ORDER OF BUSINESS

Meeting Called to Order
Scott Miller called the meeting to order at 8:42 am

Roll Call:
Monica Boote called the roll

WCERS Members Present: Kelly Belknap, Gregory Dill, Nancy Heine (8:47am), Corey Mason, Scott Miller

WCERS Members Absent: Katie Scott, Ruth Ann Jamnick

Others Present: Monica Boote, Sarah Erskine, Human Resources; Catherine McClary, Washtenaw County Treasurer; Tom Michaud, VanOverbeke, Michaud & Timmony (8:51); Tim Brice, Graystone Consulting; Jane Thurston, AWARE Representative; Mei-Fu Sheng, CMH; and David Cooper, Legal Representation

Public Participation
Mr. David Cooper presented documentation regarding Ms. Sheng.

Exhibit 1: Letter from Danial Jebert to Jacob Bender
Mr. Cooper stated this letter is regarding the Worker's Compensation Hearing dated for October 9, 2019 and it contains a retirement estimate from the County.

Exhibit 2: Social Security Disability Approval
Mr. Cooper stated Ms. Sheng was approved for Social Security Disability through the Social Security Administration. He then discussed that the Social Security Administration requires there to be a certain amount of proof before they will approve.

Exhibit 3: Dr. Rubin D.O., PLLC notes dated April 26, 2019
Mr. Cooper then stated that this document is a good summary of their position regarding the disability. Dr. Rubin reviewed all of the medical documentation, including the material from the examining physicians through MedSource. Dr. Rubin's medical opinion is that Ms. Sheng is totally disabled and likely to be permanent.

Exhibit 4: Posttraumatic Stress Disorder in the National Comorbidity Survey by Ronald C. Kessler, PhD; Amanda Sonnega, PhD; Evelyn Bromet, PhD; Michael Hughes, PhD; and Christopher B. Nelson MPH, PhD
Mr. Cooper then discussed that this article states that 18.9% of the women who suffer from the same type of PTSD that Ms. Sheng has end up having it permanently.

Approval of Minutes
A. April 23, 2019 – Regular Meeting
B. June 19, 2019 – Actuarial Valuation
K. Belknap seconded by G. Dill to approve the regular session minutes of April, 23 2019 and the Actuarial Valuation minutes of June 19, 2019. All in favor, motion carried.

Approval of Consent and Regular Agenda
K. Belknap seconded by C. Mason to approve the Consent and Regular Agenda. All in favor, motion carried.

Mr. Cooper requested Ms. Sheng and himself be excused (8:57am).

CONSENT AGENDA

A. Communications
1. Washtenaw County Finance, Contributions/Distributions as of 07.31.2019
2. Brandywine, Monthly Commentary March 2019
3. JP Morgan SPF, Monthly Flash Report July 2019
4. JP Morgan SSPF, Monthly Flash Report July 2019
5. JP Morgan SPF, Monthly Transaction Statement July 2019
6. JP Morgan SSPF, Monthly Transaction Statement July 2019
7. JP Morgan SPF, 2Q19 Snapshot
8. JP Morgan SSPF, 2Q19 Snapshot
10. Morgan Stanley, Client Statement July 2019
12. Robbins Geller Rudman & Dowd, 2Q19 Litigation Report

B. Communications on File
1. Brandywine, March 2019 Reporting
2. Brandywine, 03.26.2019 Schedule K-1
3. JP Morgan, SPF, 1Q19 – 2Q19 Reporting
4. JP Morgan, SSPF, 1Q19 – 2Q19 Reporting
5. JP Morgan, SPF, April 2019 - June 2019 Monthly Reporting
8. Loomis Sayles, April 2019 – July 2019 Reporting
9. Manning & Napier, 1Q19 – 2Q19 Investment Performance Reports
10. McMorgan, 1Q19 – 2Q19 Reporting

C. Invoices Pending Ratification

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Description of Services</th>
<th>Amount Due</th>
<th>Invoice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brandywine</td>
<td>Investment Fees 1Q19</td>
<td>$5,872.52</td>
<td>20190331-483-3101-A</td>
</tr>
<tr>
<td>Brandywine</td>
<td>Investment Fees 2Q19</td>
<td>$6,072.19</td>
<td>18519</td>
</tr>
<tr>
<td>Buck</td>
<td>Services Rendered for March 2019</td>
<td>$833.34</td>
<td>2415810WCERS</td>
</tr>
<tr>
<td>Buck</td>
<td>Services Rendered for April 2019</td>
<td>$833.33</td>
<td>2421817WCERS</td>
</tr>
<tr>
<td>Buck</td>
<td>Services Rendered for May 2019</td>
<td>$15,229.34</td>
<td>2424788WCERS</td>
</tr>
<tr>
<td>Buck</td>
<td>Services Rendered for June 2019</td>
<td>$11,507.33</td>
<td>2426695WCERS</td>
</tr>
<tr>
<td>JP Morgan SPF and SSPF</td>
<td>Investment Management Fees 1Q19</td>
<td>$116,035.12</td>
<td>20190331-16974-A</td>
</tr>
<tr>
<td>Legg Mason (Western Asset)</td>
<td>Investment Management Fees 1Q19</td>
<td>$29,319.38</td>
<td>1Q19WCERS</td>
</tr>
<tr>
<td>Legg Mason (Western Asset)</td>
<td>Investment Management Fees 2Q19</td>
<td>$30,136.41</td>
<td>2Q19WCERS</td>
</tr>
<tr>
<td>Loomis Sayles</td>
<td>Summary of Fees 2Q19</td>
<td>$15,144.20</td>
<td>198454</td>
</tr>
<tr>
<td>Loomis Sayles</td>
<td>Summary of Fees 1Q19</td>
<td>$15,674.48</td>
<td>200734</td>
</tr>
<tr>
<td>Manning &amp; Napier</td>
<td>Investment Services Fees 1Q19</td>
<td>$30,342.70</td>
<td>20190331-313-958-A</td>
</tr>
<tr>
<td>Med Source</td>
<td>Review of Record – Sheng 07.23.2019</td>
<td>$900.00</td>
<td>SF19-367711-2</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>Investment Advisory Fees 1Q19</td>
<td>$20,000.00</td>
<td>10024519120</td>
</tr>
</tbody>
</table>
## D. Service Retirement Application

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
<th>Employee Group</th>
<th>Retirement Date</th>
<th>Type</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ciolek, Robert</td>
<td>14A District Court</td>
<td>Non-Union</td>
<td>09.01.2019</td>
<td>Service</td>
<td>Age 60 with 8 years</td>
</tr>
<tr>
<td>Dean, David</td>
<td>Environmental Health</td>
<td>Non-Union</td>
<td>09.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Dunk, Katherine</td>
<td>Prosecuting Attorney</td>
<td>2733B</td>
<td>07.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Evanski, Karen</td>
<td>Register of Deeds</td>
<td>2733B</td>
<td>07.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Farrell, Richard</td>
<td>OIM</td>
<td>3052S</td>
<td>07.01.2019</td>
<td>Service</td>
<td>Age 60 with 8 years</td>
</tr>
<tr>
<td>Gwozdek, Judith</td>
<td>Health Department</td>
<td>MNAI</td>
<td>07.01.2019</td>
<td>Service</td>
<td>Age 60 with 8 years</td>
</tr>
<tr>
<td>Hauck, Alan</td>
<td>Environmental Health</td>
<td>Non-Union</td>
<td>10.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Kalluri, Usha</td>
<td>CMH</td>
<td>2733A</td>
<td>10.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Kettinger, Timothy</td>
<td>Equalization</td>
<td>2733A</td>
<td>09.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Niemann, Timothy</td>
<td>Public Defender</td>
<td>PDA</td>
<td>06.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Palmer, Paquetta</td>
<td>CMH</td>
<td>2733B</td>
<td>09.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
<tr>
<td>Synowiec, Susan</td>
<td>Trial Court</td>
<td>3052JC</td>
<td>06.01.2019</td>
<td>Service</td>
<td>Age 60 with 8 years</td>
</tr>
<tr>
<td>White, Donna</td>
<td>Trial Court</td>
<td>3052JC</td>
<td>07.01.2019</td>
<td>Service</td>
<td>Rule of 75, minimum age 50</td>
</tr>
</tbody>
</table>
E. Service Retirement Finals

<table>
<thead>
<tr>
<th>Name</th>
<th>Retirement Date</th>
<th>Employee Group</th>
<th>Type</th>
<th>FAC</th>
<th>Years of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dunk, Katherine</td>
<td>07.01.2019</td>
<td>2733B</td>
<td>Service</td>
<td>$51,212.88</td>
<td>20Y 6M</td>
</tr>
<tr>
<td>Evanski, Karen</td>
<td>07.01.2019</td>
<td>2733B</td>
<td>Service</td>
<td>$48,614.28</td>
<td>23Y 10M</td>
</tr>
<tr>
<td>Fails, Bonita</td>
<td>04.01.2019</td>
<td>2733A</td>
<td>Service</td>
<td>$43,911.60</td>
<td>11Y 4M</td>
</tr>
<tr>
<td>Farrell, Richard</td>
<td>07.01.2019</td>
<td>3052S</td>
<td>Service</td>
<td>$86,958.84</td>
<td>14Y8M</td>
</tr>
<tr>
<td>Fellabaum, Kathleen</td>
<td>04.01.2019</td>
<td>2733A</td>
<td>Service</td>
<td>$58,853.88</td>
<td>10Y 2M</td>
</tr>
<tr>
<td>Garber, Judah</td>
<td>04.01.2019</td>
<td>Non-Union</td>
<td>Service</td>
<td>$115,088.40</td>
<td>35Y 2M</td>
</tr>
<tr>
<td>Gwozdek, Judith</td>
<td>07.01.2019</td>
<td>MNAI</td>
<td>Service</td>
<td>$81,257.76</td>
<td>13Y 6M</td>
</tr>
<tr>
<td>Kelly, Barbara</td>
<td>04.01.2019</td>
<td>Non-Union</td>
<td>Service</td>
<td>$110,035.80</td>
<td>34Y 3 M</td>
</tr>
<tr>
<td>Neal, Bonnie</td>
<td>04.01.2019</td>
<td>2733C</td>
<td>Service</td>
<td>$51,174.84</td>
<td>20Y 4M</td>
</tr>
<tr>
<td>Niemann, Timothy</td>
<td>06.01.2019</td>
<td>PDA</td>
<td>Service</td>
<td>$116,196.24</td>
<td>24Y 3M</td>
</tr>
<tr>
<td>Petosky, Nancy</td>
<td>05.01.2019</td>
<td>2733JC</td>
<td>Service</td>
<td>$46,746.48</td>
<td>19Y 6M</td>
</tr>
<tr>
<td>Shaw, Deborah</td>
<td>05.01.2019</td>
<td>3052S</td>
<td>Service</td>
<td>$97,713.24</td>
<td>25Y 8M</td>
</tr>
<tr>
<td>Synowiec, Susan</td>
<td>06.01.2019</td>
<td>3052S</td>
<td>Service</td>
<td>$69,313.56</td>
<td>14Y 3M</td>
</tr>
<tr>
<td>White, Donna</td>
<td>07.01.2019</td>
<td>3052S JC</td>
<td>Service</td>
<td>$95,203.32</td>
<td>30Y 5M</td>
</tr>
</tbody>
</table>

F. Intent to Purchase Prior Public / Military Service
1. Prior Public
   None
2. Prior Military
   None

G. Final Purchase Approval Resolutions – Prior Public / Military Service
1. Prior Public
   None
2. Prior Military
   None

H. Application for Refund of Contributions & Termination of Membership Pending Ratification

<table>
<thead>
<tr>
<th>Name</th>
<th>Termination Date</th>
<th>Vested</th>
<th>Approximate Distribution Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carol Auiler</td>
<td>08.20.2016</td>
<td>No</td>
<td>$25,435.84</td>
</tr>
<tr>
<td>LaKeisha Phillips</td>
<td>04.02.2019</td>
<td>No</td>
<td>$46,391.76</td>
</tr>
<tr>
<td>Jacqueline Witthoff</td>
<td>04.16.2019</td>
<td>No</td>
<td>$10,751.38</td>
</tr>
<tr>
<td>Michelle Dennis</td>
<td>11.09.2018</td>
<td>No</td>
<td>$28,211.28</td>
</tr>
<tr>
<td>Kelly Bellus</td>
<td>06.28.2019</td>
<td>Yes</td>
<td>$55,975.75</td>
</tr>
<tr>
<td>Kelly Martin</td>
<td>07.08.2019</td>
<td>No</td>
<td>$27,008.98</td>
</tr>
</tbody>
</table>
I. Application for Deferred Retirement Benefit
   None

J. Pension Benefit Changes

1. Laster, Richard
   Date of Death: June 06, 2019
   Pension Election: Option 2 – 100% J/S
   Payment to Beneficiary: $3,642.61
   Death Benefit Beneficiary: Shirley Laster
   Death Benefit Amount: $7,500.00

2. Manville, Susan
   Date of Death: June 24, 2019
   Pension Election: Option 3 – 50% J/S
   Payment to Beneficiary: $1,027.37
   Death Benefit Beneficiary: Stephen Manville
   Death Benefit Amount: $7,500.00

3. Manville, Stephen
   Beneficiary Date of Death: June 24, 2019
   Pension Election: Option 3 – 50% J/S → Reverts to Straight Life

4. Preston Jr., Arthur
   Date of Death: July 7, 2019
   Pension Election: Option 3 – 50% J/S
   Payment to Beneficiary: $1,127.63
   Death Benefit Beneficiary: Barbara Preston
   Death Benefit Amount: $2,000.00

5. Sexsmith, James
   Date of Death: June 6, 2019
   Pension Election: Option 2 – 100% J/S
   Payment to Beneficiary: $3,077.31
   Death Benefit Beneficiary: Jane Sexsmith
   Death Benefit Amount: $2,000.00

6. Snow, Sandy
   Beneficiary Date of Death: August 7, 2019
   Pension Election: Option 2 – 100% J/S → Reverts to Straight Life

7. Wasson Sr., Paul
   Date of Death: July 28, 2019
   Pension Election: Straight Life
   Payment to Beneficiary: N/A
   Death Benefit Beneficiary: Cheryl Wasson
   Death Benefit Amount: $3,500.00

K. EDRO / DRO
   None

**REGULAR AGENDA**

**Investment Consultant’s Report** – Tim Brice
Performance Report
Mr. Tim Brice discussed the Performance Report for the second quarter of 2019. Through June, consumer discretionary and technology have bounced back really strongly, when in December 2018, both dipped more than
other sectors in the Market. Healthcare is a sector that has not done really well through the quarter, which he believes is due to everyone being worried about what will happen to healthcare after the 2020 election.

The WCERS portfolio is up 11.24% year to date, gaining $28.4 million as of the end of June. Vanguard is up 18.66 points year to date (YTD) and 4.09% for the quarter and the Russell 1000 is up 16.23% YTD, iShares is up 1.8% for the quarter and 13.68% YTD, this will be the area that is most sensitive to the economy. Manning and Napier is up 4.33% for the quarter and 20.69% YTD. Morgan Stanley’s view is that trade and tariffs will affect the international market more then it will our domestic market, which is why they have held off on investing more in international stocks. Mr. Brice touched on McMorgan’s request to amend our contract to extend their investment deadline so they could invest in other infrastructure projects. The Board then discussed the potential projects that McMorgan may be looking into investing and if they align with the County’s guidelines. Mr. Brice will follow up with further details. Mr. Brice then stated that the portfolio is still up 11.26% through the end of July.

On The Market – August 2019
Mr. Brice discussed the On the Market report reviewing that in 2018 the Federal Government raised the interest rates four times, causing the markets to dip low in December. At the beginning of 2019, the Feds decided to stop raising the rates and the agreement with China over trade and tariffs was almost met, so the market greatly improved. There has been a lot more tension regarding trade and tariffs in recent weeks. The Feds recently lowered the interest rates 25 basis points hoping to help improve the market. Mr. Brice then stated that he thinks that there is a probability of a recession within the next 12 to 24 months. He also believes that the Feds could lower the interest rates another three times in the next six months. Morgan Stanley believes that the economy is still going strong since the employment rate and consumer spending is still really strong. These indicators are lagging and are the last indicators to change over before a recession hits. Mr. Brice then stated he believes it is just a longer term bull market, that if a recession happens, and it should not be as bad as 2008.

The Board then discussed if the Presidential election of next year could play a part into the market, and if that will help push off the recession.

Asset Allocation Study
Mr. Brice then discussed the Asset Allocation. It is predicted that US fixed income will have returns of 3.4% in the strategic forecast (seven years) and 3.9% in the secular forecast (20 years). Morgan Stanley has been moving slowly to an underweight in Equities, US large cap growth is predicted 5.2% and 8.6% secular and US large cap value is 6.1% and 8.9%. Japan, Asia Pacific and Emerging Markets are predicted to have strong growth. Equity hedge funds are being viewed as a good alternative to fixed income. He stated that private real estate and private equity have a higher rate of return in the strategic and secular forecasts.

Mr. Brice then discussed the strategic asset allocation summary table which blends 30% short term and 70% long term to produce the projected asset allocations for the WCERS portfolio. According to the table, it is projected that the current portfolio will have 7.4% and a volatility of 10.6% and a sharp ratio of 0.45. He then discussed the presented summaries of the best ways to allocate the portfolio. The best projected allocation is 23% of total bonds, 56% in total equities, 3% in total alternatives and 18% in real assets. This will increase the rate of return to 7.5% and decreases the volatility to 10.2%. Mr. Brice stated that he would like to present education regarding newer assets presented in the asset allocation study.

McMorgan Infrastructure Amendment
Mr. Tom Michaud stated that what McMorgan proposed in the amendment causes no legal concerns. The Board can either pre-approve the amendment based on the due diligence of the investment consultant’s research, or have a special meeting in September. He reiterated that McMorgan is only requesting an extension of the investment period, not the type of investment.

The Board discussed delaying the Amendment till a special meeting in September.

Legal Advisor's Report – Tom Michaud
None

Other Advisor's Comments
None

Unfinished Business
Disability Retirement
The Board discussed the exhibits that Ms. Sheng’s attorney brought and discussed during the Public Comments. M. Boote stated that three of the four exhibits have already been submitted and reviewed by the MedSource physician.
The Board then discussed the Worker's Comp documentation and how it related to the disability retirement application. The Board also discussed the possibility of deferring a decision to a later date. Mr. Michaud stated that the Board should only delay the decision based on the documentation that was presented earlier at the meeting, and not based on the sub-committee that is currently reviewing the disability ordinance.

N. Heine motion to defer disability retirement based on time to review new documents presented by Mr. Cooper. None in favor, motion failed.

N. Heine motion to defer application until the sub-committee has completed the review process. None in favor, motion failed.

S. Miller then requested to move this item to Report of the Chair.

2018 Actuarial Valuation Resolution
K. Belknap seconded by G. Dill to accept and approve the Actuarial Valuation as of December 31, 2018. All in favor, motion carried.

WASHTENAW COUNTY EMPLOYEES RETIREMENT SYSTEM

RESOLUTION

RE: Approval of Actuarial Valuation as of December 31, 2018

Adopted: 08.27.2019

WHEREAS, the Board of Trustees is in receipt of the December 31, 2018 Actuarial Valuation dated June 2019, which has been submitted by the actuary to the Board for consideration and approval, and

WHEREAS, the Board has the legal and fiduciary obligation to assure that employer contributions are in accordance with Article 9 Section 24 of the State of Michigan Constitution, and

WHEREAS, Section 14 of the Retirement System provisions requires the Board to certify to the governing body the amount to be contributed by the employer, and

WHEREAS, the Board has the duty (1) to approve the annual Actuarial Valuation and (2) to certify to the employer-county the amount of employer contribution required for the fiscal year beginning January 1, 2020, therefore be it

RESOLVED, that the Board hereby approves the December 31, 2018 Actuarial Valuation, dated June 2019, as submitted by the actuary, and further

RESOLVED, that the Board hereby certifies to the employer-county the amount of employer contribution required for the fiscal year beginning January 1, 2020, and further

RESOLVED, that a copy of this resolution and the December 31, 2018 Actuarial Report, dated June 2019, be forwarded to the employer-county.

New Business
None

Retirement Administrator's Report – Monica Boote

Administrative Services Proposal
M. Boote presented and discussed the Administrative Services Proposal and the history of the agreement. She stated that this would be retroactive back to January 2019. Costs for the Finance and Human Resources Departments have both decreased due to efficiencies from Munis. This proposal is .003% of the total fund balance for WCERS. M. Boote stated that her role will start to transition to Chyanne Duncan.

C. Mason second by G. Dill to approve the administrative proposal as presented. All in favor, motion carried.
RFP Update
Ms. Boote then discussed the process of the current RFP for the Actuarial Services. She stated that the Chair of both Boards should have a special meeting in September to discuss the next steps for the RFP process. S. Miller stated that he would like to suggest a special meeting in September to discuss the RFP’s.

G. Dill seconded by C. Mason motion to schedule a special meeting in September to discuss the RFP process and the McI Morgan Amendments. All in favor, motion carried.

Intent to Retirement Timeline
M. Boote then requested that the Board shorten the timeline for intent to retire documentation from 30 days to 15 days if an employee’s position is being eliminated.

Mr. Michaud stated that the County should write a document stating that the Employer agrees with this temporary modification to the Ordinance. S. Miller asked if the Board can modify the rule since it is stated in the Ordinance. Mr. Michaud stated the best way to modify the Ordinance temporarily is to have something in writing such as a Letter of Understanding from the employer. M. Boote stated that this is an advantage to the members so they have enough information and time to make a decision.

Report of the Chair
The Board then discussed the disability retirement application for Ms. Sheng. K. Belknap stated that based off the supplemental report from Dr. Miller in July, she doesn’t believe that Ms. Sheng meets the requirements per the Ordinance.

K. Belknap seconded by C. Mason motion to not approve the disability retirement application for Ms. Sheng. Yay – 4, Nay – 1, motion carried.

Issues, Concerns and Trustee Comments
None

Adjournment
G. Dill seconded by K. Belknap to adjourn at 10:38am. All in favor, motion carried.

Upcoming Board Meeting
- Regular Meeting, October 22, 2019 at 8:30 am
  BOC Conference Room,
  220 North Main Street, Ann Arbor, MI 48107