

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 December 8, 2014 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan.

Roll call as follows:

PRESENT

Nancy Bellaire – left @ 4:25

James Davies - @ 4:15

Michael Grodi

Joseph Hudson

George Jondro - @ 4:43

Henry Lievens - @ 4:31

Anne McCarthy

James Morgan

ABSENT

Bobby Lambert

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Michael Bosanac, Retirement Secretary @ 4:50, 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 McCarthy to approve the agenda as amended, adding closed session under Attorney's report. Supported by Trustee Morgan. All in favor. Motion carried.

Motion by Trustee Hudson to approve the minutes of the November 24, 2014 regular meeting and waive the reading of the minutes. Supported by Vice Chairman Bellaire. All in favor. Motion carried.

Citizens Time – None

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

Retirements

- | | |
|---|-------------|
| 1. Dianne McCagg, General County (deferred) | November 22 |
| 2. Michael Langton, Sheriff's Office | December 20 |
| 3. Gail Rochowiak, General County | December 31 |
| 4. Judith See, General County | December 31 |

Financial Reports

1. Brandywine Global Investment Management Global Fixed Income for October 2014.

Communication - None

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Invoices

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

1. MAPERS 2015 membership dues in the amount of \$100.00

Roll call for approval of the bills as follows:

AYES

Nancy Bellaire
Michael Grodi
Joseph Hudson

Anne McCarthy
James Morgan

NAYS

ABSENT

James Davies (excused)
George Jondro (excused)
Bobby Lambert
Henry Lievens (excused)

Motion carried.

Retirement Refunds - None

Retirement Payments

Motion by Trustee Hudson to approve the following retirement payments. Supported by Trustee Morgan. All in favor. Motion carried.

- | | |
|----------------------------------|------------|
| 1. Christine Krug, Mental Health | \$1,120.42 |
| *November \$211.96 | |
| 2. Dianne McCagg, General County | \$1,600.48 |
| *November \$369.36 | |
| 3. Lois Turbett, General County | \$1,957.50 |
| *November 805.98 | |

Communications – Board Action

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.

1. Judith See, General County

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

2. Dianne McCagg, General County

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

3. Nancy Bellaire
4. Henry Lievens

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

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5. Communication dated November 19, 2014 from Intercontinental regarding third quarter 2014 distribution.

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

6. Communication dated December 3, 2014 from Meagan Russell, Deputy Clerk for the County of Monroe concerning issuance of 13th checks for 2014.

Proposed Resolutions

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

1. Judith See, General County

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

2. Dianne McCagg, General County

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

3. Dianne McCagg, General County
4. Lois Turbett, General County

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

5. Christine Krug, Mental Health

Presentations – Mark Kettner, Rehmann Robson

Mr. Kettner is a Certified Public Accountant (CPA) with Rehmann Robson. He described Rehmann Robson's Governmental Industry Group as a dedicated team of professionals who specialize in business solutions for governments and not-for-profit organizations. The firm was founded in 1941 and has 61 owners, 800 employees, and 302 CPA's. They have 13 office locations in Michigan.

Mr. Kettner feels Rehmann Robson is the best qualified firm and has prior experience working with the County of Monroe and the Monroe County Employees Retirement System. Rehmann Robson has been the Retirement System's auditor for over 10 years. Mr. Kettner stated Rehmann Robson is comfortable with the new GASB 67 implementation.

Mr. Kettner feels the price and additional services are competitive. They did charge a higher price last year due to the transition.

Trustee Davies asked Mr. Kettner where his office is located.

Mr. Kettner stated in Jackson, Michigan.

Trustee Davies asked how many employees are employed at that office.

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Mr. Kettner stated 45 employees.

Trustee Hudson questioned Mr. Kettner's relationship with the County of Monroe and the Monroe County Employees Retirement System. He wanted to ensure Rehmann Robson knew they would be hired by the Monroe County Employees Retirement System and not the County of Monroe.

Mr. Kettner explained that his is independent of both. He fully understands he would be working for the Retirement System. His work for the County of Monroe would not affect his work for the Retirement System.

Chairman Grodi addressed the past practice operations. He also wanted to ensure Mr. Kettner knew he would be dealing with the Retirement Board and the Chairman of the Retirement Board directly. All information will be presented directly to the Retirement Board first.

Mr. Kettner stated the Retirement System's financials appear in the County of Monroe's Comprehensive Annual Financial Report (CAFR). He stated the draft discussion will be with the Retirement Board first. Then he will present it to the County Board of Commissioners.

Mr. Michaud pointed out that the Retirement System is separate from the County of Monroe.

Vice Chairman Bellaire asked Mr. Kettner how long of a contract does he have with the County of Monroe.

Mr. Kettner stated it was just renewed last year for five years.

Chairman Grodi asked Mr. Kettner if he recognized the Retirement System was not part of the request for proposals.

Mr. Kettner stated he was confused. The request didn't say it was included but it didn't say it was excluded.

Chairman Grodi questioned the lower price quoted. He asked Mr. Kettner why there was such a price difference from last year.

Mr. Kettner stated there were a lot of unknowns when the Retirement System was separated and extra work was needed.

Chairman Grodi asked Mr. Kettner if he is more comfortable now.

Mr. Kettner said yes.

Presentations – Beth Bialy, Plante Moran

Ms. Bialy is a Certified Public Accountant (CPA) with Plante Moran. She is the firm leader of Plante Moran's national governmental team and is based in the Southfield, Michigan office. She has 29 years of experience with the firm and is responsible for client relationships, work quality and staff development. Beth and her team of government auditors specialize in local government auditing and consulting.

Plante Moran is the 13th largest firm in the United States. They have 22 offices in Ohio, Michigan and Illinois. Plante Moran audit's more than 1,200 benefit plans annually, they are the 6th largest benefit plan auditor in the United States, audit more than \$125 billion in total assets and have significant experience in auditing alternative investments.

Plante Moran provides world class pension plan experience, critical mass and high senior level involvement, experts related to GASB 67 & 68, highly skilled alternative investment specialists, exceptional thinking and problem solving, understanding of actuarial assumptions and methods.

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Trustee Hudson asked if the County of Monroe can make changes to the financial statements after Plante Moran completes them.

Ms. Bialy stated she tries to be considerate of other audit firms but changes will not be made upon the County of Monroe's request.

Trustee Hudson asked Ms. Bialy how she felt about the County of Monroe and Monroe County Employees Retirement System having the same auditor.

Ms. Bialy stated you need to be careful.

Trustee McCarthy asked if there was a concern who would be contacted.

Ms. Bialy stated she would have little contact with the employers. The financial statements are not given to the employers to review. They will receive the finished product.

Trustee McCarthy asked if the fees are negotiable.

Ms. Bialy stated if the Retirement Board would be willing to have a longer contract that would decrease the fee.

Chairman Grodi asked what office she is located at.

Ms. Bialy stated the Southfield, Michigan office.

Chairman Grodi requested Ms. Bialy submit a three year and 5 year proposal.

Consultant's Report

Mr. Cho reviewed the valuation report for the month ending November 30, 2014. The fund is valued at \$192,850,444.96 up \$1,112,691.53 from the previous month. The current asset allocation includes 60% in equities, 31% in fixed income, 2% in cash, 3% in alternative investments, and 4% in real estate. The Total Fund was up 1.00% for the month and up 5.60% year to date.

Attorney's Report

Motion by Trustee Davies to go into closed session. Supported by Trustee Hudson.

Roll call for closed session as follows:

AYES

James Davies
Michael Grodi
Joseph Hudson
George Jondro

NAYS

Henry Lievens
Anne McCarthy
James Morgan

ABSENT

Nancy Bellaire (excused)
Bobby Lambert

All in favor. Motion carried. Closed session at 5:03 P.M.

Motion by Trustee Davies to go into open session. Supported by Trustee Hudson. All in favor. Motion carried. Open session at 5:13 P.M.

Motion by Trustee Lievens to acknowledge Mr. Michaud's recommendation and to accept the settlement offer. Supported by Trustee Hudson. All in favor. Motion carried.

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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 Morgan Stanley has agreed to a 2 basis points reduction on fees.

3. Investment Policy Statement Review

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

4. Request for Proposal – Actuary Services

The Retirement Board would like a special meeting to interview the candidates.

5. Request for Proposal – Auditor Services

Motion by Trustee Davies to request Plante Moran submit a 3 year and 5 year fee proposal. Supported by Trustee McCarthy. 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 meeting schedule and administrative calendar for 2015

Motion by Trustee Davies to accept and place on file. Supported by Trustee McCarthy. All in favor. Motion carried.

2. Election declaration

Anne McCarthy was declared the winner.

Motion by Trustee Hudson to accept the election results. Supported by Trustee Davies. All in favor. Motion carried.

3. Certificate of Attendance

Trustee McCarthy would like the certificates of attendance to be mailed directly to the Retirement Office.

Chairman Grodi stated certificates of attendance were brought up the MAPERS meeting. During registration you will need to let the Retirement Specialist know where you want your certificate to be mailed to.

Trustee Comments

Trustee Jondro stated it was a tough year but we got through it.

Trustee Davies wished everyone a Merry Christmas and Happy New Year.

Trustee McCarthy thanked everyone for a good year.

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Trustee Morgan congratulated Trustee McCarthy. He stated it was a good year with many ups and downs and he is looking forward to next year.

Trustee Hudson congratulated Trustee McCarthy and wished everyone a Merry Christmas.

Chairman Grodi stated it was a great year and he is looking forward to next year.

Chairman Grodi stated the next meeting is January 26, 2015 at 5:00 P.M. at the Mary K. Daume Library Service Center.

Motion by Trustee McCarthy to adjourn. Supported by Trustee Jondro. All in favor. Motion carried. Meeting adjourned at 5:23 P.M.

Respectfully Submitted,

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