

**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 July 23, 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, James Morgan and William Sisk

ABSENT: None

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Royce Maniko, Retirement Secretary, Michael Cho and Michael Holycross, Investment Consultants 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 Davies, supported by William Sisk to approve the agenda as submitted. Motion carried.

Motion by William Sisk, supported by Michael Grodi to approve the minutes from the June 25, 2012 regular meeting. Motion carried.

Citizens Time – None.

Presentations – Felecia Ryans, Comerica Bank

Ms. Ryans introduced herself as the Relationship Manager for Comerica Bank. She has been with Comerica Bank for 12 years. She stated Comerica Bank was founded in Michigan over 160 years ago and employs over 5,700 employees in Michigan. The Institutional Trust team is located in Detroit, Michigan.

Ms. Ryans discussed the services that Comerica Bank offers, the Investment Accounts as of December 31, 2011, Transactions/Income, as well as Contributions and Benefit Payments for 2011. Finally, she discussed Corporate Actions/Class Actions and Custodial Duties.

Ms. Ryans thanked the Retirement Board for their time. She also stated she will follow up and send the presentation material electronically to the Retirement Specialist as well as Morgan Stanley and Tom Michaud.

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

July 23, 2012 – Page 2

Presentations – Michael Fedorovich, Renaissance International

Mr. Fedorovich introduced himself as the Vice President, Regional Manager for Renaissance Investment Management. He stated Renaissance Investment Management manages approximately \$3.4 billion in assets, is based in Cincinnati, Ohio and has 23 employees that average 13 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 June 30, 2012. He stated the total portfolio is up 4.7% YTD and up 13.1% since inception. He stated the portfolio currently has approximately 50-60 companies in it.

Finally, Mr. Fedorovich discussed the Portfolio Sector Attribution, Sector Weights and Portfolio Characteristics. He stated growth is projected to slow, however emerging markets are still expected to be the leader going forward.

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

A. Retirements

Edwina Gallagher, Mental Health (disability)	June 25
Rosemary West, Sheriff's Office (disability)	June 25

B. Financial Reports – On File with Retirement Specialist

1. Boyd Watterson Asset Management Client Statement for the period ended June 30, 2012.
2. Comerica Bank Collateral Investment Summary as of June 29, 2012.
3. Comerica Bank Securities Lending Statement for May 2012.
4. Lazard Asset Management Investment Portfolio Summary for the period ended May 31, 2012.
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 June 30, 2012.
6. Renaissance Investment Management Portfolio Summary for the Second Quarter 2012.
7. Tradewinds Global Investors Portfolio Summary for the period ended June 30, 2012.

**Monroe County Employees
Retirement System Board of
Trustees – Minutes**
July 23, 2012 – Page 3

8. Winslow Capital Portfolio Summary for the period ended June 30, 2012.

C. Communication

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

Motion Carried.

Invoices

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

1. Invoice #2173 dated July 10, 2012 in the amount of \$15.44 from County of Monroe Finance Department for June 2012 Postage and Federal Express charges.
2. Invoice #2177 dated July 10, 2012 in the amount of \$17,763.12 from County of Monroe Finance Department for services rendered to the Retirement System by Sandy Calkins for the period of April 1, 2012 – June 30, 2012.
3. Invoice #2724498 dated June 14, 2012 in the amount of \$599.20 from DLA Piper for Professional Services through May 31, 2012.
4. Invoice dated June 19, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Linda Martin.
5. Invoice dated June 28, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Pamela Smith.
6. Invoice dated June 14, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Robert Vanisacker.
7. Invoice dated June 22, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Jerome VanSlambrouck.
8. Invoice dated July 16, 2012 in the amount of \$50,459.28 from Morgan Stanley Smith Barney for Management Fees for the period of April 1, 2012 – June 30, 2012.
9. Invoice dated July 17, 2012 in the amount of \$3,622.50 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of April 1, 2012 – June 30, 2012.

Motion carried.

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

July 23, 2012 – Page 4

Refunds

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

- | | |
|---------------------------------------|-------------|
| 1. Robin Byczynski, Sheriff's Office | \$ 111.69 |
| 2. Patrick Kose, Prosecuting Attorney | \$ 262.27 |
| 3. Rosemary West, Sheriff's Office | \$12,665.52 |
| (MCCCU FBO: Rosemary West) | \$ 6,033.82 |

Motion carried.

Retirement Payments

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

- | | |
|------------------------------------|-------------|
| 1. Edwina Gallagher, Mental Health | \$ 1,137.46 |
| **June \$189.60 | |
| 2. Rosemary West, Sheriff's Office | \$ 1,541.63 |
| **June \$256.92 | |

Motion carried.

Communications

Motion by Anne McCarthy, supported by William Sisk to accept and place on file the following Applications for Service Retirement:

1. Margo Zieske, Library
2. Mark Welliver, Mental Health

Motion carried.

Motion by Anne McCarthy, supported by William Sisk to accept and place on file the following Application for Disability Retirement:

3. Polly Minke, Youth Center

Motion carried.

Motion by Anne McCarthy, supported by William Sisk to accept and place on file the following Medical Reports:

4. Medical report dated June 19, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Linda Martin.
5. Medical report dated June 28, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Pamela Smith.

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

July 23, 2012 – Page 5

6. Medical report dated June 14, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Robert Vanisacker.
7. Medical report dated June 22, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Jerome VanSlambrouck.

Motion carried.

Motion by Anne McCarthy, supported by William Sisk to accept and place on file the following communication from Franklin Templeton Investments.

8. Communication dated July 5, 2012 from Peter Jones, President of Franklin Templeton Investments regarding an unexpected passing of Gary Motyl.

Motion carried.

Proposed Resolutions

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

1. Margo Zieske, Library
2. Mark Welliver, Mental Health

Motion carried.

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

3. Edwina Gallagher, Mental Health

Motion carried.

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

4. Polly Minke, Youth Center

Motion carried.

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

5. Linda Martin, Mental Health
6. Rosemary West, Sheriff's Office

Motion carried.

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

July 23, 2012 – Page 6

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

7. Gail Rigdon, Circuit Court
Motion carried.

Motion by James Davies, supported by Anne McCarthy to accept and place on file the following Disability Retirant Re-examination resolutions:

8. Pamela Smith, Youth Center
9. Robert Vanisacker, Road Commission
10. Jerome VanSlambrouck, County Agency
Motion carried.

Attorney Report

1. Code of Conduct/Education/Travel/Due Diligence Policy
2. Confidentially Agreement

Both policies will be placed on next month's agenda for adoption. The Retirement Board Trustees would like another month to review the policies.

Consultant Report

Mr. Cho reviewed the valuation report for the month ending June 30, 2012. The fund is valued at \$168,659,678.39 up \$3,460,808.32 from the previous month. The Total Fund was up 2.48% and up 3.38% YTD. The current asset allocation includes 45.34% in equity, 46.97% in fixed income, and 7.69% in cash.

Mr. Cho discussed the changes to the Investment Policy Statement. The final that was sent out did not include the changes. James Davies would like the Retirement Board to see a copy of all the changes that were made. William Sisk also agrees.

The recommendation from the Investment Policy Committee is to accept the revised Investment Policy Statement.

Motion by Michael Grodi, supported by James Morgan to accept the revised Investment Policy Statement. Nancy Bellaire, James Davies, Joseph Hudson, Henry Lievens, Anne McCarthy and William Sisk all voted no. Motion fails.

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

July 23, 2012 – Page 7

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.

Henry Lievens informed the Retirement Board that the Retiree Healthcare Board selected Federated. Henry Lievens is very confident with Federated. He disclosed that he personally utilizes Federated.

James Morgan stated his top two selections were Bahl & Gaynor and Federated. James Davies agreed.

Motion by William Sisk, supported by James Davies to retain Federated as the new Dividend Equity Money Manager. Motion carried. Henry Lievens abstained and Michael Grodi voted no.

Mr. Cho recommends transferring 7.5 million from NWQ to Federated. He also recommends using a transition manager to transfer the funds. This allows the fund to stay in the market. The transition manager is a one-time manager. Morgan Stanley will monitor the entire process. Morgan Stanley will also provide a pre-trade analysis.

Motion by William Sisk, supported by Michael Grodi to accept recommendation from Morgan Stanley and use a one-time transition manger. Motion carried.

Royce Maniko questioned the return rate from Boyd Watterson. Their returns for the month were only .18%. He questioned whether we should transfer funds from the Boyd Watterson account because the return is so low.

Mr. Holycross stated NWQ and Federated are judged in the same arena. Therefore, that is where you want to transfer the money from. He stated Boyd Watterson could be discussed more thoroughly at another time.

Old Business

- Disability Re-examinations

The re-examination information has been forwarded to Steven Dovitz, M.D. and the disability retirants. There are only two disability retirants left to be examined.

New Business

- Financial Audit

Motion by Anne McCarthy, supported by Michael Grodi to accept the Financial Audit and place on file. Motion carried.

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

July 23, 2012 – Page 8

Trustee Comments

William Sisk stated the computers were working well. He personally made a call to the Information Technology department.

William Sisk also wanted to discuss Municipal Employees Retirement System (MERS). He stated he is a strong supporter of local operation. He is confident in the present and past Retirement Board Trustees and is opposed to moving to MERS. It will possibility be on the upcoming agenda. He is asking every Retirement Board Trustee that opposes moving to MERS to be in attendance when it does get put on the Board of Commissioners agenda.

Michael Grodi agrees with William Sisk. He is also a strong supporter of local operation.

Henry Lievens stated he would also like to keep the retirement operations local.

Joseph Hudson stated he is upset that an employee in his office was denied his right to address the Retirement Board. Sandy Calkins informed Joseph Hudson that he was never denied. He was informed of the process he needed to pursue in order to request reimbursement for the purchase of Universal Service Credit. He would need to address the County Board of Commissioners. They are the body that offered the program. The Retirement Board is only responsible for implementing the program. Decisions regarding reimbursement will need to be addressed before the County Board of Commissioners.

George Jondro stated the Retirement Board needs to take the move to MERS seriously. He is requesting all Trustees that are available to attend the County Board of Commissioners meeting once it is on the agenda.

Motion by Anne McCarthy, supported by Joseph Hudson to adjourn. Motion carried. Meeting adjourned at 6:55 P.M.

Respectfully Submitted,

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