

**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 16, 2011 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan. The meeting was called to order by Chairman Colpaert at 5:00 P.M.

PRESENT: Nancy Colpaert, James Davies, Joseph Hudson, Henry Lievens, Anne McCarthy, James Morgan, William Myers and William Sisk

ABSENT: Michael Grodi (excused)

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

Motion by James Morgan, supported by Anne McCarthy to approve the minutes of the April 25, 2011 regular meeting. Motion carried.

Motion by William Sisk, supported by James Davies to approve the agenda as submitted. Motion carried.

Citizens Time – None

Presentations – Brandywine, Frank Natale

Mr. Natale introduced himself as a Director for Brandywine Global. He stated Brandywine Global was founded in 1986 and offers an array of equity, fixed income, and balanced portfolios that invest in U.S., international, and global markets. Brandywine Global manages approximately \$31 billion in assets and is headquartered in Philadelphia.

Next, Mr. Natale discussed the period ended April 30, 2011. He stated the total portfolio is up 5.03% YTD and up 7.57% since inception. The portfolio is currently valued at \$22,996,832.

Finally, Mr. Natale discussed the Holdings by Sector, Geographic Allocation, and Sector allocation. He stated he is confident with the current selections.

Motion by William Sisk, supported by Anne McCarthy to approve the consent agenda as listed below.

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

May 16, 2011 – Page 2

A. Retirements

| | |
|---|--------|
| Ina Arnold, Employment & Training | May 1 |
| Bruce Banning, District Court (deferred) | May 20 |
| Deborah Sweat, Friend of the Court (deferred) | May 21 |

B. Financial Reports – On File with Retirement Specialist

1. Anchor Capital Advisors Portfolio Summary for the period ended March 31, 2011.
2. Brandywine Global Investment Management Global Fixed Income Portfolio for the period ended April 2011.
3. Comerica Bank Securities Lending Statement for March 2011.
4. Eagle Global Advisors Quarterly Investment Portfolio Appraisal for the period ended March 31, 2011.
5. Morgan Stanley Smith Barney Client Statement for Anchor Capital Advisors, Eagle Global Advisors, Lazard Asset Management, NWQ LCV and International and Templeton Portfolio Advisors for the period ended April 30, 2011.
6. NWQ Investment Management Portfolio Summary for the period ended March 31, 2011.
7. Pacific Income Advisers Portfolio Appraisal for the period ended March 31, 2011.
8. Pacific Income Advisers Fixed Income Quarterly Report for the period ended March 31, 2011.
9. Tradewinds Global Investors Portfolio Summary for the period ended March 31, 2011.
10. Winslow Capital Portfolio Summary for the period ended March 31, 2011.
11. Winslow Capital Portfolio Summary for the period ended April 30, 2011.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**
May 16, 2011 – Page 3

C. Communication

1. Anchor Capital Advisors Investment Policy Outlook for April 2011.
2. Boyd Watterson Quarterly Investment Outlook for April 2011.
3. Communication dated April 28, 2011 from Brandywine Global regarding the Make-A-Wish Foundation.
4. Gabriel Roeder Smith & Company News Scan.
5. Robbins Geller Rudman & Dowd Settlement Report for the period ended May 2011.

Motion Carried.

Invoices

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

1. Invoice dated April 1, 2011 in the amount of \$18,200.96 from Anchor Capital Advisors for investment services rendered for the period of December 31, 2010 – March 31, 2011.
2. Invoice #20110331-228-136-A dated May 6, 2011 in the amount of \$24,487.00 from Brandywine Global Investment Management for investment services rendered for the period of January 1, 2011 – March 31, 2011.
3. Invoice dated April 29, 2011 in the amount of \$4,900.00 from Comerica Commercial Card Service for the 2011 NCPERS educational seminar.
4. Invoice #372393 in the amount of \$13,378.82 from Comerica Bank for custodial services rendered for the period of January 1, 2011 – March 31, 2011.
5. Invoice #373252 in the amount of \$1,392.44 from Comerica Bank for custodial services rendered for the period of January 1, 2011 – March 31, 2011.
6. Invoice #1919 dated April 29, 2011 in the amount of \$22.77 from County of Monroe Finance Department for March 2011 Postage and Federal Express charges.

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

May 16, 2011 – Page 4

7. Invoice in the amount of \$15,998.00 from Eagle Global Advisors for investment services rendered for the period of January 1, 2011 – March 31, 2011.
8. Invoice dated April 20, 2011 in the amount of \$17,183.81 from Franklin Templeton Investments for investment services rendered for the period ending March 31, 2011.
9. Invoice #1668164 dated April 20, 2011 in the amount of \$7,518.21 from Lazard Asset Management for investment services rendered for the period of January 1, 2011 – March 31, 2011.
10. Invoice dated April 19, 2011 in the amount of \$62,768.45 from Morgan Stanley Smith Barney for Management fees for the period of January 1, 2011 – March 31, 2011.
11. Invoice dated May 5, 2011 in the amount of \$8,995.00 from Pacific Income Advisers for investment services rendered for the period of January 1, 2011 – March 31, 2011.
12. Invoice dated April 11, 2011 in the amount of \$16,521.86 from Renaissance Investment Management for investment services rendered for the period of January 1, 2011 – March 31, 2011.
13. Invoice #061679 in the amount of \$16,346.00 from Risk Placement Services for Fiduciary Liability Insurance.
14. Invoice in the amount of \$3,342.50 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of January 1, 2011 – March 31, 2011.
15. Reimbursement in the amount of \$361.00 to Michael Grodi for expenses incurred for 2011 spring MAPERS educational seminar.
16. Reimbursement in the amount of \$277.44 to James Morgan for expenses incurred for 2011 spring MAPERS educational seminar.
17. Reimbursement in the amount of \$454.00 to Henry Lievens for expenses incurred for 2011 spring MAPERS educational seminar and Flight expenses for 2011 NCPERS educational seminar.
18. Reimbursement in the amount of \$301.70 to Sandy Calkins for expenses incurred for 2011 spring MAPERS educational seminar.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**
May 16, 2011 – Page 5

Motion carried.

Refunds - None

Retirement Payments - None

Communications

Motion by James Morgan, supported by William Myers to accept and place on file the following Application for Deferred Retirement:

1. Deborah Sweat, Friend of the Court

Motion carried.

Motion by James Morgan, supported by William Myers to accept and place on file the following Applications for Service Retirement:

2. Ina Arnold, Employment & Training
3. Marie Sowa, Library

Motion carried.

Proposed Resolutions

Motion by James Davies, supported by William Sisk to accept and place on file the following Application for Deferred Retirement resolution:

1. Deborah Sweat, Friend of the Court

Motion carried.

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

2. Ina Arnold, Employment & Training
3. Marie Sowa, Library

Motion carried.

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

May 16, 2011 – Page 6

Attorney Report

Mr. Michaud informed the Board of Trustees that the Administrative Policy Committee had met and is in the process of completing a policy regarding reemployment of retirees. A draft will be submitted next month for adoption.

Consultant Report

Mr. Cho announced that Mr. Holycross was unable to attend the meeting due to a prior fundraiser commitment. Mr. Cho reviewed the valuation report for the month ending April 30, 2011. The fund is valued at \$182,126,610.92 up \$3,464,481.10 from the previous month.

The Total Fund was up 2.45%. The current asset allocation includes 41.54% in fixed income, 52.11% in equity, and 6.36% in cash.

Mr. Cho also reviewed the Investment Manager Performance Report for the First Quarter. He stated looking ahead there is growing optimism that the recovery from the financial crisis has become self-sustaining. Morgan Stanley economists expect growth of about 6% in 2011 for emerging market economies, while developed-market economies could expand around 2%. The unemployment rate remained between 9.0% and 8.8% for the quarter. Quantitative easing and signs of recovery continued to move investors from low-risk bonds into higher-yielding securities. The total fund performance is up 2.62% for the current quarter and up 8.37% since inception.

Mr. Cho stated that the cash fund is getting low and recommends transferring \$1,000,000 from Diamond Hill, \$1,000,000 from Pacific Income Advisers and \$1,000,000 from Anchor Capital Advisers to the cash account.

Motion by William Sisk, supported by Williams Myers to transfer \$1,000,000 from Diamond Hill, \$1,000,000 from Pacific Income Advisers and \$1,000,000 from Anchor Capital Advisers to the cash account. Motion carried.

Mr. Morgan addressed Alpine. Mr. Cho stated he is keeping a close eye on Alpine. He will alert the board if he feels changes are necessary.

Motion by James Morgan, supported by James Davies to accept the Investment Consultant's report and place on file. Motion carried.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**
May 16, 2011 – Page 7

Old Business

- Investment Consultant RFP

Mr. Morgan is coordinating schedules to conduct an Investment Policy Committee meeting.

- Disability Re-examinations 2011

Mr. Michaud recommends sending all disability retirees for a re-examination. He stated the Retirement Board can use their discretion and choose not send disability retirees if their medical report states in writing “permanently disabled and will not improve”.

Motion by Henry Lievens, supported by James Morgan to accept Mr. Michaud’s recommendation and send all disability retirees for a re-examination until their medical report states in writing “permanently disabled and will not improve”. Motion carried.

New Business

- Audit Retirement Files

Henry Lievens would like to ensure he is fulfilling his due diligence responsibility in regards to the retirement files and pension payments. With the discovery of pension overpayment errors that date back approximately 10 years ago he would like a comprehensive audit to ensure no additional errors were made calculating retiree pension payments.

Mr. Michaud stated a complete comprehensive audit will likely cost approximately \$100,000. He stated there are other types of audits that are less costly.

Henry Lievens would like the Retirement Board to consider an audit.

Anne McCarthy stated it is disturbing to discover errors made so long ago and with all the programs going on in the past few years she would also like the Retirement Board to consider an audit. She feels it is best for the plan.

Henry Lievens suggested researching what an auditor can do and what cost is involved. Mr. Michaud stated he would be happy to help in any way possible.

Trustee Comments

James Davies would like all the Trustees to have the green books that are distributed by NCPERS.

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

May 16, 2011 – Page 8

Motion by James Davies, supported by Henry Lievens to contact NCPERS and purchase the green books for all Trustees. Motion carried.

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

Respectfully Submitted,

Nancy Colpaert, Chairman
Monroe County Employees Retirement System
Board of Trustees