

**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 24, 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, Anne McCarthy and James Morgan

ABSENT: Henry Lievens, William Sisk, and Royce Maniko (all Excused)

ALSO PRESENT: Audrey Lewis, Deputy Clerk, Robin Miller, Deputy Clerk, Michael Cho, Investment Consultant 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 Anne McCarthy to approve the agenda. Motion carried.

Motion by James Morgan, supported by Michael Grodi to approve the minutes from the August 27, 2012 regular meeting. Motion carried.

Citizens Time – No one Addresses

Presentations – Swabeera Uus, Eagle Global Advisors

Ms. Uus started her presentation thanking Monroe County for inviting them to present every year. She continued with explaining who Eagle Global is and where they are. They have one office based in Houston Texas. Currently, there is \$3.0 Billion in assets under management and \$1.3 Billion in Large Cap International Space. No changes to the organization, all of the investment officials are still there and the senior members are still with the firm since they started it (since 1996) and actually they are hiring investment professionals.

Ms. Uus discussed their investment style as investing in large capitalization companies with sustainable growth trading at the right price. She went over third quarter numbers and year to date performance and the portfolio value as of August 31, 2012 was 6,872,000 – Account is about 94.4 % Stocks with a yield of 3.1 and 5.6 % is Cash. In the third quarter, the markets really rallied. In conclusion, there are a lot of opportunities out there but they are still being cautious.

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

A. Retirements

- | | | |
|----|---|--------------|
| 1. | Phyllis Loop, Road Commission | September 7 |
| 2. | Sherie Chudnicki, Mental Health (disability) | September 24 |
| 3. | Gregory Tafelski, Sheriff's Office (disability) | September 24 |
| 4. | Mark Welliver, Mental Health | September 28 |

B. Financial Reports – On File with Retirement Specialist

1. Boyd Watterson Asset Management Client Statement for the period ended August 31, 2012.
2. Comerica Bank Collateral Investment Summary as of August 31, 2012.
3. Comerica Bank Securities Lending Statement for July 2012.
4. Lazard Asset Management Investment Portfolio Summary for the period ended August 31, 2012.
5. Winslow Capital Portfolio Summary for the period ended August 31, 2012.

C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended September 2012.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for the quarter ended March 31, 2012.

Motion Carried.

Invoices

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

1. Invoice #34217 dated September 13, 2012 in the amount of \$40,349.00 from Boyd Watterson Asset Management for investment services rendered for the period of June 1, 2012 – August 31, 2012.
2. Invoice dated August 31, 2012 in the amount of \$1,470.13 from Comerica Commercial Card Service for MAPERS Fall educational seminar registration fees and hotel deposits.

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3. Invoice #2223 dated September 12, 2012 in the amount of \$9.56 from County of Monroe Finance Department for August 2012 Postage and Federal Express charges.
4. Invoice #0712-576-21 dated August 20, 2012 in the amount of \$69.67 from County of Monroe Printing for envelopes.
5. Invoice dated August 15, 2012 in the amount of \$550.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Gregory Tafelski.
6. Invoice #20120802000524 dated June 30, 2012 in the amount of \$21,725.06 from NWQ Investment Management Company for investment services rendered for the period of April 1, 2012 – June 30, 2012.
7. Reimbursement in the amount of \$115.80 to Nancy Bellaire for expenses incurred for the 2012 MAPERS educational seminar.
8. Reimbursement in the amount of \$491.05 to James Davies for expenses incurred for the 2012 MAPERS educational seminar.
9. Reimbursement in the amount of \$151.85 to Michael Grodi for expenses incurred for the 2012 MAPERS educational seminar.
10. Reimbursement in the amount of \$82.83 to Joseph Hudson for expenses incurred for the 2012 MAPERS educational seminar.
11. Reimbursement in the amount of \$94.00 to George Jondro for expenses incurred for the 2012 MAPERS educational seminar.
12. Reimbursement in the amount of \$100.03 to William Sisk for expenses incurred for the 2012 MAPERS educational seminar.

Motion Carried.

Refunds

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

- | | |
|---------------------------------------|-------------|
| 1. Sandra Van Camp, Fairview | \$ 1,736.13 |
| 2. Sherie Chudnicki, Mental Health | \$ 9,352.50 |
| 3. Gregory Tafelski, Sheriff's Office | \$23,875.73 |

Motion Carried.

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Retirement Payments

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

1. Sherie Chudnicki, Mental Health \$ 461.65
**September \$461.65, October \$1,978.37
 2. Gregory Tafelski, Sheriff's Office \$ 581.98
**September \$581.98, October \$2,494.13
- Motion Carried.

Communication – Board Action

Motion by Anne McCarthy, supported by Michael Grodi to accept and place on file the following Application for Service Retirement:

1. Marty Nicotra, Buildings & Grounds
Motion Carried.

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

2. Helen Cotton, Youth Center
 3. Keith Turner, Buildings & Grounds
- Motion Carried.

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

4. Revised Medical report dated September 7, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Sherie Chudnicki.
 5. Medical report dated August 24, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Gregory Tafelski.
- Motion Carried.

Motion by Anne McCarthy, supported by Michael Grodi to accept and place on file the following Communication from Robbins Geller Rudman & Dowd:

6. Communication dated August 27, 2012 from Robbins Geller Rudman & Dowd regarding the opportunity to appear before the Board of Trustees to provide a short update.
- Motion Carried.

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Resolutions

Motion by James Davies, supported by James Morgan to accept and place on file the following Application for Service Retirement resolutions:

1. Marty Nicotra, Buildings & Grounds
Motion Carried.

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

2. Helen Cotton, Youth Center
3. Keith Turner, Buildings & Grounds
Motion Carried.

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

4. Sherie Chudnicki, Mental Health
5. Gregory Tafelski, Sheriff's Office
Motion Carried.

Attorney's Report

Motion by Joseph Hudson, supported by James Davies to place the Code of Conduct/Education/Travel/Due Diligence Policy for review until the next meeting is held.

1. Code of Conduct/Education/Travel/Due Diligence Policy
Discussion regarding the changes to the policy and the purpose for review. Joseph Hudson, moved to table the Code of Conduct/Education/Travel/Due Diligence Policy for review until the next meeting.
Motion Carried with 1 opposed / Michael Grodi opposing

Consultant's Report

Mr. Cho reviewed the valuation report for the month ending August 31, 2012. The fund is valued at \$172,082,554.67 up \$1,275,417.57 from the previous month. The Total Fund was up 1.37% and up 6.17% YTD. The current asset allocation includes 48.14% in Equity, 51.21% in Fixed, and 0.65% in Cash. Discussion concerning the numbers on the report and request for Mr. Cho to change the format, so that the report is more 'user friendly' to understand.

Mr. Cho would recommend moving \$3,000,000 from Boyd Watterson Account to the Cash Account to pay the pension payments & bills.

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Motion by James Davies, supported by James Morgan to transfer from Boyd Watterson into the Cash Account. Motion Carried.

Next month will start with Alternative Investment Education process. Mr. Cho will provide literature and then review and discuss further. He will put together a presentation and e-mail to the board to review prior to presentation at the next meeting. Board members would like Mr. Cho to send out resources for viewing to help educate about investment products and the concepts associated with them and pros and cons of each. Mr. Cho indicated that he would e-mail some information out about a week prior to the next meeting.

Old Business

1. Disability Re-examinations
Only one person needs to be re-examined, otherwise we are caught up.
2. Confidentiality Agreement
Looked at and reviewed, was passed at last meeting. List will be put together as to who needs to sign / list needs to be done and someone needs to be in charge of list and getting agreements signed. Board would also like a procedure in place to go with the policy. Discussion about concept: 1 – To serve as a reminder of sensitive information to people working with the information. 2 – To make sure people working with the information would keep it confidential and 3 – To formalize the process and put guidelines and safeguards in place to protect the system. Board is awaiting list (process) from Royce Maniko and Sandy Calkins before moving forward.

New Business

Motion by Joseph Hudson, supported by James Davies to approve sending a letter to Tobi Sisman in regards to getting re-exam done and have results submitted within 30 days:

1. Disability Re-examination for Tobi Sisman
Need to send a letter giving to her giving her 30 days to get re-exam done and results to us or pension payments may stop

Motion by Joseph Hudson, supported by James Davies to agree to approve receiving a monthly bill instead of a quarterly bill:

2. Monthly invoice for Legal fees
Would like to receive a monthly instead of a quarterly bill

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Chairman's Report

MAPERS conference was well attended by the Board, there were several good, different presentations given – there were legislative updates on bill 797 which has passed since then and we will receive updates after it has been signed. MAPERS gave a presentation on actuary reports. Administrative policy was looked at while at MAPERS and discussion about policy being reviewed yearly by administrative committee. We need to look at developing a telecommunication policy. Beginning of each year, review the money manager and review their performance and fees to see about re-evaluation of their fees. Agenda meetings will be on the Monday before the regular meetings, all of the trustees are welcome to come, but there cannot be a quorum. Agenda meeting to be held @ 10:00 am in the finance committee room in the office annex, on the second floor.

Trustee Comments

Michael Grodi - Mentions that for the sake of the chairman's report that anyone that is planning on attending the Agenda meetings, notify the chairman to make sure that there will not be a quorum present.

Nancy Bellaire – Took test and passed. Had the pleasure of sitting next to Mr. Cho and Mr. Buis and questioned that if the fund is underfunded how long money will last.

Anne McCarthy – Welcomed Audrey, mentioned that the conference was quite good, and very well attended is wondering if perhaps we shouldn't wait until the first of the year to review the money managers, wondering if we should have a meeting with the finance group.

Joseph Hudson – Welcomed Audrey, It was a pleasure seeing Robin, and congratulated Nancy on being head librarian and lastly, thanked Mr. Grodi and MAPERS folks for the fine job that he did at Mackinac Island.

James Davies – Congratulate Nancy and welcome Audrey and Robin and questioned Mr. Grodi about MAPERS coming to the Detroit area – both positive and negative feedback regarding coming to the Detroit area.

James Morgan – Welcomed Audrey, apologized for not being able to attend MAPERS due to prior commitments.

George Jondro - Welcomed Audrey, Robin and congratulations to Mr. Grodi for re-election to the MAPERS board.

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Administrative Calendar

October 22, 2012 Review of Investment Manager:
 Anchor Capital, Michael Serchen
 Summary Annual Report to Members

November 26, 2012 Review of Investment Manager:
 Pacific Income, Tom DiBari
 Investment Policy Review

December 10, 2012 **Trustee Election: Michael Grodi, County
 James Davies, Citizen at Large**

Motion by Anne McCarthy, supported by Michael Grodi to adjourn. Motion carried. Meeting adjourned at 7:05 P.M.

Respectfully Submitted,

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