

**MINUTES OF
JACKSON COUNTY EMPLOYEES' RETIREMENT SYTEM**

Thursday, January 23, 2014
6th Floor Room 604

The January 23, 2014 Regular Meeting of the Jackson County Employee's Retirement System Board of Trustees was called to order at 8:30 a.m. by Chairperson Shotwell. The following Trustees were present: Best, Elwell, Huttenlocker, Shotwell, Wandell, Welihan. Absent: Haddix Also in attendance: Matt Augustine – Morgan Stanley; Crystal Gallagher – Pension Coordinator Assistant; Debby Gorz - Pension Coordinator, Crystal Dixon – Director HR; James Latham – Finance Officer; Steven Lutenski – Morgan Stanley; and Jack Timmony - VanOverbeke Michaud and Timmony.

Approval of Agenda:

MOTION: Moved by Best, supported by Huttenlocker to approve the Agenda. Motion carried.

PUBLIC COMMENT: None

Trustee Welihan arrived at 8:45 a.m.

John Gross and Todd Morris of Polen Capital Management presented an Investment Portfolio update to the Board.

MOTION: Moved by Best, supported by Huttenlocker to receive the presentation from Polen Capital Management. Motion carried.

Approval of Minutes:

MOTION: Moved by Huttenlocker, supported by Best to receive the minutes of December 19, 2013 meeting as presented. Motion carried.

Monthly Financial Statement:

MOTION: Moved by Elwell, supported by Welihan to receive the Monthly Financial Statements for December 2013 as presented by James Latham.

Roll call vote. Motion carried unanimously, 6 – yes.

Consent Agenda:

MOTION: Moved by Best, supported by Welihan to concur with the Consent Agenda:

- A. Receive Comerica Bank Custodial Statements of Account for
December 2013
- B. Purchase of Service

Tracey Johnson – AFSCME – 1 year

- C. Approve Refunds of Contributions –
 - 8754 - \$1,351.37**
 - 8755 - \$457.45**
 - 8756 - \$1,341.18**
 - 8757 - \$2,197.37**
 - 8758 - \$3,125.98**
 - 8759 - \$108.95**
 - 8760 - \$63.44**
- D. Approve Distribution of DROP –
 - 184 - \$65,413.38**
 - 185 - \$42,017.41**
 - 186 - \$106,031.08**
- E. Approve Application for Retirement
 - **Alan Richmond (deferred) – Road, Effective 2/1/2014**
- F. Approve Application(s) for entrance into the Deferred Retirement Option Plan (DROP):
 - **None**
- G. Approve Statements Paid for **12/19/13 – 1/22/14**
- H. Receive Correspondence:
 - 1. *Gabriel Roeder Smith's 2014 Proposed Retainer Fees*
 - 2. *4th Qrt & 2013 Polen Capital Portfolio Commentary*
 - 3. *Robbins Geller Settlement Rpt (12/27/2013)*
 - 4. *Robbins Geller Monitoring Rpt (12/27/2013)*
 - 5. *Robbins Geller Int'l Portfolio Monitoring Report*
- I. Pension Coordinator Monthly Report

Roll call vote. Motion carried unanimously, 6 – yes.

MOTION: Moved by Huttenlocker, supported by Best to receive the updated Social Security Number Privacy Policy as updated and presented by the Policy Committee. The updated language changes will comply with statute and clarification of the term “custodian” to now read “custodian bank”.

**JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM
POLICY RESOLUTION**

Re: Social Security Number Privacy **Adopted: March 23, 2006**
Updated: January 23, 2014

WHEREAS, the Board of Trustees is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, the Board recognizes the privacy interests of members, retirees and beneficiaries of the Retirement System consistent with applicable federal and state law, and

WHEREAS, the Board acknowledges that the Michigan legislature has adopted the Social Security Number Privacy Act, Public Act 454 of 2004, effective March 1, 2005, to protect against the disclosure of an individual's social security number, and

WHEREAS, the Board has determined that it is in the best interest of the Retirement System to restate its policy with respect to the Retirement System's use of social security numbers, as well as Retirement System records generally, therefore be it

RESOLVED, that all records of the Retirement System shall be retained to protect the privacy interests of the members, retirees and beneficiaries of the Retirement System, and shall be maintained in accordance with a Record Retention Policy, and the Social Security Number Privacy Act, Public Act 454 of 2004, and further

RESOLVED, that all documents which contain social security numbers and other personal information shall be maintained as confidential by the Retirement System and shall not be publicly disclosed without a signed authorization to disclose by the affected individual, or an order compelling disclosure issued from a court of competent jurisdiction, and further

RESOLVED, that the social security numbers reflected on any document or record submitted to the Retirement System shall be redacted prior to duplication, display or distribution, consistent with requirements of the statute and further

RESOLVED, that any documents containing personal and private information shall be maintained, transmitted and disposed of by the Retirement System in a secured manner and in accordance with a Record Retention Policy, and further

RESOLVED, that only individuals authorized by the Board of Trustees of the Retirement System shall have access to personal information, and that such individuals shall be required to maintain the confidentiality of such information, and further

RESOLVED, that the following individuals shall be authorized to review personal information: Retirement System Trustees; Retirement System Administrator and Staff; Actuary; Retirement System Attorney; Custodian Bank; all County Employer Human Resources Directors, Deputies and Staff; all County Payroll Department Staff; and County Auditors; and further

RESOLVED, that any willful violation of this policy may result in such person or persons being subject to civil or criminal penalties as provided in the Social Security Number Privacy Act, together with applicable federal and state law, and further

RESOLVED, that a copy of this policy shall be published and made available to Retirement System Trustees; Retirement System Administrator and Staff; Actuary; Retirement System Attorney; Custodian; all County Employer Human Resources Directors, Deputies and Staff; all County Payroll Department Staff; and County Auditors in written or electronic form.

Motion carried.

MOTION: Moved by Elwell, supported by Best to receive the Effective Date of Retirement Policy. The Policy Committee reviewed this policy, no changes needed.

**JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM
POLICY RESOLUTION**

Re: Effective Date of Retirement

**Adopted: February 28, 2008
Reviewed: January 23, 2014**

WHEREAS, the Retirement Board of Trustees ("Board") is vested with the general administration, management and operation of the Retirement System and for making effective the provisions thereof, and

WHEREAS, the Retirement System Bylaws is silent regarding the proper determination of the Member's effective date of retirement, and

WHEREAS, the Board desires to formalize its procedure for the proper determination of a Member's effective date of retirement, now therefore be it

RESOLVED, that the Board of Trustees hereby establishes and formalizes its procedure for the proper determination of a Member's effective date of retirement as follows:

1. A Member shall have terminated and completed their last day of employment prior to the first day of the month designated as the effective retirement date. The Member must have filed with the Pension Coordinator prior to the desired effective retirement written application for retirement setting forth the desired effective retirement date. The first retirement check will issue on or about the first day of the month following the first day of the month which is the effective retirement date. Payment of a pension will continue to be paid in arrears for the prior month; and
2. Should a Member be eligible to apply for more than one type of retirement, the application that the Member submits will determine the date that is used for purposes of an effective retirement date.

and it is further

RESOLVED, that a copy of this resolution be forwarded to the Pension Coordinator and legal counsel to the Retirement System.

Motion Carried

Attorney Jack Timmony reported that as a result of additional information provided to his office, further review was necessary addressing retiree Craig Burnette's recently amended Judgment of Divorce. It is determined that Mr. Burnette is currently being paid 100% of the accrued retirement benefit owed to him in compliance with the November 21, 2013, court order, and his request entitling him to a reversion should be denied.

MOTION: Moved by Welihan, supported by Elwell to receive the Memorandum dated January 15, 2014 regarding Mr. Burnette as presented by Board Attorney Jack Timmony. The Pension Coordinator shall send a copy of the memo to Mr. Burnette.
Motion carried.

Attorney Jack Timmony passed out a Memorandum that discussed Public Act 347 of 2012 compliance, which implemented numerous amendments to the PERSIA, PA 314 of 1965. The amendments were effective March 28, 2013. He reported that Jackson County Employee's Retirement System is compliant with the Act. He also, recommended that the Board consult with its Investment Consultant and other professional service providers regarding compliance.

Chairperson Shotwell's request that *Agenda Item A* under *New Business* be moved up to the current agenda item as County Human Resource Director, Crystal Dixon needs to attend another meeting and would like to be present for this portion of the Board meeting.

MOTION: Moved by Elwell, supported by Wandell to approve the 2014 Pension Administration Budget with a correction to the total amount as being \$169,875.00.

Roll call vote. Motion carried unanimously, 6 – yes.

Matt Augustine of Morgan Stanley Wealth Management reported it is nice to see the Financial Statement showing the retirement plan having \$144,151,959 in assets. However, \$11,354,044 in pension distributions represent 7.88% of the plan assets, not taking into account lump sum distributions, expenses and contributions. Liabilities in terms of pension distributions have increased significantly in the last 10 years.

Steve Lutenski of Morgan Stanley passed out copies and reviewed the Calamos - Credit Rating Report and discussed unrated securities. Attached is the Calamos Credit Analysis Process and the spreadsheet of portfolio holdings with NRA and Calamos ratings included.



CREDITCOM
7762_Credit Analysis F



SpreadsheetNRACalamosratings.pdf

Steve Lutenski passed out the Jackson County Asset Allocation as of 1/22/2014 and reported that Jackson County Employees' Retirement System is on track.



Asset Allocation
1_22_14.pdf

MOTION: Moved by Huttenlocker, supported by Best to adjourn. Motion carried.

Chairperson Shotwell adjourned the meeting at 10:12 a.m.

Chairperson

Pension Coordinator