

**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 March 26, 2012 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Bellaire, James Davies (arrived at 5:04), Michael Grodi, Joseph Hudson, George Jondro, Henry Lievens and James Morgan

ABSENT: Anne McCarthy (excused) and William Sisk (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist, 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.

Chairman Jondro led the Pledge of Allegiance.

Motion by Michael Grodi, supported by James Morgan to approve the agenda with an amendment to move 9-4 to citizen's time. Motion carried

Motion by Michael Grodi, supported by James Morgan to approve the minutes from the February 27, 2012 regular meeting, March 6, 2012 special meeting and March 19, 2012 special meeting. Motion carried.

Citizens Time – Communication dated March 21, 2012 from Joseph Costello, Jr. regarding request for reconsideration.

Motion by Michael Grodi, supported by Joseph Hudson to rescind motion from March 19, 2012 to send coordination of benefits to County Board of Commissioners to determine whether Judge Costello's retirement benefit is coordinated or not. Motion carried.

Legal Counsel, Thomas Michaud explained the two options of retirement benefits to the Retirement Board.

The first option is to not coordinate benefits. Joseph Costello would receive benefits based on 31 years as a Judge with his judicial salary as his final average compensation multiplied by his retirement multiplier. The years he works as Chief Prosecutor would be used in coordination with his Chief Prosecutor salary multiplied by his retirement multiplier. The two separate benefits would be combined and that would make up his retirement benefit.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**

March 26, 2012 – Page 2

The second option is to coordinate benefits. Joseph Costello's benefit would be based on total years of service multiplied by his final average compensation multiplied by his retirement multiplier.

Motion by James Davies, supported by Michael Grodi to adopt option 2, following the Monroe County Employees Retirement System ordinance as written. Total years of service multiplied by his final average compensation multiplied by his retirement multiplier. Motion carried.

Presentations – Paul Silva, Templeton Portfolio

Mr. Silva introduced himself as the Vice President for Templeton Portfolio Advisors. He stated he has been with the company for 8 years. He explained that Templeton offers a full range of investment capabilities from a broad breadth of investment platforms. Mr. Silva stated there have been no changes to the Templeton Management Team.

Next, Mr. Silva discussed the Investment Performance. He stated that since inception the fund is up 3.9% compared to the benchmark at 3.6%. The fund was down 12.0% compared to the benchmark 11.7% at the end of 2011. He also stated that year to date the fund is up 4.6% compared to the benchmark 3.4%.

Finally, Mr. Silva discussed the Sector Weightings, Geographic Weightings, Top 10 Holdings as well as the Portfolio Characteristics. He stated he is comfortable with the current stock selections for 2012.

Motion by James Davies, supported by Michael Grodi to approve the consent agenda as listed below.

A. Retirements

Patricia Clinger, Health Department (deferred)	March 9
Melvin Turner, Road Commission	March 15
Gail Hurley, Board of Commissioners (deferred)	March 25
Mary Redburn, Sheriff's Office	March 31

B. Financial Reports – On File with Retirement Specialist

1. Boyd Watterson Asset Management Client Statement for the period ended February 29, 2012.
2. Comerica Bank Collateral Investment Summary as of February 29, 2012.
3. Comerica Bank Securities Lending Statement for January 2012.
4. Lazard Portfolio Review for the period ended February 29, 2012.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**

March 26, 2012 – Page 3

5. 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 February 29, 2012.
6. Winslow Capital Portfolio Summary for the period ended February 29, 2012.

C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended March 2012.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for the quarter ended September 30, 2011.

Motion Carried.

Invoices

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

1. Invoice #32549 dated March 8, 2012 in the amount of \$39,366.00 from Boyd Watterson Asset Management for investment services rendered for the period of December 1, 2011 – February 29, 2012.
2. Invoice #381338 in the amount of \$1,994.83 from Comerica Bank for custodial services rendered for the period of October 1, 2011 – December 31, 2011.
3. Invoice #381332 in the amount of \$360.70 from Comerica Bank for custodial services rendered for the period of October 1, 2011 – December 31, 2011.
4. Reimbursement in the amount of \$223.60 to James Davies for flight expenses incurred for the 2012 NCPERS educational seminar.
5. Reimbursement in the amount of \$234.40 to Michael Grodi for flight expenses incurred for the 2012 NCPERS educational seminar.
6. Reimbursement in the amount of \$213.50 to Joseph Hudson for flight expenses incurred for the 2012 NCPERS educational seminar.
7. Reimbursement in the amount of \$238.20 to George Jondro for flight expenses incurred for the 2012 NCPERS educational seminar.
8. Reimbursement in the amount of \$238.20 to James Morgan for flight expenses incurred for the 2012 NCPERS educational seminar.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**

March 26, 2012 – Page 4

9. Reimbursement in the amount of \$286.65 to William Sisk for flight expenses incurred for the 2012 NCPERS educational seminar.
Motion carried.

Refunds

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

1. Joseph Lambert, Sheriff's Office \$24,405.34
(Pershing: FBO Joseph Lambert) \$29,102.70
Motion carried.

Retirement Payments

Motion by Michael Grodi, supported by James Morgan to approve the following retirement payments:

1. Joseph Lambert, Sheriff's Office \$ 9,512.55
**January \$3,170.85, February \$3,170.85
Motion carried.

Communications

1. Communication dated March 22, 2012 from Graystone Consulting regarding Tradewinds Global Investors / Dave Iben.

Michael Cho stated Dave Iben is the lead portfolio manager. He will be taking several analysts with him. Mr. Cho recommends staying in the fund for the moment. He is following the situation very close. Mr. Cho does not recommend terminating the fund at this time.

Motion by Michael Grodi, supported James Davies to accept communication and place on file. Motion carried.

2. Certification of Delegates Form from NCPERS. (There needs to be two (2) Official Delegates and two (2) Alternate Delegates).

Official Delegates: Michael Grodi and Henry Lievens
Alternate Delegates: James Morgan and George Jondro

Motion by Michael Grodi, supported by James Davies to accept communication and place on file. Motion carried.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**

March 26, 2012 – Page 5

3. Communication dated March 13, 2012 from Tradewinds Global Investors regarding Tradewinds Firm Update.

Motion by James Davies, supported by Michael Grodi to accept communication and place on file. Motion carried.

Proposed Resolutions

Motion by Michael Grodi, supported by James Morgan to accept and place on file the following Service Retirement resolution:

1. Joseph Lambert, Sheriff's Office

Motion carried.

Motion by Michael Grodi, supported by James Morgan to accept and place on file the following Purchase of Universal Service Credit resolution:

2. Douglas Link, Drain Commission

Motion carried.

Attorney Report

Mr. Michaud discussed his legal opinion on Military Service Credit for David LaMontaine. He stated Mr. LaMontaine entered the armed service of the United States on or after July 1, 1980 during a time of war or emergency conditions as described in M.C.L. 35.61. Therefore, Mr. LaMontaine is eligible to purchase his Military Service Credit.

Motion by Michael Grodi, supported by Henry Lievens to allow David LaMontaine to purchase his eligible Military Service Credit. Motion carried.

Next, Mr. Michaud discussed IRC 402. He stated recent amendments to the Michigan Income Tax Act require the Retirement System to withhold state income tax from pension benefits, which now include lump sum distributions.

Motion by Michael Grodi, supported by Henry Lievens to accept communication and place on file. Motion carried.

Finally, Mr. Michaud discussed Lyondell Chemical. He stated he is proceeding as directed and will advise the Retirement Board as necessary.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**

March 26, 2012 – Page 6

Consultant Report

Mr. Cho reviewed the valuation report for the month ending February 29, 2012. The fund is valued at \$175,795,343.18 up \$3,232,207.91 from the previous month. The Total Fund was up 2.46%. The current asset allocation includes 47.37% in equity, 45.64% in fixed income, and 6.98% in cash.

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.

Motion by Michael Grodi, supported by James Morgan to invite all four companies to present their portfolios at the next board meeting with a 15 minute presentation maximum. Motion carried.

Old Business

- Audit Retirement Files

Chairman Jondro stated the Retirement files are in the process of being audited. This item can be removed from the agenda.

- Investment Policy Statement

Mr. Davies would like to keep the Investment Policy Statement that is currently in place.

Royce Maniko would like to suggest sending the Investment Policy Statement to the Investment Policy Committee to review and bring recommendation back to the full board.

Motion by James Davies, supported by Joseph Hudson to forward the Investment Policy Statement to the Investment Policy Committee to review and bring a recommendation back to the full board. Motion carried.

- Fiduciary Liability Insurance

Chairman Jondro stated the application has been completed and forwarded to the carrier.

Mr. Michaud stated the notice has been forwarded to the carrier regarding the Lyondell Chemical lawsuit.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**

March 26, 2012 – Page 7

New Business - None

Trustee Comments

Michael Grodi presented the Retirement Board with a MAPERS update. He stated the results for the administrative staff cost comparable are almost complete. They will be available at the MAPERS spring educational seminar.

James Morgan would like to schedule a meeting for the Investment Policy Committee.

Henry Lievens addressed the hotel cost for NCPERS. If you bring your spouse the hotel cost is an additional \$20.00 per night. Each trustee is responsible for the difference.

Chairman Jondro stated all trustees that attend the educational seminars will need to earn a certificate of completion. If a certificate is not obtained, the trustee will need to reimburse the retirement system for all costs of the educational seminar.

Motion by James Davies, supported by James Morgan to adjourn. Motion carried. Meeting adjourned at 6:35 P.M.

Respectfully Submitted,

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