

**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 September 26, 2011 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Colpaert, James Davies, Michael Grodi, Joseph Hudson, Henry Lievens, Anne McCarthy, James Morgan, William Myers and William Sisk

ABSENT: None

ALSO PRESENT: Sandy Calkins, Retirement Specialist, Royce Maniko, Retirement Secretary, Michael Cho and Michael Holycross, Investment Consultants and Thomas Michaud, Legal Counsel

With a quorum being present, Chairman Colpaert called the meeting to order at 5:00 P.M.

Motion by William Sisk, supported by Joseph Hudson to approve the minutes of the August 22, 2011 regular meeting and August 30, 2011 special meeting. Motion carried.

Motion by James Davies, supported by James Morgan to approve the agenda as submitted. Motion carried.

Citizens Time – None

Presentations – Swabi Uus, Eagle Global Advisors

Ms. Uus introduced herself as a Certified Financial Advisor for Eagle Global Advisors. She stated the firm is based in Houston, Texas, has approximately 40 employees and currently manages approximately \$4.1 billion in assets. She stated there have been no changes in Management.

Ms. Uus discussed Eagle's investment strategy. She stated there are approximately 55 stocks in the portfolio with an average two to four year holding period. Ms. Uus stated the account is up 4.38% year to date and 47.05% since inception. Finally, she discussed the Euro banking crisis, which she stated was the biggest risk we face. Ms. Uus feels confident going into 2012 with the economy stabilizing, strong trends and the current stock selection.

Motion by Michael Grodi, supported by William Sisk to accept Eagle Global Advisors report and place on file. Motion carried.

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Motion by William Sisk, supported by James Davies to approve the consent agenda as listed below.

A. Retirements

James Petrangelo, Prosecuting Attorney (deferred) September 17

B. Financial Reports – On File with Retirement Specialist

1. Boyd Watterson Asset Management Client Statement for the period ended August 31, 2011.
2. Comerica Bank Securities Lending Statement for July 2011.
3. Lazard Asset Management Portfolio Review for the period ended July 31, 2011.
4. Lazard Asset Management Portfolio Review for the period ended August 31, 2011.
5. 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 August 31, 2011.
6. Winslow Capital Portfolio Summary for the period ended August 31, 2011.

C. Communication

1. Boyd Watterson Asset Management Form ADV Supplement
2. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for the quarter ended March 31, 2011.

Motion Carried.

Invoices

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

1. Invoice #30110 dated September 6, 2011 in the amount of \$38,475.00 from Boyd Watterson Asset Management for investment services rendered for the period of June 1, 2011 – August 31, 2011.
2. Invoice #20110630-228-136-A in the amount of \$25,837.94 from Brandywine Global Investment Management for investment services rendered for the period of April 1, 2011 – June 30, 2011.

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3. Invoice dated August 31, 2011 in the amount of \$770.47 from Comerica Commercial Card Service for the 2011 MAPERS educational seminar.
4. Invoice #2007 dated September 1, 2011 in the amount of \$13.08 from County of Monroe Finance Department for July 2011 Postage and Federal Express charges.
5. Invoice #116325 dated September 13, 2011 in the amount of \$1,500.00 from Gabriel Roeder Smith & Company for preparing recoupment calculations for COLA overpayment retirees.
6. Invoice #116266 dated September 12, 2011 in the amount of \$12,574.00 from Gabriel Roeder Smith & Company for the finalized December 31, 2010 valuation.
7. Invoice #115960 dated August 10, 2011 in the amount of \$2,225.00 from Gabriel Roeder Smith & Company for EDRO calculations for Philip McKinney and Joan McBrayer. (Mr. McKinney and Ms. McBrayer will not receive a pension check until October to pay this invoice).
8. Invoice #116239 dated September 9, 2011 in the amount of \$3,162.00 from Gabriel Roeder Smith & Company for pension administration web hosting fee for 12 month period starting August 1, 2011.
9. Invoice #20110730000843 dated June 30, 2011 in the amount of \$23,494.59 from NWQ Investment Management for investment services rendered for the period of April 1, 2011 – June 30, 2011.
10. Invoice #RR70792 dated August 28, 2011 in the amount of \$325.65 from Rehmann Robson for attending the Retirement Board meeting on July 25, 2011.
11. Invoice #20110730000604 dated June 30, 2011 in the amount of \$16,952.80 from Tradewinds Global Investors for investment services rendered for the period of April 1, 2011 – June 30, 2011.
12. Reimbursement in the amount of \$232.73 to Sandy Calkins for expenses incurred for the 2011 MAPERS educational seminar.
13. Reimbursement in the amount of \$208.68 to James Davies for expenses incurred for the 2011 MAPERS educational seminar.
14. Reimbursement in the amount of \$224.68 to Michael Grodi for expenses incurred for the 2011 MAPERS educational seminar.

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15. Reimbursement in the amount of \$277.42 to Joseph Hudson for expenses incurred for the 2011 MAPERS educational seminar.
16. Reimbursement in the amount of \$183.15 to Henry Lievens for expenses incurred for the 2011 MAPERS educational seminar.
17. Reimbursement in the amount of \$190.92 to Anne McCarthy for expenses incurred for the 2011 MAPERS educational seminar.
18. Reimbursement in the amount of \$226.93 to James Morgan for expenses incurred for the 2011 MAPERS educational seminar.
19. Reimbursement in the amount of \$258.51 to William Myers for expenses incurred for the 2011 MAPERS educational seminar.

Motion carried.

Refunds

Motion by Michael Grodi, supported by William Sisk to approve the following refunds:

1. Martin Dubois, Mental Health \$ 4 94.15
(Lisa Dubois, Deceased)

Motion carried.

Retirement Payments

Motion by James Davies, supported by Anne McCarthy to approve the following retirement payments:

1. Philip McKinney, Mental Health (deferred) \$ 537.91
**October payment should be \$466.47. He selected payment arrangements for his portion of the EDRO cost of \$1,112.50, GRS invoice #115960
**August \$503.15, September \$537.91
October \$71.44 = \$1,112.50
2. Joan McBrayer, Mental Health (EDRO) \$ 507.40
**October payment should be \$377.03. She selected payment arrangements for her portion of the EDRO cost of \$1,112.50, GRS invoice #115960
**August \$474.73, September \$507.40
October \$130.37 = \$1,112.50

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3. James Petrangelo, Prosecuting Attorney (deferred) \$ 830.39
 **September \$387.52

Motion carried.

Communications

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

1. Philip McKinney, Mental Health
2. James Petrangelo, Prosecuting Attorney

Motion carried.

Motion by James Morgan, supported by James Davies to accept and place on file the following Application for Disability Retirement:

3. Shelly Romanowski, Sheriff's Office

Motion carried.

4. Communication dated September 9, 2011 from Mark Kettner, Rehmann Robson regarding pension file audit proposal.

Motion by Michael Grodi, supported by James Davies to accept and place on file. Motion carried.

5. Communication dated August 31, 2011 from Lazard Asset Management regarding inclusion to the representative client list.

Motion by Anne McCarthy, supported by Henry Lievens to remain off the representative client list. Motion carried.

6. Communication dated September 20, 2011 from Sharyn Newkirk requesting a pension benefit change.

Motion by Anne McCarthy, supported by William Sisk to refer information to legal counsel for review. Motion carried. Michael Grodi opposed.

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Proposed Resolutions

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

1. Philip McKinney, Mental Health
2. James Petrangelo, Prosecuting Attorney

Motion carried.

Motion by William Sisk, supported by Anne McCarthy to accept and place on file the following Deferred Service Retirement resolutions:

3. Philip McKinney, Mental Health
4. James Petrangelo, Prosecuting Attorney

Motion carried.

Motion by William Sisk, supported by Anne McCarthy to accept and place on file the following Purchase of Universal Service Credit resolution:

5. Jacqueline Ellis, Youth Center

Motion carried.

Motion by William Sisk, supported by Anne McCarthy to accept and place on file the Annual Actuarial Valuation resolution. Motion carried.

Attorney Report

Mr. Michaud stated he appreciated the Retirement Board attending and participating in MAPERS fall educational seminar.

He stated Public Act 314 is still being reviewed.

Consultant Report

Mr. Cho reviewed the valuation report for the month ending August 31, 2011. The fund is valued at \$172,144,958.64 down \$5,615,023.55 from the previous month. The Total Fund was down 2.92%. The current asset allocation includes 48.95% in equity, 44.71% in fixed income, and 6.34% in cash.

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Old Business

- Investment Consultant Vote

Motion by James Davies, supported by Anne McCarthy to hire Oppenheimer as the new Investment Consultant. Roll call as follows: James Davies, Joseph Hudson and Anne McCarthy voted yes. Michael Grodi, Henry Lievens, James Morgan, William Myers and William Sisk voted no. Nancy Colpaert abstained. Motion failed.

Motion by Henry Lievens, supported by Michael Grodi to continue with Morgan Stanley Smith Barney as Investment Consultants subject to legal counsel review. Roll call as follows: Michael Grodi, Henry Lievens, James Morgan, William Myers and William Sisk voted yes. James Davies, Joseph Hudson and Anne McCarthy voted no. Nancy Colpaert abstained. Motion carried.

- Disability Re-examinations 2011

There is only one Disability re-examination remaining.

- Audit Retirement Files

Michael Grodi feels the audit can be conducted in-house. James Morgan recommends getting another price. Anne McCarthy stated it is not a good idea for the audit to be conducted in-house because there is lack of transparency and the appearance of impropriety. Michael Grodi stated if five to ten files a month could be reviewed it would show due diligence on the Trustees end. James Davies stated it is not proper to audit your own work. William Sisk agreed with James Morgan stating requesting another price for the services is a good idea. Motion by William Sisk, supported by Henry Lievens to seek other prices for audit services. Motion carried.

- Henry Lievens reimbursement

Mr. Lievens addressed his NCPERS reimbursement. He stated he is aware that a FOIA request was made regarding the reimbursements. He described the car rental invoice that was in his girlfriend's name. He does not utilize credit cards therefore he was unable to put the reservation in his name. He stated he saved the system at least one hundred dollars by renting a car versus using a taxi cab.

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New Business

- Drain Commission Bonds for sale

Mr. Lievens addressed bonds that are periodically for sale from Mr. Stefanski, Monroe County Drain Commissioner. He stated the bonds pay three to five percent interest. Mr. Lievens suggested referring it to legal counsel and also to the investment consultants to see how it would fit into the portfolio. James Davies stated he is not comfortable making investment decisions. He stated that is what the investment consultant is for.

Motion by Michael Grodi, supported by Henry Lievens to refer bond purchase issue to legal counsel to review. Motion carried. James Davies opposed.

Motion by James Davies, supported by Anne McCarthy to cast a unanimous ballot to hire Morgan Stanley Smith Barney as Investment Consultants. Motion carried.

Trustee Comments

Anne McCarthy congratulated Michael Grodi for being elected to the MAPERS Executive Board. She also addressed the Kushner report that is being reviewed by County. She highly recommends the Retirement Board read the report which can be found on the County's website.

Michael Grodi also strongly recommends the Retirement Board review the Kushner report.

William Sisk also congratulated Michael Grodi for being elected to the MAPERS Executive Board.

Motion by James Morgan, supported by Anne McCarthy to adjourn. Motion carried. Meeting adjourned at 6:30 P.M.

Respectfully Submitted,

Nancy Colpaert, Chairman
Monroe County Employees Retirement System
Board of Trustees