

# Monroe County Employees Retirement System

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## 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 24, 2014 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

Roll call as follows:

### PRESENT

Nancy Bellaire  
James Davies  
Michael Grodi  
Joseph Hudson  
George Jondro

Bobby Lambert  
Henry Lievens  
Anne McCarthy  
James Morgan

### ABSENT

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.

Chairman Grodi stated according to the Retirement Ordinance, one of the commissioner representatives needs to be the Chairman or Vice Chairman of the Monroe County Board of Commissioners. Therefore, Bobby Lambert, Vice Chairman will replace Jason Turner as the commissioner representative.

Motion by Trustee Davies to recognize Bobby Lambert, Vice Chairman as the commissioner representative. Supported by Trustee Lievens. Motion carried.

Trustee Lambert apologized for the confusion and stating he is looking forward to a productive year.

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

Motion by Trustee Lambert to approve the minutes of the January 27, 2014 regular meeting and waive the reading of the minutes. Supported by Trustee Hudson. Trustee McCarthy abstained. Motion carried.

**Citizens Time** - None

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

### Retirements

1. Kristine Weeman, Sheriff's Office

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**Financial Reports**

1. Anchor Capital Advisors Portfolio Summary for the period ended December 31, 2013.
2. Comerica Bank Collateral Investment Summary as of January 31, 2014.
3. Comerica Bank Securities Lending Statement for December 2013.
4. Federated Investment Counseling Quarterly Report for the period ended December 31, 2013.
5. Franklin Templeton Investments Quarterly Report for the period ended December 31, 2013.
6. Lazard Asset Management Portfolio Review for the period ended January 31, 2014.
7. SEI Trust Company Monthly Statement for the period ended January 31, 2014.

**Communication**

1. Robbins Geller Rudman & Dowd Litigation Report as of December 31, 2013.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report as of December 27, 2013.
3. Robbins Geller Rudman & Dowd Portfolio Monitoring Report as of January 31, 2014.
4. Robbins Geller Rudman & Dowd Settlement Report as of December 27, 2013.
5. Robbins Geller Rudman & Dowd Settlement Report as of January 31, 2014.
6. Robbins Geller Rudman & Dowd International Portfolio Monitoring Report as of December 27, 2013.

**Invoices**

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

1. Invoice dated January 1, 2014 in the amount of \$21,769.28 from Anchor Capital Advisors for investment services rendered for the period of October 1, 2013 – December 31, 2013.
2. Invoice #36138005 dated January 17, 2014 in the amount of \$10,747.93 from Federated Investors for investment services rendered for the period of October 1, 2013 – December 31, 2013.
3. Invoice dated January 22, 2014 in the amount of \$25,822.27 from Franklin Templeton Investments for investment services rendered for the period ending December 31, 2013.
4. Invoice #1707309 dated January 29, 2014 in the amount of \$17,560.87 from Lazard Asset Management for investment services rendered for the period of October 1, 2013 – December 31, 2013.
5. Invoice dated January 23, 2014 in the amount of \$57,287.91 from Morgan Stanley for management fees for the period of October 1, 2013 – December 31, 2013.
6. Invoice dated January 10, 2014 in the amount of \$18,238.37 from Renaissance Investment Management for investment services rendered for the period of October 1, 2013 – December 31, 2013.
7. Invoice dated January 23, 2014 in the amount of \$1,715.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of December 1, 2013 – December 31, 2013.
8. Reimbursement in the amount of \$58.76 to Sandy Calkins for expenses incurred for the MAPERS one day seminar.

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9. Reimbursement in the amount of \$73.05 to Michael Grodi for expenses incurred for the MAPERS one day seminar.
10. Reimbursement in the amount of \$55.88 to George Jondro for expenses incurred for the MAPERS one day seminar.

Roll call for approval of the bills as follows:

AYES	NAYS	ABSENT
Nancy Bellaire	Bobby Lambert	
James Davies	Henry Lievens	
Michael Grodi	Anne McCarthy	
Joseph Hudson	James Morgan	
George Jondro		

Motion carried.

**Refunds**

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

1. Bobby Johnson, Information Technology \$ 3,096.95

**Retirement Payments**

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

1. Patricia Bourgeois, Health Department (deferred) \$2,110.44  
\*\*January \$920.88
2. Nancy Chalupka, County Clerk \$ 4,506.37  
\*\*December \$71.53, January \$2,217.42
3. Peggy Engel, Library \$ 2,425.22  
\*\*January \$1,212.61
4. Maria Liparoto, Mental Health \$ 3,363.48  
\*\*December \$619.64, January \$1,371.92
5. Cynthia Wertenberger, County Agency \$ 6,716.56  
\*\*December \$1,511.28, January \$2,602.64

**Communications – Board Action**

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

1. William Horvath, Library

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Motion by Trustee Lambert to accept and place on file the following communication from Gabriel Roeder Smith & Company. Supported by Vice Chairman Bellaire. Motion carried.

2. Communication from Gabriel Roeder Smith & Company regarding the proposed fees for the December 31, 2013 actuarial valuation.

Motion by Trustee Lambert to accept and place on file the following communication from Chairman Grodi, replacing Jason Turner on the administrative policy committee with Trustee Lambert. Supported by Vice Chairman Bellaire. Motion carried.

3. Communication from Chairman Grodi regarding committee appointments.

**Proposed Resolutions**

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

1. Nancy Chalupka, County Clerk
2. Peggy Engel, Library
3. Maria Liparoto, Mental Health
4. Cynthia Wertenberger, County Agency

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

5. William Horvath, Library

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

6. Patricia Bourgeois, Health Department

**Presentations – Lisa George, NWQ Investments**

Ms. George introduced herself as the Managing Director for NWQ. She immediately turned the presentation over to Mark Morris the Portfolio Manager. Mr. Morris stated NWQ is based in Los Angeles and was founded in 1982. There are currently 49 total employees with 13 investment team members. NWQ manages approximately 15.1 billion in assets.

Mr. Morris explained personnel changes at NWQ and doesn't see any reason to be alarmed. For year ending 2013 the fund is up 30.7% versus the benchmark up 32.5%. Three year numbers are valued at 10.2% versus the benchmark at 16.1% and since inception 8.1% versus the benchmark at 8.3%.

Finally, Mr. Morris reviewed current economic conditions, stating, the U.S. unemployment rate has fallen below 7%, U.S. economic growth should continue to improve in 2014, consumer spending should grow at a moderate pace as employment and wealth continue to improve, and U.S. household wealth has recovered significantly.

### **Consultant's Report**

Mr. Cho reviewed the investment manager performance report for the fourth quarter 2013. In the fourth quarter, equities hit record highs while the bond market continued to incur losses. Year to date the fund was up 12.54% versus the benchmark up 11.64%. Trailing 3 years was up 6.80% versus the benchmark up 6.82%. Trailing 5 years was up 9.27% vs. the benchmark up 8.80%. The asset allocation includes 35.5% in fixed income, 56.1% in equities, 2.8% in hedge funds, 1.9% in real estate and 3.7% in cash.

Trustee Morgan expressed his concern regarding NWQ's personnel changes and underperformance.

Trustee McCarthy is comfortable placing NWQ on watch giving the recent personnel changes and underperformance history.

Motion by Trustee McCarthy to place NWQ on watch effective immediately. Supported by Trustee Lambert. Motion carried.

Mr. Cho reviewed the valuation report for the month ending January 31, 2014. The fund is valued at \$185,077,248.90 down \$4,333,295.65 from the previous month. The current asset allocation includes 54% in equities, 36% in fixed income, 5% in cash, 3% in alternative investments, and 2% in real estate. The Total Fund was down 2.02% for the month.

### **Attorney's Report**

Mr. Michaud stated the fiduciary services program document updates the current relationship with Morgan Stanley and he is comfortable with the agreement.

### **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. Tablet Policy

A draft of the computer use policy was provided by legal counsel. According to the policy the Retirement System owns the tablets, software, and is responsible for maintenance. Mr. Michaud stated it is a general policy, therefore, if the Retirement Board would like to add specific language, he would recommend the policy be forwarded to the Administrative Policy Committee for further updates.

Motion by Trustee Lambert to adopt the computer use policy as provided, recognizing it is a working document and is subject to future changes. Supported by Trustee Hudson. Motion carried.

3. Pension Evaluation

Chairman Grodi stated Asset Strategies was selected to conduct the evaluation of the pension system. The Retirement System will share the cost with the County of Monroe. Asset Strategies will have the evaluation completed by April.

4. Investment Policy Statement Review

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

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5. Request for Proposal - Auditor

Mr. Grodi stated the request for proposals document is being finalized and will be on the next Administrative Policy Committee meeting.

**New Business** - None

**Trustee Comments**

Trustee Lambert stated he is happy to be back on the Retirement Board.

Trustee Jondro stated he was able to attend the MAPERS one day seminar and it was a good seminar. He also welcomed back Trustee Lambert to the Retirement Board.

Trustee Morgan agreed that the MAPERS one day seminar was very informative. He apologized for his absence at last month's meeting. He congratulated Chairman Grodi and Vice Chairman Bellaire and welcomed back Trustee Lambert.

Trustee McCarthy apologized for not being able to attend the MAPERS one day seminar.

Trustee Davies and Trustee Hudson both welcomed back Trustee Lambert.

Chairman Grodi also welcomed back Trustee Lambert and stated the MAPERS one day seminar received excellent reviews. He stated the next meeting will be held on March 24, 2014 in the Monroe County Board of Commissioners Chambers.

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

Respectfully Submitted,

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