

**Minutes of the Regular Meeting of the
Board of Trustees of the Monroe County
Employees Retirement System**

Regular meeting of the Board of Trustees of the Monroe County Employees Retirement System held on June 22, 2009 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

PRESENT: Nancy Colpaert, John Fowler, George Jondro, Anne McCarthy, Jim Morgan, Bill Myers and David Thompson.

ABSENT: Jim Davies and Charles Londo, absent; Bill Sisk, excused

ALSO PRESENT: Debra Elmore, Retirement Specialist; 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 George Jondro, supported by Jim Morgan to approve the minutes of the May 11, 2009 regular meeting and the June 4, 2009 special meeting. All in favor, motion carried.

Motion by Anne McCarthy, supported by Nancy Colpaert to approve the agenda as submitted with the addition of Item 8-6, 2009 MAPERS Fall Educational Conference September 13-15, 2009 at the Grand Hotel, Mackinac Island. All in favor, motion carried.

Citizens Time – none

Presentations – Michael Serchen – Anchor Capital Advisors

Mr. Serchen reviewed Anchor's philosophy for the new trustees. Anchor believes in a higher return with less risk. He also gave the investment review for the period ending May 31, 2009. The portfolio was down -2.74% while the policy index was down -3.43%. This was due to Anchor holding cash. They have a 40% cash position. Mr. Thompson stated they might be doing okay with holding \$4 million in cash but the Retirement System is paying Anchor to hold that cash but not making any money on it. He wants to know when the money is going to be invested. Mr. Serchen explained as

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business and outlook clears up, they will add to existing positions. They have a positive but cautious outlook.

Motion by John Fowler, supported by Bill Myers to approve consent agenda as listed below:

- | | | |
|-----------------------|---------------------------------------|---------|
| A. Retirements | Nancy Barton, Sheriff's Office | June 1 |
| | Anna Maurice, Employment & Training | June 19 |
| | Frank Atkinson, Jr., Sheriff's Office | June 30 |
- 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, Brandywine Asset Management Large Cap (April only), 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 04/01/09 through 04/30/09 and 05/01/09 through 05/31/09 and Securities Lending Statement for March and April 2009.
 2. Boyd Watterson Asset Management Client Statement for period ending April 30 and May 31, 2009.
 3. Morgan Stanley Vision Account for Anchor Capital Advisors, Eagle Global Advisors, NWQ LCV and International, Renaissance Investment Advisors and International and Smith Asset Management Group for month ending April 30 and May 31, 2009.
 4. NWQ Investment Management Portfolio Holdings as of March 31, 2009.
 5. Pacific Income Advisors portfolio appraisal for month ending April 30, 2009 and quarterly report for 1st quarter 2009.
 6. Smith Group Asset Management Quarterly portfolio summary for 1st quarter 2009.
 7. Templeton Porfolio Advisors portfolio report for 1st quarter 2009.

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8. Tradewinds Global Investors portfolio holdings for 1st quarter 2009.

C. Communication

1. GRS NewsScan for April/May 2009.
2. GRS Insight, May 2009.
3. NWQ Investment Management Company outlook dated May 4, 2009.
4. Communication dated May 5, 2009 Renaissance Investment Management proxy report for 1st quarter 2009.
5. Communication dated June 4, 2009 from Renaissance Investment Management regarding a change in Renaissance's Errors and Omissions coverage.
6. Tradewinds Global Investors outlook dated May 11, 2009.

All in favor, motion carried.

Invoices

Motion by Anne McCarthy, supported by John Fowler to approve for payment the following invoices, subject to house audit and Item 18 for a revised total of \$331.02:

1. Invoice dated April 1, 2009 in the amount of \$12,132.08 from Anchor Capital Advisors for investment management services for 1st quarter 2009.
2. Invoice #25068 dated June 11, 2009 in the amount of \$39,860.00 from Boyd Watterson Asset Management for investment management fees for period for 2nd quarter 2009.
3. Invoice dated May 29, 2009 in the amount of \$8,453.38 from Comerica Commercial Card Service for expenses for the 2009 MAPERS Spring Educational Seminar and 2009 NCPERS Annual Educational Seminar.
4. Invoice dated June 5, 2009 in the amount of \$550.00 from Steven Dovitz, M.D. for IMD of disability retiree Marie Zion.

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5. Invoice dated April 2, 2009 in the amount of 411,161.00 from Eagle Global Advisors for investment management services for 1st quarter 2009.
6. Invoice #2-09 dated June 1, 2009 in the amount of \$1,644.50 from Debra Elmore for retirement specialist services rendered for May, 2009.
7. Invoice #20090503001308 dated March 31, 2009 in the amount of \$10,206.66 from NWQ Investment Management Company for investment management services for 1st quarter 2009.
8. Invoice #20090503001238 dated March 31, 2009 in the amount of \$11,689.31 from Tradewinds Global Investors for investment management services for 1st quarter 2009.
9. Invoice #1417 dated June 1, 2009 in the amount of \$63.07 from Monroe County Finance Department for May 2009 postage.
10. Reimbursement in the amount of \$196.36 to Nancy Colpaert for expenses incurred for 2009 MAPERS Spring Educational Seminar in Grand Rapids, Michigan.
11. Reimbursement in the amount of \$251.58 to James Davies for expenses incurred for 2009 MAPERS Spring Educational Seminar in Grand Rapids, Michigan.
12. Reimbursement in the amount of \$224.04 to John Fowler for expenses incurred for 2009 MAPERS Spring Educational Seminar in Grand Rapids, Michigan.
13. Reimbursement in the amount of \$220.56 and \$260.37 to George Jondro for expenses incurred for the 2009 MAPERS Spring Education Seminar in Grand Rapids, Michigan and the 2009 NCPERS Annual Educational Seminar in Beverly Hills, California.
14. Reimbursement in the amount of \$225.06 to Anne McCarthy for expenses incurred for 2009 MAPERS Spring Educational Seminar in Grand Rapids, Michigan.
15. Reimbursement in the amount of \$214.97 to James Morgan for expenses incurred for the 2009 MAPERS Spring Educational Seminar in Grand Rapids, Michigan.

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16. Reimbursement in the amount of \$251.97 to William Myers for expenses incurred for the 2009 MAPERS Spring Educational Seminar in Grand Rapids, Michigan.
17. Reimbursement in the amount of \$236.93 to William Sisk for expenses incurred for the 2009 MAPERS Spring Educational Seminar in Grand Rapids, Michigan.
18. Reimbursement in the amount of \$207.34 and \$316.18 to David Thompson for expenses incurred for the 2009 MAPERS Spring Educational Seminar in Grand Rapids and the 2009 NCPERS Annual Educational Seminar in Beverly Hills, California.

Dave Thompson said his travel for MAPERS should be \$14.84 since he drove a County vehicle. Jim Morgan also had a question on Item 7-11. He wanted to know why the Retirement System paid a \$57.00 charge in hotel expense for Mr. Davies to leave the conference early. He feels there should be guidelines for charges. Mr. Michaud said the Policy Committee needs to meet before the Fall Educational Seminar.

All in favor, motion carried.

Refunds

Motion by Nancy Colpaert, supported by Jim Morgan to approve the following refunds:

- | | | |
|----|---|-------------|
| 1. | Nancy Barton, Sheriff's Office | \$15,651.62 |
| 2. | Northland Area Federal Credit Union
(FBO Nancy Barton, Sheriff's Office) | \$ 5,747.01 |

All in favor, motion carried.

Retirement Payments

Motion by George Jondro, supported by Bill Myers to pay the following retirement payments:

- | | | |
|----|--|------------|
| 1. | Nancy Barton, Sheriff's Office | \$ 961.60 |
| 2. | Phillip Chrzan, Central Dispatch, deferred
(pro-rated for June) | \$ 446.67 |
| 3. | Judy Lynch, Equalization | \$1,377.70 |

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All in favor, motion carried. Nancy Colpaert excused.

Communications

1. IME of disability retiree Marie Zion by Steven Dovitz, M.D. dated June 5, 2009.

Motion by Jim Morgan, supported by George Jondro to accept and place on file. All in favor, motion carried.

2. Application dated June 9, 2009 from Jerald Johnson, Sheriff's Office employee to purchase four years of military service credit.

Motion by Anne MacCarthy, supported by John Fowler to accept, place on file and refer to legal. All in favor, motion carried.

3. Letter dated May 12, 2009 from the Monroe County Library System advising the Retirement Board of the reappointment of Nancy Colpaert to a three year term as the Library System's representative to the Monroe County Employees Retirement System Board of Trustees.

Motion by Jim Morgan, supported by George Jondro to accept and place on file. All in favor, motion carried.

4. Letter dated May 29, 2009 from Board Trustee William Myers concerning errors made by Comerica Bank Pension Services.

Motion by Anne McCarthy, supported by John Fowler to accept and place on file. Chairman Thompson will contact Felecia Relief to set up a meeting to discuss problems. All in favor, motion carried.

5. Request by Chairman Thompson to purchase a copy of the State and Local Government Retirement Law: A Guide for Lawyers, Trustees and Plan Administrators, 2009 Edition by Robert D. Klausner at a cost of \$150.00 each for any Trustee who wishes to have a copy.

Motion by John Fowler, supported by George Jondro to authorize two books, one for the Chairman and one for the office. All in favor, motion carried.

6. 2009 MAPERS Fall Educational Conference, Grand Hotel, Mackinac Island, Michigan, September 13-15, 2009.

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Motion by Anne McCarthy supported by Bill Myers to authorize any Trustee who wishes to attend. All in favor, motion carried.

Proposed Resolutions

Motion by Nancy Colpaert, supported by Anne McCarthy to accept and place on file the following resolutions:

1. Phillip T. Chrzan, Central Dispatch – Application for Deferred Retirement
2. Frank J. Atkinson Jr., Sheriff's Office – App. for Service Retirement
3. Charles A. Londo, Finance – Application for Service Retirement
4. Anna L. Maurice, ETD – Application for Service Retirement
5. Nancy Rice, Library System – Application for Service Retirement
6. Phillip Chrzan, Central Dispatch – Deferred Service Retirement
7. Nancy Barton, Sheriff's Office – Service Retirement
8. Judy M. Lynch, Equalization – Service Retirement
9. Marie Zion, Central Dispatch – Disability Retirant Re-examination

All in favor, motion carried. Nancy Colpaert excused.

Attorney Report

Mr. Michaud submitted an updated legal agreement between his office and the Monroe County Employees Retirement System. Anne McCarthy would like to wait until the July meeting to approve so the Board has time to review the contract.

On other pending matters:

- Disability retiree offset of Sheila Casey – will work with Retirement Specialist and report back
- Domestic Relations Order for retiree Tim Trout – will review and report back
- Review trustee handbook
- Educational Session – will wait for new Secretary and Retirement Specialist before holding one
- Military Service Purchase request from Gerald Johnson is okay.
Motion by Bill Myers, supported by George Jondro to accept, place on file and approve application to purchase military service time.
- Mr. Michaud would like to invite any trustee who wishes to tour the legal firm's downtown office. Just let him know and he will set it up.

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Consultant Report

Mr. Galanis reviewed the Investment Manager Performance Report for the first quarter, 2009. Boyd Watterson (+1.04%) and Pacific Income (+.23%) were the only funds up for the 1st quarter. The total fund was down -4.75% while the policy index was down -5.40%. The 90 Day T-bills were up +.05%. The Retirement System has 58% of its portfolio in fixed income.

Mr. Galanis also reviewed the valuation report for month ending May 31, 2009. The fund is valued at \$151,246,424.86 up \$6,217,689.33 from the previous month. That is an increase of 4.52%.

A portfolio manager has left Tradewinds. Morgan Stanley is going to the firm to perform a due diligence. Anne McCarthy asked about the performance of Smith Group (down 8.74% while the policy index was down 3.88) and Renaissance Large Growth (down 7.66% while the policy index was down 3.88%). Mr. Galanis said both managers were recently hired and have been with the Retirement System for less than one year. Mr. Cho said give them a full market cycle (3-5-7 years) and you should see an improvement. Need to see how they perform in an up and down market.

Old Business

- Disability Retiree Re-exams
 - Richard Barkenquast, Central Dispatch
 - Sheila Casey, Sheriff Corrections
 - David Funk, Sheriff's Office
 - Nickolas Musulin, Buildings & Grounds
 - Jerome Vanslambrouck, County Agency
 - David Webb, Road Commission
 - Marie Zion, Central Dispatch – Doctor's report on agenda

All retirees have been notified of appointments

- Retirement Specialist replacement status
Job has been posted. Waiting for applications.

New Business

Motion by George Jondro, supported by Anne McCarthy to purchase Trustee Handbooks from NCPERS for any trustee who wishes on. All in favor, motion carried.

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Trustee Comments

Mr. Thompson presented Mr. Londo with a resolution from the Retirement Board for his years of service as Secretary to the Monroe County Employees Retirement System. Since Mr. Londo is not present, Mr. Thompson will see that he gets it. Motion by Anne McCarthy, supported by George Jondro to accept, place on file and present resolution to Mr. Londo. All in favor, motion carried.

Mr. Thompson updated the Trustees on PA314 amendments. Has a co-sponsor with a basket clause language that allows retirement systems to use investment returns for education and travel. He also said Ms. Nagy from Gabriel, Roeder, Smith & Co. will be at the August 24 meeting to present the actuary.

Ms. Elmore said it is time to send out the verification of retirant and beneficiary data and wants to know if a return stamped envelope should be sent out with the forms. Mr. Thompson said a return stamped envelope needs to be sent out for the retiree's use.

Motion by Jim Morgan, supported by George Jondro to adjourn. All in favor, motion carried. Meeting adjourned at 7:00 P.M.

Respectfully Submitted,

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