

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, JULY 14, 2015 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 22	A.	JUNE 9, 2015
	IV.	PUBLIC INPUT
	V.	PETITIONS & COMMUNICATIONS
23 - 26	A.	MONTHLY REPORTS - RES No. 2015-2015-27
	1.	PORTFOLIO VALUE - 1/1/15 - 6/30/15
	2.	CHANGE IN BOOK AND MARKET VALUE - 5/31/2015
	3.	MONEY MANAGERS ON WATCH - (EFFECTIVE DATE)
	a.	NONE
	4.	MONEY MANAGER REPORTS
	a.	CORNERSTONE - ENDING 5/31/15
	b.	EAGLE ASSET MGMT -ENDING 5/31/15
27 - 38	c.	HOTCHKIS & WILEY - ENDING 5/31/15
	d.	LOOMIS SAYLES - ENDING 5/31/15
	e.	MACKAY SHIELDS - ENDING 5/31/15
	f.	MFS HERITAGE TRUST - ENDING 5/31/15
	g.	MFS INVESTMENT - ENDING 5/31/15
	5.	RECAPTURE SERVICES
39 - 41	a.	ABEL/NOSE - SUMMARY ENDING 5/31/15
	b.	CAPIS - SUMMARY ENDING 5/31/15
42 - 47	6.	NORTHERN TRUST
	a.	SUMMARY EARNINGS - ENDING 5/31/15
48	7.	REFUNDS/RETIREMENTS ENDING 6/30/15
49 - 54	8.	BCERS YTD BUDGET REPORT - ENDING 6/30/15
55	9.	APPROVED EXPENSES - 6/30/15

BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, JULY 14, 2015 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

- 56 - 57 B. CORPORATION COUNSEL
 - 1. RFP INVESTMENT CONSULTANT **RES No. 2015-21**

- 58 - 64 C. BCERS 2016 BUDGET PROPOSAL

- 65 - 67 D. SERVICE DISCLOSURES - **RES No. 2015- 28**

- 68 E. CORRESPONDENCE - CHANGES IN CONVERTIBLE BOND TEAM.
 - 1. MACKAY SHIELDS

- 69 - 71 F. CORRESPONDENCE - REBALANCE ASSET ALLOCATION
 - 1. GENEVA CAPITAL MANAGEMENT
 - 2. HOTCHKIS & WILEY CAPITAL MANAGEMENT
 - 3. MACKAY SHIELDS

- 72 - 73 G. CORNERSTONE - RETIREMENT NOTIFICATION & AMENDMENT TO INVESTMENT MANAGEMENT AGREEMENT - **RES No. 2015-29**

- 74 - 76 H. PURCHASE OTHER GOVERNMENTAL SERVICE TIME - **RES No. 2015-30**
 - 1. JAMES SOMMER - DWS

- VI. ANNOUNCEMENTS
 - A. NEXT REGULAR MEETING - TUESDAY, AUGUST 11, 2015 AT 1:30 P.M., COMMISSIONERS CHAMBERS, 515 CENTER AVENUE 4TH FLOOR, BAY CITY, MI 48708

 - 77 - 78 B. FALL MAPERS CONFERENCE REGISTRATION FORMS - CONFERENCE SATURDAY SEPTEMBER 26 TO TUESDAY SEPTEMBER 29, 2015 AT THE GRAND TRAVERSE RESORT (CONTACT REBECCA IF YOU WISH TO ATTEND)

- VII. UNFINISHED BUSINESS

- VIII. NEW BUSINESS

- IX. MISCELLANEOUS BUSINESS

- X. ADJOURNMENT

ACTION TAKEN BY BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD

DATE OF BOARD MEETING: 7/14/2015

PAGE: 1

MOTION/ INTRODUCED/

RES. NO. SUBMITTED BY SUBJECT OF RESOLUTION/MOTION

ADOPTED AMENDED CORRECTED DEFEATED REFERRED TABLED WITHDRAWN

RES. NO									
21	CORP COUNSEL	Board authorize a competitive bid process for investment consultant services bringing a minimum of two (2) candidates to the full Board for their consideration and final selection; Be It Further To have the Board Chair Sign any related documents after review and approval by Corporation Counsel.	XX						
27	BCERS BOARD	RECEIVE MONTHLY REPORTS	XX						
28	BCERS BOARD	RECEIVE COMPENSATION DISCLOSURES LOOMIS & SCHRODERS	XX						
29	BCERS BOARD	RECEIVE RETIREMENT NOTIFICATION SCOTT WESTPHAL OF CORNERSTONE AND APPROVE ADDENDUM TO INVESTMENT AGREEMENT OF OCT 14, 2008 AS WELL AS APPROVE CHAIR TO EXECUTE SAID ADDENDUM FOLLOWING REVIEW/APPROVAL CORP COUNSEL	XX						
30	RET ADMINISTRATOR	PURCHASE OF OTHER GOVT SERV TIME OF JAMES SOMMER	XX						
MOTION									
50	STARKWEATHER	APPROVE MINUTES 6-9-15	XX						
51	STARKWEATHER	AMEND SEC I CANDIDATE ELIGIBILITY OF ELECTION RULES TO INCLUDE LANGUAGE "ELECTED OFFICIAL"	XX						
52	COONAN	CONTINUE WITH CUSTODIAL BANK, INVESTMENT AND CONSULTANT SERVICES AS SEPARATE SERVICES	XX						

**BAY COUNTY RETIREMENT BOARD
07/14/15
RESOLUTION**

- BY: BAY COUNTY RETIREMENT BOARD (07/14/15)
- WHEREAS, The Retirement Board has expressed a desire to review its service providers (actuary, investment consultant, medical director, outside attorney and custodian bank) on a five year cycle, reviewing one each year. Last year, the Retirement Board participated in an RFQ process for actuarial services. This year, investment consultant services would be up for review through a request for proposal process.
- WHEREAS, The tentative schedule for this process anticipates a mid-September RFP release date for the RFP and approval of the contract by the Retirement Board at the December 2015 meeting.
- WHEREAS, At the June 2015 meeting, the Board expressed a desire to have a more active role in the RFP process. To meet that request, the RFP subcommittee (consisting of the Chair, Vice-Chair, Secretary, Retirement Administrator and Assistant Corporation Counsel) will work to bring a minimum of two (2) candidates to the Retirement Board for their consideration and final selection. After the candidates are selected by the subcommittee, the interviews will take place on October 22, 2015 at the BCERS meeting.
- WHEREAS, The Retirement Board will approve the final candidate selection and authorize the Board Chair to send the Letter of Recommendation to the Purchasing Agent.
- WHEREAS, Financial information will be available for the Board to make the final candidate selection; Therefore, Be It
- RESOLVED That this Board authorize a competitive bid process for investment consultant services bringing a minimum of two (2) candidates to the full Board for their consideration and final selection; Be It Further
- RESOLVED To have the Board Chair Sign any related documents after review and approval by Corporation Counsel.

STEVE GRAY, CHAIR
AND BOARD

INVESTMENT CONSULTANT RFP AUTHORIZATION

MOVED BY TRUSTEE Starkweather

SUPPORTED BY TRUSTEE MORSE

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	X			Steve Gray	X			Jon Morse	X		
Kim Coonan	X			Richard Gromaski	X			Matthew Pett	X		
Kristal Goetz	X			Thomas Herek	X			Thomas Starkweather	X		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____
 Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted XX Defeated _____ Withdrawn _____
 Amended _____ Corrected _____ Referred _____

**BAY COUNTY RETIREMENT BOARD
7/14/2015
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD

RESOLVED By the Bay County Retirement Board that the following reports are received:

1. PORTFOLIO VALUE - 1/1/15 -06/30/15
2. CHANGE IN BOOK AND MARKET VALUE -05/30/15
3. MONEY MANAGERS ON WATCH - NONE
4. MONEY MANAGER REPORTS
 - a. CORNERSTONE - ENDING 5/31 /15
 - b. EAGLE ASSET MGMT - ENDING 5/31/15
 - d. HOTCHKIS & WILEY - ENDING 5/31/15
 - e. LOOMIS SAYLES - ENDING 5/31/15
 - f. MACKAY SHIELDS - ENDING 5/31/15
 - g. MFS HERITAGE TRUST- ENDING 5/31/15
 - h. MFS INVESTMENT - ENDING 5/31/15
5. RECAPTURE SERVICES
 - a. ABEL/NOSE - SUMMARY ENDING 5/31/15
 - b. CAPIS - SUMMARY ENDING 5/31 /15
6. NORTHERN TRUST SUMMARY EARNINGS - 5/31/15
7. REFUNDS/RETIREMENTS -ENDING 6/30/15
8. BCERS YTD BUDGET REPORT - ENDING 6/30/15
9. APPROVED EXPENSES - 6/30/15

STEVE GRAY, CHAIR
AND BOARD

MONTHLY REPORTS JULY

MOVED BY TRUSTEE Starkweather
SUPPORTED BY TRUSTEE Morse

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	A			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____

Voice: Yeas 8 Nays 0 Excused 1

Disposition: Adopted XX Defeated _____ Withdrawn _____

Amended _____ Corrected _____ Referred _____

No. 2015-28

BAY COUNTY RETIREMENT BOARD
07/14/15
RESOLUTION

BY: BAY COUNTY RETIREMENT BOARD (07/14/15)
WHEREAS, As part of the requirement of the Bay County Employees' Retirement System Policy on Service Provider Disclosures, the Board requires information to be provided annually by all of its service providers to acknowledge that they are in compliance with Section 13e of Act 314 [MCL 38.113e] and/or Rule 206(4)-5 of the Investment Advisers Act of 1940 in the case of a regulated investment adviser.

WHEREAS, Compensation disclosure forms have been received by the following money managers:

Loomis Sayles & Company, L.P.
Schroders Investment Management

Therefore, Be It
RESOLVED That this Board receive these Compensation Disclosure forms.

STEVE GRAY, CHAIR
AND BOARD

RECEIVE SERVICE DISCLOSURE FORMS

MOVED BY TRUSTEE Coonan

SUPPORTED BY TRUSTEE Pett

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:
Roll Call: Yeas _____ Nays _____ Excused _____
Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted XX Defeated _____ Withdrawn _____
Amended _____ Corrected _____ Referred _____

**BAY COUNTY RETIREMENT BOARD
7/14/15
RESOLUTION**

BY: BAY COUNTY RETIREMENT BOARD (7/14/15)
 WHEREAS, The Bay County Employees' Retirement System and Cornerstone Real Estate Advisers LLC ("Cornerstone") signed an Investment Management Agreement on October 14, 2008; and
 WHEREAS, Cornerstone has provided an official notification of the retirement of Scott Westphal effective June 30, 2015; and
 WHEREAS, As a result of the retirement of Scott Westphal, CFA, Managing Director - Real Estate Securities, effective June 30, 2015, and the transition to David D. Wharmby, Managing Director, as the lead portfolio manager, there is a need to amend Cornerstone's Notice address in Section 14 of the Agreement replacing Scott Westphal's name with David D. Wharmby. Cornerstones office addresses in both Stamford and Hartford will remain the same; Therefore, Be It
 RESOLVED That the Bay County Employee's Retirement System Board adopt resolution 2015-29 to receive the official retirement notification of Scott Westphal and approve the addendum to the Investment Agreement signed October 14, 2008; Be It Further
 RESOLVED That the Chairman of the Board is authorized to execute said addendum following review/approval of Corporation Counsel.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION - Addendum to Investment Management Agreement with Cornerstone Real Estate Advisers LLC.

MOVED BY TRUSTEE Pett

SUPPORTED BY TRUSTEE Morse

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas Nays Excused
 Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted XX Defeated Withdrawn
 Amended Corrected Referred

**BAY COUNTY RETIREMENT BOARD
7/14/15
RESOLUTION**

BAY COUNTY RETIREMENT BOARD (07/14/15)

WHEREAS, Per the Retirement Ordinance and Bay County Board of Commissioners resolution no. 96-331-Other Governmental Service Credit for Retirement, members of BCERS may purchase time worked with other governmental units;

WHEREAS, An application was made by James Sommer to purchase two (2) years and zero (months) of service time;

WHEREAS, Said application was approved at the January 20, 2015 meeting of the Bay County Board of Commissioners, Resolution no. 2015-7;

WHEREAS, All application materials have been received and calculation of cost have been processed by the Retirement Office.

RESOLVED Therefore, Be It That this Board approve the application and request of James Sommer to purchase two (2) years and zero (0) months of other governmental service time from the following:
City of Essexville - two (2) years, zero (0) months for retirement purposes.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION - PURCHASE OTHER GOVT SERVICE TIME - JAMES SOMMER

MOVED BY TRUSTEE Starkweather

SUPPORTED BY TRUSTEE Coonan

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas 9 Nays 0 Excused 0
Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted XX Defeated Withdrawn
Amended Corrected Referred

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Starkweather

MOTION SUPPORTED BY: Pett

MOTION NO.: 50

MOTION 50:

Moved, supported and carried to approve the minutes, as printed, from the June 9, 2015 meeting.

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____

Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted X Defeated _____ Withdrawn _____

Amended _____ Corrected _____ Referred _____

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Starkweather

MOTION SUPPORTED BY: Gromaski

MOTION NO.: 51

MOTION 51:

Moved, supported and carried to amend Section I
Candidate Eligibility of Election Rules to include
language "elected position".

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	A			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas 8 Nays 0 Excused 1

Voice: Yeas Nays Excused

Disposition: Adopted X Defeated Withdrawn

Amended Corrected Referred

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Coonan

MOTION SUPPORTED BY: Herek

MOTION NO.: 52

MOTION 52:

Moved, supported and carried to continue with custodial, investment, and consultant services as separate services.

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather		X	

Vote Totals:

Roll Call: Yeas 8 Nays 1 Excused 0

Voice: Yeas Nays Excused

Disposition: Adopted X Defeated Withdrawn
Amended Corrected Referred

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Coonan

MOTION SUPPORTED BY: Pett

MOTION NO.: 53

MOTION 53:

Moved, supported and carried to receive the 2016 Budget Proposal.

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____
 Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted X Defeated _____ Withdrawn _____
 Amended _____ Corrected _____ Referred _____

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Pett

MOTION SUPPORTED BY: Herek

MOTION NO.: 54

MOTION 54:

Moved, supported and carried to receive correspondence from MacKay Shields regarding the addition to the convertible bond team.

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____
 Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted X Defeated _____ Withdrawn _____
 Amended _____ Corrected _____ Referred _____

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Coonan

MOTION SUPPORTED BY: Brzezinski

MOTION NO.: 55

MOTION 55:

Moved, supported and carried to receive correspondence regarding rebalance of asset allocation from Geneva Capital, Hotchkis & Wiley, and MacKay Shields

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____

Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted X Defeated _____ Withdrawn _____

Amended _____ Corrected _____ Referred _____

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Coonan

MOTION SUPPORTED BY: Pett

MOTION NO.: 56

MOTION 56: Moved, supported and carried to approve the negotiated lower fees structure with Baird, Eagle, Henderson, and MacKay Shields.

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____

Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted X Defeated _____ Withdrawn _____

Amended _____ Corrected _____ Referred _____

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

MEETING DATE: July 14, 2015

MOTION MOVED BY: Pett

MOTION SUPPORTED BY: Herek

MOTION NO.: 57

MOTION 57:

Moved, supported and carried to adjourn the meeting at
2:05 p.m.

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski	x			Steve Gray	x			Jon Morse	x		
Kim Coonan	x			Richard Gromaski	x			Matthew Pett	x		
Kristal Goetz	x			Thomas Herek	x			Thomas Starkweather	x		

Vote Totals:

Roll Call: Yeas _____ Nays _____ Excused _____

Voice: Yeas 9 Nays 0 Excused 0

Disposition: Adopted X Defeated _____ Withdrawn _____

Amended _____ Corrected _____ Referred _____