

**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 October 22, 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, and James Morgan

ABSENT: Anne McCarthy, William Sisk, (all Excused)

ALSO PRESENT: Audrey Lewis, Deputy Clerk, 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 James Morgan to approve the agenda. Motion carried.

Motion by Michael Grodi, supported by James Davies to approve the minutes from the September 24, 2012 regular meeting. Motion carried.

Citizens Time – LaMar Frederick addressed the board saying that the Board of Commissioners has been looking at the Retirement Boards travel, seminar and other expense items and that they are substantially concerned about the travel allowance and what is being spent, where they are traveling, the length of their stay and how often travel is taking place. Mr. Frederick would like to see a reasonable program implemented with respect to education / travel / expenses. He stated that their administrative expenses are too high and would like to see a plan put in place to reduce expenditures by this board. Mr. Frederick said that in his view, it is imperative that this board reach a decision or make a recommendation that can be given to the Board of Commissioners and it needs to be done relatively soon.

Presentations – Michael Serchen, Anchor Capital

Michael Cho introduced Michael Serchen, representing Anchor Capital. Anchor Capital manages mid-value portfolio for about fifteen years.

Michael Serchen thanked the board for having him and indicated that it had been since June 2011, when he last presented before the board. Mr. Serchen briefly reviewed Anchor Capitals

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people philosophy and process, the position of the portfolio and the performance and how it has done and also about where we go from here, looking forward through the election, fiscal cliff and into next year.

Anchor Capital review – Mr. Serchen said that the firm started in Boston, MA in 1983. There are three principals that have been together for almost 30 years joined by another eight professionals and that makes up the eleven professionals on the team in Boston that decide what to buy and sell for all of their clients and all of their strategies. The investment policy committee is a generalist committee so everybody can bring ideas to the table – every idea is vetted in front of all eleven professionals.

Today, about 6.6 billion are the total assets that Anchor Capital manages; the Mid-Cap value strategy is about two-thirds of that total and is their largest strategy that they manage.

Anchor Capitals philosophy is to invest in Mid Cap securities which are undervalued, while always maintaining prudent and appropriate levels of risk. They believe in investing in sound companies with strong outlooks when they are available at attractive prices. They also believe that capital preservation is as important as capital appreciation in achieving long-term investment success.

The objective of their investment process is to identify investment opportunities which are undervalued, have moderate downside risk and a reasonable probability of above average total return.

Mr. Serchen gave an overview of performance and characteristics of Monroe County Employees Retirement System as of September 30, 2012. Last year they talked about the idea of cycles and what Anchor Capital tends to do is on the down part of a cycle they tend to protect and on the up part of the cycle, depending on how that cycle manifests itself, they tend to participate more or a little less.

Motion by Joseph Hudson, supported by Michael Grodi to approve the consent agenda as listed below.

A. Retirements – None

B. Financial Reports – On File with Retirement Specialist

1. Boyd Watterson Asset Management Client Statement for the period ended September 30, 2012.
2. Comerica Bank Collateral Investment Summary as of September 28, 2012.
3. Comerica Bank Securities Lending Statement for August 2012.

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4. Winslow Capital Portfolio Summary for the period ended September 30, 2012.
5. Renaissance Investment Management Summary for the quarter ended September 30, 2012
6. Pacific Income Advisors Fixed Income Quarterly Report for the quarter ended September 30, 2012

C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended October 2012.
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for the quarter ended June 30, 2012.

Motion carried.

Invoices

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

1. Invoice dated September 28, 2012 in the amount of \$2,032.68 from Comerica Commercial Card Service for MAPERS Fall hotel charges.
2. Invoice dated September 14, 2012 in the amount of \$100.00 from Steven Dovitz, M.D. for an Independent Medical Evaluation performed on Brian Murray.
3. Invoice #119845 dated October 5, 2012 in the amount of \$12,574.00 from Gabriel Roeder Smith & Company for the finalized December 31, 2011 valuation of the Monroe County Employees' Retirement System.
4. Invoice #2759183 dated September 10, 2012 in the amount of \$1,295.55 from DLP Piper LLP for professional services through August 31, 2012.
5. Invoice #2240 dated October 3, 2012 in the amount of \$20,113.64 from the County of Monroe Finance Department for services rendered to the Retirement Board for July – September 2012.
6. Invoice #43736 dated October 1, 2012 in the amount of \$225.00 from the National Conference on Public Employee Retirement Systems for Fund Membership Fee January 1, 2013 to December 31, 2013.
7. Reimbursement in the amount of \$365.43 to Henry Lievens for expenses incurred for the 2012 MAPERS educational seminar.

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8. Invoice #2258 dated October 16, 2012 in the amount of \$49.11 from the County of Monroe Finance Department for September 2012 Postage & Fed Ex.
9. Invoice dated October 17, 2012 in the amount of \$3,780.00 from Vanoverbeke, Michaud & Timmony, P.C. for legal services rendered for the period of July 1, 2012 – September 30, 2012.
10. Invoice dated October 19, 2012 in the amount of \$52,812.05 from Morgan Stanley for management fees for the period of July 1, 2012 – September 30, 2012.

Motion carried.

Refunds - None

Retirement Payments - None

Communication – Board Action

Motion by Michael Grodi, supported by James Davies to accept and place on file the following

Application for Service Retirement:

1. Tilman Crutchfield, Sheriff's Office
Motion carried.

Motion by Michael Grodi, supported by James Morgan to accept and place on file the following

Application for Disability Retirement:

2. Denise Fashbaugh, Central Dispatch
Motion carried.

Motion by James Morgan, supported by Michael Grodi to go to a closed session regarding next item (3).

Motion carried.

Motion by James Davies to open session, supported by James Morgan.

Motion carried.

Motion by James Davies, supported by Joseph Hudson to approve Steven Dovitz, M.D. medical report regarding an independent medical evaluation of Brian Murray.

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3. Medical report dated September 14, 2012 from Steven Dovitz, M.D. regarding an independent medical evaluation of Brian Murray.

Motion carried.

Motion by Michael Grodi, supported by James Morgan to accept report as written and pay invoice dated October 8, 2012, seeking reimbursement of payment from Ronald Whited for invoice payment.

4. Letter dated October 8, 2012 from Dr. Klisz-Karle, Ph.D. regarding Ronald Whited not showing for his IME appointment on September 29, 2012 and invoice dated October 8, 2012 in the amount of \$500.00 No Show Fee for the Independent Neuropsychological Evaluation scheduled for September 29, 2012 for Ronald Whited.

Motion carried.

Motion by Joseph Hudson, supported by James Davies to accept Certificates of Attendance – MAPERS September 11, 2012, with the request of adding Michael Grodi to the list of attendees.

Certificate of Attendance – MAPERS September 11, 2012

5. George Jondro
6. Henry Lievens
7. James Davies
8. Joseph Hudson
9. Anne McCarthy
10. William Sisk
11. Nancy Bellaire
12. Michael Grodi

Motion carried.

Resolutions

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following

- Application for Service Retirement resolution:**
 1. Tilman Crutchfield, Sheriff's Office

Motion carried.

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Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following

2. **Application for Disability Retirement resolution:**
Denise Fashbaugh, Central Dispatch

Motion carried.

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following

3. **Disability Retirant Re-examination**
Brian Murray, Sheriff's Office

Motion carried.

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following

4. **Purchase of Military Service Credit**
Gregory Tafelski, Sheriff's Office

Motion carried.

Motion by Michael Grodi, supported by Joseph Hudson to accept and place on file the following

5. **Purchase of Universal Service Credit**
Gregory Tafelski, Sheriff's Office

Motion carried.

Attorney's Report

Motion by Henry Lievens, supported by James Davies to have a moratorium on all future out of state travel until such time that the Code of Conduct/Education/Travel/Due Diligence Policy has been formalized and approved by the Monroe County Employees Retirement Board.

1. Code of Conduct/Education/Travel/Due Diligence Policy
Discussion regarding the changes to the policy and the purpose for review.

Motion Carried.

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Consultant's Report

Mr. Cho reviewed the valuation report for the month ending September 30, 2012. The fund is valued at \$174,605,063.68 up \$2,522,509.01 from the previous month. The Total Fund was up 1.67% and up 7.95% YTD. The current asset allocation includes 48.69% in Equity, 50.87% in Fixed, and 0.44% in Cash. Discussion followed with comments and requesting the addition of the pie chart back in to the report.

Introduction to Alternative Investments

Old Business

- Disability Re-examinations – Ronald Whited, already discussed
- Confidentiality Agreement – continues to be pending
- Disability Re-examination for Tobi Sisman – Scheduled for November 15, 2012

New Business

- Monroe County Employees' Retirement System Professional & Clerical Services Agreement.
- Letter from Monroe County Board of Commissioners Chairman, R. LaMar Frederick dated October 1, 2012 regarding the Supplemental Pension Benefit Resolution and Amendment to Section 8.6 of the Monroe County Employees' Retirement System.

Chairman's Report

Administrative Committee: going to send the retirement specialist professional clerical service back to the administrative committee and also the due diligence travel policy to review and hopefully have completed by the next board meeting.

Trustee Comments

Michael Grodi - it had been brought to his attention that statements have been made pertaining to his attendance at seminars may have been causing overtime out of the Sheriff's Department Budget, and he would like it to be on record that he in no way, shape or form, when he goes to

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events, does he cause overtime. His position does not get backfilled when he is not there, so there is no overtime.

Henry Lievens - passed

Nancy Bellaire - passed

Joseph Hudson - passed

James Davies - passed

James Morgan - passed

George Jondro - passed

Administrative Calendar

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 James Davies, supported by Joseph Hudson to adjourn. Motion carried. Meeting adjourned at 7:02 P.M.

Respectfully Submitted,

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