



# Monroe County Employee's Retirement System

125 East Second Street • Monroe, Michigan 48161-2197  
Retirement Specialist: (734) 240-7264 • Secretary: (734) 240-7267  
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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 May 13, 2013 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  
James Morgan  
Jerry Oley

### 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.

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

Motion by Trustee Jondro to approve the minutes of the April 22, 2013 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 Morgan. Motion carried.

### Retirements

1. Montie Hurst, Mental Health May 4
2. Mark Haskins, Mental Health (deferred) May 6

### Financial Reports – On File with Retirement Specialist

1. Comerica Bank Securities Lending Statement for March 2013.
2. Eagle Global Advisors Quarterly Investment Portfolio for the period ended March 31, 2013.
3. Federated Investment Counseling Quarterly Report for the period ended March 31, 2013.
4. Franklin Templeton Investments Portfolio Quarterly Report as of March 31, 2013.
5. Lazard Asset Management Portfolio Review for the period ended March 31, 2013.
6. NWQ Investment Management Quarterly Report for the period ended March 31, 2013.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
May 13, 2013 – Page 2

**Communication**

1. Robbins Geller Rudman & Dowd Settlement Report for May 2013.

**Invoices**

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

1. Invoice #20130331-228-136A dated April 22, 2013 in the amount of \$29,793.47 from Brandywine Global Investment Management for investment services rendered for the period of January 1, 2013 – March 31, 2013.
2. Invoice #393001 in the amount of \$13,122.02 from Comerica Bank for custodial services rendered for the period of January 1, 2013 – March 31, 2013.
3. Invoice in the amount of \$14,341.00 from Eagle Global Advisors for investment services rendered for the period of January 1, 2013 – March 31, 2013.
4. Invoice #36138002 dated April 17, 2013 in the amount of \$9,474.61 from Federated Investors for investment services rendered for the period of January 1, 2013 – March 31, 2013.
5. Invoice dated April 17, 2013 in the amount of \$53,087.23 from Morgan Stanley Smith Barney for Management Fees for the period of January 1, 2013 – March 31, 2013.
6. Invoice dated April 24, 2013 in the amount of \$8,279.00 from Pacific Income Advisers for investment services rendered for the period of January 1, 2013 – March 31, 2013.
7. Invoice dated April 9, 2013 in the amount of \$14,746.49 from Renaissance Investment Management for investment services rendered for the period of January 1, 2013 – March 31, 2013.

Roll call for approval of the bills as follows:

**AYES**

James Davies  
Michael Grodi  
Joseph Hudson  
George Jondro

**NAYS**

Bobby Lambert  
James Morgan  
Jerry Oley

**ABSENT**

Nancy Bellaire (excused)  
Anne McCarthy (excused)

Motion carried.

**Refunds - None**

**Retirement Payments - None**

**Communications – Board Action**

Motion by Trustee Jondro to accept and place on file the following Application for Service Retirement. Supported by Trustee Davies. Motion carried.

1. John Carrabino, Sheriff's Office

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
May 13, 2013 – Page 3

**Proposed Resolutions**

Motion by Trustee Davies to accept and place on file the following Application for Service Retirement resolution. Supported by Trustee Oley. Motion carried.

1. John Carrabino, Sheriff's Office

Motion by Trustee Davies to accept and place on the file the following Purchase of Military Service Credit resolution. Supported by Trustee Oley. Motion carried.

2. Michelle OConnor, District Court

**Presentations** – Frank Sposato, Lazard, Emerging Markets

Mr. Sposato introduced himself as the Director for Lazard Asset Management. He stated Lazard believes that bottom-up, value driven investing leads to uniform portfolios that outperform in the long term. Lazard focuses on those companies that are financially productive and inexpensively valued and seeks to outperform relevant benchmarks over a full market cycle.

Next, Mr. Sposato discussed the performance as of March 31, 2013. He stated the portfolio is consistently profitable with a steady return pattern. The total portfolio is up .22% YTD versus the benchmark down .83% and up 1.26% versus the benchmark down 1.18% since inception. The portfolio consists of 97.1% equity and 2.9% cash and equivalents.

Finally, Mr. Sposato discussed the Outlook. Lazard believes fundamentals and valuations remain attractive in emerging markets and Lazard will remain bullish on the outlook for emerging markets equities over the medium and long term. He stated there have been no changes with the firm.

**Consultant's Report**

Mr. Cho reviewed the valuation report for the month ending April 30, 2013. The fund is valued at \$182,872,097.09 up \$3,450,939.03 from the previous month. The current asset allocation includes 54% in Equities, 40% in Fixed Income, and 6.0% in Cash. The Total Fund was up 1.83% and up 5.52% YTD.

Mr. Cho reviewed the Investment Manager Performance Report for the First Quarter 2013. YTD the fund was up 3.62 versus the benchmark up 4.55%. Trailing 3 years was up 6.65% versus the benchmark up 7.73%. Trailing 5 years was up 3.85% vs. the benchmark up 4.94%. The asset allocation includes 41.6% in fixed income, 49.5% in equity and 8.8% in cash.

Mr. Cho stated he is concerned with Eagle Global Advisors. Next month he will prepare an analysis of Eagle Global Advisors to determine if termination is necessary.

Chairman Grodi inquired whether the contracts with Corbin Capital and Mesirow have been executed.

Mr. Cho stated the contracts are being negotiated. They will hopefully be completed by the end of the month. The worst case scenario, they will be completed by June 30.

**Attorney's Report**

No formal report.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
May 13, 2013 – Page 4

**Old Business**

1. Code of Conduct/Education/Due Diligence Policy and County Travel Policy 307.1
  - Further research is needed, continue on old business.
2. Disability Re-examinations
  - The request for re-examinations have been sent to both the doctor and retiree

**New Business**

1. Certification of Earning for Disability Retirants

Motion by Trustee Jondro to mail Certification of Earnings to Disability Retirants. Supported by Trustee Davies. Motion carried.

2. Required direct deposit for all Retirees

Chairman Grodi stated there are under 200 retirees receiving paper checks. Trustee Oley inquired about what other options are available to retirees. Mr. Michaud stated some retirees do not have bank accounts. A debit card could be an option and the retiree would still receive the monthly statement. Trustee Lambert would like to send out a letter annually with the direct deposit form to try and achieve more participation.

Motion by Trustee Lambert to send out a letter annually with the direct deposit form to try and achieve more participation. Supported by Trustee Davies. Motion carried.

3. Consideration of purchasing Tablets for Retirement Board Meetings

Chairman Grodi stated the County Board of Commissioners are going to be moving to tablets. He stated this would be a good move for the Retirement Board as well, especially for changing location meetings. Trustee Morgan stated the Road Commission is not equipped for Retirement Boarding meetings because they currently do not have any computers. Trustee Lambert stated there has been no formal discussion about the tablets with the Commissioners, but he is not surprised because of the ever changing technology. Trustee Lambert stated is it difficult to read documents on a smart phone and he is interested in researching the tablet concept going forward. Trustee Oley stated he would also like to explore the tablet concept. Mr. Bosanac stated the Information Technology Director is working and researching what tablets would be beneficial. Chairman Grodi would like to hear what the Information Technology Director's recommendation is. Therefore, this matter will be tabled until the next meeting.

4. Recording Retirement Board Meetings
5. Retirement Board Meeting Locations

Chairman Grodi stated Vice Chairman McCarthy previously addressed moving the Retirement Board meetings to the Committee Room instead of the Board of Commissioners Chambers because the Democratic Party interrupts the meetings, but there would be no recording capability. Also, if the Retirement Board has meeting locations at various facilities, there would also be no access to recording. Mr. Michaud stated the written minutes are the official minutes. There is not a legal benefit to recording.

Trustee Lambert inquired why the meetings would need to be moved. He could ask the Democratic Party to move the time or date of their meetings, the room is offered as a courtesy. Chairman Grodi stated the Retirement System is not just County employees, but also Road Commission, Library and Mental Health employees. As a sign of good faith and to allow other entities employees to attend, the meetings should be rotated. Trustee Davies stated he does not see a benefit to moving as the Retirement Board has everything they need in the Board of Commissioners Chambers. Trustee Lambert stated it is a good idea to move around and make the Retirement Board more accessible

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
May 13, 2013 – Page 5

to the community. Trustee Jondro is concerned if the meeting locations are rotated, the retirees may get confused. Trustee Morgan felt it is a good idea to have meetings at the Road Commission. Chairman Grodi would like the full board present before a decision is made. He will revise the June agenda to reflect the Board of Commissioners Chambers as the meeting location. This matter will be tabled until next meeting.

6. Custodial Services

Chairman Grodi requested a cost comparison from Morgan Stanly to compare the cost of Custodial Services through Morgan Stanley and the cost of Custodial Services through Comerica. According to the cost comparison the Retirement Board would save \$176,681 by utilizing Morgan Stanley for Custodial Services. Morgan Stanley does not offer a benefits administration service, so that service would need to be reviewed.

Trustee Jondro asked if all assets would be moved from Comerica. Mr. Cho stated yes. Trustee Davies pointed out that the cost comparison does not include Morgan Stanley writing the checks. Trustee Lambert addressed the securities lending loss of approximately \$347,000. Mr. Michaud stated, the amount will be paid now or later, but the Retirement Board is still responsible for payment. Trustee Lambert asked Mr. Michaud if the Retirement Board ends the relationship now, does the balance need paid now. Mr. Michaud stated yes.

Mr. Cho stated Morgan Stanley does not offer securities lending. He stated Brandywine will also be moved to a Comingled Fund. Trustee Oley questioned if a request for proposals should be conducted for benefits administration services. Chairman Grodi stated Morgan Stanley is offering a cost savings. The Retirement Board will not receive the cost savings by staying with Comerica. He will look at other systems to see how they handle the benefits administration. Trustee Lambert would like to see the savings on paper with the benefits administration cost included. Trustee Jondro requested a full description for what Comerica is currently handling. Chairman Grodi will speak with as many systems as possible regarding the benefits administration. Trustee Oley stated the decision is not a small one so any comparison needs to be an apples to apples comparison. Trustee Lambert stated if the Retirement Board receives the same benefit and saves money he is all for it.

**Trustee Comments - None**

Motion by Trustee Oley to adjourn. Supported by Trustee Lambert. Motion carried. Meeting adjourned at 6:30 P.M.

Respectfully Submitted,

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