

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

Special meeting of the Board of Trustees of the Monroe County Employees Retirement System held on August 30, 2011 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

PRESENT: James Davies, Michael Grodi, Joseph Hudson, Henry Lievens, Anne McCarthy, James Morgan, William Sisk

ABSENT: Nancy Colpaert, excused
William Myers

ALSO PRESENT: Thomas Michaud, Legal Counsel

Chris Kuhn, Larry Gray - Gray & Company
Sam Galanis, Gregory Hunter, Tanner Robinson- Oppenheimer
Michael Holycross, Michael Cho – Morgan Stanley

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

Motion by Davies, supported by McCarthy to amend the agenda to require the Board to vote on the selection of an investment consultant. Board discussed the options.

Roll Call Vote: Davies–Yes; Grodi–No; Hudson–No; Lievens–No; McCarthy–No; Morgan–No; Sisk–No. Motion Fails.

Citizens Time – none

Presentations: Gray & Company: Larry Gray and Chris Kuhn – 5:12 pm

Mr. Gray discussed the services of Gray & Company and the value added approach to client, the acknowledgment of fiduciary responsibility, their role as an extension of retirement system staff, and the need for independence.

Mr. Gray explained that that Gray & Company does not receive soft dollars and that there are no charges for their database or proxy services. He reviewed the experience and resources of the company and its personnel. After discussing Gray & Company's Michigan clients, he suggested that the Board contact his clients for references.

Mr. Gray presented his Michigan clients' performance statistics.

Mr. Kuhn reviewed Monroe's asset allocation and Gray & Company's modeling and portfolio alternatives. He discussed the retirement system's annual returns on a rolling basis. Mr. Kuhn strategic allocations and manager review process and the his firm's education prospective.

Mr. Davies asked about Mr. Gray's credentials. Mr. Gray addressed his background. Mr. Davies and Mr. Hudson inquired about transaction costs. Mr. Gray discussed brokerage practices. Ms. McCarthy asked Mr. Kuhn about client representation and familiarity with the retirement system's managers. Mr. Gray and Mr. Kuhn discussed team approach and perspective. Mr. Morgan asked about Gray & Company's Michigan business and Mr. Grodi requested clarification on the senior consulting designation. Mr. Sisk asked about the firm's client relationship history. Mr. Gray responded to questions and thanked the Board. Presentation ended 6:06 pm

Oppenheimer: Sam Galanis, Gregory Hunter, Tanner Robinson – 6:11 pm

Mr. Galanis introduced Oppenheimer representatives and provided historical perspective on the client relationship and fund performance. Mr. Galanis reviewed the development of the investment policy statement and the manager structure. Mr. Galanis discussed Oppenheimer and succession plan.

Ms. McCarthy inquired regarding the Oppenheimer team interaction and structure. Mr. Hunter explained Oppenheimer's technology enhancements, historical experience and perspectives.

Mr. Hudson asked about Oppenheimer's view on the role of investment consultant and Mr. Galanis discussed asset allocation and manager review process. Mr. Hunter gave his views on private funds.

Mr. Galanis discussed client transition and Monroe client status.

Mr. Hunter reviewed the firm's structure and advisor roles with a focus on institutional clients. He suggested checking references and discussed the topic of conflict of interest.

Mr. Hunter spoke about the team approach and stated that Oppenheimer would not utilize any internally managed products. Mr. Morgan inquired regarding Oppenheimer's Michigan clients and representation. Mr. Hunter indicated that he would provide a list of clients. Mr. Hunter continued to discuss Oppenheimer's value added approach, fiduciary responsibility, and client servicing.

Mr. Hunter reviewed the art and science of asset allocation and the manager selection and due diligence process. He discussed the topic of conflict of interest and the manager fund structure and asset classes. Mr. Hunter addressed fees (fixed vs. variable pricing).

Mr. Robinson summarized Oppenheimer's benefits. Mr. Hunter and Mr. Galanis responded to Mr. Davies' questions about their office staff and Ms. McCarthy's inquiry about the lead consultant. Mr. Galanis discussed the structure of Morgan Stanley and addressed fees in response to Mr. Grodi's questions. Oppenheimer thanked the Board. Presentation ended 7:19 pm.

Morgan Stanley: Michael Holycross, Michael Cho

Mr. Holycross introduced Morgan Stanley and discussed Graystone Consulting and its designation/qualifications. Mr. Cho reviewed the firm's structure, specifically addressing independence and transparency (i.e., no pay to play). He discussed the process of review and compliance.

Mr. Cho discussed the consulting resources of Morgan Stanley, its ranking and professional staff.

Mr. Holycross reviewed the firm's investment thesis, asset allocation, investment perspective and due diligence process. Mr. Holycross addressed the firm's focus on public employee plans in Michigan and their involvement with MAPERS and legislative initiative, specifically, Public Act 314.

Mr. Holycross responded to Mr. Davies' questions about brokerage practices and Mr. Hudson's questions regarding consulting compensation. In response to Ms. McCarthy's question regarding Mr. Cho relationship with Morgan Stanley, Mr. Holycross discussed the employment structure of Morgan Stanley and he provided a review of his historical relationship with Mr. Cho. Mr. Cho also reviewed the firm's trading practices and discussed best execution.

Mr. Holycross concluded with a discussion of research and manager review process and thanked the Board. Presentation ended 8:15 pm.

Board discussed the next meeting.

Motion by Hudson, supported by Davies to adjourn. All in favor. Motion carried.

Meeting ended 8:17 pm.

Respectfully Submitted,

James Morgan, Vice Chairman
Monroe County Employees Retirement
System Board of Trustees