

**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 February 22, 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 Myers, William Sisk and David Thompson.

ABSENT: None

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 William Sisk, supported by John Fowler to approve the minutes of the January 25, 2010 regular meeting. Motion carried.

Motion by Nancy Colpaert, supported by James Davies to approve the agenda with the exception of items 8-6 and 9-15. Motion carried.

Citizens Time – None

Presentations – Mike Wasz – Templeton Portfolio

Mr. Wasz has been with Templeton Portfolio for 18 years as the Regional Director. Templeton Investments was founded in 1947 and is a dedicated investment management organization with the ability to offer six distinct investment management platforms from a single source. Templeton Portfolio currently manages 6.9 billion in assets. Mr. Wasz stated there have been no changes to the Templeton Management Team.

Next, Mr. Wasz discussed the period ended December 31, 2009. He stated the numbers are good, but Templeton Portfolio did underperform. The fund was up 25.6% compared to the benchmark 32.5%. The reason is the low quality really for 2009. Mr. Wasz discussed the Sector Weightings and confirmed Financials, Consumer Discretionary, Consumer Staples, Utilities, and Materials are all under weighted compared to the benchmark. Telecommunication Services, Industrials, Information Technology, Health Care, and Energy are all slightly over weighted

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compared to the benchmark. He feels the plan is positioned well entering 2010 with the current Sector Weightings. Finally, Mr. Wasz reviewed the Top 10 Holdings as well as the Portfolio Characteristics.

Mr. Davies noticed the weighted average price to earnings was 14.9x compared to the benchmark 28.6x. Mr. Wasz stated lower earnings and high price means paying more for stocks.

Mr. Myers asked if the Retirement System is invested in Greece. Mr. Wasz advised the board that there is no exposure to Greece at this time.

Mr. Maniko questioned the investment in Toyota. Mr. Wasz stated at the time it was the best value in the auto sector. Mr. Wasz feels it will improve and benefit the portfolio.

Motion by James Morgan, supported by Nancy Colpaert to approve the consent agenda as listed below.

A. Retirements - None

B. Financial Reports – On File with Retirement Specialist

1. Alpine Annual Report for the period ended October 31, 2009.
2. Anchor Capital Advisors Portfolio Summary for the period ended December 31, 2009
3. Brandywine Global Investment Management Global Fixed Income Portfolio for January 2010.
4. 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 01/01/10 through 01/31/10 and Securities Lending Statement for December, 2009.
5. Eagle Global Advisors Portfolio Summary for the period ended December 31, 2009.
6. J.P. Morgan Asset Management – Highbridge Funds Annual Report for the period ended October 31, 2009.

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7. Morgan Stanley Smith Barney Client Statement for Anchor Capital Advisors, Eagle Global Advisors, NWQ LCV and International, Renaissance Investment Advisors, Smith Group Asset Management and Templeton Portfolio Advisors for the period ended January 31, 2010.
8. NWQ Investment Management Company Portfolio Review for the Fourth Quarter 2009.
9. Smith Group Asset Management Quarterly Portfolio Summary for the Fourth Quarter 2009.
10. Smith Group Asset Management Monthly Portfolio Summary for the period ended January 31, 2010.
11. Franklin Templeton Investments Portfolio Quarterly Report as of December 31, 2009.
12. Tradewinds Global Investors Portfolio Review for the Fourth Quarter 2009.

C. Communication

1. Anchor Capital Advisors Investment Policy Outlook for January 2010.
2. The Anchor Companies Privacy Notice.
3. Boyd Watterson Asset Management Quarterly Investment Outlook for January 2010.
4. Brandywine Global Investment Management Monthly Commentary/Global Fixed Income.
5. Communication dated January 28, 2010 from Eagle Global Advisors.
6. Eagle Global Advisors International Market Review and Outlook for the Fourth Quarter 2009.
7. Communication dated January 27, 2010 from Gabriel Roeder Smith & Company regarding the News Scan for January 2010.
8. Communication dated January 29, 2010 from NWQ Investment Management Company.

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9. Pacific Income Advisers Privacy Policy.
10. Renaissance Investment Management Proxy Report for the Fourth Quarter 2009.
11. Communication dated February 8, 2010 from Smith Group Asset Management.
12. Franklin Templeton Proxy Voting Summary for the Fourth Quarter 2009.
13. Communication dated January 30, 2010 from Tradewinds Global Investors

Motion Carried.

Invoices

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

1. Invoice dated January 1, 2010 in the amount of \$14,676.26 from Anchor Capital Advisors for investment services rendered for the period of September 30, 2009 – December 31, 2009.
2. Invoice #80331209 dated February 9, 2010 in the amount of \$25,919.06 from Brandywine Global Investment Management for investment services rendered for the period of October 1, 2009 – December 31, 2009.
3. Invoice dated January 29, 2010 in the amount of \$250.00 from Comerica Commercial Card Service for the MAPERS one day educational seminar.
4. Invoice #360060 in the amount of \$3,475.15 from Comerica Bank for custodial services rendered for the period of October 1, 2009 – December 31, 2009.
5. Invoice #1616 dated January 25, 2010 in the amount of \$3,008.84 from County of Monroe for services rendered to retirement board not included on invoice #1582.
6. Invoice #1619 dated February 3, 2010 in the amount of \$15.12 for January 2010 postage.
7. Invoice dated January 15, 2010 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Deborah Jondro.

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8. Invoice dated February 9, 2010 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Tobi Sisman.
9. Invoice in the amount of \$14,762.00 from Eagle Global Advisors for investment services rendered for the period of October 1, 2009 – December 31, 2009.
10. Invoice dated February 3, 2010 in the amount of \$500.00 from Jeffrey Fabacher, M.D. for an outpatient diagnostic evaluation performed on David Funk.
11. Invoice dated January 20, 2010 in the amount of \$15,247.48 from Franklin Templeton Investments for investment services rendered for the period ending December 31, 2009.
12. Invoice #20100206001042 dated December 31, 2009 in the amount of \$14,860.74 from NWQ Investment Management Company for investment services rendered for the period of October 1, 2009 – December 31, 2009.
13. Invoice dated January 20, 2010 in the amount of \$10,347.00 from Pacific Income Advisers for investment services rendered for the period of October 1, 2009 – December 31, 2009.
14. Invoice dated January 21, 2010 in the amount of \$14,336.76 from Renaissance Investment Management for investment services rendered for the period of October 1, 2009 – December 31, 2009.
15. Invoice dated January 21, 2010 in the amount of \$11,152.98 from Renaissance Investment Management for investment services rendered for the period of October 1, 2009 – December 31, 2009.
16. Invoice in the amount of \$7,422.25 from Smith Group Asset Management for investment services rendered for the period of September 30, 2009 – December 31, 2009.
17. Reimbursement in the amount of \$359.40 to David Thompson for flight expenses incurred for 2010 NCPERS educational seminar.
18. Reimbursement in the amount of \$359.40 to George Jondro for flight expenses incurred for 2010 NCPERS educational seminar.

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19. Reimbursement in the amount of \$359.40 to James Morgan for flight expenses incurred for 2010 NCPERS educational seminar.

Motion carried.

Refunds

Motion by George Jondro, supported by Nancy Colpaert to approve the following refunds:

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| 1. Charles Karm Jr., Friend of the Court | \$ 881.90 |
| National City Bank (FBO: Charles Karm, Jr.) | \$1,680.59 |
| 2. Beverly Kiley, Prosecuting Attorney | \$1,278.99 |
| Allegiant Funds (FBO: Beverly Kiley) | \$2,563.03 |
| 3. John Sieb, Family Court | \$2,519.69 |
| Raymond James & Associates (FBO: John Sieb) | \$9,087.45 |
| 4. Gregory Simonton, District Court | \$8,912.63 |
| Great West (FBO: Gregory Simonton) | \$3,632.38 |
| 5. Tina Todd, District Court | \$ 247.49 |

Motion carried.

Retirement Payments

Motion by Anne McCarthy, supported by James Davies to approve the following retirement payments: Trustee Jondro abstained from voting on item 3.

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| 1. Arlyne Balog, Sheriff's Office | \$2,955.94 |
| **January \$1,477.97 | |
| 2. Kay Hammac, Buildings & Grounds | \$2,748.48 |
| **January \$1,374.24 | |
| 3. Deborah Jondro, County Clerk | \$1,003.32 |
| **January \$184.80 | |
| 4. Emma Jones, Buildings & Grounds | \$1,881.26 |
| **January \$940.63 | |
| 5. Charles Karm Jr., Friend of the Court | \$4,905.94 |
| **January \$2,452.97 | |
| 6. Beverly Kiley, Prosecuting Attorney | \$3,211.36 |
| **January \$1,605.68 | |
| 7. Carolyn Lindhorst, Sheriff's Office | \$1,412.32 |
| **January \$706.16 | |

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8. Shirley Parrish, Prosecuting Attorney	\$3,640.06
**January \$1,820.03	
9. John Sieb, Family Court	\$5,490.78
**January \$2,745.39	
10. Gregory Simonton, District Court	\$6,783.74
**January \$3,391.87	
11. Tina Todd, District Court	\$7,446.42
**January \$3,723.21	
12. Marcia White, Sheriff's Office	\$2,285.90
**January \$1,142.95	

Motion carried.

Communications

1. Application for Service Retirement for Kandie Collier, Mental Health.

Motion by William Sisk, supported by James Davies to accept and place on file.
Motion carried.
2. Medical report dated January 28, 2010 from Jeffrey Fabacher, M.D. regarding an independent medical evaluation performed on David Funk.

Motion by George Jondro, supported by James Morgan to accept and place on file. Motion carried.
3. Application for Deferred Service Status for Debra Remley, Mental Health.

Motion by Anne McCarthy, supported by William Sisk to accept and place on file. Motion carried.
4. Medical report dated February 9, 2010 from Steven Dovitz, M.D. regarding an independent medical evaluation performed on Tobi Sisman.

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

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5. Communication dated January 26, 2010 from Gabriel Roeder Smith & Company regarding the proposed fees for the December 31, 2009 Actuarial Valuation of the Monroe County Employees Retirement System.

Motion by George Jondro, supported by John Fowler to accept and place on file.
Motion carried.

Proposed Resolutions

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

1. Arlyne Balog, Sheriff's Office – Service Retirement
2. Kandie Collier, Mental Health – Application for Service Retirement
3. David Funk, Sheriff's Office – Disability Retirant Re-examination
4. Kay Hammac, Buildings & Grounds – Service Retirement
5. Emma Jones, Buildings & Grounds – Service Retirement
6. Charles Karm, Jr., Friend of the Court – Service Retirement
7. Beverly Kiley, Prosecuting Attorney – Service Retirement
8. Carolyn Lindhorst, Sheriff's Office – Service Retirement
9. Shirley Parrish, Prosecuting Attorney – Service Retirement
10. John Sieb, Family Court – Service Retirement
11. Gregory Paul Simonton, District Court – Service Retirement
12. Tobi Sisman, Youth Center – Disability Retirement
13. Tina Todd, District Court – Service Retirement
14. Marcia White, Sheriff's Office – Service Retirement

Motion carried.

Attorney Report

1. Judgment of Divorce of Karen M. Manning and David A. Manning

Mr. Michaud addressed the memo regarding Karen Manning. He stated her original option B election is void and she is allowed to revert her retirement benefit to a straight life benefit.

Mr. Michaud's recommendation is to accept communication, place on file and recalculate benefit as provided by the order.

Motion by Anne McCarthy, supported by William Sisk to accept communication, place on file and recalculate benefit. Motion carried.

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Mr. Michaud also provided an update on 314. It passed at the house and is moving forward to the senate.

Thompson stated both state representatives voted in favor of 314.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending January 31, 2010. The fund is valued at \$163,556,306.96 down \$2,386,667.33 from the previous month.

Boyd Watterson was up 1.34%, Brandywine was up 1.39%, Highbridge was up .51%, and Pacific Income was also up 1.11%. The current asset allocation includes 51.34% in fixed income, 43.25% in equity, and 5.41% in cash. Mr. Galanis attributes the 2010 uneasiness in profit to a credit situation in Greece.

As of December 31, 2009 the Total Fund YTD is up 15.50%. Alpine performed well YTD is up 109.28%. Anchor also performed well YTD is up 19.50%.

Mr. Galanis stated Smith continues to be a concern. Mr. Morgan asked if Smith's outlook was favorable, or should the Retirement System be looking elsewhere?

Mr. Galanis recommended placing Smith on watch for a period of four months to see if their performance improves.

Motion by James Morgan, supported by Anne McCarthy to place smith on watch for a period of four months. Motion carried.

Old Business

- Legal contract – Chairman Thompson is working on the RFP. He asked if anyone has RFP's please submit them to him.

New Business - None

Trustee Comments

Chairman Thompson spoke with Michelle at MAPERS and she will be emailing trustees new user ID's and passwords.

NCPERS and MAPERS information is now available on their websites.

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

Respectfully Submitted,

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