

MINUTES
WASHTENAW COUNTY EMPLOYEES' RETIREMENT COMMISSION
Board of Commissioners Meeting Room 220 N. Main St., Ann Arbor, MI 48107
October 22, 2013 - 8:30 am

Meeting Called to Order

Scott Miller called the meeting to order at 8:31 a.m.

Roll Call

Monica Boote called the roll

WCERS Members Present: Kelly Belknap, Nancy Heine, Scott Miller, Verna McDaniel, Deb Schmitt, Conan Smith, Dan Smith

WCERS Members Absent: N/A

Others Present:

Monica Boote, Human Resources Retirement Office; Catherine McClary, Washtenaw County Treasurer, Tom Michaud, VanOverbeke, Michaud & Timmony, Michael Holycross, Graystone Consulting, Donna Schmidt, AWARE Alternate

Public Participation

None

Approval of Minutes

- A. September 17, 2013 (WCERS Regular Meeting)
- B. September 17, 2013 (WCERS Special Meeting)

V. McDaniel seconded by C. Smith motion to approve the minutes of September 17, 2013 (WCERS Regular Meeting) and September 17, 2013 (WCERS Special Meeting) as presented. All in favor, motion carried.

Agenda

M. Boote requested consideration to remove Communications from Robbins Gellar Rudman & Dowd (A5 and A6) from the consent agenda.

V. McDaniel seconded by C. Smith motion to approve the Consent, Regular and Supplemental Agendas as revised. All in favor, motion carried.

D. Smith expressed concern regarding investment fees, and believes there are a number of ETF's available with significantly lower fees than for example Manning and Napier's 75bp. He further indicated research shows active managers do not provide enough additional benefit to compensate for the additional fees.

C. McClary expressed similar concern regarding fees, and further indicated she believes the investment consultant receives compensation based on their relationships with investment managers which may impact their recommendations. She suggested the Board consider partnering with an independent consultant to provide Trustees education regarding fees, and to analyze the current fee arrangements in place.

CONSENT AGENDA

I/R/M

A. Communications

- 1. Washtenaw County Finance, STIF report through 9.30.13 **12**
- 2. Brandywine Global, Monthly Commentary, 9.30.13 **13-14**
- 3. Common Sense, Monthly Letter, 8.30.13 **15-18**
- 4. Manning & Napier, Quarterly Newsletter, Update, October 2013 **19-22**

B. Communications on File

- 1. Brandywine Global, Monthly Statement, as of 9.30.13
- 2. Common Sense, Monthly Statement, as of 9.30.13
- 3. CRM, Portfolio Summary, as of 9.30.13
- 4. Earnest Partners, Monthly Statement, as of 9.30.13

5. J.P. Morgan, Monthly Market Value Statement, Acct# 133290, as of 9.30.13
6. J.P. Morgan, Monthly Transaction Statement, Acct# 133290, as of 9.30.13
7. J.P. Morgan, Monthly Flash Report, Acct# 256880, as of 9.30.13
8. J.P. Morgan, Monthly Market Value Statement, Acct# 256880, as of 9.30.13
9. J.P. Morgan, Monthly Transaction Statement, Acct# 256880, as of 9.30.13
10. J.P. Morgan, Strategic Property Fund, Acct# 256880, Quarterly Report, 2Q13
11. J.P. Morgan, Monthly Flash Report, Acct# 256890, as of 9.30.13
12. J.P. Morgan, Monthly Market Value Statement, Acct# 256890, as of 9.30.13
13. J.P. Morgan, Monthly Transaction Statement, Acct# 256890, as of 9.30.13
14. J.P. Morgan, Special Situation Property Fund, Acct# 256890, Quarterly Report, 2Q13
15. Loomis Sayles, Core Plus Fixed Income, Account Statement, as of 9.30.13
16. Morgan Stanley, JPM Fixed Income, Principal LFE GLB FND II,
Trade Date 10.4.13 for Settlement on 9.30.13
17. Research Affiliates, Monthly Statement, as of 8.31.13

C. Payment of Bills

23-24

Vendor	Description of Services	Amount Due	Invoice #
Buck Consultants	Administrative System Implementation, June/July 2013	2733.34	2159345-WCERS
Bahl & Gaynor	Management Fees, 3Q13	\$11,917.85	9477-118 WCERS
Manning & Napier	Management Fees, 2Q13	\$13,197.92	1123171
J.P. Morgan	Management Fees, 3Q13	\$31,227.78	20130930-15194-A

D. Service Retirement Application

None

D. Service Retirement Application

Name	Department	Employee Group	Date	Type	Eligibility
Graban, Markeeta	WCHO	Non Union	12.15.13	Service	Rule of 75, Minimum Age 50
Andrade, Celia	Public Health	2733B	11.30.13	Service	Age 60 with 8 Years

E. Service Retirement Finals

None

E. Service Retirement Finals

Name	Retirement Date	Employee Group	Type	FAC	Years of Service Eligibility
Abelgadir, Azza	7.31.13	2733B	Position Elimination	\$33,932.64	12Y 9M
Gatewood, Marilyn	7.31.13	Non Union	Position Elimination	\$43,714.81	31Y 6M
Mazzie, Michael	7.27.13	2733A	Normal	\$54,127.29	13Y 1M
McLean, Dorothy	8.24.13	2733A	Normal	\$38,634.05	12Y 7M
Radabaugh, Lynn	8.24.13	2733A	Normal	\$55,180.45	8Y 1M
Redgate, Severina	7.27.13	2733B	Normal	\$45,119.86	13Y
Trummel, Michelle	7.31.13	2733B	Position Elimination	\$42,774.29	15Y 2M
Yusuf, Hawa	7.31.13	2733B	Position Elimination	\$33,555.19	9Y 11M
Yusuf, Zahra	7.31.13	2733B	Position Elimination	\$33,884.33	14Y 5M

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
Churchill, Amanda Beneficiary of Kokalis, Kayla G	9.25.11	N/A	\$57,375.32
DeCaro, Gina	10.4.13	No	\$483.68
Guhad, Ayan	9.2.13	No	\$4,731.13
Hauck, Julie M	9.4.13	No	\$9,750.31
Ojeda, Irma	4.19.13	Yes	\$38,152.41

H. Application for Refund of Contributions & Termination of Membership

Name	Termination Date	Vested	Approximate Distribution Amount
Elliott, Patrick	12.17.10	No	\$1,026.24
Everton, Lisa	10.18.13	No	\$2,660.10

I. Application for Deferred Retirement Benefit

Name	Termination Date	Department	Employee Group	Required Service for Vesting
Sidiropoulos, Andreas	9.30.13	CSTS	Non Union	30 Months + Act 88 Credit Totaling 8 or More Years

J. Pension Benefit Changes

1. **Termination of Benefits**
Elizabeth S. Rosenberger, deceased 9.28.13, retired 1.1.1997, Option: Straight Life
2. **Life Insurance – Death Benefit**
Elizabeth S. Rosenberger, deceased 9.28.13, beneficiary Laura S. Carr
3. **Payment to Survivor**
None
4. **Popup to Straight Life**
None

- L. EDRO / DRO**
None

REGULAR AGENDA

Investment Consultant's Report – Michael Holycross

- A. September 2013 Performance Update**

Mr. Holycross provided a summary of plan performance through September 30, 2013 indicating the Plan ended the month with a market value of \$235,039,367. The combined account earned a 10.27% return year to date, well ahead of the policy index at 8.98%.

Trustees requested a review and analysis of the current investment management fee structure. The analysis should include a description of the relationship with the investment consultant and any discounts and/or economic benefits received by Graystone/Morgan Stanley associated. D. Smith mentioned with the number of managers the Plan is currently working with, there are plenty of ETF options, and perhaps sixteen managers may be too many for a plan of our size.

B. Private Equity - Blackstone

M. Holycross provided a review of the presentation provided last month from Blackstone, a private equity manager. He confirmed this particular investment opportunity will be closed to investors this week. Documents have been reviewed by legal counsel, should the Board wish to allocate funds, otherwise Graystone will continue to provide additional education and/or investment opportunities with other private equity managers, perhaps even a secondary Tactical Operations fund provided by Blackstone in the future.

Trustees provided feedback regarding their comfort level with private equity. Specifically, D. Smith indicated he is not opposed to a private equity allocation, however would prefer a 1 to 2 ½ percent allocation rather than a 5 percent allocation. He is less comfortable with Blackstone, and would rather see this Board coordinate a private equity allocation with Board of Commissioner initiatives in the Washtenaw County, Ann Arbor, Michigan or mid-west regions. C. Smith also preferred exploring local opportunities and/or partnerships with other local retirement funds.

Following discussions, Trustees decided to forego the current opportunity and indicated a preference to continue the education process regarding the benefits and risks associated with private equity as an asset class.

Legal Advisor's Report – Tom Michaud

None

Other Advisor's Comments

None

Unfinished Business

A. Disability Retirement Medical Report – K. Bain

M. Boote requested Trustees defer discussion regarding the confidential medical report to the end of the meeting. Trustees agreed.

B. Plan Administration Proposal

M. Boote provided an overview of the Washtenaw County Board Support and Plan Administration – Proposal submitted by Diane Heidt and Kelly Belknap. The overview included information regarding past practice, recent amendments to the methodology, and comparable plan data/statistics. M. Boote indicated the four year proposal incorporated daily administration resources from Human Resources and Finance, and cost allocation charges associated with Facilities Management and Information and Technology. C. McClary requested clarification as to what Treasurer related costs are included in the proposal. M. Boote confirmed the current proposal does not incorporate Treasurer services, based on her comments at a prior meeting indicating she was not interested in charging WCERS for the services provided through her office. C. McClary requested the record reflect that services provided through her office are being provided free of charge.

N. Heine expressed concern regarding charging additional expenses to the Plan, based on the current funded ratio. She also requested consideration for a one year proposal rather than the four year as presented. M. Boote clarified the current proposal is based on four years for general budgeting purposes, however a one year review period is built into the proposal based on potential efficiencies that are expected as a result of the new pension administration database.

D. Smith seconded by C. Smith motion to accept the Board Support and Plan Administration Proposal as presented. Motion carried (Miller and Heine as nay).

D. Smith seconded by C. Smith motion to explore including expenses associated with services provided by the Treasurer's Office. Motion carried.

New Business

A. 2014 Proposed Calendar

V. McDaniel seconded by C. Smith motion to approve the 2014 Calendar as proposed. Motion carried (Miller nay).

Retirement Administrator's Report – Monica Boote

M. Boote reported that unfortunately Human Resources needs to begin the process of recruiting a new staff member. Lisa Everton's resignation was effective October 18th. Further, she reported Human Resources will begin the annual Open Enrollment process within the next few weeks, and will be using the on-line system as one part of the communication strategy associated with the upcoming transfer window for members that may wish to transfer to the new defined contribution retirement program.

Report of the Chair

Issues, Concerns and Trustee Comments

D. Schmitt asked Trustees to revisit the AWARE education request. C. Smith provided a summary regarding the concerns and issues that were discovered while researching various options. He confirmed, Human Resources had offered to cover the one-day seminars, but wasn't able to financially support additional educational opportunities at this time, and legal counsel cautioned the Trustees regarding the proposed changes to the policy, and allocation of funds to a non-voting AWARE representative. C. Smith is supportive of the concept, however will not be able to support the interest because the details are not detailed enough to address the logistical and legal concerns at this time.

D. Schmitt seconded by N. Heine motion to allow the expenditure of Plan assets, for the designated AWARE representative to attend one multi-day educational opportunity per year, as defined in the Education Policy. The representative must have attended at least 50% of the meetings in the twelve months prior to the Retirement Commission's authorization. Motion carried (Yea - Belknap, Heine, Miller, McDaniel, D. Schmitt; Nay – C. Smith)

N. Heine seconded by D. Schmitt motion to proceed into closed session. M. Boote called a roll call vote. All in favor, motion carried.

The Board returned to public session at 10:15 a.m.. Trustees requested that the Retirement Administrator contact Ms. Karen Bain to discuss options associated with her Duty Disability Retirement Application prior to the next regular meeting.

Adjournment

V. McDaniel seconded by Kelly Belknap motion to adjourn at 10:25 a.m.. All in favor, motion carried.

Upcoming Board Meeting

- Regular Meeting, November 26, 2013 at 8:30 am
BOC Conference Room,
220 North Main Street, Ann Arbor, MI.