

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

A regular meeting of the Monroe County Employees Retirement System Board of Trustees was held on February 27, 2012 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Bellaire, James Davies, Michael Grodi, Joseph Hudson, George Jondro, Henry Lievens, Anne McCarthy and James Morgan

ABSENT: William Sisk (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Royce Maniko, Retirement Secretary, Michael Cho, Investment Consultant and Thomas Michaud, Legal Counsel

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

Motion by Michael Grodi, supported by James Davies to approve the minutes of the January 23, 2012 regular meeting. Motion carried.

Motion by James Davies, supported by Joseph Hudson to approve the agenda with an amendment to move 10-B to the presentations section. Motion carried.

Citizens Time – None

Presentations – Communication from R. LaMar Frederick, Chairman of the Monroe County Board of Commissioners regarding Interpretation of Retirement Benefits.

Judge Joseph Costello would like to know what impact, if any would there be if he accepts a position within the Prosecuting Attorney's Office.

Anne McCarthy stated she feels the document should have come from the participant and not the Chairman of the County Board.

Michael Grodi asked Judge Joseph Costello if he is comfortable with the language in the letter.

Judge Costello stated yes, it is the bigger picture. He stated his most immediate concern is, can he collect his state pension while working in a different County position. It will be the same benefit group, management position to management position. He stated the offer is only extended until April 1, 2012.

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Joseph Hudson inquired whether Legal Counsel can write an opinion in a week or two, would that give him enough time. Tom Michaud stated he will give his best efforts to have it completed in two weeks. Mr. Hudson questioned if a special meeting was necessary. Tom Michaud stated it would be a good idea because of the time constraint Judge Costello is under.

Motion by Henry Lievens, supported by Michael Grodi to receive correspondence and acknowledge Judge Costello's request and authorize Legal Counsel to review pension subject and issue a written opinion to Judge Costello and the Retirement Board Trustees only. Motion carried.

Presentations – Mark Buis, Gabriel Roeder Smith & Company

Mr. Buis introduced himself as a Senior Consultant and Actuary for Gabriel Roeder Smith & Company. He stated he has been with the company for approximately 12 years. He stated GRS has worked with public sector plans for over 70 years, is a Michigan based company, employee owned, has 113 employees in 5 offices, and serves hundreds of clients in Michigan and other states.

The current team includes Mark Buis, Senior Consultant and Actuary; Louise Gates is also a Senior Consultant and Actuary, one Senior Analyst, and one Analyst. GRS also offers various other services including, retirement benefit calculations, eligible domestic relations order calculations, analysis of proposed pension plan changes, plan redesign studies, retirement benefit statements and software services.

Presentations – Lisa George, NWQ & Tradewinds Global.

Ms. George introduced herself as the Managing Director for NWQ and Tradewinds Global. She stated the firms are sister companies and are based in Los Angeles, California. She stated there have been no changes at the parent level or with the investment team. NWQ currently manages approximately \$18.2 billion in assets and Tradewinds currently manages approximately \$34.3 billion in assets.

Ms. George opened with NWQ. She stated NWQ's mission is to provide superior risk-adjusted returns through an opportunistic value-oriented process. Ms. George reviewed the portfolio performance, and stated there is currently a net gain since inception of approximately \$13.9 million. She discussed the top and bottom contributing sectors and contributing holdings, portfolio sector weights and portfolio characteristics.

Next, Ms. George discussed Tradewinds Global. She stated Tradewinds is a dedicated global investment management firm seeking to generate long-term alpha by capitalizing on market inefficiencies. Ms. George reviewed the portfolio performance and stated there is currently a net

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gain since inception of approximately \$2.8 million. She discussed the portfolio sector weights and stated Tradewinds is comfortable with the current selection.

After discussing the overview of current economic conditions, she informed the retirement board that both companies are in positive territory and very much in line for 2012.

Motion by James Davies, supported by Anne McCarthy to approve the consent agenda as listed below.

A. Retirements

Timothy McGorey, Library (deferred)	January 9
Vickie Adams, Veteran's Bureau (deferred)	January 22
Lawrence VanWasshenova, Prosecuting Attorney (deferred)	January 25

B. Financial Reports – On File with Retirement Specialist

1. Alpine Confirmation Statement for the period ended February 9, 2012.
2. Anchor Capital Advisors Portfolio Summary for the period ended December 31, 2011.
3. Boyd Watterson Asset Management Client Statement for the period ended January 31, 2012.
4. Comerica Bank Collateral Investment Summary as of January 31, 2012.
5. Comerica Bank Securities Lending Statement for December 2011.
6. Diamond Hill Confirmation Statement for the period ended February 9, 2012.
7. Eagle Global Advisors Quarterly Investment Portfolio Appraisal for the period ended December 31, 2011.
8. Lazard Portfolio Review for the period ended December 31, 2011.
9. Lazard Portfolio Review for the period ended January 31, 2012.
10. Morgan Stanley Smith Barney Client Statement for Anchor Capital Advisors, Eagle Global Advisors, Lazard Asset Management, NWQ LCV and International and Renaissance Investment Management for the period ended January 31, 2012.
11. NWQ Investment Management Portfolio Review for the period ended December 31, 2011.
12. Pacific Income Advisers Fixed Income Quarterly Report for the period ended December 31, 2011.
13. Templeton Portfolio Advisors Portfolio Quarterly Report for the period ended December 31, 2011.
14. Tradewinds Global Investors Portfolio Review for the period ended December 31, 2011.
15. Winslow Capital Portfolio Summary for the period ended January 31, 2012.

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C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for February 2012.

Motion Carried.

Invoices

Motion by Michael Grodi, supported by James Morgan to approve for payment the following invoices, subject to house audit:

1. Invoice dated January 1, 2012 in the amount of \$16,375.32 from Anchor Capital Advisors for investment services rendered for the period of September 30, 2011 – December 31, 2011.
2. Invoice #20111231-228-136-A dated January 26, 2012 in the amount of \$26,664.40 from Brandywine Global Investment Management for investment services rendered for the period of October 1, 2011 – December 31, 2011.
3. Invoice dated January 31, 2012 in the amount of \$120.00 from Comerica Commercial Card Service for the MAPERS one day educational seminar.
4. Invoice #380716 in the amount of \$12,720.66 from Comerica Bank for custodial services rendered for the period of October 1, 2011 – December 31, 2011.
5. Invoice #2092 dated January 19, 2012 in the amount of \$28.70 from County of Monroe for December 2011 Postage and Federal Express charges.
6. Invoice #2103 dated February 17, 2012 in the amount of \$58.21 from County of Monroe for January 2012 Postage and Federal Express charges.
7. Invoice #2095 dated January 19, 2012 in the amount of \$17,234.56 from County of Monroe Finance Department for services rendered to the Retirement System by Sandy Calkins for the period of October 1, 2011 – December 31, 2011.
8. Invoice #1211-576-00 dated January 17, 2012 in the amount of \$25.70 from County of Monroe Printing for printing resolutions for Nancy Colpaert and William Myers.
9. Invoice in the amount of \$12,364.00 from Eagle Global Advisors for investment services rendered for the period of October 1, 2011 – December 31, 2011.

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10. Invoice dated January 19, 2012 in the amount of \$12,672.17 from Franklin Templeton Investments for investment services rendered for the period ending December 31, 2011.
11. Invoice #20120201000768 dated December 31, 2011 in the amount of \$21,244.27 from NWQ Investment Management Company for investment services rendered for the period of October 1, 2011 – December 31, 2011.
12. Invoice dated February 6, 2012 in the amount of \$8,508.00 from Pacific Income Advisers for investment services rendered for the period of October 1, 2011 – December 31, 2011.
13. Invoice dated January 11, 2012 in the amount of \$13,209.39 from Renaissance Investment Management for investment services rendered for the period of October 1, 2011 – December 31, 2011.
14. Invoice #20120201000536 dated December 31, 2011 in the amount of \$14,704.68 from Tradewinds Global Investors for investment services rendered for the period of October 1, 2011 – December 31, 2011.
15. Reimbursement in the amount of \$51.06 to Michael Grodi for expenses incurred for the MAPERS one day educational seminar.

Motion carried.

Refunds

Motion by Michael Grodi, supported by James Davies to approve the following refunds:

- | | |
|---|----------------------------|
| 1. Richard Boitnott, Road Commission
(Deceased Active Employee: Joseph Boitnott) | \$19,585.11 |
| 2. David Davison, Sheriff's Office
(Raymond James: FBO David Davison) | \$27,499.17
\$35,822.94 |
| 3. Shelly Romanowski, Sheriff's Office | \$23,447.26 |

Retirement Payments

Motion by Anne McCarthy, supported by Joseph Hudson to approve the following retirement payments:

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1. Vickie Adams, Veteran's Bureau (deferred) **January \$619.00	\$ 2,537.95
2. David Davison, Sheriff's Office **January \$3,636.36	\$ 7,272.72
3. John Marunick, Prosecuting Attorney **January \$4,634.02	\$ 9,268.04
4. Timothy McGorey, Library (deferred) **January \$299.00	\$ 702.11
5. Shelly Romanowski, Sheriff's Office **January \$361.80	\$ 1,589.93
6. Kenneth Swinkey, Prosecuting Attorney **January \$5,233.23	\$ 10,466.46

Motion carried.

Communications

Motion by Michael Grodi, supported by James Davies to accept and place on file the following Applications for Service Retirement:

1. Mary Redburn, Sheriff's Office
2. Melvin Turner, Road Commission

Motion carried.

Motion by Michael Grodi, supported by James Davies to accept and place on file the following Applications for Vested Retirement:

3. Vickie Adams, Veteran's Bureau
4. Timothy McGorey, Library

Motion carried.

Motion by Michael Grodi, supported by James Davies to accept and place on file the following Application for Purchase of Military Service Time:

5. David LaMontaine, Sheriff's Office

Motion carried.

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Proposed Resolutions

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Service Retirement resolutions:

1. David Davison, Sheriff's Office
2. John Marunick, Prosecuting Attorney
3. Kenneth Swinkey, Prosecuting Attorney

Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Applications for Service Retirement resolutions:

4. Mary Redburn, Sheriff's Office
5. Melvin Turner, Road Commission

Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Deferred Service Retirement resolutions:

6. Vickie Adams, Veteran's Bureau
7. Timothy McGorey, Library

Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Applications for Deferred Retirement resolutions:

8. Vickie Adams, Veteran's Bureau
9. Timothy McGorey, Library

Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Disability Retirement resolution:

10. Shelly Romanowski, Sheriff's Office

Motion carried.

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Attorney Report

Mr. Michaud discussed his legal opinion on Worker's Compensation Benefits. The ordinance does not provide worker's compensation as compensation. Worker's Compensation is paid by a third party and therefore, has not been included in final average compensation in the past. The Retirement Board is not authorized to grant Mr. Lamberts request. Only the County of Monroe or Collective Bargaining can change it. Worker's Compensation has not been included in the past therefore past practice has been to exclude it.

Motion by Henry Lievens, supported by Michael Grodi to accept communication, place on file and forward a copy to Joseph Lambert. Motion carried.

Motion by Michael Grodi, supported by Anne McCarthy to go into closed session to discuss Lyondell Chemical. Roll call vote with Nancy Bellaire, James Davies, Michael Grodi, Joseph Hudson, George Jondro, Henry Lievens, Anne McCarthy and James Morgan voting yes. William Sisk excused.

Motion by James Davies, supported by Anne McCarthy to go into open session. Motion carried.

Motion Michael Grodi, supported by James Davies to authorize Legal Counsel to contact DLA Piper and move forward on behalf of the Monroe County Employees Retirement System. Motion carried.

Consultant Report

Mr. Cho reviewed the valuation report for the month ending January 31, 2012. The fund is valued at \$172,563,135.27 up \$6,256,854.07 from the previous month. The Total Fund was up 3.86%. The current asset allocation includes 47.25% in equity, 45.01% in fixed income, and 7.74% in cash.

Mr. Cho reviewed the Investment Manager Performance Report for the Fourth Quarter 2011. YTD 2011 the fund was down .97% vs. the benchmark down .16%. Trailing 3 years was up 8.19% vs. the benchmark up 7.68%. Trailing 5 years was up 2.04% vs. the benchmark up 1.24%. The asset allocation includes 47.1% in fixed income, 45.0% in equity, 6.8% in cash and 1.1% in real estate.

Finally, Mr. Cho discussed the Dividend Equity Search. Morgan Stanley Smith Barney's recommendation is to invite representatives from all four companies to present their portfolios at the next board meeting. Mr. Cho would like to offer them 15 minutes for presentations and 10 minutes for questions and answers. Chairman Jondro would like to have this decision tabled until the next board meeting to allow trustees to review the proposal.

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Old Business

- Morgan Stanley Smith Barney Contract

Morgan Stanley Smith Barney has updated the due diligence language to state they will conduct due diligence on all money managers.

Motion by Michael Grodi, supported by James Morgan to approve the Morgan Stanley Smith Barney Consulting Agreement. Motion carried.

- Audit Retirement Files

Motion by Michael Grodi to authorize Legal Counsel to send out a Request for Proposal. Motion fails for lack of support.

New Business

- Set Interest Rate for 2012

A policy was adopted on April 25, 2011 to tie the yearly interest rate for member contributions to the Ten Year U.S. Treasury Rate. The Ten Year U.S. Treasury Rate was 1.85% on December 30, 2011.

Motion by Michael Grodi, supported by James Davies to approve 1.85% as the 2012 interest rate for member contributions. Motion carried.

- Fiduciary Liability Insurance

The application will need to be completed and forwarded to Chartis. Once the application is approved and a quote for the premium is supplied, a decision will be made at that time.

Trustee Comments - None

Motion by Anne McCarthy, supported by Michael Grodi to adjourn. Motion carried. Meeting adjourned at 7:10 P.M.

Respectfully Submitted,

George Jondro, Chairman
Monroe County Employees Retirement System
Board of Trustees