

**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 September 20, 2010 at 5:00 P.M. in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Colpaert, James Davies, John Fowler, George Jondro, Anne McCarthy, James Morgan, William Sisk and David Thompson.

ABSENT: William Myers, excused

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Royce Maniko, Secretary, 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 Anne McCarthy to approve the minutes of the August 23, 2010 regular meeting. Motion carried.

Motion by John Fowler, supported by William Sisk to approve the agenda as submitted. Motion carried.

Citizens Time – None

Presentations – Lisa George, NWQ & Tradewinds Global

Ms. George introduced herself as the Managing Director for NWQ and Tradewinds Global. She stated the firms are sister companies and are based in Los Angeles, California. NWQ currently manages approximately \$18.5 billion in assets and Tradewinds currently manages approximately \$26.1 billion in assets.

Ms. George opened with Tradewinds Global. She stated Tradewinds is a dedicated global investment management firm seeking to generate long-term alpha by capitalizing on market inefficiencies. Ms. George reviewed the portfolio performance and stated there is currently a net gain since inception of approximately \$2.5 million. She discussed the portfolio sector weights and stated Tradewinds is comfortable with the current selection.

Next, Ms. George discussed NWQ. She stated NWQ's mission is to provide superior risk-adjusted returns through an opportunistic value-oriented process. Ms. George reviewed the portfolio performance, and stated there is currently a net gain since inception of approximately

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\$11.2 million. She discussed the top and bottom contributing sectors and contributing holdings, portfolio sector weights and portfolio characteristics.

After discussing the overview of current economic conditions, she informed the retirement board that both companies are in positive territory and very much in line heading into 2011.

Motion by William Sisk, supported by John Fowler to approve the consent agenda as listed below.

A. Retirements

Cora Lucy DeSilvis, District Court	September 18
Peggy Torpey, deferred, Emergency Management	September 30

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 the period of 08/01/10 through 08/31/10 and Securities Lending Statement for July, 2010.
2. Boyd Watterson Asset Management Statement of Account as of August 31, 2010.
3. Brandywine Global Investment Management Global Fixed Income Portfolio for August 2010.
4. Pacific Income Advisers Portfolio Appraisal for the period ended August 31, 2010.
5. Morgan Stanley Smith Barney Client Statement for, Anchor Capital Advisors, Eagle Global Advisors, NWQ LCV and International, Renaissance Investment Advisors and International, Smith Group Asset Management and Templeton Portfolio Advisors for the period ended August 31, 2010.
6. Smith Group Asset Management Monthly Portfolio Summary for the period ended August 31, 2010.

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C. Communication

1. Gabriel Roeder Smith & Company Research Memorandum.
2. Robbins Geller Rudman & Dowd Settlement Report for the period ended September 2010.

Motion Carried.

Invoices

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

1. Invoice #27474 dated September 7, 2010 in the amount of \$43,357.00 from Boyd Watterson Asset Management for investment services rendered for the period of June 1, 2010 – August 31, 2010.
2. Invoice #1760 dated August 23, 2010 in the amount of \$22.68 from the County of Monroe Finance Department for July 2010 federal express.
3. Invoice #1767 dated September 1, 2010 in the amount of \$23.53 from the County of Monroe Finance Department for August 2010 postage.
4. Invoice #327816 dated September 6, 2010 in the amount of \$1,584.00 from Crain Communications for Legal Counsel Request for Proposal advertisement.
5. Invoice dated September 3, 2010 in the amount of \$550.00 from Steven Dovitz, M.D. for the independent medical evaluation of Brian Murray.
6. Invoice #112740 dated September 9, 2010 in the amount of \$3,162.00 from Gabriel Roeder Smith & Co. for annual pension administration web hosting fee.
7. Invoice #112759 dated September 10, 2010 in the amount of \$11,750.00 from Gabriel Roeder Smith & Co. for the finalized 2009 actuarial valuation.
8. Invoice dated August 31, 2010 in the amount of \$66.29 from Monroe Publishing Company for Legal Counsel Request for Proposal advertisement.

Motion carried.

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Refunds

Motion by George Jondro, supported by William Sisk to approve the following refunds:

- | | |
|---------------------------------|--------------|
| 1. Tod O’Lone, Sheriff’s Office | \$ 79,210.66 |
| 2. Rosalind Rechel, Fairview | \$ 22,678.18 |

Motion carried.

Retirement Payments

Motion by Anne McCarthy, supported by James Morgan to approve the following retirement payments:

- | | |
|-----------------------------------------------------|-------------|
| 1. Marilyn Beste, Employment & Training | \$ 3,861.10 |
| **August 1,930.55 | |
| 2. Dianna Giarmo-Lajiness, Mental Health (deferred) | \$ 682.20 |
| **August \$125.65 | |
| 3. Tod O’Lone, Sheriff’s Office | \$ 9,371.61 |
| **July \$3,123.87, August \$3,123.87 | |
| 4. Rosalind Rechel, Fairview | \$ 2,644.97 |
| 5. Paula Whitman, Mental Health | \$ 1,795.26 |
| **August \$659.52 | |

Motion carried.

Communications

Motion by Anne McCarthy, supported by Nancy Colpaert to accept and place on file the following applications for Service Retirement:

1. Felipa Bomia, Friend of the Court
2. James Lazar, Central Dispatch

Motion carried.

Motion by William Sisk, supported by George Jondro to accept and place on file the following application for Deferred Retirement:

3. Peggy Torpey, Emergency Management

Motion carried.

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Motion by Anne McCarthy, supported by George Jondro to accept and place on file the following application for Purchase of Military Service Time:

4. Brian Murray, Sheriff's Office

Motion carried.

5. Medical report dated September 3, 2010 from Steven Dovitz, M.D. regarding an independent medical evaluation of Brian Murray.

Motion by James Davies, supported by John Fowler to accept and place on file.
Motion carried.

Proposed Resolutions

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

1. Felipa Bomia, Friend of the Court
2. James Lazar, Central Dispatch

Motion carried.

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

3. Peggy Torpey, Emergency Management

Motion carried.

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

4. Marilyn Beste, Employment & Training
5. Tod O'Lone, Sheriff's Office
6. Rosalind Rechel, Fairview
7. Paula Whitman, Mental Health

Motion carried.

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

8. Brian Murray, Sheriff's Office

Motion carried.

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

9. Dianna Giarmo-Lajiness, Mental Health

Motion carried.

Motion by James Davies, supported by William Sisk to accept and place on file the following Purchase of Universal Service Credit resolutions:

10. Denise Fashbaugh, Central Dispatch
11. Rosalind Rechel, Fairview

Motion carried.

Attorney Report

No formal report.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending August 31, 2010. The fund is valued at \$165,707,695.68 down \$1,608,153.30 from the previous month.

The Total Fund was down .34%. Boyd Watterson was up 1.09%, Brandywine was up 4.73% and Pacific Income was up .99%. The current asset allocation includes 53.59% in fixed income, 41.18% in equity, and 5.23% in cash.

Mr. Galanis discussed Highbridge and their continued poor performance and recommended the relationship be terminated and the fund balance be transferred to the Cash Account. As for Smith Group and Renaissance, he would like to retain for the time being, but start a search for new managers. His next recommendation would be to transfer \$6 million from Boyd Watterson to an Emerging Market manager to be determined by the retirement board.

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Finally, he recommends transferring \$4 million from Brandywine to NWQ and \$2 million from Pacific Income to the Cash Account.

Motion by William Sisk, supported by John Fowler to terminate Highbridge and transfer the fund balance to the Cash Account. Motion carried.

Motion by George Jondro, supported by James Davies to transfer \$4 million from Brandywine to NWQ. Motion carried.

Motion by Nancy Colpaert, supported by William Sisk to transfer \$2 million from Pacific Income to the Cash Account. Motion carried.

Motion by John Fowler, supported by William Sisk to select Lazard as the Emerging Market Money Manager and transfer \$4 million from Boyd Watterson and add an additional \$2 million over the next 6 months. Motion carried.

Old Business

- Legal contract – Request for proposals due September 30, 2010.

New Business - None

Trustee Comments – James Morgan and George Jondro wished Chairman Thompson a Happy Birthday.

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

Respectfully Submitted,

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