

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, October 26, 2020

1. Call to Order

A regular meeting of the Monroe County Employees Retirement System Board of Trustees was called to order at 1:10 p.m. on October 26, 2020 via Zoom meeting.

2. Roll Call

Roll call as follows:

PRESENT:

Michael Grodi, arrived at 1:10 p.m.
George Jondro, arrived at 1:45 p.m.
James Morgan

Bob Neely
Annamarie Osment

Jeff Pauli, arrived at 1:15 p.m.
Jason Turner

ABSENT:

Jeff Koras - absent
Henry Lievens – excused

ALSO PRESENT:

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

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

3. Pledge of Allegiance

Chairman Michael Grodi led the Pledge of Allegiance.

4. Approval of Agenda

Motion by Trustee Osment to approve the agenda with additional item, 12-1. Distressed Debt. Supported by Trustee Neely. All in favor. Motion carried.

5. Approval of Minutes

Motion by Trustee Morgan to approve the minutes of the August 17, 2020 special meeting and waive the reading of the minutes. Supported by Trustee Osment. All in favor. Motion carried.

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6. Citizens Time

No citizens were in attendance.

7. Consent Agenda

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

1. Retirements

- | | |
|--------------------------------------|-----------|
| a. Matias Billegas, Sheriff's Office | August 12 |
| b. Bethann Didario, Mental Health | August 12 |
| c. Brenda Smith, General County | October 3 |

2. Financial Reports

- a. Comerica Bank consolidated account statement for June 2020.
- b. Comerica Bank consolidated account statement for July 2020.
- c. Comerica Bank consolidated account statement for August 2020.
- d. Comerica Bank line item account statement for June 2020.
- e. Comerica Bank line item account statement for July 2020.
- f. Comerica Bank line item account statement for August 2020.
- g. Comerica Bank account statements for July 2020.
- h. Comerica Bank account statements for August 2020.
- i. Comerica Bank account statements for September 2020.

3. Communication

- a. Robbins Geller Rudman & Dowd litigation report for Q2 2020.
- b. Robbins Geller Rudman & Dowd settlement report for July 31, 2020.
- c. Robbins Geller Rudman & Dowd settlement report for August 28, 2020.
- d. Robbins Geller Rudman & Dowd settlement report for September 25, 2020. Robbins Geller
- e. Rudman & Dowd portfolio monitoring report for July 31, 2020.
- f. Robbins Geller Rudman & Dowd portfolio monitoring report for August 28, 2020.
- g. Robbins Geller Rudman & Dowd portfolio monitoring report for September 25, 2020.
- h. Robbins Gellar Rudman & Dowd international portfolio monitoring report for July 31, 2020.
- i. Robbins Gellar Rudman & Dowd international portfolio monitoring report for August 28, 2020.
- j. Robbins Gellar Rudman & Dowd international portfolio monitoring report for September 25, 2020.
- k. Robbins Gellar Rudman & Dowd Q3 2020 repose report.

8. Approval of Bills

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

1. Invoice #36275 in the amount of \$26,250.00 from AndCo for consulting services and performance evaluation rendered for the period of July 1 – September 30, 2020.

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2. Invoice in the amount of \$19,872.84 dated September 29, 2020 from Clearbridge Investments for investment fees.
3. Invoice in the amount of \$1,415.04 from Comerica Commercial Card Service for monthly QuickBooks online fee and Fall MAPERS reservations.
4. Invoice in the amount of \$40.00 from Comerica Commercial Card Service for monthly QuickBooks online fee and refund of Fall MAPERS reservations.
5. Invoice in the amount of \$40.00 from Comerica Commercial Card Service for monthly QuickBooks online fee.
6. Invoice #461590 in the amount of \$16,478.49 from Comerica Bank for custodial services rendered for the period of October 1, 2019 through December 31, 2019.
7. Invoice #461622 in the amount of \$15,692.38 from Comerica Bank for custodial services rendered for the period of January 1 through March 31, 2020.
8. Invoices totaling \$2,750.00 from Steven Dovitz, M.D. for medical evaluation reports for Haller, Lajiness, McGhee, Torongeau, and Quick.
9. Invoice dated September 8, 2020 in the amount of \$550.00 from Steve Dovitz, M.D. for medical evaluation report for Althouse.
10. Invoices dated September 28, 2020 totaling \$1,100.00 from Steve Dovitz, M.D. for medical evaluation reports for Crary and Evans.
11. Invoice #40049 dated August 5, 2020 in the amount of \$290.44 from H.E.L.P Printers, Inc. for 200 #10 regular envelopes.
12. Invoice #5984 dated July 31, 2020 in the amount of \$22,620.85 from Monroe County Library System for retirement services through June 30, 2020.
13. Invoice #0161362 dated July 31, 2020 in the amount of \$1,250.00 from Nyhart for benefit certifications.
14. Invoice #0161364 dated July 31, 2020 in the amount of \$6,000.00 from Nyhart for 2019 actuarial valuation.
15. Invoice #0161363 dated July 31, 2020 in the amount of \$833.00 from Nyhart for monthly installment for nyPAS.
16. Invoice #0161806 dated August 31, 2020 in the amount of \$833.00 from Nyhart for monthly installment for nyPAS.
17. Invoice #0161807 dated August 31, 2020 in the amount of \$6,000.00 from Nyhart for 2019 actuarial valuation.
18. Invoice #0160925 dated September 30, 2020 in the amount of \$1,000.00 from Nyhart for benefit certifications.

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19. Invoice #0162770 dated September 30, 2020 in the amount of \$833.00 from Nyhart for monthly installment for nyPAS.
20. Invoice #1893848 dated August 31, 2020 in the amount of \$5,050.00 from Plante Moran for professional services rendered.

Roll call for approval of the bills as follows:

| | | |
|---------------------|------------------|--------------|
| AYES: Michael Grodi | Bob Neely | Jeff Pauli |
| James Morgan | Annamarie Osment | Jason Turner |

NAYS: None

ABSENT: George Jondro, arrived at 1:45p.m.
Henry Lievens, excused
Jeff Koras, absent

All in favor. Motion carried.

8A. Refunds

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

1. Matias Billegas, Sheriff's Office
2. Christopher Briggs, Road Commission
3. Matthew Colpaert, County Agency
4. William Nichols, General County
5. Molly Perry, Central Dispatch
6. Holly Rose, General County
7. Tabbetha Stewart, General County
8. Thomas Strzesinski, Road Commission
9. Bret Taylor, Sheriff's Office
10. Darrian Young, General County

8B. Retirement Payments

1. Carol Austerberry, General County
2. Matias Billegas, Sheriff's Office
3. Bethann Didario, Mental Health
4. Jeff Donahoe, Mental Health
5. William Nichols, General County
6. Bryan Shane, General County
7. Thomas Strzesinski, Road Commission

9. Communication – Board Action

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

1. **Application for Service Retirement**
Sharon Lemasters, General County

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2. Mary Linzie, Sheriff's Office
3. Brenda Smith, General County
4. Larry Willets, General County

Application for Deferred Retirement

5. Jeffrey Donahoe, Mental Health
6. Veronica Herkimer, General County
7. William Nichols, General County
8. Bryan Shane, General County

Application for Purchase of Military Service

9. Kathleen Vanderbush, General County

Medical Reports

10. Johnna Althouse, General County
11. Bradd Crary, Sheriff's Office
12. Stephanie Evans, General County
13. Richard Haller, Sheriff's Office
14. Craig Lajiness, Road Commission
15. Jacqueline McGhee, General County
16. Jennifer Quick, Mental Health
17. Matthew Torongeau, Sheriff's Office
18. Ronald Whited, Sheriff's Office

19. Communication dated August 13, 2020 from Alidade Capital regarding 2nd quarter 2020 distribution.
20. Communication dated October 20, 2020 from Nancy Bellaire, Monroe County Library System Director regarding issuance of 13th checks for 2020.
21. Communication dated August 13, 2020 from Raven regarding capital call.
22. Communication dated September 29, 2020 from Raven regarding capital call.
23. Communication dated October 20, 2020 from Raven regarding distribution to investors.
24. Communication dated October 20, 2020 from Raven regarding reconciliation of total capital called and distributed relating to Hanjin International Corp.

10. Resolutions

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

Application for Service Retirement

1. Sharon Lemasters, General County
2. Mary Linzie, Sheriff's Office
3. Brenda Smith, General County
4. Larry Willets, General County

Application for Deferred Retirement

5. Jeffrey Donahoe, Mental Health
6. Veronica Herkimer, General County
7. William Nichols, General County
8. Bryan Shane, General County

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Service Retirement

9. Matias Billegas, Sheriff's Office
10. Bethann Didario, Mental Health
11. Thomas Strzesinski, Road Commission

Deferred Service Retirement

12. Carol Austerberry, General County
13. Jeff Donahoe, Mental Health
14. William Nichols, General County
15. Bryan Shane, General County

Application for Purchase of Military Service

16. Kathleen Vanderbush, General County

Disability Retirant Re-examination

17. Johnna Althouse, General County
18. Bradd Crary, Sheriff's Office
19. Stephanie Evans, General County
20. Richard Haller, Sheriff's Office
21. Craig Lajiness, Road Commission
22. Jacqueline McGhee, General County
23. Jennifer Quick, Mental Health
24. Matthew Torongeau, Sheriff's Office
25. Ronald Whited, Sheriff's Office

11. Consultant's Report

1. 2020 3rd Quarter Performance Report / September Flash Report

Overall Summary:

The US equity markets continued to recover during the third quarter and reached new highs in early September. Stocks were buoyed by the continued assistance from the government and the uneven reopening of the economy. As the quarter came to an end, the markets retreated as a second stimulus package stalled in Washington; the S&P was up 8.9% for the quarter and 5.6% year to date. However, these results have been skewed by the performance of a handful of stocks – Amazon, Apple, Facebook, Google, and Microsoft. To demonstrate the return differential, large cap growth stocks (Russell 1000 Growth Index) are +24.3% year-to-date while large cap value stocks (Russell 1000 Value Index) are -11.6% over the same period. Small caps and international stocks have lagged large cap stocks during the recovery; during the quarter, the Russell 2000 Index gained 4.9% (-8.7% YTD) and the MSCI EAFE Index rose 4.8 % (-7.1% YTD). The fixed income markets were relatively uneventful during the quarter as interest rates were relatively stable and spreads continued to tighten, although at a slower pace. For the quarter, the BB Aggregate Index rose 0.6% (6.8% YTD) and the BB Corporate High Yield Index gained 4.6% (0.6%).

The total portfolio rallied +5.28% for the month, beating the policy index by 0.16%. On a year to date basis, the total portfolio is +1.27% vs. the policy index gain of +1.02%. Notable outperformers for the quarter included ABS Emerging Markets, Boyd Watterson Fixed Income, Brandywine Fixed Income, Corbin Pinehurst, Intercontinental Real Estate and Titanium GSA. Underperformers included Seizert Large Value, Seizert Mid Cap, Seizert Small Value and Clarkson Small Mid. Of note is a common theme for the quarter – anything value oriented underperformed. On a calendar year to date basis, notable outperformers include Seizert Large Value, Clarkson Small Mid, Seizert Small Value, ABS Emerging Markets, Boyd Watterson Fixed Income, Titanium GSA, Intercontinental and Corbin Pinehurst. As of the report production, values have not yet been updated for Alidade, TerraCap and Raven. All are expected to be positive contributors based upon initial conversations and performance

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estimates. Within the private investment part of the portfolio, we saw continued capital call activity from Raven. TerraCap has also begun to make distributions based upon the sale of underlying properties.

2. Market Value Update/Liquidity Schedule

Mr. Green reviewed the liquidity schedule; recommended a rebalance of \$2m from WAM Large Cap S&P 500 Index fund to Cash.

Motion by Trustee Neely to accept the recommendation to rebalance \$2m from WAM Large Cap S&P 500 Index fund to Cash. Supported by Trustee Turner. All in favor. Motion carried.

3. AndCo Consulting Fee Update

Mr. Green reviewed the consulting fee update.

4. Recommend Rebalance Actions/Index Fund Changes

Mr. Green reviewed conversion recommendations for WAM Large Cap US Equity Index fund to Fidelity S&P 500 Index fund, Vanguard Extended Market Index fund to Fidelity Extended Market Index fund, and Vanguard Developed Market Index fund to Fidelity Extended Market Index fund.

Trustee Neely inquired about the historical performance of the new index funds.

Mr. Green stated he could provide that data.

Chairman Grodi stated the board could address the conversion recommendations at the next meeting so Mr. Green is able to gather the requested data.

12. Old Business

1. Distressed Debt

Chairman Grodi referred the distressed debt firms to the Investment Committee for review.

13. New Business

1. Optional Cyber Liability Insurance Renewal

Motion by Trustee Osment to renew the cyber liability insurance rider. Supported by Trustee Pauli. All in favor. Motion carried.

2. Summary Annual Report

Motion by Vice Chairman Jondro to accept, place on file, and post to the retirement website. Supported by Trustee Turner. All in favor. Motion carried.

3. Set Meeting Schedule and Calendar

Motion by Trustee Osment to approve the meeting schedule and administrative calendar for 2021. Supported by Trustee Neely. All in favor. Motion carried.

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4. Adopt Training Budget – According to policy

Motion by Vice Chairman Jondro to approve the training budget according to policy. Supported by Trustee Morgan. All in favor. Motion carried.

5. Trustee Election

Motion by Vice Chairman Jondro to have the election for the County with extended voting time. Supported by Trustee Turner. All in favor. Motion carried.

14. Attorney's Report

1. EDRO – Krueger

Motion by Trustee Osment to accept communication and place on file. Supported by Trustee Neely. All in favor. Motion carried.

2. Electronic Signatures
3. Remote Public Meetings
4. Election Policies and Procedures
5. Michigan Public Act 228 of 2020 Open Meetings Act Amendments

Mr. Michaud reviewed items 14-2, 14-3, 14-4, and 14-5.

15. Trustee Comments

Trustee Turner stated it has been an honor to work with the board. He has learned so much from everyone. He feels the board is not only colleagues, but also friends and has appreciated the opportunity to serve on the board. He also wished Trustee Morgan the best.

Trustee Neely stated that Karen Herkimer wanted to thank you for your time. It is appreciated.

Trustee Morgan thanked Trustee Turner. He stated he loved having someone on the board who was willing to speak their mind and have a friendly debate. Trustee Morgan announced that he did not plan to run for trustee again since he will qualify for retirement in 1.5 years. He stated they have found someone who will be a good candidate. He has served on the board for 18 years and will miss everyone.

Trustee Osment wished Trustee Morgan and Trustee Turner good luck and thanked them for their service.

Vice Chairman Jondro stated it has been a true pleasure to serve on the board with Trustee Morgan and Trustee Turner. He wished them both luck in the future.

Chairman Grodi thanked Trustee Morgan and Trustee Turner for their service. He stated that both have been valued members for a long time and their departure will be a significant loss to the board.

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16. Adjourn

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

Meeting adjourned at 2:31 P.M.

Respectfully Submitted,

Michael Grodi, Chairman
Monroe County Employees Retirement System