P.M.

5. Request for Proposal – Auditor Services

Vice Chairman Jondro stated both auditing firms did a good job presenting and both firms are qualified to handle the audit. He preferred Plante Moran and stated the fees are comparable.

Trustee Morgan stated Plante Moran's original fee proposal was high, but the updated fee schedule is comparable to Rehmann Robson.

Trustee Turner asked what services were being provided for the extra fee.

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Trustee McCarthy stated a relationship with Plante Moran is about more than just money. They are able to provide a better working relationship, they are respectful of the Retirement Board, they provide institutional knowledge, they specialize in local government auditing and consulting, have significant experience in auditing alternative investments, and are experts related to GASB 67 & 68.

Motion by Trustee McCarthy to hire Plante Moran and enter into a five year contract starting year ended December 31, 2014. Supported by Vice Chairman Jondro. All in favor. Motion carried.

6. Gabriel Roeder Smith & Company Experience Study recommendation

The Retirement Board will need to select an Actuary before the experience study can be conducted.

**New Business**

1. Set interest rate for 2015

Mr. Cho stated the December 31, 2014 Ten Year U.S. Treasury Rate was 2.17%

Motion by Trustee Hudson to set the 2015 interest rate at 2.17%. Supported by Trustee Davies. All in favor. Motion carried.

2. Trustee Name Plates

Motion by Trustee Hudson to approve the purchase of name plates. Supported by Vice Chairman Jondro. All in favor. Motion carried.

3. Committee Appointments

Chairman Grodi will make the appointments at the next meeting.

4. MAPERS One Day Seminar
5. MAPERS Spring/Fall Conference
6. NCPERS Annual Conference

Motion by Trustee Davies to allow any member to attend all MAPERS and NCPERS conferences for 2015. Supported by Vice Chairman Jondro. All in favor. Motion carried.

Trustee Davies stated the MAPERS and NCPERS conferences are too close together. He wanted to know if there is way to spread them out.

Chairman Grodi stated MAPERS is looking at trying to spread out the conference dates but not until 2019 because the conferences are booked five years in advance.

Trustee Turner questioned what conferences are required.

Mr. Michaud stated the state statute promotes Trustee education but what conferences a Trustee should attend are not detailed. MAPERS offers a spring and fall conference and NCPERS offers a spring conference.

Chairman Grodi asked if there would be any interest changing the Retirement Board meeting time from 5:00 P.M. to 3:00 P.M.

There was no interest from the Retirement Board to change the meeting time.

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**Attorney’s Report**

1. IRS Rollover Notice

Motion by Trustee Davies to adopt notice and process in accordance with IRS rules and regulations. Supported by Trustee McCarthy. All in favor. Motion carried.

2. Closed Session – Lyondell Settlement
3. Closed Session – Summons and Compliant, Bruce Weeks

Motion by Trustee Turner to go into closed session. Supported by Vice Chairman Jondro.

Roll call for closed session as follows:

AYES		NAYS	ABSENT
James Davies	Anne McCarthy		Nancy Bellaire (excused)
Michael Grodi	James Morgan		
Joseph Hudson	Al Potratz		
George Jondro	Jason Turner		

All in favor. Motion carried. Closed session at 7:22 P.M.

Motion by Trustee Davies to go into open session. Supported by Trustee Turner. All in favor. Motion carried. Open session at 7:40 P.M.

Motion by Trustee Davies to accept Mr. Michaud’s recommendation and approve the Lyondell settlement payment of \$18,384.00 and DLA Piper attorney fees of \$3,382.40. Supported by Trustee McCarthy. All in favor. Motion carried.

**Trustee Comments**

Trustee Turner stated he is looking forward to working with the Retirement Board.

Trustee Davies, Trustee Hudson and Trustee McCarthy welcomed Trustee Potratz and Trustee Turner to the Retirement Board.

Trustee Potratz thanked the Retirement Board for the kind words. He stated he will do his best and is looking forward to working with everyone.

Vice Chairman Jondro also welcomed Trustee Potratz and Trustee Turner to the Retirement Board.

Trustee Morgan welcomed Trustee Potratz and Trustee Turner to the Retirement Board and stated he is looking forward to working with them.

Chairman Grodi thanked the Retirement Board for their vote of confidence for him as Chairman. He congratulated Vice Chairman Jondro and welcomed the new Trustees.

Chairman Grodi stated the next meeting is February 23, 2015 at 5:00 P.M. at the Mary K. Daume Library Service Center.

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Motion by Trustee McCarthy to adjourn. Supported by Trustee Davies. All in favor. Motion carried. Meeting adjourned at 7:47 P.M.

Respectfully Submitted,

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