

**Monroe County Employees Retirement
System Board of Trustees
MINUTES**

Regular meeting of the Board of Trustees of the Monroe County Employees Retirement System held on January 25, 2010 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

PRESENT: Nancy Colpaert, James Davies, John Fowler, George Jondro, Anne McCarthy, James Morgan, William Sisk and David Thompson.

ABSENT: William Myers, excused

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Royce Maniko, Secretary, Sam Galanis and Michael Cho, Consultants and Thomas Michaud, Legal Counsel

With a quorum being present, Chairman Thompson called the meeting to order at 5:00 P.M.

Motion by George Jondro, supported by William Sisk to nominate David Thompson as Chairman. Chairman Thompson asked twice if there were any other nominations. Seeing none, a motion was made by James Davies, supported by James Morgan to close nominations and cast a unanimous ballot for David Thompson. Motion carried.

Motion by James Morgan, supported by John Fowler to nominate George Jondro as Vice-Chairman. Motion by William Sisk, supported by James Davies to close nominations and cast a unanimous ballot for George Jondro. Motion carried.

Motion by James Morgan, supported by John Fowler to approve the minutes of the December 14, 2009 regular meeting. Motion carried.

Motion by Nancy Colpaert, supported by James Davies to approve the agenda as submitted. Motion carried.

Citizens Time – None

Presentations – Brian Gevry, Boyd Watterson Asset Management

Mr. Gevry discussed the Investment Objectives and Investment Guidelines. Mr. Gevry also presented a review of the performance for 2009. Boyd Watterson Asset Management outperformed the benchmark with a 6.9% return year to date. Mr. Gevry stated the weighted average quality of the portfolio is AA and average maturity of the portfolio is just over four years. The

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portfolio consists of a large amount of corporate and finance bonds. He concluded that the bank bail-out program was successful, it stabilized the finance market. He feels the economy will grow, but weakly. He feels the portfolio is in good shape heading into 2010.

Motion by George Jondro, supported by Anne McCarthy to approve consent agenda as listed below with the exception of 6C-2 and 6C-3:

Deceased Retirees - 2009

Gerald Soncrant, Human Resources	January 5
George Etue, County Agency	January 15
Joseph Defour, Road Commission	January 23
Eleanor Norwood, Emergency Management (Survivor)	January 25
Pauline Miller, Road Commission (Survivor)	January 26
Paul Hedrick, Road Commission	January 28
Ruth Scott, Road Commission (Survivor)	February 19
Henry Cousino, County Agency	March 30
Margaret Stanifer, Probate Court (Survivor)	April 4
Linda Durell, Mental Health	April 7
Jan Teague, Prosecuting Attorney	July 5
Betty Orr, Library System	July 22
Carol Willet, Road Commission (Survivor)	July 29
Lloyd Cevora, County Agency	August 9
Joann Etue, County Agency (Survivor)	September 4
Donna Stutsman, Road Commission (Survivor)	September 13
John Chalfa, Circuit Court	September 18
Jolinda Linn, Health Department	September 26
Janet Dean, Register of Deeds	October 2
Ethel Warner, Buildings & Grounds	October 14
Robert Bethune, Sheriff's Office	October 28
Clara Driessche, County Clerk	November 1
Joan Tisot, Health Department	November 4
Clayton Poupard, Sheriff's Office	December 18
Warren Labeau, County Clerk	December 21

Retirements - 2009

Jennifer Cline, County Clerk	January 1
Paula Gebert, Friend of the Court	January 3
Enrico Galimberti, Sheriff's Office	January 3
Robert Oetjens, Sheriff's Office	January 18
Barbaralee Drodts, Library System	January 24

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Barbara Dulany, Probate Court	January 31
Giles Brockman, Buildings & Grounds	January 31
Irene Leonard, Probate Court	January 31
Cheryl Beck-Hill, Probate Juvenile	March 1
Debra Wrobel, District Court	March 1
Elizabeth Wonsowski, Friend of the Court	March 1
Linda Boberg, District Court	March 1
Theresa Morgan, District Court	March 1
Sharon Flowers, District Court	March 1
Wandalee Rumler, District Court	March 1
James, Ryland, Historical Museum	March 1
Frederick Wickenheiser, Equalization	March 1
Glenda White, Emergency Management	March 1
Sharon Cawood, Equalization	March 1
Alan Willingham, Sheriff's Office	March 1
Rosemary Snow, District Court	March 1
Barbara Barron, Buildings & Grounds	March 1
Crystal Reed, Treasurer	March 1
Elizabeth Heiden, Circuit Court	March 1
Paula Ashley, Planning	March 1
Mary Barszcz, Friend of the Court	March 1
Sharen Bitz, County Clerk	March 1
Wilbur Burkett, Friend of the Court	March 1
Jeff Doom, Drain Commission	March 1
Joseph Grifka, Fairview	March 1
Pamela Jones, Drain Commission	March 1
Karen Manning, Health Department	March 1
Lorraine Koli, County Clerk	March 1
Laurie Burson, Sheriff's Office	March 1
Nancy Sauer, Friend of the Court	March 1
James Vanarkel, Fairview	March 12
Michael McMullen, Road Commission	March 28
Cynthia Carsten, Circuit Court	April 1
Valerie Jones, Health Department	April 1
Debra Elmore, Buildings & Grounds	April 11
Maurine Sharp, Mental Health	April 23
Mary Rowland, Health Department	May 1
Julia Bodell, Prosecuting Attorney	May 14
Edward Swinkey, Prosecuting Attorney	May 14
Larry Csokasy, Mental Health	May 16
Judy Lynch, Equalization	June 1

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Nancy Barton, Sheriff's Office	June 1
Phillip Chrzan, Central Dispatch	June 12
Anna Maurice, Employment & Training	June 19
Frank Atkinson Jr., Sheriff's Office	June 30
Charles Londo, Finance	July 1
Nancy Rice, Library System	August 28
Kathleen Amonette, Extension	September 1
Pamela Smith, Youth Center	October 26
Maxine Pierce, Mental Health	November 2
Kenneth Cain, Sheriff's Office	November 6
Douglas Redding, Mental Health	November 11
Christopher Porkarski, Sheriff's Office	November 23
Marcia White, Sheriff's Office	December 31
Arlyne Balog, Sheriff's Office	December 31
Kay Hammac, Buildings & Grounds	December 31
Emma Jones, Buildings & Grounds	December 31
Charles Karm, Friend of the Court	December 31
Beverly Kiley, Prosecuting Attorney	December 31
Shirley Parrish, Prosecuting Attorney	December 31
John Sieb, Probate Juvenile	December 31
Gregory Simonton, District Court Probation	December 31
Tina Todd, District Court	December 31

A. Retirements - None

B. Financial Reports – On File with Retirement Specialist

1. Alpine Investor Statement for the period of January 1, 2009 – December 31, 2009.
2. Boyd Watterson Asset Management Client Statement for the period ended November 30, 2009.
3. Boyd Watterson Asset Management Client Statement for the period ended December 31, 2009.
4. Brandywine Global Investment Management Global Fixed Income Portfolio for the period ended December 2009.
5. Brandywine Global Investment Management Global Fixed Income Portfolio for the Fourth Quarter 2009.

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6. Comerica Bank Consolidated Statement, Cash Account Statement, Anchor Capital Advisors, Boyd Watterson Asset Management, Brandywine Asset Management Global, Eagle Global Advisors, NWQ Investment Management and International Value Equity, Pacific Income Advisors, Renaissance Investment Company and International Equity, Smith Group Asset Management, Templeton Portfolio Advisors for the period of 12/01/09 through 12/31/09 and Securities Lending Statement for November, 2009.
7. Comerica Bank Consolidated Statement, Cash Account Statement, Anchor Capital Advisors, Boyd Watterson Asset Management, Brandywine Asset Management Global, Eagle Global Advisors, NWQ Investment Management and International Value Equity, Pacific Income Advisors, Renaissance Investment Company and International Equity, Smith Group Asset Management, Templeton Portfolio Advisors for the period of 01/01/09 through 12/31/09.
8. Diamond Hill Funds Investor Statement for the period of January 1, 2009 - December 31, 2009.
9. J.P. Morgan Asset Management Investor Statement for the period of January 1, 2009 – December 31, 2009.
10. Morgan Stanley Smith Barney Client Statement for Anchor Capital Advisors, Eagle Global Advisors, NWQ LCV and International, Renaissance Investment Advisors and International, Smith Group Asset Management and Templeton Portfolio Advisors for the period ended December 31, 2009.
11. Pacific Income Advisers Portfolio Appraisal for the period ended November 30, 2009.
12. Pacific Income Advisers Portfolio Appraisal for the period ended December 31, 2009.
13. Renaissance Investment Management Large Cap Growth Portfolio for the Fourth Quarter 2009.
14. Renaissance Investment Management International Equity Portfolio for the Fourth Quarter 2009.
15. Smith Group Asset Management Monthly Portfolio Summary for the period ended December 31, 2009.

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C. Communication

1. Communication dated December 31, 2009 from Morgan Stanley Smith Barney regarding important information about your account.
2. Communication dated January 8, 2010 from Comerica Bank regarding Comerica Bank's Securities Lending Program, as well as the Sigma Finance.

Mr. Michaud informed the Retirement Board that one security went bankrupt. There will be minimum recovery from Sigma and the loss was over \$365,000.00 in the lending program pool. It is an unrealized loss and in the near future Comerica Bank will be requesting payment for that amount. If there is a recovery the Retirement System will get a pro-rated amount.

Motion by James Morgan, supported by Nancy Colpaert to accept and place on file.
Motion carried.

3. Communication from Comerica Bank regarding Comerica Bank Securities Lending Program Collateral Reinvestment Guidelines.

Mr. Michaud stated that the securities are mature and the Retirement Board will need to work with their Investment Consultant to determine where to invest collateral pool.

Motion by James Morgan, supported by Nancy Colpaert to accept and place on file.
Motion carried.

4. Renaissance Investment Management Large Cap Growth Year-End Performance Review.
5. Smith Group Asset Management Market Perspectives.

Motion Carried.

Invoices

Motion by George Jondro, supported by John Fowler to approve for payment the following invoices, subject to house audit:

1. Invoice #26033 dated December 14, 2009 in the amount of \$41,496.00 from Boyd Watterson Asset Management for investment services rendered for the period of September 1, 2009 - November 30, 2009.

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2. Invoice #219448 in the amount of \$12,579.43 from Comerica Bank for custodial services rendered for the period of October 1, 2009 – December 31, 2009.
3. Invoice #1564 dated December 14, 2009 in the amount of \$10,126.54 from County of Monroe Finance Department for 50% of Debra Elmore's Retirement Incentive, Termination Vacation/Sick, Longevity and applicable Social Security (FICA) payments.
4. Invoice #1582 dated December 23, 2009 in the amount of \$15,623.76 from County of Monroe Finance Department for services rendered to the Retirement System by Sandy Calkins for the period of October 1, 2009 – December 31, 2009.

Chairman Thompson noted that on invoice #1582 the Retirement Board was only charged for one month of fringes. The county will submit an invoice for the difference by next month's meeting.

5. Invoice #1596 dated January 5, 2010 in the amount of \$16.01 from County of Monroe Finance Department for December 2009 Postage.
6. Invoice #0012-576-16 dated January 4, 2010 in the amount of \$54.98 from County of Monroe Printing for printing the Summary Annual Report.
7. Invoice #110504 dated January 12, 2010 in the amount of \$8,850.00 from Gabriel Roeder Smith & Company for 2010 Annual Maintenance Fee.
8. 2010 MAPERS Membership dues in the amount of \$50.00.
9. Invoice dated January 22, 2010 in the amount of \$3,132.50 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of October 1, 2009 – December 31, 2009.

Motion carried.

Refunds - None

Retirement Payments - None

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Communications

1. Application for Service Retirement for Carolyn Lindhorst, Sheriff's Office.

Motion by William Sisk, supported by James Davies to accept and place on file.
Motion carried.
2. Application for Service Retirement for Audrey Majauskas, Mental Health.

Motion by William Sisk, supported by James Davies to accept and place on file.
Motion carried.
3. Application for Disability Retirement for Tobi Sisman, Youth Center.

Motion by William Sisk, supported by James Davies to accept, place on file, and refer to Steven Dovitz, M.D. Motion carried.
4. Application for Deferred Service Status for Douglas Thompson, Drain Commission.

Motion by William Sisk, supported by James Davies to accept and place on file.
Motion carried.
5. Communication dated December 10, 2009 from Vickie Koczman, Deputy Clerk of the Monroe County Board of Commissioners stating the Board re-appointed James Davies to the Monroe County Employees Retirement System as the Citizen at Large Representative expiring December 31, 2012.

Motion by Anne McCarthy, supported by James Davies to accept and place on file. Motion carried.
6. Communication dated January 14, 2010 from Michele Reilly, Personnel Clerk of the Bay County Personnel Department regarding employment verification for Jack Simms and notification that Bay County participates in the Reciprocal Retirement Act.

Motion by Anne McCarthy, supported by Nancy Colpaert to accept and place on file. Motion carried.

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7. MAPERS One-Day Educational Seminar to be held on Friday, February 5, 2010 at the Westin Book Cadillac in Detroit, Michigan.

Motion by William Sisk, supported by John Fowler to authorize Trustees, Retirement Specialist, and Secretary to attend. Motion carried.

8. Medical report dated January 15, 2010 from Steven Dovitz, M.D. regarding independent medical evaluation of Deborah Jondro.

Motion by John Fowler, supported by Anne McCarthy to accept and place on file. Motion carried. Trustee Jondro abstained from voting.

Proposed Resolutions

Motion by William Sisk, supported by James Davies to accept and place on file the following resolutions:

1. Deborah Jondro, County Clerk – Disability Retirement
2. Carolyn Lindhorst, Sheriff's Office – Application for Service Retirement
3. Audrey Majauskas, Mental Health – Application for Service Retirement
4. Tobi Sisman, Youth Center – Application for Disability Retirement

Motion carried. Trustee Jondro abstained from voting on resolution 1.

Attorney Report

1. Settlement Report for February 2010
2. Settlement Report for March 2010

Mr. Michaud reviewed the Settlement Reports as presented. His recommendation is to accept communication and place on file.

Motion by Anne McCarthy, supported by James Morgan to accept communication and place on file. Motion carried.

3. Disability Retirement Purchase of Military Time

Mr. Michaud stated, in order to purchase prior military service time, a member must have eight years of credited service disregarding any intervening military service time. Therefore, under the current terms of the Retirement System the Board does not have the authority to grant the member's request and the member's application to purchase military service time must be denied.

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Also the member must have ten or more years of service to be eligible for a non-duty disability retirement benefit. The Board does not have the authority to grant a non-duty disability retirement until the member has a minimum of ten years of service credit.

Mr. Michaud's recommendation is to accept communication and place on file.

Motion by Anne McCarthy, supported by James Davies to accept communication and place on file. Motion carried.

4. Library Part-Time Service Benefit Calculation

The memorandum is intended to illustrate the effect of the Monroe county Library System's policy regarding the calculation of service credit and Final Average Compensation for part-time employees.

Mr. Michaud's recommendation is to accept communication and place on file.

Motion by Nancy Colpaert, supported by John Fowler to accept communication and place on file. Motion carried.

Mr. Michaud also stated that there are a number of legislative issues currently and he is willing to provide more information if necessary.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending December 31, 2009. The fund is valued at \$165,942,974.29 down \$198,785.55 from the previous month.

Boyd Watterson was down 1.43%, and Anchor Capital was the best performing fund at 4.20%. The Total Fund was up .01%. Overall 2009 was a good year.

Old Business

- David Funk, Sheriff's Office – Dr. Appointment on January 25, 2010
- Legal contract – Chairman Thompson is working on the RFP.

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New Business

The following is a list of Retirement Board Meetings that are scheduled for 2010.

January 25	5:00 P.M.
February 22	5:00 P.M.
March 22	5:00 P.M.
April 26	5:00 P.M.
May 17	5:00 P.M.
June 28	5:00 P.M.
July 26	5:00 P.M.
August 23	5:00 P.M.
September 20	5:00 P.M.
October 25	5:00 P.M.
November 22	5:00 P.M.
December 20	5:00 P.M.

Motion by Anne McCarthy, supported by William Sisk to adopt the meeting schedule for 2010 as submitted. Motion carried.

**MONROE COUNTY EMPLOYEES RETIREMENT SYSTEM
ADMINISTRATIVE CALENDAR**

January 25, 2010	Election of Board Officers Set Interest Rate for Employee Contributions Review of Investment Manager: Boyd Watterson – Brian Gevry
February 22, 2010	Review of Investment Manager: Smith Group – Sara Mongerson
March 22, 2010	Review of Investment Manager: Pacific Income Advisers – Thomas Dibari

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April 26, 2010	Review of Investment Manager: Alpine Mutual Funds – Marc Rappaport Highbridge Market Neutral Mutual Funds Disability Re-examinations
May 17, 2010	Review of Investment Manager: Templeton Portfolio – Mike Wasz Certification of Earnings for Disability Retirants NCPERS 2010 Annual Educational Seminar, May 2-6 Las Vegas, NV MAPERS 2010 Spring Educational Seminar, May 23-25 Soaring Eagle Resort, Mt. Pleasant, MI
June 28, 2010	Verification of Retirant and Beneficiary Data Review of Investment Manager: Brandywine – Michael Purcell
July 26, 2010	Review of Investment Manager: Renaissance International & Large Growth – Michael Fedorovich Financial Audit/Statement
August 23, 2010	Review of Investment Manager: Anchor Capital Partners – Michael Serchen Actuarial Report – Cathy Nagy, GRS
September 20, 2010	Review of Investment Manager: Diamond Hill – Long/Short – James Bishop MAPERS 2010 Fall Educational Seminar: Sept. 26-28 Boyne Mountain, Boyne Falls, MI
October 25, 2010	Review of Investment Manager: Eagle Global Advisors – Swabi Uus
November 22, 2010	Review of Investment Manager: NWQ & Tradewinds Global – Lisa George Investment Policy Review
December 20, 2010	Trustee Election: George Jondro, County Set Meeting Schedule and Calendar

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Motion by James Morgan, supported by John Fowler to adopt the Administrative Calendar for 2010 as submitted. Motion carried.

Set Interest Rate for 2010

Gabriel Roeder Smith & Companies valuation assumes that member contributions earn 5.0% per year interest. Motion by George Jondro, supported by John Fowler to set the interest rate for 2010 at 5%. Motion carried.

Trustee Comments

Nancy Colpaert, Anne McCarthy and James Morgan would like to congratulate James Davies for being reappointed to the Retirement Board for another three year term.

Chairman Thompson stated that a motion would need to be made to authorize Trustees, Retirement Specialist, and Secretary to attend NCPERS and MAPERS educational seminars. Motion by William Sisk, supported by John Fowler to authorize Trustees, Retirement Specialist, and Secretary to attend. Motion carried.

Motion by James Morgan, supported by Anne McCarthy to adjourn. Motion carried. Meeting adjourned at 6:15 P.M.

Respectfully Submitted,

David Thompson, Chairman
Monroe County Employees Retirement System
Board of Trustees