

**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 May 14, 2012 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

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

ABSENT: Nancy Bellaire (excused), and 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.

Chairman Jondro led the Pledge of Allegiance.

Motion by James Morgan, supported by Michael Grodi to approve the agenda as submitted. Motion carried.

Motion by James Morgan, supported by Joseph Hudson to approve the minutes from the April 23, 2012 regular meeting. Motion carried.

Citizens Time – None.

Presentations – Frank Sposato, Lazard Asset Management

Mr. Sposato introduced himself as the Director for Lazard Asset Management. He stated Lazard believes that bottom-up, value driven investing leads to uniform portfolios that outperform in the long term. Lazard focuses on those companies that are financially productive and inexpensively valued and seeks to outperform relevant benchmarks over a full market cycle.

Next, Mr. Sposato discussed the period ended April 30, 2012. He stated the outlook fundamentals are good. The total portfolio is up 13.75% YTD and down 2.13% since inception.

Finally, Mr. Sposato discussed the Outlook. Lazard believes fundamentals and valuations remain attractive in emerging markets and Lazard will remain bullish on the outlook for emerging markets equities over the medium and long term.

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Motion by Joseph Hudson, supported by Michael Grodi to approve the consent agenda as listed below.

A. Retirements

Linda Lamb, Mental Health	May 11
Pauline Orns, Mental Health	May 19

B. Financial Reports – On File with Retirement Specialist

1. Anchor Capital Advisors Portfolio Summary as of March 31, 2012.
2. Comerica Bank Collateral Investment Summary as of April 30, 2012.
3. Comerica Bank Securities Lending Statement for March 2012.
4. Eagle Global Advisors Quarterly Investment Portfolio for the period ended March 31, 2012.
5. Lazard Asset Management Investment Portfolio Summary for the period ended March 31, 2012.
6. 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 April 30, 2012.
7. NWQ Investment Management Company Portfolio Summary for the period ended March 31, 2012.
8. Tradewinds Global Investors Portfolio Summary for the period ended March 31, 2012.

C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended May 2012.

Motion Carried.

Invoices

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

1. Invoice dated April 30, 2012 in the amount of \$6,439.44 from Comerica Commercial Card Service for NCPERS and MAPERS educational seminars.
2. Invoice #2133 dated April 19, 2012 in the amount of \$27.66 from County of Monroe Finance Department for March 2012 Postage and Federal Express charges.

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3. Invoice in the amount of \$12,569.00 from Eagle Global Advisors for investment services rendered for the period of January 1, 2012 – March 31, 2012.
4. Invoice dated April 17, 2012 in the amount of \$14,068.57 from Franklin Templeton Investments for investment services rendered for the period ending March 31, 2012.
5. Invoice #1677955 dated January 23, 2012 in the amount of \$9,284.72 from Lazard Asset Management for investment services rendered for the period of October 1, 2011 – December 31, 2011.
6. Invoice #1681662 dated April 26, 2012 in the amount of \$10,410.81 from Lazard Asset Management for investment services rendered for the period of January 1, 2012 – March 31, 2012.
7. Invoice dated April 30, 2012 in the amount of \$10,516.00 from Pacific Income Advisers for investment services rendered for the period of January 1, 2012 – March 31, 2012.
8. Invoice dated April 4, 2012 in the amount of \$13,713.28 from Renaissance Investment Management for investment services rendered for the period of January 1, 2012 – March 31, 2012.
9. Invoice #086009 dated April 25, 2012 in the amount of \$17,286.00 from Risk Placement Services for Fiduciary Liability Insurance.

Motion carried.

Refunds

Motion by Anne McCarthy, supported by Michael Grodi to approve the following refunds:

1. Mary Redburn, Sheriff's Office \$ 6,815.63

Motion carried.

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Retirement Payments

Motion by Anne McCarthy, supported by Michael Grodi to approve the following retirement payments:

1. May Redburn, Sheriff's Office \$ 5,530.77
**March \$87.79, April \$2,721.49
Motion carried.

Communications

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

1. Linda Lamb, Mental Health
 2. Pauline Orns, Mental Health
- Motion carried.

Motion by James Davies, supported by Joseph Hudson to accept and place on file the following Application for Service Retirement:

3. Mary Redburn, Sheriff's Office
- Motion carried.

Proposed Resolutions

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

1. Linda Lamb, Mental Health
 2. Pauline Orns, Mental Health
- Motion carried.

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

3. Mary Redburn, Sheriff's Office
- Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Purchase of Universal Service Credit resolution:

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4. Mary Redburn, Sheriff's Office
Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Purchase of Military Service Credit resolution:

5. R. LaMar Frederick, Board of Commissioners
Motion carried.

Attorney Report

No formal legal report.

Consultant Report

Mr. Cho reviewed the valuation report for the month ending April 30, 2012. The fund is valued at \$173,884,412.39 down \$1,047,175.16 from the previous month. The Total Fund was down .36%. The current asset allocation includes 45.96% in equity, 45.70% in fixed income, and 8.34% in cash.

Mr. Cho reviewed the Investment Manager Performance Report for the First Quarter 2012. YTD 2012 the fund was up 6.22% vs. the benchmark up 5.66%. Trailing 3 years was up 12.19% vs. the benchmark up 12.07%. Trailing 5 years was up 2.92% vs. the benchmark up 1.93%. The asset allocation includes 45.3% in fixed income, 48.2% in equity, and 6.5% in cash.

Finally, Mr. Cho discussed the Dividend Equity Search. Bahl & Gaynor's fees were .45%, Federated's fees were .50%, Hamlin's fees were .80%, and Santa Barbara's fees were .60%. Mr. Cho stated he would like the Dividend Equity Manager to make up approximately 5% of the portfolio.

Motion by James Davies, supported by Joseph Hudson to have this decision tabled until the next board meeting. Motion carried.

Old Business

- Disability Re-examinations

The re-examination information has been forwarded to Steven Dovitz, M.D. and the disability retirants.

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New Business

- Certification of Earnings for Disability Retirants

The certification of earnings form will be sent out to all necessary disability retirants.

Trustee Comments

Michael Grodi stated the NCPERS educational conference was very informative and he is looking forward to MAPERS.

James Morgan addressed the corporate credit card. He would like the Chairman, Vice-Chairman and Retirement Specialist to be authorized to use the corporate credit card.

Motion by James Davies, supported by Anne McCarthy to include the Chairman, Vice-Chairman and Retirement Specialist to be authorized signers on the corporate credit card. Motion carried.

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

Chairman Jondro would like to schedule a meeting for the week of June 4, 2012 for the Administrative Policy Committee to meet.

Motion by Anne McCarthy, supported by Michael Grodi to adjourn. Motion carried. Meeting adjourned at 6:45 P.M.

Respectfully Submitted,

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