

**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 15, 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, Anne McCarthy, and James Morgan

ABSENT: Nancy Colpaert (excused), Henry Lievens (excused), William Myers and William Sisk (excused)

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

Motion by Anne McCarthy, supported by Michael Grodi to approve the agenda as submitted. Motion carried.

**Citizens Time** – None

**Investment Consultant Presentations – Sam Galanis, Gregory Hunter and Tanner Robinson, Oppenheimer**

Sam Galanis introduced himself as a Senior Director for Oppenheimer, Gregory Hunter as Managing Director and Tanner Robinson as a Director. Mr. Galanis reflected on his personal relationship with the Retirement Board. He stated the fund has been so successful because of his thinking “out of the box” strategies. Mr. Hunter stated Oppenheimer employs over 3,500 employees, has over \$40 billion in assets under advisement and is a Global Investment Firm, headquartered in New York, but has a regional office in Wyandotte, Michigan. Mr. Hunter described Oppenheimer as exclusively a client focused institution with no commercial or retail banking operations and no proprietary trading.

Mr. Hunter discussed Oppenheimer’s Process, stating the first step in the process is Investment Policy Review and Revision, step two is Asset Allocation, step three is Manager Search and Selection, step four is Performance Monitoring and step five is Ongoing Consulting and Advice.

Mr. Hunter acknowledged Oppenheimer’s fiduciary responsibility, stating Oppenheimer is a stable, well capitalized, well insured public company and not an LLC, LLP or business unit. Mr. Galanis stated Oppenheimer’s Consultants will strive to make the fulfillment of the fiduciary role as efficient as possible, avoiding trustee risk.

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Michael Grodi questioned how negotiable the fees are. Mr. Hunter stated the fees are very negotiable and he would like to implement a fixed fee.

Royce Maniko asked what Oppenheimer's approach to asset allocation guidelines is. Mr. Hunter stated Oppenheimer's approach utilizes modern and post-modern portfolio theories, in conjunction with Monte Carol simulations.

Royce Maniko asked Oppenheimer how many complaints were received by the Securities and Exchange Commission. Mr. Hunter stated he believes 24, out of 1,400 investment consultants.

**Investment Consultant Presentations - Katherine Ghannan, George Vitta, Jennifer Cotaling and Robert Mills, Asset Strategies**

Katherine Ghannan introduced herself as a Senior Consultant for Asset Strategies, George Vitta as the President, Jennifer Cotaling and Robert Mills as Researchers. Ms. Ghannan described Asset Strategies as a Michigan based company with 20 years of providing fiduciary and investment advice to institutional investors only. She stated Asset Strategies is a registered investment advisor with the SEC.

Ms. Ghannan advised the Retirement Board that Asset Strategies does not manage money, does not provide brokerage services, are not affiliated with other financial services companies, and 100% of revenues are received from clients. She stated Asset Strategies due diligence process applies a disciplined process that provides a comprehensive assessment of the most qualified investment managers, matches quantitative and qualitative characteristics of investment managers, and is thorough and unbiased.

Ms. Ghannan stated Asset Strategies mission is to be a proactive member of the fiduciary team, become an extension of administrative staff, and to serve as a sustaining resource for the Board of Trustees. Ms. Ghannan stated Asset Strategies Consultants do the work, and it is performed in Michigan. They will provide a customized statement of investment policies, procedures and objective for the plan, customized asset allocation tools and interface with plan's actuary, customized manager research, and quarterly investment reporting.

**Investment Consultant Presentations - Michael Cho, Michael Holycross and Brian Green, Morgan Stanley Smith Barney**

Michael Cho introduced himself as a Financial Advisor for Morgan Stanley Smith Barney, Graystone Consulting, Michael Holycross as a Senior Vice President and Brian Green as a Consulting Analyst. Mr. Holycross addressed Graystone Consulting. He stated Graystone Consulting is the institutionally focused investment consulting business of Morgan Stanley Smith Barney. Graystone Consulting currently consist of 40 U.S. based teams led by one or more

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Institutional Consulting Directors with an average of over 15 years of experience. Graystone Consulting is committed to customized, objective investment advice, open-architecture money management platform, full disclosure and transparency in all practices, no soft dollar and no conflicts of interest. Morgan Stanley Smith Barney, Graystone Consulting is located in Birmingham, Michigan.

Mr. Holycross discussed Morgan Stanley Smith Barney's disciplined process stating the first step in the process is Organizational Assessment, step two is Investment Policy Statement, step three is Asset Allocation Study, step four is Investment Manager Strategies, step five is Reporting and Communications, and step six is Ongoing Review and Monitoring.

Mr. Holycross stated there is absolutely no compensation from money managers or vendors for searches or inclusion in our manager database. Morgan Stanley or any affiliate is never included in any manager search, unless directed by the client, no soft dollar arrangement with existing clients, hard dollar or asset based fees only, no additional compensation outside of either fee option.

Mr. Holycross discussed the benefits of using Morgan Stanley, stating they are a Michigan based Consulting Group, they offer Objective Consulting, they are Conflict Free, and they offer Trustee Friendly Performance Reports.

James Davies asked who will be attending the monthly meetings. Mr. Cho stated, he will be there every month as well and Mr. Holycross and Mr. Green.

James Davies also questioned if Mr. Cho has the experience and ability to manage the Retirement Boards assets. Mr. Cho stated he is confident with his ability and welcomes his team of Mr. Holycross and Mr. Green to assist him.

**Trustee Comments**

James Davies stated he feels the August 8 and August 15 meetings were the most important Retirement Board meetings he has ever been involved in.

Motion by James Davies, supported by Anne McCarthy to bring back Gray & Company, Oppenheimer and Morgan Stanley Smith Barney for a special meeting in September to conduct another presentation for 15 minutes and 5 minutes for questions. Motion carried.

Roll call was taken with James Davies, Michael Grodi, Joseph Hudson, Anne McCarthy and James Morgan voting yes. Nancy Colpaert, Henry Lievens, and William Sisk were excused. William Myers was absent.

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Anne McCarthy addressed an email she received from Chairman Colpaert regarding guidelines for the auditors. Anne McCarthy will address this next meeting for all of the Trustees to decide what plan of action will be taken.

Michael Grodi thanked James Morgan and James Davies for their work in regards to the RFP process. Mr. Grodi stated it has been an educational experience.

Motion by Joseph Hudson, supported by James Davies to adjourn. Motion carried. Meeting adjourned at 8:35 P.M.

Respectfully Submitted,

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