

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, June 24, 2019

1. Call to Order

A regular meeting of the Monroe County Employees Retirement System Board of Trustees was called to order at 1:00 PM on June 24, 2019 at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan 48161.

2. Roll Call

Roll call as follows:

PRESENT:

George Jondro	Bob Neely, left at 2:45 p.m.
Annamarie Osment	Jeff Pauli
James Morgan	Jason Turner

ABSENT:

Michael Grodi – excused	Jeff Koras – excused	Henry Lievens – excused
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ALSO PRESENT:

Joey Becker, Retirement Specialist
Michael Bosanac, Retirement Secretary, left at 1:40 p.m.
Brian Green, Investment Consultant
Thomas Michaud, Legal Counsel
Bill Brickey, Plante Moran
Spencer Tawa, Plante Moran
Dimitri Cohen, Raven
MP Hayden, Raven

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

3. Pledge of Allegiance

Trustee Neely led the Pledge of Allegiance.

4. Approval of Agenda

Motion by Trustee Osment to approve the agenda as submitted. Supported by Trustee Turner. All in favor. Motion carried.

5. Approval of Minutes

Motion by Trustee Osment to approve the minutes of the May 10, 2019 regular meeting and waive the reading of the minutes. Supported by Trustee Pauli. All in favor. Motion carried.

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6. Citizens Time

No citizen were in attendance.

7. Consent Agenda

Motion by Trustee Morgan to approve the consent agenda as listed below. Supported by Trustee Turner.

1. Retirements
 - a. Joseph Higham June 27
 - b. Robert Gerlardi June 12
2. Financial Reports
 - a. Comerica Bank account statements for April 2019.
 - b. Comerica Bank account statements for May 2019.
 - c. Comerica Bank cash account statement for May 2019.
 - d. Comerica Bank consolidated account statement for April 2019.
 - e. Comerica Bank line item account statement for April 2019.
 - f. Comerica Bank line item account statement for May 2019.
3. Communication
 - a. Robbins Geller Rudman & Dowd settlement report for May 31, 2019.
 - b. Robbins Geller Rudman & Dowd portfolio monitoring report for May 31, 2019.
 - c. Robbins Gellar Rudman & Dowd international portfolio monitoring report for May 31, 2019.
 - d. Robbins Gellar Rudman & Dowd Q1 2019 litigation report.

All in favor. Motion carried.

8. Approval of Bills

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

1. Invoice #32231 in the amount of \$26,250.00 from AndCo for consulting services and performance evaluation rendered for the period of April 1 – June 30, 2019.
2. Invoice in the amount of \$263.79 from Comerica Commercial Card Service for monthly QuickBooks online fee, MAPERS Spring conference, and postage.
3. Invoice #150510 in the amount of \$1,000.00 from Nyhart for calculation certifications.
4. Invoice #150511 in the amount of \$5,000.00 from Nyhart for first of two 2019 installments for nyPAS system.
5. Invoice #150512 in the amount of \$7,000.00 from Nyhart for 12/31/2018 GASB and Funding reports.
6. Invoice dated June 7, 2019 in the amount of \$4,734.00 from Vanoverbeke, Michaud, & Timmony, P.C. for legal services rendered for January 1, 2019 through May 31, 2019.
7. Reimbursement in the amount of \$368.41 to Joey Becker for expenses incurred for the MAPERS spring conference.

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8. Reimbursement in the amount of \$325.96 to Michael Grodi for expenses incurred for the MAPERS spring conference.
9. Reimbursement in the amount of \$377.10 to Bob Neely for expenses incurred for the MAPERS spring conference.

Roll call for approval of the bills as follows:

AYES: George Jondro Bob Neely
 Annamarie Osment Jeff Pauli
 James Morgan Jason Turner

NAYS: None

ABSENT: Michael Grodi, Jeff Koras, and Henry Lievens excused

All in favor. Motion carried.

8A. Refunds

Motion by Trustee Osment to approve the following refunds. Supported by Trustee Neely.

- | | |
|-------------------------------------|--------------|
| 1. Dwight Lassey, General County | \$ 855.00 |
| Nationwide FBO Dwight Lassey | \$ 8,130.22 |
| 2. Kevin Raymo, Central Dispatch | \$ 27,386.33 |
| 3. Karen Raymond, General County | \$ 10,654.05 |
| 4. William Whittaker, County Agency | \$ 7,202.13 |

All in favor. Motion carried.

8B. Retirement Payments

Motion by Trustee Osment to approve the following retirement payments. Supported by Trustee Pauli.

- | | |
|-------------------------------------|-------------|
| 1. M. Theresa DeRose, Mental Health | \$ 609.98 |
| May \$354.24, June \$609.98 | |
| 2. Dwight Lassey, General County | \$ 4,369.92 |
| May \$1,713.80, June \$2,656.12 | |
| 3. Jennifer Quick, Mental Health | \$ 1,846.59 |
| May \$1,310.54, June \$1,846.59 | |
| 4. Kevin Raymo, Central Dispatch | \$ 3,125.77 |
| May \$575.82, June \$2,549.95 | |
| 5. Karen Raymond, General County | \$ 2,289.93 |
| April \$305.32, May \$2,289.93 | |
| 6. William Whittaker, County Agency | \$ 2,971.67 |
| April \$1,485.90, May \$2,971.67 | |

All in favor. Motion carried.

9. Communications

Motion by Trustee Turner to receive and file the following communications. Supported by Trustee Pauli.

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Application for Service Retirement

1. Joseph Higham, Sheriff's Office
2. Jadin Howton, Library
3. Michele Lachcik, General County
4. Anne Noland, General County

Application for Deferred Retirement Status

5. Michael Bender, Sheriff's Office
6. Jackie Oberdorf, Mental Health

Certificate of Attendance

7. Joey Becker
8. Michael Grodi
9. Bob Neely
10. Jason Turner

Disclosure Forms

11. AndCo Consulting
12. Brandywine Global Investment Management
13. Cambiar Investors
14. Clearbridge Investments
15. Comerica Bank
16. Corbin Capital Partners
17. Steven Dovitz, M.D.
18. Intercontinental Real Estate Corporation
19. Nyhart
20. Plante Moran P.L.L.C.
21. Renaissance Investment Management
22. TerraCap Management
23. VanOverbeke, Michaud, & Timmony, P.C.

24. Communication dated May 14, 2019 from Alidade Capital regarding distribution.
25. Communication dated June 6, 2019 from Monroe County Finance Department regarding supplemental pension contribution.

All in favor. Motion carried.

10. Resolutions

Motion by Trustee Osment to accept and place on file the following retirement resolutions. Supported by Trustee Morgan.

Application for Service Retirement

1. Joseph Higham, Sheriff's Office
2. Jadin Howton, Library
3. Michele Lachcik, General County
4. Anne Noland, General County

Deferred Service Retirement

5. M. Theresa DeRose, Mental Health

Disability Retirement

6. Jennifer Quick, Mental Health

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Service Retirement

7. Dwight Lassey, General County
8. Kevin Raymo, Central Dispatch
9. Karen Raymond, General County
10. William Whittaker, County Agency

All in favor. Motion carried.

11. Presentations

1. Bill Brickey, Plante Moran, Financial Audit/Statement
Spencer Tawa, Plante Moran, Financial Audit/Statement

Mr. Brickey presented the Monroe County Employees Retirement System Financial Report with Supplemental Information for year ended December 31, 2018.

Mr. Tawa discussed the independent auditor's report, management's discussion and analysis, statement of fiduciary net position, statement of changes in fiduciary net position, notes to financial statements, schedule of changes in the system's net pension liability and related ratios, schedule of contributions, and schedule of investment returns.

Trustee Neely questioned if the comparative results are shown from year to year.

Mr. Tawa stated the comparative results can be found in the management letter, but they can also add it to the presentation for next year.

Mr. Tawa also reviewed internal control related matters identified in the audit, required communications with those charged with Governance, and other recommendations and related information.

Mr. Bosanac questioned if the financial statements are created by Plante Moran.

Mr. Tawa stated the financial statements are created from the general ledger information provided by the retirement specialist.

Mr. Bosanac stated that it would be helpful to see financial statements on a quarterly basis.

Mr. Tawa stated that he could work with the retirement specialist to produce statements.

Motion by Trustee Neely to accept and place on file the Monroe County Employees Retirement System Financial Report with Supplemental Information for year ended December 31, 2018. Supported by Trustee Osment. All in favor. Motion carried.

12. Consultant's Report

1. Raven Capital Presentation

Raven Capital Management was founded in 2008 by Josh Green, who began working in asset-based direct lending at Merrill Lynch in the nineties. The Raven Asset-Based Credit Fund is being formed to generate risk-adjusted returns and current income through asset-based direct lending across five distinct industries in which it has a high degree of expertise.

Brian Green provided some background information on Raven stating they are fundraising for only a certain period of time. AndCo spent a year going through due diligence on Raven. The team at Raven worked for Merrill Lynch for 10 years prior to founding Raven Capital Management.

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Trustee Neely questioned the risk involved with Raven.

Mr. Green stated the use of leverage would be the largest risk involved. Raven does not use leverage.

Trustee Turner questioned Raven's default rate.

Mr. Green stated there were two impairments while at Merrill Lynch; one was fully recovered and the other was 60% recovered.

Mr. Cohen stated Raven has had 17 transactions since 2016 with zero impairments.

Trustee Neely questioned what impact should be expected if there is a downturn in the market.

Mr. Cohen stated their current portfolio should not be impacted in a negative environment.

Trustee Morgan questioned what a worst case scenario would look like for Raven.

Mr. Cohen stated if a chosen company lost half their value, they feel they would still not have an impairment.

Mr. Green is recommending a \$5m commitment (2.5% of fund as fixed income). A final decision would need to be made at the July meeting.

Trustee Turner stated in his personal opinion this is the type of investments that the board needs to start looking at and if a return of 8-10% is made, with relatively low risk, the board will need to get a little more aggressive.

Trustee Neely questioned if any investors have lost principal or return.

Mr. Green stated no, this is about as conservative as you get in this area.

Mr. Michaud suggested if the Board has an interest in investing in Raven, they give him direction to research and have everything ready for the July meeting.

2. Valuation Report for the period ended May 31, 2019

For the month ending May 31, 2019, the fund is valued at \$200,265,166 down \$9,696,221 from the previous month. The current asset allocation includes 60.4% in equities, 17.8% in fixed income, 0.7% in cash, 6.4% in alternative investments, and 14.7% in real estate. The Total Fund was down 4.07% for the month and up 6.18% year to date.

Mr. Green stated he will address cash in July but, no rebalance recommendation at this time.

13. Old Business

1. Conflict of Interest Statement

Vice Chairman Jondro stated another meeting will be scheduled for the administrative policy committee before making a recommendation to the board.

2. Education Policy

Vice Chairman Jondro stated the education policy will be discussed further at the next administrative policy committee meeting.

3. Disaster Recovery Plan

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Vice Chairman Jondro stated another meeting will be scheduled for the administrative policy committee before making a recommendation to the board.

4. Optional Cyber Liability Insurance

Mr. Michaud stated it may be valuable to have the broker come in to explain why cyber liability insurance as an add on is beneficial.

Vice Chairman Jondro directed the retirement specialist to arrange for the representative from Union Services Agency to attend the July meeting.

5. RFI – Custodian Services’

Vice Chairman Jondro stated a meeting will be scheduled for the investment policy committee to review the responses received.

6. Service Provider Disclosure Policy

Vice Chairman Jondro stated disclosures from Lazard and Seizert are outstanding at this time.

14. New Business

15. Attorney’s Report

1. ABS Emerging Markets Strategic Portfolio

Mr. Michaud stated the legal opinion for ABS Emerging Markets is for informational purposes.

2. Kendzierski, et AL. v. Macomb County

Mr. Michaud stated this case against Macomb County was significant in regards to retiree healthcare. The case went to the Michigan Supreme Court and the court determined the benefits can be changed after the contract has expired unless the contract specifically states retiree healthcare for life.

16. Trustee Comments

Trustee Morgan stated he was not able attend the MAPERS Spring conference but he hopes the conference was educational and worthwhile. He will try to attend the MAPERS Fall conference.

Trustee Osment echoed Trustee Morgan in regards to the MAPERS conference.

Trustee Turner stated while attending the MAPERS conference, he learned a lot of the systems are diversifying and looking at private lending. He is happy the board is considering these types of investments as well.

Vice Chairman Jondro stated he agreed with Trustee Turner. He feels it is good for the plan to be diversified.

17. Administrative Calendar

Vice Chairman Jondro stated the next meeting is July 22, 2019 at 1:00 P.M.

18. Adjourn

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

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Meeting adjourned at 3:02 P.M.

Respectfully Submitted,

George Jondro, Vice Chairman