

# Monroe County Employees Retirement System

840 South Roessler Street, Monroe, MI 48161-1557 (734) 241-1174



## MINUTES

### Monroe County Employees Retirement System Board of Trustees Monday, March 26, 2018

#### 1. Call to Order

A regular meeting of the Monroe County Employees Retirement System Board of Trustees was called to order at 5:00 PM on March 26, 2018 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan 48161.

#### 2. Roll Call

Roll call as follows:

##### PRESENT:

Nancy Bellaire	Henry Lievens
Michael Grodi	James Morgan
George Jondro	Bob Neely
Jeff Koras	Jason Turner

##### ALSO PRESENT:

Joey Becker, Retirement Specialist  
Brian Green, Investment Consultant  
Thomas Michaud, Legal Counsel

##### ABSENT:

Annamarie Osment, excused  
Michael Bosanac, Retirement Secretary, excused

A quorum being present, the Board proceeded to transact business.

#### 3. Pledge of Allegiance

Chairman Grodi led the Pledge of Allegiance.

#### 4. Approval of Agenda

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

#### 5. Approval of Minutes

Motion by Trustee Koras to approve the minutes of the February 26, 2018 regular meeting, and waive the reading of the minutes. Supported by Trustee Morgan. All in favor. Motion carried.

#### 6. Citizens Time

No citizen wished to address the board.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
March 26, 2018 – Page 2

**7. Consent Agenda**

Motion by Vice Chairman Jondro to approve the consent agenda as listed below. Supported by Trustee Bellaire.

1. Financial Reports
  - a. Comerica Bank account statements for February 2018.
  - b. Comerica Bank consolidated account statement for February 2018.
  - c. Morgan Stanley client statement for January 2018.
2. Communication
  - a. Robbins Geller Rudman & Dowd settlement report for February 23, 2018.
  - b. Robbins Geller Rudman & Dowd portfolio monitoring report for February 23, 2018.

All in favor. Motion carried.

**8. Approval of Bills**

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

1. Invoice dated March 13, 2018 in the amount of \$18,553 from Boyd Watterson for investment services rendered for period of December 1, 2017 through February 28, 2018.
2. Invoice #438563 in the amount of \$770.18 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
3. Invoice #438559 in the amount of \$1,106.13 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
4. Invoice #438565 in the amount of \$1,015.92 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
5. Invoice #438564 in the amount of \$842.47 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
6. Invoice #438558 in the amount of \$985.25 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
7. Invoice #438557 in the amount of \$8,779.73 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
8. Invoice #438560 in the amount of \$857.29 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
9. Invoice #438561 in the amount of \$996.41 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
10. Invoice #438562 in the amount of \$1,463.72 from Comerica Bank for custodial services rendered for the period of October 1, 2017 – December 31, 2017.
11. Invoice in the amount of \$207.08 from Comerica Commercial Card Service for monthly QuickBooks online fee, file folders, and online registration for MAPERS One day – Osment

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes  
March 26, 2018 – Page 3**

12. Invoice #2368844 in the amount of \$573.00 from Conduent for Heidi McCraw’s benefit calculation.
13. Invoice dated February 19, 2018 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Faith Bashore.
14. Invoice dated February 19, 2018 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Craig Lajiness
15. Invoice #436655 in the amount of \$17,422 from Gabriel, Roeder, Smith and Company for annual maintenance fee and pension administration web hosting fee.
16. Mileage reimbursement to Joey Becker in the amount of \$63.12 for MAPERS one day seminar.
17. Mileage reimbursement to Michael Grodi in the amount of \$74.45 for MAPERS one day seminar.
18. Mileage reimbursement to Jim Morgan in the amount of \$61.81 for MAPERS one day seminar.
19. Mileage reimbursement to Annamarie Osment in the amount of \$66.93 for MAPERS one day seminar.

Roll call for approval of the bills as follows:

AYES: Nancy Bellaire	Jeff Koras	Bob Neely
Michael Grodi	Henry Lievens	Jason Turner
George Jondro	James Morgan	

NAYS: None

ABSENT: Annamarie Osment, excused

All in favor. Motion carried.

**8A. Refunds**

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

1. Matthew Colpaert, General County \$ 1,982.35

**8B. Retirement Payments**

1. Sharon Dwornik, General County \$ 1,448.52  
February \$1,110.67, March \$1,448.52

**9. Communications**

Motion by Trustee Lievens to receive and file the following communications. Supported by Trustee Koras. All in favor. Motion carried.

1. **Application for Service Retirement**  
Ronald Kidd, Road Commission
2. **Application for Disability Retirement**  
Richard Haller, Sheriff’s Office

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
March 26, 2018 – Page 4

**Certificate of Attendance**

3. Joey Becker
4. Michael Grodi
5. George Jondro
6. Jim Morgan
7. Annamarie Osment

**Medical Reports**

8. Faith Bashore
9. Craig Lajiness

**Service Provider Disclosures**

10. Clearbridge
11. Certificate of Transparency for participation in the 2017 NCPERS Public Retirement Systems Study.
12. Communication dated March 2, 2018 from GRS regarding software services contract.
13. Communication dated March 7, 2018 from Morgan Stanley regarding change to investment advisory account.

**10. Resolutions**

Motion by Trustee Bellaire to accept and place on file the following retirement resolutions. Supported by Trustee Neely. All in favor. Motion carried.

**Service Retirement**

1. Sharon Dwornik, General County

**Application for Service Retirement**

2. Ronald Kidd, Road Commission

**Application for Disability Retirement**

3. Richard Haller, Sheriff's Office

**11. Consultant's Report**

1. Monthly Valuation

Mr. Green reviewed the valuation report for the month ending February 28, 2018. The fund is valued at \$213,340,599 down \$5,388,831 from the previous month. The current asset allocation includes 62% in equities, 19% in fixed income, 2% in cash, 8% in alternative investments, and 9% in real estate. The Total Fund was down 2.46% for the month and up 1.26% year to date.

2. Boyd Watterson Fixed Income Contract Addendum

Mr. Green stated no change in fees or structure of the account. Mr. Green recommended the approval of the addendum pending Mr. Michaud's review.

Motion by Vice Chairman Jondro to approve the Boyd Watterson fixed income contract addendum pending Mr. Michaud's review. Supported by Trustee Neely. All in favor. Motion carried.

3. Rebalance Recommendation

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
March 26, 2018 – Page 5

Mr. Green recommended the termination of the Vanguard Russell 1000 Growth Index fund and Delaware Large Cap Value, the addition of an S&P 500 Index fund (via Vanguard or World Asset Management), splitting the large cap allocation equally between active large growth, active large value and passive large core, and increasing the international equity allocation to target.

Trustee Turner questioned moving more into the emerging markets.

Mr. Green stated that we are close to target for emerging markets. He feels 8-9% would be more risk than he is comfortable with.

Trustee Morgan asked for clarification regarding risk.

Mr. Green stated that he is uncomfortable putting more than 7.5% in an emerging markets portfolio, considering Cambriar and Renaissance both have the ability to invest in emerging markets.

Mr. Green asked the board to consider using Vertas to assist in the transfer.

Motion by Trustee Turner to terminate Vanguard and Delaware, allocating \$3,500,000 to Renaissance, \$5,150,000 to Cambriar, \$500,000 to Lazard, \$2,400,000 to Seizert Large Value, \$1,600,000 to Clearbridge, and the balance to World Asset Management; using Vertas to assist with the transfer. Supported by Trustee Morgan. All in favor. Motion carried.

**4. Real Estate Interview Discussion**

Mr. Green questioned what the board was comfortable with following the real estate interviews.

Chairman Grodi stated that CenterBridge was more like private equity, and funds would not be invested as quickly as they would with Alidade and Terracap. He felt confident in both Alidade and Terracap.

Vice Chairman Jondro stated he felt all three were very knowledgeable, diversified, and focused on the downside. Terracap was well organized and detail oriented. He was impressed with their 25 year proven investment results. He stated that Alidade purchased value, but leveraged 50-60%.

Trustee Neely stated that Alidade is owned by three co-founders. He questioned what would happen if one wanted out.

Mr. Green stated that would be a key man event, and there are procedures in place if that were to happen.

Trustee Bellaire questioned what Mr. Green's recommendation would be.

Mr. Green stated five million to Alidade and five million to Terracap.

Trustee Neely questioned if Alidade or Terracap have been involved in any litigation.

Mr. Green stated that neither Alidade nor Terracap have been involved in any litigation.

Motion by Trustee Neely to accept Mr. Green's recommendation of investing five million with Alidade and five million with Terracap. Supported by Vice Chairman Jondro. All in favor. Motion carried.

**12. Old Business**

**1. Investment Manager Presentations**

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
March 26, 2018 – Page 6

Chairman Grodi stated that another Administrative Policy Committee meeting is needed.

1. Service Provider Disclosures

Mr. Green stated that he is waiting on Cambriar.

**13. New Business**

1. Fiduciary Liability Insurance

Motion by Vice Chairman Jondro to approve the policy and bind the coverage. Supported by Trustee Bellaire. All in favor. Motion carried.

2. Request for Proposal - Actuary

Chairman Grodi reviewed the notice from Gabriel, Roeder, Smith and Company stating they will not be updating the current software program.

Mr. Green stated there are firms that only offer software programs.

Trustee Turner questioned if there is typically a discount for software and actuary services.

Vice Chairman Jondro stated he believes that the last time the board did a request for proposal, it included both software and actuary services.

Mr. Michaud stated that the board may need to have special meetings to fast track the process. He will provide a draft Request For Information – Actuary.

**14. Attorney's Report**

1. United States Supreme Court Case Update

Mr. Michaud stated that retirees thought they had lifetime healthcare benefits, but the contract was not clear. If the contract is not very specific, it can be changed. This will be a case that will be referenced in the future.

**15. Trustee Comments**

Trustee Lievens stated that as Opperman's attorney, he has been in communication with Amanda Opperman's attorney regarding a resolution.

Trustee Morgan stated that the MAPERS one day was interesting.

Vice Chairman Jondro stated the MAPERS one day was great with the exception of the last speaker.

Chairman Grodi stated the MAPERS one day was great. He did not intend to emcee, but it was a good session. He also welcomed Trustee Neely back.

**16. Administrative Calendar**

Chairman Grodi stated the next meeting is April 23, 2018 at 5:00 P.M.

**Monroe County Employees  
Retirement System Board of  
Trustees – Minutes**  
March 26, 2018 – Page 7

**17. Adjourn**

Motion by Trustee Morgan to adjourn. Supported by Trustee Turner. All in favor. Motion carried.

Meeting adjourned at 6:17 P.M.

Respectfully Submitted,

Michael Grodi, Chairman  
Monroe County Employees Retirement System

George Jondro, Vice Chairman  
Monroe County Employees Retirement System