#### **MINUTES**

# WASHTENAW COUNTY EMPLOYEES' RETIREMENT COMMISSION Board of Commissioners Meeting Room 220 N. Main St., Ann Arbor, MI 48107 April 23, 2013 - 8:30 am

Scott Miller called the meeting to order at 8:40 am.

Monica Boote called the roll.

MEMBERS PRESENT: Verna McDaniel, Scott Miller, Nancy Heine, Conan Smith,

MEMBERS ABSENT: Deb Schmitt (excused), Dan Smith (excused), Kelly Belknap

OTHERS PRESENT: Monica Boote and Lisa Everton, Human Resources; Brian Green, Graystone Consulting;

Tom Michaud, VanOverbeke Michaud & Timmony; Catherine McClary, Treasurer's Office;

(packet on file)

(packet on file)

Roberta Allen, AWARE Representative

#### **Public Participation**

None

## Approval of Minutes – March 26, 2013

Verna McDaniel seconded by Nancy Heine motion to approve the minutes of March 26, 2013 as presented. All in favor. Motion carried.

## Approval of Consent and Supplemental Agenda

Trustees discussed the numbering of the Communications on File due to the addition of the supplemental agenda and its correction.

Verna McDaniel seconded by Nancy Heine motion to approve the Consent and Supplemental Agenda as amended. All in favor. Motion carried.

#### Approval of Regular Agenda

Verna McDaniel seconded by Conan Smith motion to approve the Regular Agenda as presented. All in favor. Motion carried.

## **CONSENT AGENDA**

## A. Communications

- Washtenaw County Finance, STIF reports through 3.31.13 1.
- Bahl & Gaynor, Sector Review: Transportation Leading the Way 2.
- Brandywine Global, Welcome Letter, 3.20.13 3.
- 4. J.P. Morgan, Special Situation Property Fund Revised Fee Schedule, 3.25.13
- J.P. Morgan, Strategic Property, Monthly Flash Report, as of 3.31.13
- J.P. Morgan, Special Situation Property, Monthly Flash Report, as of 3.31.13 6.
- Manning & Napier, Welcome Letter, 4.5.13 7.
- Munder, Press Release, "Top Guns Manager of the Decade", 4.4.13 8.
- 9. Munder, Strategy Commentary and Market Review, 1Q12
- Piedmont, Dividend Payment, 3.22.13 10.
- Rehmann, Financial Statements, Years Ended December 31, 2012 and 2011 11. (attached)

#### B. Communications on File

- Alliance Bernstein, Account Summary, 3.28.13 1.
- Alliance Bernstein, Statement of Financial Condition, as 12.31.12 2.
- 3. Bahl & Gaynor, Portfolio Summary, Settled Trades, as of 3.31.12
- Bahl & Gaynor, Part 2A of Form ADV: Firm Brochure, 2.28.13 4.
- 5. Brandywine, Global Quarterly Report, 1Q13
- 6. Common Sense, Statement, as of 3.31.13

- 7. D.E. Shaw, 2012 Schedules K-1, 3.29.13
- 8. Enhanced RAFI International, 2012 Schedules K-1
- 9. J.P. Morgan, Monthly Market Value Statement, Acct# 256890, as of 3.31.13
- 10. J.P. Morgan, Monthly Market Value Statement, Acct# 133290, as of 3.31.13
- 11. J.P. Morgan, Monthly Market Value Statement, Acct#256880, as of 3.31.13
- 12. J.P. Morgan, Special Situation Property Fund Quarterly Report, 4Q12
- 13. J.P. Morgan, Strategic Property Fund Quarterly Report, 4Q12
- 14. Loomis Sayles, Monthly Reports, as of 3.31.13
- 15. Loomis Sayles, Quarterly Reports, 1Q13
- 16. Munder, Quarterly Reports, 1Q13
- 17. Robbins Geller Rudman & Dowd, Portfolio Monitoring Report, 3.29.13
- **18.** SEI Trust Company, Monthly Statement, 3.31.13
- 19. Prudential, Information for Prudential Retirement Customers, 4.16.13
- 20. J.P. Morgan, US Fixed Income Core Bond, Performance Report, 1Q13

# C. Payment of Bills

Vendor	Description of Services	<b>Amount Due</b>	Invoice #
Buck Consultants	WCERS Valuation Progress	2,850.00	2142429
JP Morgan Chase Bank	Management Fee, Strat Property, 4Q12	21,948.61	20121231-16974-A
JP Morgan Chase Bank	Management Fee, Special Sit Property, 4Q12	34,948.20	
Munder	Management Fee, 1Q13	14,780.00	WCERS 1346
Systematic	Management Fee, 1Q13	9,782.28	WCERS 1Q13
Systematic	Management Fee, Final thru 4.9.13	845.14	WCERS Final 4.9.13

# D. Service Retirement Application

Name	Department	Employee Group	Date	Туре	Eligibility
Clifford L. Clark	CSTS	2733A	6/1/13	Service	Rule of 75, min age 50
Michael D. Crowell	Sherriff	POAM	6/29/13	Service	20 Years, Sherriff
Daniel D. O'Leary	Finance	Non- Union	6/1/13	Service	Rule of 75, min age 50

# E. Service Retirement Finals

None

## 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
- 2. Prior Military

## H. Application for Refund of Contributions & Termination of Membership

Name	Termination Date	Vested	Approximate Distribution Amount
Jamie G. (Church) Callison	3/20/13	No	\$10,040.25
Chelsea Dulin	3/8/13	No	\$4981.81
Raymond J. Eisbrenner	12/14/12	No	\$4,287.29
Patricia J. Milkey	11/2/12	No	\$2,960.97
Dezirique Maxwell beneficiary of Desiree Richard-Mobley	3/15/13	Yes	\$50,314.16
· ·	2/20/13		· '
Davis, Anthony	2/8/13	No	\$7,556.21
Rubenfeld, Amber		No	\$1,924.21
Keatts, Virginia	2/18/13	No	\$2,969.70
Schinella, Meagan	3/15/13	No	\$4,826.83

# I. Application for Deferred Retirement Benefit

Name	Termination Date	Department	Employee Group	Required Service for Vesting
Fields, Kenyetta	11.25.2011	Trial Court	2733JC	8 or more years credited service

# J. Pension Benefit Changes

#### 1. Termination of Benefits

Hugh Keppler, deceased 4.8.13, Straight Life, Margie S. Pond, deceased 4.14.13, Straight Life

# 2. Life Insurance - Death Benefit

Hugh Keppler, deceased 4.8.13, beneficiary Estate of Hugh Keppler, \$3,500 Margie S. Pond, deceased 4.14.13, beneficiary Cecilia Linn, \$2,000

## 3. Payment to Survivor

None

# 4. Popup to Straight Life

None

## K. EDRO / DRO

None

#### **REGULAR AGENDA**

#### Investment Consultant's Report - Brian Green

## A. March 2013 Performance Update

An updated policy index will be available next month that reflects the terminations of Munder and Systematic. The NCREIF Property Index (proxy for private US Real Estate) is published on a quarterly basis. March was a strong month with the exception of the international managers. Bahl & Gaynor had a great month with a slight underperformance by Santa Barbara. There is no predictive value of the first quarter or first month performance figures on the calendar year success rate. Common Sense had a strong outperformance. Munder and Systematic have been terminated and transitioned to all cap managers. Cramer, Rosenthal & McGlynn (CRM) and Manning & Napier. Loomis had a slight outperformance for March with a strong outperformance for the current calendar year up

13.5 %. Internationally, emerging market exposure has caused some trouble for managers. While Earnest Partners was up 2.32% they underperformed their benchmark. And, both Research Affiliates and WHV underperformed. For Fixed Income – interest rates rose in the first quarter which is good for new investors but bad news for existing investors and Real Estate has had a positive performance.

One of the two agenda items that will be brought forth at the next meeting relates to recommended domestic equity, international and fixed income funds with qualitative and/or quantitative changes to the managers. Secondly, provide education and additional information for hedge funds and private equity for the May meeting.

## Legal Advisor's Report - Tom Michaud

Since there is already some policy discussion already on the table and in light of the fact that there is not a super majority attendance, Mr. Michaud would like to defer discussion and update securities maters at the next meeting and reserve today's comments until the policy items appear on the agenda.

#### Other Advisor's Comments

None

#### **Unfinished Business**

## A. Administrative Review Policy

Ms. Boote has updated and proposed an amended Administrative Review Policy governing the process and timelines associated with the Board's review of service providers. No comments or changes were submitted to Monica for review.

Conan Smith seconded by Verna McDaniel to adopt the revised Administrative Review Policy as presented. All in favor. Motion carried.

#### **New Business**

#### A. Request for Education Allowance – Aware Liaison

Education Policy AWARE Liaison Resolution

Trustees reviewed the current policy and discussed the MAPERS conference attendance. In the current Educational Policy, in objective 4, it states: "Trustees and staff may attend education opportunities in accordance with a prudent person standard, including any local or MAPERS education opportunity." It further states that they may also attend *one* regional or national conference.

Verna McDaniel seconded by Conan Smith motion to reaffirm the education policy as presented.

Discussion was held concerning the WCERS Education Policy in regards to the AWARE Liaison. The current AWARE resolution adopted maintains the AWARE representative as a non-voting liaison to the WCERS Board and as a non-voting member they are not currently provided the same educational opportunities as a WCERS Trustee.

Trustees wanted to clarify what the AWARE representative is and their role with the WCERS Board. Mr. Miller explained that as a result of the collective bargaining agreement of 2008 the Retiree Trustee was removed, however, the WCERS Board passed a resolution in 2009 to allow the AWARE Liaison the opportunity to participate as a non-voting member.

Questions that Trustees wanted to address include:

- What is the average education cost per member?
- Is it legal for the AWARE representative to participate on the Board?
- Is there a direct value/tie to the Board for the AWARE representative?
- What if this was an appropriate planned expense?

The average MAPERS conference expense in general is less than \$10,000.00 per year. Conan Smith commented on the Board's proactive step in recognizing and encouraging the participation of an AWARE Representative, and would like to offer educational opportunities if legally appropriate. Mr. Michaud explained that Plan expenses have to be directly tied to the Board responsibilities and business. Many Boards draw the line at educating only those who are directly involved in the plan such as Trustees and administrators involved in the daily plan operations. In addition, retiree groups have a specific class of membership with MAPERS. If a retiree group chooses to send a representative then it should be funded by the group being represented. Mr. Michaud recommends that the Board follow the current Education Policy.

Discussion was held regarding the option to allow the Plan to fund the AWARE Liaison's educational opportunity when an opening occurs due to a Trustee's inability to attend. Michaud indicated a resolution could be adopted however he did not recommend such action, as it is not in the best interest of the Board to create exceptions.

Trustees discussed the past experience and budget regarding Trustee education. In accordance with the recent changes to Act 314, the Board will need to establish a budget for travel expenses in particular to minimize expenses as an objective with limits formalized in the budget and reported in the summary of the annual report that is published online. Travel expenses must be itemized and limited to the lesser of \$150,000.00 annually or \$12,000.00 per trustee but not more than \$30,000.00 per anyone trustee.

Mr. Smtih proposes that the Board adopt a new resolution to strengthen the AWARE position with the WCERS Board and modify the education policy accommodating the AWARE representative. Mr. Smith will research other associations, review both the resolution and education policy, and work with Mr. Michaud and Ms. Boote to provide a recommendation for the Board's review.

Verna McDaniel rescinds her previous motion to reaffirm the education policy as presented.

Ms. Boote reminded the Board regarding the moratorium on travel expenses other than those related to MAPERS events through December 31, 2011, indicating specific action is required to lift the moratorium, and as part of the recommendations there may need to be some consideration to that section of the current policy.

#### Retirement Administrator's Report - Monica Boote

Ms. Boote updated the Board regarding the actuarial transition with Buck Consultants and based on the recent work on the valuation and experience study, the data conversion was behind a bit but is still on-track for July start date and then items such as self service calculators can be addressed.

# Report of the Chair

There is only one Sherriff's Deputy left as an active member of WCERS.

#### **Issues, Concerns and Trustee Comments**

None

## Adjournment

Verna McDaniel seconded by Conan Smith motion to adjourn at 9:29 a.m. All in favor. Motion carried.

#### **Upcoming Board Meeting**

 Regular Meeting, May 28, 2013 at 8:30 am BOC Conference Room,
220 North Main Street, Ann Arbor, MI.