

**Monroe County Employees Retirement
System Board of Trustees
MINUTES**

Regular meeting of the Board of Trustees of the Monroe County Employees Retirement System held on October 26, 2009 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

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

ABSENT: Nancy Colpaert and William Sisk excused

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Royce Maniko, Interim 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 James Morgan, supported by Anne McCarthy to approve the minutes of the September 28, 2009 regular meeting. Motion carried.

Anne McCarthy proposed that on page 7 of the September 28, 2009 minutes strike from the record "someone who is a daily trader."

Motion by George Jondro, supported by James Davies to approve the agenda as submitted. Motion carried.

Citizens Time – none

Presentations – Diamond Hill – Long / Short – James Bishop

Mr. James Bishop was unable to attend the meeting therefore, Mr. Josh Alderman presented on his behalf. Mr. Alderman discussed the Investment Objectives. Stating that Diamond Hill seeks positive total returns on both long and short positions and Diamond Hill tends to have reduced volatility compared to long-only funds. Mr. Alderman introduced the Portfolio Management and stated their overall goal is to beat the market.

Mr. Alderman stated the fund seeks to buy securities from companies at significant discounted prices. Diamond Hill projects the Long / Short strategy should give an acceptable rate of return. Mr. Alderman updated the Board of Trustees on Diamond Hill's overall performance. The fund as of September 30, 2009 is at 8.01% and 6.13% since inception.

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Motion by James Davies, supported by William Myer to approve consent agenda as listed below:

A. Retirements - None

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 09/01/09 through 09/30/09 and Securities Lending Statement for August 2009.
2. Alpine Investor Statement for the period of January 1, 2009 through September 30, 2009.
3. Diamond Hill Statement for the period for January 1, 2009 through September 30, 2009.
4. J.P. Morgan Quarterly Statement for the period of July 1, 2009 through September 30, 2009.
5. Morgan Stanley Smith Barney Vision Account for Anchor Capital Advisors, Eagle Global Advisors, NWQ LCV and International, Renaissance Investment Advisors and International, and Templeton Portfolio Advisors for period ending September 30, 2009.
6. Pacific Income Advisers Portfolio Appraisal for period ending September 30, 2009.
7. Renaissance Investment Company Large Cap Growth Quarterly Review as of September 30, 2009.
8. Renaissance International Equity Quarterly Review as of September 30, 2009.
9. Smith Group Asset Management Monthly Portfolio Summary for the period ending September 30, 2009.

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C. Communication

1. Franklin Templeton Companies Proxy Voting Summary Report for the period of July 1, 2009 through September 30, 2009.
2. Gabriel Roeder Smith & Company issues of GRS Insight and GRS News Scan.
3. Renaissance Investment Company and International Equity Privacy Notice regarding the annual offer of ADV Part II.
4. Smith Group Asset Management Market Perspectives for October 2009.

Invoices

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

1. Invoice dated September 30, 2009 in the amount of \$4,357.83 from Comerica Commercial Card Service for seven hotel rooms for the 2009 MAPERS Fall Educational Seminar.
2. Invoice #1522 dated September 29, 2009 in the amount of \$5,689.40 from County of Monroe Finance Department for Retirement Specialist Services rendered for the period of July – September 2009.
3. Credit Memo #33 dated October 8, 2009 in the amount of (\$1,052.25) from County of Monroe Finance Department for Central Services.

Anne McCarthy questioned the credit memo. County of Monroe Finance Department included central services on Invoice #1522. Therefore, a credit memo was necessary to correct the amount charged for central services.

4. Invoice #1526 dated October 1, 2009 in the amount of \$17.69 from County of Monroe Finance Department for September 2009 postage.
5. Invoice dated September 16, 2009 in the amount of \$550.00 from Steven Dovitz, M.D. for an independent medical evaluation performed on Pamela Smith.
6. Invoice #109675 dated October 12, 2009 in the amount of \$11,900.00 from Gabriel Roeder Smith & Company for finalizing the December 31, 2008 actuarial valuation.

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7. Invoice dated October 15, 2009 in the amount of \$58,717.25 from Morgan Stanley Smith Barney for Investment Consultant Services rendered for vision accounts for the period of July 1, 2009 through September 30, 2009.
8. Reimbursement in the amount of \$441.04 to William Myers for expenses incurred for 2009 MAPERS Fall Educational Seminar in Mackinac Island, Michigan.
9. Invoice #15007 dated September 28, 2009 in the amount of \$150.00 from National Conference on Public Employee Retirement Systems for 2010 Annual Dues.
10. Invoice dated October 13, 2009 in the amount of \$10,321.37 from Renaissance Investment Company for Investment Services rendered for the period of July 1, 2009 through September 30, 2009.
11. Invoice dated October 13, 2009 in the amount of \$12,840.63 from Renaissance International Equity for Investment Services rendered for the period of July 1, 2009 through September 30, 2009.

Motion carried.

Refunds - None

Retirement Payments - None

Communications

1. Application for Service Retirement for Arlyne Balog, Sheriff's Office.

Motion by Anne McCarthy, supported by John Fowler to accept, and place on file. Motion carried.
2. Application for Service Retirement for Kay Hammac, Buildings & Grounds.

Motion by Anne McCarthy, supported by John Fowler to accept, and place on file. Motion carried.
3. Application for Disability Retirement for Christopher Porkarski, Sheriff's Office.

Motion by Anne McCarthy, supported by John Fowler to accept, and place on file. Motion carried.

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4. Application for Deferred Retirement for Douglas Redding, Mental Health.

Motion by Anne McCarthy, supported by John Fowler to accept, and place on file. Motion carried.

5. Medical report dated September 16, 2009 from Steven Dovitz, M.D. regarding independent medical evaluation of Pamela Smith.

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

6. Communication dated October 21, 2009 from Chairman David Thompson regarding the recommendation of the position Citizen-At-Large, currently Mr. James Davies.

Motion by George Jondro, supported by John Fowler to accept, place on file, and submit a letter to the Monroe County Board of Commissioners to recommend Mr. Davies serve another three-year term.

Proposed Resolutions

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

1. Arlyne Balog, Sheriff's Office – Application for Service Retirement
2. Kay Hammac, Buildings & Grounds – Application for Service Retirement
3. Christopher Porkarski, Sheriff's Office – Application for Disability Retirement
4. Douglas Redding, Mental Health – Application for Deferred Retirement
5. Pamela Smith, Youth Center – Disability Retirement

Motion carried.

Attorney Report

1. Dallas Gene Rod v. Marian Rose Rod, Eligible Domestic Relations Order.

The issue was inconsistent with the original benefit. It is not possible to change his Election of Option.

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Motion by Anne McCarthy, supported by John Fowler to accept communication and place on file. Motion carried.

2. Settlement Report for 3rd quarter 2009.

Motion by James Morgan, supported by George Jondro to accept communication, and place on file. Motion carried.

Legal Counsel provided the Board of Trustees with a letter regarding Conseco Inc. Securities Litigation and recommended the Board of Trustees make a motion to have a closed session.

Motion by James Morgan, supported by William Myer to have a closed session. Roll call taken on the motion with James Davies, John Fowler, George Jondro, Anne McCarthy, James Morgan, William Myers, and David Thompson in favor. Nancy Colpaert and William Sisk excused. Motion carried 7 to 0.

Motion by John Fowler, supported by William Myer to accept communication, and place on file. Motion carried.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending September 30, 2009. The fund is valued at \$164,225,000.48 up \$3,853,311.32 from the previous month. Alpine was up 9.48%. Boyd Watterson and Brandywine both produced good returns for the month.

Old Business

- Disability Retiree Re-exams
 - David Funk, Sheriff's Office – appointment on October 6, 2009
 - Ronald Whited, Sheriff's Office – appointment on October 12, 2009
 - Legal contract – Chairman Thompson is working on the RFP.

New Business - None

Trustee Comments

Chairman Thompson addressed Judge Vitale's Annuity Withdrawal request, and informed Judge Vitale to present a letter to the Board of Trustees stating he submitted his payment to Charles Londo, County Administrator on December 30, 1999 vs. January 5, 2000, the date the receipt was issued.

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Chairman Thompson informed the Board of Trustees that he has a MAPERS Executive Board meeting on October 27, 2009. He stated there are currently six senate bills surrounding pension systems, which include records retention and mandatory trustees training.

Motion by James Morgan, supported by George Jondro to adjourn. Motion carried. Meeting adjourned at 5:55 P.M.

Respectfully Submitted,

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