



Monroe County Employee's Retirement System

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Monroe County Employees Retirement System Board of Trustees MINUTES

A special meeting of the Monroe County Employees Retirement System Board of Trustees was held on March 18, 2013 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

Roll call as follows:

PRESENT

James Davies
Michael Grodi
Joseph Hudson

Anne McCarthy @ 5:04
James Morgan
Jerry Oley

ABSENT

Nancy Bellaire (excused)
George Jondro (excused)
Bobby Lambert

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Michael Bosanac, Retirement Secretary, Michael Cho, Investment Consultant and Thomas Michaud, Legal Counsel

A quorum being present, the Board proceeded to transact business.

Sandy Calkins led the Pledge of Allegiance.

Motion by Trustee Davies to approve the agenda as submitted. Supported by Trustee Hudson. Motion carried.

Citizens Time – None

Presentations

Tracey Savage and Jamie Carmell, Mesirow Financial

Ms. Carmell began the meeting by introducing herself as the Senior Vice President at Mesirow Financial. She defined what a hedge fund is, stating it is a private pool of investor money that utilizes a range of specialized investment strategies, typically with the goal of producing a positive return with low correlation to traditional stock and bond investments.

She recognized Mesirow as an Alternative Investments adviser and manager. She stated the company was founded in 1990, manages \$13.6 billion in assets, including \$8.9 billion on behalf of pension funds. They are private, independent and employee-owned. Their office locations are in Chicago, London and Hong Kong.

Ms. Carmell discussed Mesirow's investment philosophy, stating investment management and risk management are inseparable, independent verification processes are paramount and dynamic allocation of capital captures opportunities.

Ms. Carmell discussed how Mesirow differentiates skill from luck. She stated the senior staff have been together for approximately 15 years, they have a checks and balances system designed to go beyond industry standards, Mesirow custom benchmarking reveals sources of performance, and pioneer in operational due diligence.

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Finally, Ms. Carmell reviewed Mesirow's performance results. Year to date the fund is valued at 1.61% versus the benchmark at 5.18%. For 2012 the fund is valued at 7.26% versus the benchmark at 16.76%. Three year numbers are valued at 3.71% versus the benchmark at 14.13%. Mesirow has an annual management fee of .75% and a minimum investment amount of \$250,000.00.

Chris Keenan, EnTrust Capital

Mr. Keenan stated EnTrust was established in 1997, is 100% employee owned and Hedge Fund Investments is all they do. They have approximately \$8.3 billion under management with 68 employees, including 24 investment professionals. Their office is headquartered in New York, with offices in Boston, Chicago, Washington D.C., London and Singapore.

Mr. Keenan addressed why EnTrust Capital Diversified funds of funds are different. He stated they offer a stable investor base, high level of transparency, intensive due diligence process, they are a leader in risk management and they have access to experience, stable and risk adjusted performing managers. Mr. Keenan also stated EnTrust performs its own due diligence and utilizes its proprietary scoring and risk management systems, which includes daily monitoring and analysis of material positions in the portfolio.

Next, Mr. Keenan discussed liquidity. He stated investments in alternative investments can be highly illiquid. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such investments.

Finally, Mr. Keenan reviewed the performance results. For the period of October 1, 2003 – January 31, 2013 the fund is valued at 6.33% versus the benchmark at 3.43%. EnTrust has an annual management fee of 1.40% and a minimum investment amount of \$1,000,000.00.

Josh Heiskell and Matt Hayden, Corbin Capital Partners

Mr. Hayden started by defining Corbin Capital as an institutional boutique alternative asset manager for over 25 years, describing them as seasoned and experienced, offering diverse products and innovation solutions, robust infrastructure and institutional quality client service.

Corbin Capital was established in 1984. They have approximately \$3.2 billion under management with 42 investment professionals. They offer a diversified institutional client base, and are a registered investment adviser with the SEC. Their office is headquartered in New York.

Mr. Hayden addressed Corbin's investment philosophy, stating they invest where they are confident in their ability to discern a manager's potential alpha contribution. Corbin's investment process incorporates layers of decision making and analysis, which includes asset allocation, manager selection, operational due diligence, portfolio construction and on-going monitoring.

Next, liquidity was discussed. He stated it would take approximately one year to completely close the account, 25% per quarter.

Finally, Mr. Hayden reviewed the performance results. Year to date the fund is valued at 1.97%. For 2012 the fund is valued at 9.06%. Since inception the fund is valued at 7.43% versus the benchmark at 5.52%. Corbin Capital has an annual management fee of 1.0% and a 5% performance fee. Their minimum investment amount is \$1,000,000.00.

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Trustee Comments

Michael Bosanac would request Michael Cho present the Retirement Board with a matrix of all three presenters. He would suggest that Mr. Cho also submit written communication with his recommendation.

Trustee Oley would like Mr. Cho to also include a spreadsheet with the pros and cons on each manager. He would also like to see written communication with Mr. Cho's recommendation.

Chairman Grodi would like Mr. Cho to rate each manager based on criteria provided during the presentations.

Motion by Trustee Hudson to adjourn. Supported by Trustee Davies. Motion carried. Meeting adjourned at 6:39 P.M.

Respectfully Submitted,

Michael Grodi, Chairman
Monroe County Employees Retirement System
Board of Trustees