

**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 June 27, 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, Michael Grodi, Joseph Hudson, Henry Lievens, James Morgan and William Sisk

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

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

Motion by William Sisk, supported by Michael Grodi to approve the minutes of the May 16, 2011 regular meeting. Motion carried.

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

Citizens Time – None

Presentations – Renaissance International, Michael Fedorovich

Mr. Fedorovich introduced himself as the Vice President, Regional Manager for Renaissance Investment Management. He stated Renaissance Investment Management manages approximately \$4.8 billion in assets, is based in Cincinnati, Ohio and has 25 employees that average 12 years of service.

Mr. Fedorovich discussed the Investment Philosophy. He stated Renaissance believes that a disciplined process of constructing portfolios that exhibit good fundamental growth characteristics, strong earnings momentum and reasonable valuations will result in rates of return significantly better than comparable benchmarks over time.

Next, Mr. Fedorovich discussed the Investment Performance Results as of May 31, 2011. He stated the total portfolio is up 6.6% YTD and up 25.5% since inception. He stated one of the biggest challenges Renaissance faces is dealing with a low quality rally.

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Finally, Mr. Fedorovich discussed the Portfolio Sector Attribution, Sector Weights and Portfolio Changes. He stated the portfolio is overweight in technology and underweight in materials and financials, but is still confident with the selection.

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

A. Retirements

Marilou Lommerse, Prosecuting Attorney (deferred)	May 19
Marian Sisung, Library	June 1
Robert Starr, Health Department (deferred)	June 1
Sue Hartford, Library	June 4
Marie Sowa, Library	June 4

B. Financial Reports – On File with Retirement Specialist

1. Boyd Watterson Asset Management Client Statement for the period ended April 30, 2011.
2. Boyd Watterson Asset Management Client Statement for the period ended May 31, 2011.
3. Comerica Bank Securities Lending Statement for April 2011.
4. Comerica Bank Securities Lending Statement for May 2011.
5. Lazard Asset Management Portfolio Review for the period ended April 30, 2011.
6. Lazard Asset Management Portfolio Review for the period ended May 31, 2011.
7. 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 May 31, 2011.
8. Pacific Income Advisers Portfolio Appraisal for the period ended April 30, 2011.
9. Templeton Portfolio Advisors Quarterly Report for the quarter ended March 31, 2011.
10. Winslow Capital Portfolio Summary for the period ended May 31, 2011.

C. Communication

1. Boyd Watterson Asset Management Form ADV Part 2A and Privacy Notice.
2. Lazard Asset Management Form ADV Part 2 and Proxy Voting Policies.
3. Morgan Stanley Smith Barney Form ADV Brochure.
4. NWQ Investment Management Form ADV Part 2A.
5. Renaissance Investment Management Form ADV Part 2A.
6. Tradewinds Global Investors Form ADV Part 2A.

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7. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for the quarter ended December 31, 2010.
8. Robbins Geller Rudman & Dowd Litigation Report for the quarter ended March 31, 2011.
9. Robbins Geller Rudman & Dowd Settlement Report for the period ended June 2011.

Motion Carried.

Invoices

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

1. Invoice #29489 dated June 6, 2011 in the amount of \$38,362.00 from Boyd Watterson Asset Management for investment services rendered for the period of March 1, 2011 – May 31, 2011.
2. Invoice dated May 31, 2011 in the amount of \$11,497.83 from Comerica Commercial Card Service for the 2011 NCPERS educational seminar.
3. Invoice #1933 dated May 17, 2011 in the amount of \$37.09 from County of Monroe Finance Department for April 2011 Postage and Federal Express charges.
4. Invoice #1944 dated June 13, 2011 in the amount of \$28.94 from County of Monroe Finance Department for May 2011 Postage and Federal Express charges.
5. Invoice #20110430001004 dated March 31, 2011 in the amount of \$24,156.98 from NWQ Investment Management for investment services rendered for the period of January 1, 2011 – March 31, 2011.
6. Invoice #20110430000924 dated March 31, 2011 in the amount of \$17,329.57 from Tradewinds Global Investors for investment services rendered for the period of January 1, 2011 – March 31, 2011.
7. Reimbursement in the amount of \$253.03 to James Davies for expenses incurred for the 2011 NCPERS educational seminar.
8. Reimbursement in the amount of \$456.43 to Michael Grodi for expenses incurred for the 2011 NCPERS educational seminar.
9. Reimbursement in the amount of \$254.68 to James Morgan for expenses incurred for the 2011 NCPERS educational seminar.

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10. Reimbursement in the amount of \$547.54 to William Sisk for expenses incurred for the 2011 NCPERS educational seminar.

Motion carried.

Refunds

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

- | | |
|-----------------------------------|-------------|
| 1. Karen Hudson, Sheriff's Office | \$16,055.46 |
| (Ohio National FBO: Karen Hudson) | \$ 6,361.21 |

Motion carried.

Retirement Payments

Motion by William Sisk, supported by Michael Grodi to approve the following retirement payments:

- | | |
|--|-------------|
| 1. Ina Arnold, Employment & Training | \$ 915.50 |
| **May \$457.75 | |
| 2. Bruce Banning, District Court (deferred) | \$ 281.07 |
| **May \$78.48 | |
| 3. Sue Hartford, Library | \$ 1,737.45 |
| 4. Rebecca Head, Health Department | \$ 5,153.16 |
| **April \$1,679.10, May \$1,737.03 | |
| 5. Karen Hudson, Sheriff's Office | \$ 6,076.56 |
| **April \$2,025.52, May \$2,025.52 | |
| 6. Marilou Lommerse, Prosecuting Attorney (deferred) | \$ 707.81 |
| **May \$209.17 | |
| 7. Robert Starr, Health Department (deferred) | \$ 286.50 |
| 8. Deborah Sweat, Friend of the Court (deferred) | \$ 835.88 |
| **May \$218.90 | |

Motion carried.

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Communications

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

1. Marilou Lommerse, Prosecuting Attorney
2. Robert Starr, Health Department

Motion carried.

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

3. Catherine Frank, Health Department
4. Sue Hartford, Library

Motion carried.

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

5. Todd Sulfaro, Sheriff's Office

Motion carried.

Proposed Resolutions

Motion by Michael Grodi, supported by William Sisk to accept and place on file the following Applications for Deferred Retirement resolutions:

1. Marilou Lommerse, Prosecuting Attorney
2. Robert Starr, Health Department

Motion carried.

Motion by Michael Grodi, supported by William Sisk to accept and place on file the following Deferred Service Retirement resolutions:

3. Bruce Banning, District Court
4. Marilou Lommerse, Prosecuting Attorney
5. Robert Starr, Health Department
6. Deborah Sweat, Friend of the Court

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Motion carried.

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

7. Catherine Frank, Health Department
8. Sue Hartford, Library

Motion carried.

Motion by Michael Grodi, supported by William Sisk to accept and place on file the following Service Retirement resolutions:

1. Ina Around, Employment & Training
2. Sue Hartford, Library
9. Rebecca Head, Health Department
10. Karen Hudson, Sheriff's Office

Motion carried.

Attorney Report

Mr. Michaud discussed the reemployment of retiree's policy, stating the policy addressed retirees working over 1,000 hours in a year and the policy defined what a year is. Mr. Michaud recommends adopting the policy.

Motion by Michael Grodi, supported by William Sisk to adopt the reemployment of retiree's policy. Motion carried.

Next, Mr. Michaud discussed the overpayment of retirement benefits communication. The board will need to decide on the time period for repayment options.

Motion by Henry Lievens, supported by William Sisk to accept overpayment of retirement benefits communication and allow 90 days for repayment option 1, 60 months for repayment option 2 and as written for repayment option 3. Motion carried.

Mr. Michaud discussed legislative updates. He stated the updates are changing daily and he is willing to answer any specific questions regarding legislation.

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Consultant Report

Mr. Cho reviewed the valuation report for the month ending May 31, 2011. The fund is valued at \$181,338,614.79 down \$1,715,522.62 from the previous month.

The Total Fund was down .81%. The current asset allocation includes 41.87% in fixed income, 52.07% in equity, and 6.06% in cash. He stated \$1,000,000.00 was transferred from Anchor Capital and \$1,000,000.00 was transferred from Pacific Income to the Cash Account.

Mr. Holycross discussed the need for re-balancing. He feels it is necessary to monitor money managers on a monthly basis and re-balance on an annual basis. He would like to re-establish the Investment Policy Statement and ensure proper risk controls are in place for long-term.

Royce Maniko inquired about the status of Diamond Hill and researching alternatives. Mr. Holycross stated it will be included in the re-balance and will be discussed at the next couple meetings.

Old Business

- Investment Consultant RFP

Mr. Morgan stated the Investment Policy Committee has met. The committee will be meeting again on July 13, 2011 and will have a recommendation for the top 5 proposals for the July 25, 2011 meeting.

- Disability Re-examinations 2011

Disability re-examinations are being scheduled.

- Audit Retirement Files

William Sisk recommended the Retirement Board request a Rehmann Robinson representative come to the next meeting and discuss the audit process. He would also like to review the retirement system's financial statements before requesting an outside audit.

Henry Lievens made a motion to send out a request for proposals to engage companies to audit retirement files, but has decided to withdrawal the motion due to William Sisk's recommendation.

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New Business

- Verification of Retirant and Beneficiary Data

Motion by Michael Grodi, supported by William Sisk to send out verification of retirant and beneficiary data. Motion carried.

Trustee Comments

The Retirement Specialist received a letter from Steven Dovitz, M.D. stating he spoke with Brian Murray's wife to schedule an appointment for his annual independent medical evaluation and she said he is too ill, and does not leave the house.

Michael Grodi stated he worked with Brian Murray and agrees that he is not capable of leaving the house with his medical condition.

Motion by Henry Lievens, supported by William Sisk to forward Brian Murray's previous medical records to Steven Dovitz, M.D. for review and determination as to whether Brian continues to be disabled. Motion carried.

The Retirement Specialist received a request for access to the Pension Software.

Motion by James Davies, supported by Joseph Hudson to require written communication requesting access to the software. Motion carried

Henry Lievens stated he placed a resolution on the Monroe County Board of Commissioners agenda expressing his support for a defined benefit program.

Chairman Colpaert would like the Administrative Policy Committee to get together after the meeting to schedule another meeting.

Motion by James Morgan, supported by James Davies to adjourn. Motion carried. Meeting adjourned at 6:30 P.M.

Respectfully Submitted,

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