

**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 April 23, 2012 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Bellaire, James Davies, Joseph Hudson, George Jondro, Henry Lievens (arrived at 5:16), James Morgan and William Sisk (arrived at 5:08)

ABSENT: Michael Grodi (excused), and Anne McCarthy (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist, 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 Morgan, supported by Nancy Bellaire to approve the agenda as submitted. Motion carried.

Motion by James Davies, supported by Joseph Hudson to approve the minutes from the March 26, 2012 regular meeting. Motion carried.

Citizens Time – None.

Presentations – Edward Woods, Bahl & Gaynor

Mr. Woods introduced himself as the Vice President for Bahl & Gaynor. He stated the company was founded in 1990 in Cincinnati, Ohio. The company is independently owned and operated with 28 employees. They currently have \$5.1 billion under management.

Mr. Woods stated Bahl & Gaynor typically invests in high quality companies that pay a growing dividend. Bahl & Gaynor believe a strong dividend policy signals earnings power, exhibits earnings quality, signified business stability, and indicated overall financial strength. Bahl & Gaynor's income growth strategy seeks income growth, capital preservation, and price appreciation.

Mr. Woods stated Bahl & Gaynor strives to solidly outperform their peers and the benchmarks with less risk and more income during high quality markets and through full market cycles.

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Presentations – Stephen Otto, Federated Strategic Value

Mr. Otto introduced himself as the Vice President, Managed Accounts for Federated Strategic Value and Mr. Daniel Peris the Vice President, Senior Portfolio Manager. He stated Federated was founded in 1955, manages approximately \$370 billion total assets under management, and approximately \$7.2 billion managed account assets under management. Mr. Otto stated Federated has an experienced investment management team of more than 210 professionals.

Mr. Peris stated Federated offers broad product lines spanning domestic and international equity, fixed income, alternative and money market strategies with the goal of long-term consistent, competitive performance. Federated takes the long view, believing that doing business the right way over time will present opportunity for future growth.

Mr. Peris discussed the objective at Federated, stating the strategy's objective is to provide a high-level of current income from dividends and long-term capital appreciation drive by dividend growth.

Presentations – Charlie Garland, Hamlin Capital Management

Mr. Garland stated Hamlin was founded in 2001. The company is 100% employee-owned, and has managed equities and fixed-income assets for over two decades. Hamlin's investment philosophy consists of protecting capital, providing a growing stream of income, and enhancing after-tax returns.

Mr. Garland explained why Hamlin feels dividend paying stocks outperform; dividends provide a tangible form of corporate governance, dividends endorse quality of reported earnings, bird in the hand smoothes returns, flexibility, power of compounding income, and demographics favor income producing securities.

Mr. Garland stated Hamlin seeks to invest in companies that offer a generous dividend with the potential for dividend growth. Hamlin requires a cash return on every dollar invested. He stated dividend paying equities have provided more stability than their common stock counterparts.

Presentations – Matthew Boren, Santa Barbara

Mr. Boren stated the company was founded in 1987 in Santa Barbara, California and manages equity and balanced portfolios for individuals, corporations, foundations, and trusts. They currently have \$3.8 billion under management, 33 employees, and 23 investment professionals.

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The Santa Barbara dividend growth strategy invests in equities of well run companies that exhibit a commitment to sustainable and growing dividends. As a means of mitigating systematic risk and minimizing volatility, the portfolio targets a beta that is lower than that of the market. Using fundamental research, Santa Barbara seeks to outperform the benchmark while experiencing less risk.

Mr. Boren stated at Santa Barbara dividends are a meaningful contributor towards US equity total return, capital preservation is paramount towards long-term investing success, and value is added by investing in companies as opposed to trading stocks.

Mr. Hudson requested Mr. Cho create a summary of the presentations and label them 1-4, 1 being the best and 4 the least.

Motion by Henry Lievens, supported by William Sisk to table a decision until the next meeting and have Mr. Cho create a summary of the presentations and make a recommendation. Motion carried.

Motion by James Davies, supported by William Sisk 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 March 31, 2012.
2. Comerica Bank Collateral Investment Summary as of March 30, 2012.
3. Comerica Bank Securities Lending Statement for February 2012.
4. Morgan Stanley Smith Barney Client Statement for Anchor Capital Advisors, Eagle Global Advisors, Lazard Asset Management, NWQ LCV and International and Renaissance Investment Management for the period ended March 31, 2012.
5. Winslow Capital Portfolio Summary for the period ended March 31, 2012.

C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended April 2012.

Motion Carried.

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Invoices

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

1. Invoice dated March 30, 2012 in the amount of \$5,579.74 from Comerica Commercial Card Service for NCPERS and MAPERS educational seminars.
2. Invoice #2108 dated March 24, 2012 in the amount of \$49.90 from County of Monroe Finance Department for February 2012 Postage and Federal Express charges.
3. Invoice #2121 dated April 6, 2012 in the amount of \$20,083.90 from County of Monroe Finance Department for services rendered to the Retirement System by Sandy Calkins for the period of January 1, 2012 – March 31, 2012.
4. Invoice #118316 dated April 9, 2012 in the amount of \$4,713.00 from Gabriel Roeder Smith & Company for regular actuarial services performed for the quarter from January 1, 2012 – March 31, 2012.
5. Invoice dated April 16, 2012 in the amount of \$52,192.71 from Morgan Stanley Smith Barney for Management Fees for the period of January 1, 2012 – March 31, 2011.
6. Invoice dated April 16, 2012 in the amount of \$6,335.00 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of January 1, 2012 – March 31, 2012.

Refunds

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

- | | |
|---|-------------|
| 1. Terry Collingsworth, Road Commission | \$11,343.68 |
| 2. Larry Miller, Road Commission | \$68,654.67 |
| 3. Corey Plumb, Sheriff's Office | \$ 971.69 |
| 4. Melvin Turner, Road Commission | \$29,396.07 |

Motion carried.

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Retirement Payments

Motion by Joseph Hudson, supported by James Davies to approve the following retirement payments:

- | | |
|---|------------|
| 1. Gail Hurley, Board of Commissioners | \$ 409.69 |
| **March \$75.46 | |
| 2. Larry Miller, Road Commission | \$2,980.67 |
| **March \$972.00 | |
| 3. Melvin Turner, Road Commission | \$1,668.09 |
| **March \$590.75 | |
| 4. Lawrence VanWasshenova, Prosecuting Attorney | \$2,090.73 |
| **January \$146.37, February \$648.12, March \$648.12 | |

Motion carried.

Communications

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

1. Larry Miller, Road Commission

Motion carried.

Motion by James Morgan, supported by William Sisk to accept and place on file the following Applications for Vested Retirement:

2. Gail Hurley, Board of Commissioners
3. Lawrence VanWasshenova, Prosecuting Attorney

Motion carried.

Motion by Joseph Hudson, supported by James Davies to accept disability applications, place on file, and send the following applicants to Steven Dovitz, M.D. for a medical evaluation:

4. Linda Martin, Mental Health
5. Rosemary West, Sheriff's Office

Motion carried.

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6. Insurance quote from Risk Placement Services for Fiduciary Liability Insurance.

Motion by James Morgan, supported by Joseph Hudson to accept communication and place on file. Motion carried.

Proposed Resolutions

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

1. Larry Miller, Road Commission

Motion carried.

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

2. Larry Miller, Road Commission
3. Melvin Turner, Road Commission

Motion carried.

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

4. Gail Hurley, Board of Commissioners
5. Lawrence VanWasshenova, Prosecuting Attorney

Motion carried.

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

6. Gail Hurley, Board of Commissioners
7. Lawrence VanWasshenova, Prosecuting Attorney

Motion carried.

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Attorney Report

No formal legal report.

Consultant Report

Mr. Cho reviewed the valuation report for the month ending March 31, 2012. The fund is valued at \$174,931,587.55 down \$863,755.63 from the previous month. The Total Fund was down .08%. The current asset allocation includes 48.15% in equity, 44.88% in fixed income, and 6.97% in cash.

Mr. Cho informed the Retirement Board that cash needs to be raised. He recommends transferring \$3,000,000.00 from Tradewinds.

Motion by William Sisk, supported by James Morgan to transfer \$3,000,000.00 from Tradewinds and transfer it into the Cash Account at Comerica Bank. Motion carried.

Old Business

- Fiduciary Liability Insurance

Chairman Jondro stated the policy was extended until April 25, 2012.

Motion by Joseph Hudson, supported by James Davies to renew the policy. Motion carried.

New Business

- Disability Re-examinations

Motion by William Sisk, supported by James Davies to send all required disability retirees for a medical re-examination. Motion carried.

Trustee Comments

James Morgan would like to schedule a meeting for the Investment Policy Committee to review the Investment Policy Statement.

Chairman Jondro would like to schedule a meeting for the week of June 4, 2012 for the Administrative Policy Committee to meet.

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Chairman Jondro informed the Trustees that the next scheduled Retirement Board meeting is May 14, 2012.

Motion by James Morgan, supported by Joseph Hudson to adjourn. Motion carried. Meeting adjourned at 7:20 P.M.

Respectfully Submitted,

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