

**Minutes of the Regular Meeting of the
Board of Trustees of the Monroe County
Employees Retirement System**

Regular meeting of the Board of Trustees of the Monroe County Employees Retirement System held on August 24, 2009 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

PRESENT: Nancy Colpaert, James Davies, John Fowler, George Jondro, Anne McCarthy, William Myers (left at 5:35), William Sisk and David Thompson.

ABSENT: James Morgan and Royce Maniko excused

ALSO PRESENT: Debra Elmore, Retirement Specialist, Sandy Calkins, Retirement Specialist, Sam Galanis and Michael Cho, Consultants and Thomas Michaud, Legal Counsel

With a quorum being present, Chairman Thompson called the meeting to order at 5:00 P.M.

Motion by George Jondro, supported by John Fowler to approve the minutes of the July 27, 2009 regular meeting and August 4, 2009 special meeting. All in favor, motion carried.

Motion by Nancy Colpaert, supported by James Davies to approve the agenda as submitted. All in favor, motion carried.

Citizens Time – none

Presentations – Cathy Nagy – Gabriel Roeder Smith & Co.

Ms. Nagy presented the 5-year experience study for 2004-2008. The last experience study was performed in 2003. The current analysis was based on actual experience for the years 2004-2008.

Ms. Nagy recommends the Retirement System change to a newer mortality table. She also recommends changes to the proposed demographic assumptions. 7% rate of return assumption is reasonable, Mr. Galanis agreed.

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Chairman Thompson felt a reasonable range for the wage inflation assumption would be 4% since the Sheriff's Office would be receiving a 3% increase over the next several years.

Ms. Nagy showed the results of the Current Economic Assumptions with an investment return of 7% and a wage inflation of 4% and a proposed Alternative 1 with an investment return of 7% and a wage inflation of 3.5%. Mr. Davies stated he was comfortable with the assumed 7% rate of return and the 4% wage inflation. Ms. McCarthy questioned if the wage inflation was wages only or did it include benefits. Wages are salary only for active employees.

There are no changes in the funding method, Ms. Nagy recommends to continue using the Entry Age Normal Method. If a division is over-funded a 10-year rolling method is recommended and under-funded a 20-year rolling method is recommended.

Ms. Nagy then reviewed the Current Economic Assumptions. The Current Asset Method is a 5-year asset smoothing with 20% corridor. Alternative 1 Asset Method is a 5-year asset smoothing with 30% corridor. Alternative 2 Asset Method is a 7-year asset smoothing with 30% corridor.

Motion by James Davies to accept Alternative 1 Asset Method reducing the corridor 2% each year until down to 20%. Motion dies for lack of support.

Motion by William Sisk to accept Alternative 2 Asset Method reducing the corridor 2% each year until down to 20%. Motion supported by Nancy Colpaert. Roll call taken on the motion with Nancy Colpaert, John Fowler, George Jondro, William Sisk, and David Thompson in favor and James Davies and Anne McCarthy opposed. James Morgan and William Myers excused. Motion carried 5 to 2.

Cathy Nagy will have the Actuarial Report for the September 28, 2009 meeting and it will need to be adopted at that time.

Motion by Nancy Colpaert, supported by George Jondro to accept the Experience Analysis and place on file. All in favor, motion carried.

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Michael Wasz – Templeton Portfolio

Mr. Wasz is pleased with the 12-year relationship between Templeton and the Retirement System. In his opinion Templeton has done a good job repositioning the portfolio and is satisfied with a 20% return for the 1st quarter.

Mr. Wasz reviewed the Sector Weightings and is comfortable with the current combination. He also discussed Geographic Weightings and stated that South Korea has done very well.

Motion by James Davies, supported by John Fowler to approve consent agenda as listed below:

A. Retirements Nancy Rice, Library System August 28

B. Financial Reports – On File with Retirement Specialist

1. Comerica Bank Consolidated Statement, Cash Account Statement, Anchor Capital Advisors, Boyd Watterson Asset Management, Brandywine Asset Management Global, Eagle Global Advisors, NWQ Investment Management and International Value Equity, Pacific Income Advisors, Renaissance Investment Company and International Equity, Smith Group Asset Management and Templeton Portfolio Advisors for period 07/01/09 through 07/31/09 and Securities Lending Statement for June 2009.
2. Anchor Capital Advisors Portfolio Summary for period ending June 2009.
3. Boyd Watterson Asset Management Client Statement for period ending July 31, 2009.
4. Brandywine Global Investment Management Global Fixed Income Portfolio and 2nd quarter 2009.
5. Eagle Global Advisors Portfolio Appraisal for period ending June 30, 2009.
6. Morgan Stanley Vision Account for Anchor Capital Advisors, Eagle Global Advisors, NWQ LCV and International, Renaissance Investment Advisors and International for month ending July 31, 2009.

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7. NWQ Investment Management Company Holdings Detail by Sector as of July 6, 2009.
8. Pacific Income Advisers Portfolio Appraisal for month ending July 31, 2009 and Fixed Income Quarterly Report for 2nd quarter 2009.
9. Templeton Portfolio Advisers Portfolio Quarterly Report for 2nd quarter 2009.

C. Communication

1. Anchor Capital Advisors Investment Policy Outlook for July 2009.
2. Boyd Watterson Asset Management Quarterly Investment Outlook for July 2009.
3. Boyd Watterson Asset Management ADV Annual Offering and Privacy Notice.
4. Eagle Global Advisors International Market Review and Outlook for 2nd quarter 2009.
5. Franklin Templeton Companies Proxy Voting Summary Report.
6. Renaissance Investment Management Proxy Reports for the 2nd quarter 2009. (On file with Retirement Specialist).
7. Smith Group Asset Management Monthly Portfolio Summary for July 2009.

All in favor, motion carried.

Invoices

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

1. Invoice dated July 1, 2009 in the amount of \$12,846.28 from Anchor Capital Advisors for investment services rendered for 2nd quarter 2009.

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2. Invoice dated July 31, 2009 in the amount of \$1,158.35 from Comerica Commercial Card Service for hotel deposits and registrations for the 2009 MAPERS Fall Educational Seminar.
3. Invoice in the amount of \$11,317.00 from Eagle Global Advisors for investment services rendered for 2nd quarter 2009.
4. Invoice #4-09 dated August 3, 2009 in the amount of \$2,010.00 from Debra Elmore for retirement specialist services rendered for July 2009.
5. Invoice #S11000010013 dated July 23, 2009 in the amount of \$12,549.66 from Franklin Templeton Investments for investment services rendered for 2nd quarter 2009.
6. Invoice #1476 dated August 3, 2009 in the amount of \$43.91 from Monroe County Finance Department for July 2009 postage.
7. Invoice dated July 15, 2009 in the amount of \$53,165.15 from Morgan Stanley for Investment Consultant Services rendered for vision accounts for 2nd quarter 2009.
8. Invoice dated July 20, 2009 in the amount of \$10,744.00 from Pacific Income Advisers for investment services rendered for 2nd quarter 2009.
9. Invoice #20090808000999 dated June 30, 2009 in the amount of \$13,489.23 from Tradewinds Global Investors for investment services rendered for the 2nd quarter 2009.
10. Invoices dated August 11, 2009 in the amount of \$1,100.00 from Dr. Steven Dovitz for independent medical evaluation on Ronald Bitz and Roger Lambert.
11. Invoice #109216 dated August 14, 2009 in the amount of \$3,162.00 from Gabriel Roeder Smith & Co. for Pension Administration Web Hosting fee for 12-month period starting August 1, 2009.
12. Invoice dated August 19, 2009 in the amount of \$2,852.50 from VanOverbeke, Michaud & Timmony P.C. for legal services rendered for 2nd quarter 2009.

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Anne McCarthy questioned legal regarding billing for May 20, 2009, Mental Health/Retirement Specialist Contract. The reason for the expense was due to communication relating to adding an additional Board Member from Mental Health.

All in favor, motion carried.

Refunds - None

Retirement Payments - None

Communications

1. Application for Disability Retirement for Pamela Smith, Youth Center.

Motion by Nancy Colpaert, supported by James Davies to accept, place on file and refer to Steven Dovitz M.D. All in favor, motion carried.

2. Communication dated July 31, 2009 from Vicky Foshag requesting an increase in her pension that she is collecting due to a divorce from a Sheriff's Office employee.

Motion by George Jondro, supported by William Sisk to accept, place on file and refer to legal. All in favor, motion carried.

3. Medical report dated August 11, 2009 from Steven Dovitz, M.D. regarding re-examination of disability retiree Ronald Bitz.

Motion by Willam Sisk, supported by John Fowler to accept and place on file. All in favor, motion carried.

4. Medical report dated August 11, 2009 from Steven Dovitz, M.D. regarding re-examination of disability retiree Roger Lambert.

Motion by James Davies, supported by George Jondro to accept and place on file. All in favor, motion carried.

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Proposed Resolutions

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

1. Kenneth W. Cain, Sheriff's Office – Application for Service Retirement
2. Pamela S. Smith, Youth Center – Application for Disability Retirement
3. Ronald Bitz, Road Commission – Disability Retirant Re-exam
4. Roger Lambert, Central Dispatch – Disability Retirant Re-exam

All in favor, motion carried.

Attorney Report

Mr. Michaud stated that the Settlement Report was for informational purposes only.

Motion by John Fowler, support by William Sisk to accept and place on file. All in favor, motion carried.

- Mr. Michaud explained that there would be an overview on all the Judges at September's meeting.
- According to Mr. Michaud, Vicky Foshag's benefit will not be adjusted because Mr. Redmond did not retire before age 60 and he will provide the Retirement Specialist with a letter.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending July 31, 2009. The fund is valued at \$157,519,605.52 up \$5,969,677.55 from the previous month. Anchor Capital under performed due to a large cash position.

Old Business

Disability Retiree Re-exams

- David Funk, Sheriff's Office – Setting up a September appointment
- David Webb, Road Commission – Will have doctor's report for September meeting.
- Ronald Bitz, Road Commission – Dr.'s report and Resolution completed
- Scott Ferguson, Youth Center

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- Roger Lambert, Central Dispatch – Dr.'s report and Resolution completed
- Denise Smith, Sheriff's Office
- Robert Vanisacker, Road Commission

- Retirement Specialist Service Agreement Contract was approved at the Board of Commissioners last meeting with a couple of changes: The wage scale is to be set by the County of Monroe and in section 2.03 the Board of Commissioners requested fringe benefits be defined.

Motion by William Sisk, supported by George Jondro to accept and place on file.
Motion carried.

James Davies questioned why the County of Monroe gets to set the wage scale?
William Sisk stated it was to appease another Board Member on the Board of Commissioners.

- Legal contract – Chairman Thompson is working on the RFP.

New Business - None

Trustee Comments

James Davies, Nancy Colpaert, Anne McCarthy, George Jondro, William Sisk, John Fowler, and David Thompson all thanked Deb Elmore for her dedication and sincerely expressed to her that she will be missed.

Motion by Anne McCarthy, supported by John Fowler to adjourn. All in favor, motion carried. Meeting adjourned at 6:45 P.M.

Respectfully Submitted,

David Thompson, Chairman
Monroe County Employees Retirement
System Board of Trustees