

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

Roll call as follows:

PRESENT

James Davies
Michael Grodi
Joseph Hudson
George Jondro

Bobby Lambert
Henry Lievens @5:06
James Morgan @5.18

ABSENT

Nancy Bellaire (excused)
Anne McCarthy (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.

Chairman Grodi would like Mesirow added to the agenda as item 11-2.

Motion by Trustee Lambert to approve the agenda as amended. Supported by Trustee Davies. Motion carried.

Motion by Trustee Jondro to approve the minutes of the February 24, 2014 regular meeting and waive the reading of the minutes. Supported by Trustee Davies. Motion carried.

Citizens Time - None

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

Retirements

- | | |
|---|----------|
| 1. Gwen Davison, County Clerk (deferred) | March 23 |
| 2. Mary St. Peter, Mental Health (deferred) | March 30 |

Financial Reports

1. Boyd Watterson Asset Management Client Statement for the period ended January 31, 2014.
2. Brandywine Global Investment Management Portfolio for the period ended February 2014.
3. Comerica Bank Collateral Investment Summary as of February 28, 2014.
4. Comerica Bank Securities Lending Statement for January 2014.
5. Lazard Asset Management Portfolio Review for the period ended February 28, 2014.
6. SEI Trust Company Monthly Statement for the period ended February 28, 2014.

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Communication

1. Boyd Watterson GSA Fund annual investor letter.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report as of February 28, 2014.
3. Robbins Geller Rudman & Dowd Settlement Report as of February 28, 2014.

Invoices

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

1. Invoice dated April 1, 2014 in the amount of \$14,581.41 from Anchor Capital Advisors for investment services rendered for the period of January 1, 2014 – February 28, 2014.
2. Invoice #3880 dated March 1, 2014 in the amount of \$12,000.00 from Asset Strategies for invoice 1 of 3 for the Investment Advisory Project.
3. Invoice dated February 28, 2014 in the amount of \$11,735.98 from Comerica Commercial Card Service for tablet purchases and NCPERS annual conference registrations and hotel deposits.
4. Invoice #399877 in the amount of \$13,517.82 from Comerica Bank for custodial services rendered for the period of October 1, 2013 – December 31, 2013.
5. Invoice #400496 in the amount of \$1,259.60 from Comerica Bank for custodial services rendered for the period of October 1, 2013 – December 31, 2013.
6. Invoice #400495 in the amount of \$342.31 from Comerica Bank for custodial services rendered for the period of October 1, 2013 – December 31, 2013.
7. Invoice #400810 in the amount of \$1,969.77 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
8. Invoice #400811 in the amount of \$793.74 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
9. Invoice #400812 in the amount of \$706.44 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
10. Invoice #400813 in the amount of \$752.64 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
11. Invoice #400814 in the amount of \$564.64 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
12. Invoice #400815 in the amount of \$436.27 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
13. Invoice #400816 in the amount of \$436.23 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
14. Invoice #400817 in the amount of \$.07 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.

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15. Invoice #400819 in the amount of \$332.74 from Comerica Bank for custodial services rendered for the period of January 1, 2014 – February 28, 2014.
16. Invoice #36138006 dated March 6, 2014 in the amount of \$6,654.76 from Federated Investors for investment services rendered for the period of January 1, 2014 – February 24, 2014.
17. Invoice #20140203000556 dated December 31, 2013 in the amount of \$18,322.79 from NWQ Investment Management Company for investment services rendered for the period of October 1, 2013 – December 31, 2013.
18. Invoice dated March 6, 2014 in the amount of \$12,886.17 from Renaissance Investment Management for investment services rendered for the period of January 1, 2014 – March 3, 2014.
19. Invoice dated March 24, 2014 in the amount of \$2,730.00 from VanOverbeke, Michaud & Timmony for legal services rendered for the period of January 1, 2014 – February 28, 2014.
20. Invoice #2965904 dated February 26, 2014 in the amount of \$1,886.00 from DLA Piper for professional services through January 31, 2014.

Roll call for approval of the bills as follows:

AYES

James Davies
Michael Grodi
Joseph Hudson

George Jondro
Bobby Lambert

NAYS

ABSENT

Nancy Bellaire (excused)
Henry Lievens (excused)
Anne McCarthy (excused)
James Morgan (excused)

Motion carried.

Refunds

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

- | | |
|--|-------------|
| 1. Trisha Schaffenberg, Sheriff's Office | \$20,111.11 |
| Great West (FBO: Trisha Schaffenberg) | \$15,997.35 |

Retirement Payments

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

- | | |
|---|------------|
| 1. William Horvath, Library | \$ 645.85 |
| **January \$10.25, February \$317.80 | |
| 2. Trisha Schaffenberg, Sheriff's Office | \$5,662.88 |
| **January \$1,161.60, February \$2,250.64 | |
| 3. Kristine Weeman, Sheriff's Office | \$3,755.98 |
| **February \$1,877.99 | |

Communications – Board Action

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

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1. James Christensen, Central Dispatch
2. Michael Labeau, Circuit Court
3. Kirk McMullen, Friend of the Court

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

4. Gwen Davison, County Clerk
5. Mary St. Peter, Mental Health

Proposed Resolutions

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

1. Trisha Schaffenberg, Sheriff's Office
2. Kristine Weeman, Sheriff's Office

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

3. William Horvath, Library

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

4. James Christensen, Central Dispatch
5. Michael Labeau, Circuit Court
6. Kirk McMullen, Friend of the Court

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

7. Gwen Davison, County Clerk
8. Mary St. Peter, Mental Health

Presentations – Robert Kern, Federated

Mr. Kern introduced himself as the Managed Account Specialist for Federated. He discussed Federated's background, stating Federated was founded in 1955, and has worldwide operations in New York, Rochester, Boston, Dublin, Frankfurt, London and Melbourne. They employ approximately 230 professionals, and manage approximately 376 billion in total assets.

Mr. Kern stated Federated's objective is to provide a high level of current income, long-term capital appreciation driven by dividend growth, and lower downside risk. They view themselves as investors in businesses and, as such, they believe a diversified portfolio of high-dividend-paying stocks with a rising dividend income stream produces attractive total returns over time while limiting risk.

Mr. Kern discussed the investment performance. He stated year to date the fund is up 2.96% compared to the benchmark up .96%. Year end 2013 the fund was up 21.38% compared to the benchmark up 32.38%. The fund is up 17.30% compared to the benchmark up 25.69% since inception. He stated Federated participates as much as possible on the upside to provide downside protection. He stated the growth of the portfolio is stable and has seen great growth since inception.

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Presentations – Tracey Savage, Mesirow Financial

Ms. Savage introduced herself as a Vice President for Mesirow Financial. She then turned the presentation over to Chad Schroeder. Mr. Schroeder discussed Mesirow's background, stating Mesirow has 77 years offering diversified financial services. They are a private, independent and employee-owned company employing 127 employees and 43 investment professionals.

Mr. Schroeder discussed the performance results. He stated year to date the fund is up 1.55% compared to the benchmark up 1.25%. Year end 2013 the fund was up 4.83%. The fund is up 6.46% compared to the benchmark up 5.42% since inception.

The fourth quarter contributors were opportunistic equity, long-biased equity, and structured credit. There were no detractors. Economic activity is improving in the United States, and unemployment in the Eurozone remains high, but stabilized. Mesirow believes the interest rate environment will continue to be accommodating for risk taking. Tapering may introduce interest rate/currency opportunities which sets up well for global marco managers.

Consultant's Report

Mr. Cho reviewed the valuation report for the month ending February 28, 2014. The fund is valued at \$189,998,561.60 up \$4,914,551.70 from the previous month. The current asset allocation includes 53% in equities, 36% in fixed income, 6% in cash, 3% in alternative investments, and 2% in real estate. The Total Fund was up 2.94% for the month.

Mr. Cho stated the asset transfer with Comerica Bank is complete. He is currently working on getting Asset Strategies the requested 15 years of data, and 2.5 million will be transferred from Brandywine to fund Riverbridge.

Attorney's Report

Mr. Michaud stated the Administrative Policy Committee met last week and made revisions to the computer use policy. The Administrative Policy Committee recommends to the full board to adopt the revised computer use policy.

Motion by Trustee Lambert to adopt the revised computer use policy. Supported by Trustee Hudson. 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

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 late April.

3. Investment Policy Statement Review

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

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4. Request for Proposal - Auditor

Mr. Grodi stated the Retirement System is ready for the audit. A request for information was sent out and is due March 31.

Trustee Lambert stated he does not want to delay completion of the audit for the County. Therefore, he would like to hire Rehmann Robson to complete the Retirement Systems audit.

Motion by Trustee Lambert to hire Rehmann Robson to complete the Retirement Systems audit for a fee to not exceed \$20,000.00. Supported by Trustee Hudson. Motion carried.

New Business

1. Communication dated March 19, 2014 from Jerry Oley regarding updating the County Pension Ordinance.

Each Trustee was given a copy of the Retirement Ordinance to review, give input and make changes. Chairman Grodi would like the recommendations to be submitted at the next Retirement Board meeting. The recommendations will be submitted to the Administrative Policy Committee for review.

2. Fiduciary Liability Insurance

Motion by Trustee Lambert to approve the Fiduciary Liability Insurance renewal. Supported by Trustee Davies. Motion carried.

Trustee Comments

Trustee Jondro asked to have to Retirement Ordinance in a word document.

Trustee Morgan apologized for being tardy as he had a prior commitment.

Chairman Grodi thanked the Retirement Specialist, Vice Chairman Bellaire, Mr. Michaud, Mr. Cho and Ms. Wilson for their efforts during the transition from Comerica Bank to Morgan Stanley. He stated the next meeting will be held on April 21, 2014 in the Monroe County Board of Commissioners Chambers.

Motion by Trustee Hudson to adjourn. Supported by Trustee Morgan. Motion carried. Meeting adjourned at 6:07 P.M.

Respectfully Submitted,

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