

**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 August 8, 2011 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan. The meeting was called to order by Vice Chairman Morgan at 5:00 P.M.

PRESENT: James Davies, Michael Grodi, Joseph Hudson, Henry Lievens (left at 6:15), Anne McCarthy, James Morgan and William Myers (left at 6:15)

ABSENT: Nancy Colpaert (excused), William Sisk (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Royce Maniko, Secretary and Thomas Michaud, Legal Counsel

Motion by Joseph Hudson, supported by Anne McCarthy to approve the agenda as submitted. Motion carried.

Citizens Time – None

Investment Consultant Presentations – Chris Kuhn and Laurence Gray, Gray & Company

Laurence Gray introduced himself as the President of Gray & Company and Chris Kuhn as a Senior Consultant. He stated Gray & Company is an independent investment consulting firm established in 1991 and the firm is registered with the Securities and Exchange Commission. Mr. Gray stated Gray & Company has a diverse client base which includes Public Pension Funds, Taft-Hartley Funds, Foundations and Endowments. The firm has offices in Atlanta, Georgia, Chicago, Illinois, and Bloomfield Hills, Michigan. He stated Chris Kuhn will be the primary contact person for the Retirement Board.

Mr. Gray discussed the firms Philosophy and Consulting Services. He stated the Investment Policy Statement is the most critical document because it serves as the blueprint in governing plan assets. He also discussed Gray & Company's Asset Allocation Modeling; Step 1: Identify Asset Allocation Strategy, Step 2: Evaluate Appropriate Asset Classes, Step 3: Optimize Allocations to Asset Classes, Step 4: Allocate to Alternatives, and Step 5: Allocate to Managers.

Mr. Gray stated Gray & Company believes in providing the Trustees with all of the pertinent information necessary to make prudent decisions regarding the investments of the fund. Therefore, a typical report includes a Market Commentary, Executive Summary, Total Fund Analysis, Manager Analysis and an Appendix.

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Anne McCarthy questioned what the process is if a money manager underperforms for three months. Mr. Gray stated they would need to look and see what is going on. The Money Manager may need to be placed on watch. If necessary they will meet with the Money Manager and make sure they understand their responsibility.

Michael Grodi questioned why Gray & Company are not members of NCPERS. Mr. Gray stated it was simply too expensive to continue their membership.

James Davies questioned how many employees are in the Michigan office. Mr. Gray stated Chris Kuhn is the only employee in the Michigan office, but they would like to expand the office.

Christopher Forte, Todd Wagenberg, Julie Moll and Jim Kansier, Wells Fargo

Christopher Forte introduced himself as the Managing Director for Wells Fargo, Todd Wagenberg and Julie Moll as Senior Institutional Consultants and Jim Kansier as the Institutional Marketing Director. Mr. Forte stated he will be the primary contact person for the Retirement Board. Mr. Wagenberg stated he has been with Wells Fargo for 25 years and Mr. Forte has been with Wells Fargo for 26 years.

Mr. Wagenberg stated it is very important to get a feel for what the client is trying to achieve. Based on their objectives they can customize and use resources that are available from Wells Fargo.

Mr. Forte stated he believes the Investment Policy Statement is important because it is the blueprint for the entire investment program. The Institutional Consultants at Wells Fargo help the Trustees develop or review the Retirement System's investment policy, objectives and guidelines, to assess risk posture, income needs, desired asset allocation and degree of diversification, policy constraints, and other pertinent investment considerations.

Mr. Wagenberg and Mr. Forte meet with potential Money Managers outside of Wells Fargo and if they like their investment style they will bring them to the Wells Fargo platform. They will fire a Money Manager with a great track record if necessary. They do not believe in the star system. They hold Money Managers accountable for trades. They are not afraid to tell a Retirement System the truth even if it is not what they want to hear. They offer an educational element because they are both managing the account.

James Morgan asked if Wells Fargo would be available every month to attend the Retirement Board meetings. Mr. Forte stated that is not a problem. Either Todd or Chris will be available to attend every meeting. Julie and Jim are also available to attend the meetings.

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Mr. Maniko questioned the fee structure. Mr. Wagenberg stated it is 12 bases points for the first \$150 million and 8 bases points after that.

Mr. Maniko questioned whether Wells Fargo has lost any clients. Mr. Wagenberg stated Wells Fargo has never lost any major clients.

Trustee Comments

James Davies stated he would like all Trustees at the presentations to ensure an educated decision is reached.

Michael Grodi would like all Trustees to review the employment agreement between the Retirement Board and County of Monroe regarding the Retirement Specialist. He would like feedback on the language.

Mr. Maniko addressed a letter he received from Chairman Colpaert regarding the Retirement Specialist position.

Motion by James Davies, supported by Michael Grodi to adjourn. Motion carried. Meeting adjourned at 7:05 P.M.

Respectfully Submitted,

James Morgan, Vice Chairman
Monroe County Employees Retirement System
Board of Trustees