MINUTES

WASHTENAW COUNTY EMPLOYEES' RETIREMENT COMMISSION Board of Commissioners Meeting Room 220 N. Main St., Ann Arbor, MI 48107 January 22, 2013 9:00 am

Scott Miller called the meeting to order at 9:04am

Monica Boote called the roll

MEMBERS PRESENT: Kelly Belknap (9:36a), Nancy Heine (9:12a), Scott Miller, Deb Schmitt, Conan Smith, Dan Smith

MEMBERS ABSENT: Verna McDaniel

OTHERS PRESENT: Monica Boote, Retirement Office; Nicole Hann, Finance; Michael Holycross and Brian Green,

Graystone Consulting; Tom Michaud, VanOverbeke Michaud & Timmony, Catherine McClary,

Treasurer's office

Public Participation

None

Election of Officers

A. Chair – Scott Miller

B. Vice-Chair - Dan Smith

Dan expressed concern that he has a conflict with the meetings and his work schedule. The Board discussed the meeting dates and times.

VEBA – BOC Appointment

Conan Smith seconded by Dan Smith nominated Conan Smith to serve as VEBA –BOC appointment. All in Favor. Motion carried.

Approval of Minutes

December 10, 2012 December 11, 2012

Scott Miller noted that Nancy Heine was not present at the Dec 11 meeting.

Conan Smith seconded by Deb Schmitt motion to approve the minutes of December 10, 2012 and December 11, 2012 as corrected. All in favor. Motion carried.

Nancy Heine arrived at this time.

Approval of Consent and Regular Agenda

Deb Schmitt seconded by Conan Smith motion to approve the Consent and Regular Agenda.

CONSENT AGENDA

A. Communications

- 1. Washtenaw County Finance, STIF reports through 12.31.12
- 2. AWARE, appointment of AWARE participant
- 3. Buck Consultants, Appreciation communication, 12.20.12
- 4. ConvergEx, Event Trading communication, 1.3.13
- 5. JPMorgan, Strategic Property Fund Annual Report, 2012
- 6. JPMorgan, Special Situation Property Fund Annual Report, 2012
- 7. Loomis Sayles, Appreciation communication, 12.7.12
- 8. Loomis Sayles, Market Commentary, 12.31.12

- 9. Munder, Fiscal Cliff Averted, updated from Ed Goard, CIO
- **10.** Munder, Change to Reporting, 12.17.12
- 11. Penn Square, Real Estate Group acquisition, 12.12.12
- 12. Santa Barbara, Michael Mayfield retirement announcement, 12.5.12

B. Communications on File

- 1. Alliance Bernstein, Account Summary, as of 11.30.12
- **2.** Earnest Partners, Monthly Statement, as of 11.30.12
- 3. J.P. Morgan, Income Funds Semi-Annual Report (unaudited), 8.31.12
- 4. Munder, Appraisal of Assets, as of 11.30.12
- 5. Munder, Performance Summary, Appraisal of Assets, as of 12.31.12
- 6. Robbins Geller Rudman & Dowd, LLP, Class Action Settlements due 2.28.13
- 7. Santa Barbara, Form ADV, Part 2B
- 8. Santa Barbara, Reconciliation Summary as of 9.30.12

C. Payment of Bills

Vendor	Description of Services	Amount Due	Invoice #		
Morgan Stanley	Investment Consulting, 4Q12	20,000.00	WCERS 4Q12		
Munder Capital Mgmt.	Management Fee, 4Q12	13,107.00	WCERS 4Q12		
Perimeter Capital Mgmt.	Management Fee, 4Q12	9,394.28	WCERS 4Q12		
Santa Barbara	Management Fee, 4Q12	13,569.43	20130102001961M		
Systematic	Management Fee, 4Q12	8,636.79	WCERS 4Q12		
VanOverbeke, Michaud & Timmony	Legal Fees, 2Q12	5,338.00	WCERS 2Q12		
VanOverbeke, Michaud & Timmony	Legal Fees, 3Q12	4,352.00	WCERS 3Q12		
VanOverbeke, Michaud & Timmony	Legal Fees, 4Q12	5,491.00	WCERS 4Q12		
Washtenaw County HR	Administrative Fee, July-Dec 2012	102,642.50	014		
Invoices Processed requiring approval					
Gabriel Roeder Smith	Software maintenance fee 2012	3,175.00	120194		
Gabriel Roeder Smith	Pension software continuation, 30 days	2,500.00	120669		

D. Service Retirement Application

E. Service Retirement Finals

Name	Retirement Date	Employee Group	Туре	FAC	Years of Service
Patricia Denig	12/29/12	Non Union	Position Elimination	\$106,213.68	8Y 10M
Sherry Young	12/24/12	2733 A	Normal	\$59,731.24	19Y

F. Intent to Purchase Prior Public / Military Service

- 1. Prior Public
- 2. Prior Military

G. Final Purchase Approval Resolutions - Prior Public / Military Service

1. Prior Public
Blaine Longsworth

2. Prior Military

H. Application for Refund of Contributions & Termination of Membership

Name	Termination Date	Vested	Approximate Distribution Amount
Michelle Bianchi	12/28/12	No	\$3,050.79

Nicole Clark	8/11/12	No	\$10,535.84
Barbara Dunlap	12/17/12	No	\$14,009.10
Thaddeus A. Jabzanka	7/27/12	No	\$905.76
Julio A. Jamal	11/21/12	No	\$3,527.15
Kenneth J. Mancini	12/17/12	No	\$14,727.68
Sonya D. Payne	11/01/12	No	\$876.33
Pamela K. Sarlitto	12/29/12	No	\$4.097.02

I. Application for Deferred Retirement Benefit

J. Pension Benefit Changes

1. Termination of Benefits

Constance Flynn, beneficiary of Edward A. Flynn, Jr., deceased 12.18.12,

Lilian (Lia) M. Kushner, deceased 12.29.12, retired 4.30.94, Option: 50% Pop up

Irene O'Brien, beneficiary of Francis L. O'Brien, deceased 12.29.12

2. Life Insurance - Death Benefit

Lilian (Lia) M. Kushner, deceased 12.29.12, beneficiary Estate of Lilian M. Kushner

- 3. Payment to Survivor
- 4. Popup to Straight Life

L. EDRO / DRO

REGULAR AGENDA

Investment Consultant's Report - Michael Holycross / Brian Green

- A. November 2012 Performance Update
- B. December 2012 Performance Update
- C. All Cap Interview Follow Up
- **D.** Asset Allocation Rebalance

Brian Green led a discussion of November and December performance and distributed a summary of the total accounts as of January 14, 2013. For the benefit of the new Trustees, Green discussed allocation, managers and the Risk/Return Analysis. Green reported that at the February regular meeting the 4Q12 performance report will be ready and he will further discuss managers and performance.

Brian Green reported that the Fixed Income contract is almost ready, but they are still working through some legal items. Green discussed the interviews. Green further discussed the All Cap mandate and the associated risks.

Scott Miller requested to move the discussion of the All Cap managers to the February meeting.

Green discussed the recommended rebalance, explaining the Board typically raises cash for six month intervals, however at this time is recommending a shorter time frame due to low interest rates currently expected for the cash account. Green reminded the Board that DEShaw will liquidate in early February and moving those funds to the cash account, this will provide cash for expenses through May.

Deb Schmitt seconded by Kelly Belknap to reallocate the liquidated funds from DEShaw into the Short Term Investment Fund (STIF) account. All in favor. Motion carried.

Legal Advisor's Report - Tom Michaud

Tom Michaud distributed a memo regarding Public Act 347 of 2012 and discussed the updates and necessary action items to be taken by the Board and Retirement office, such as policies, procedures and forms. The effective date is

March 28, 2013, but not all changes need to be accomplished by that date. With regard to the WCERS investment policy, the Board is currently in compliance as our policy is more restrictive.

Other Advisor's Comments

Catherine McClary urged the Trustees to attend educational opportunities.

Nancy Heine commented that her department will not allow her to attend conferences with paid time; using personal time is not something she would be able to do.

Unfinished Business

None

New Business

A. MAPERS One Day Seminar, February 8, 2013, Novi Michigan

Miller summarized the Education Policy adopted by the Board, and confirmed the recommendation of the various MAPERS educational opportunities for Trustees.

Conan Smith supported by Kelly Belknap motion to approve attendance by Trustees and staff at the MAPERS One Day Seminar in February.

Retirement Administrator's Report - Monica Boote

A. 2013 Proposed Calendar

Dan Smith commented that his preference would be as early in the morning as possible (proposed 7:30am) or as late in the afternoon as possible. Should the meeting be scheduled in the afternoon Dan would like the same day as the Board of Commissioners meet. Deb Schmitt commented that the 3rd Wednesday is a standing Union meeting and would create a conflict for the Union representatives on the Commission.

Dan Smith inquired about the need for monthly meetings, and proposed the idea of meeting every other month or quarterly.

Miller asked Monica Boote to explore some alternative day/times and present options at the next regularly scheduled meeting.

B. Actuarial Transition Update

Monica Boote discussed the transition with Gabriel Roeder Smith and Buck Consultants. Reminding the Board a RFP was issued in 2012 and after a lengthy engagement with GRS the Trustees, in conjunction with VEBA, decided to discontinue their partnership with GRS and enter into a contract with Buck Consulting. Initially the plan was to discontinue actuarial services as of December 31, 2012, and extend the pension administration software services through March 31, 2013, both in line with the contract periods typically associated with each service.

To date, the experience with Buck has been positive. The three top priorities include, replicating the 2011 Valuation, preparing for the 2012 valuation, and getting the pension administration tool developed and implemented. The project to develop an employee self service tool will be reviewed following the successful transition of the three initial priorities.

Unfortunately the transition from GRS has not been as smooth. Monica reported that the transition has been extremely frustrating and difficult. After receiving notice of the decision to change actuarial providers, GRS provided notice that they would be terminating both actuarial services as well as pension administration services as of December 31, 2012; in essence they were providing eight (8) business days notice. After lengthy discussions with the assistance of legal counsel, GRS agreed to an additional two weeks for transition purposes for the pension administration tool. Monica continued to work with GRS and ultimately was able to negotiate an agreement that will extend services through February 18, 2013. This extension was essential to prepare and distribute annual member statements, however will create potential service issues for members wanting estimates. Buck has agreed to provide a temporary solution for benefit estimates, that staff will be able to use between the termination of the GRS system, and the go live date for the Buck database. GRS ultimately acknowledged that the data within their system, belonged

to WCERS/VEBA, and is preparing a project plan for Monica to review regarding the availability and transfer of such data.

Monica updated the Board that HR has hired a new Management Assistant. Lisa Everton will be coming from the Livingston County Mental Health Authority, and begins employment next week.

Scott Miller acknowledged Nicole Hann and thanked her for the service she provided to the Trustees and members of the System.

Report of the Chair

Scott Miller reported that GRS requested feedback regarding the RFP and interview process. Miller and Boote subsequently held a conference call with a GRS representative and provided feedback regarding the decision and transition process.

Issues, Concerns and Trustee Comments

Nancy Heine asked if WCERS has current investments with firearm companies. Brian Green reported that the Board currently does not have investments with firearm companies.

Adjournment:

Nancy Heine seconded by Conan Smith to adjourn at 10:43am

Upcoming Board Meeting

 Regular Meeting, February 26, 2013, BOC Conference Room, 220 North Main Street, Ann Arbor, MI.