

**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 November 28, 2011 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Colpaert, James Davies, Michael Grodi, Joseph Hudson, Anne McCarthy, James Morgan, William Myers, and William Sisk (arrived at 5:07)

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 James Morgan, supported by Michael Grodi to approve the minutes of the October 24, 2011 regular meeting. Motion carried.

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

Citizens Time – None

Presentations – Tom DiBari, Pacific Income

Mr. DiBari stated he has been with the firm for 12 years and managing the portfolio since 2004. The firm is based in Santa Monica, California and manages approximately \$4.0 billion in assets. Mr. DiBari discussed the performance review. The portfolio is up 3.78% YTD and up 5.13% since inception. He stated the portfolio is overweight in Treasury and underweight in Agency.

Mr. DiBari stating looking forward Pacific Income believes that market volatility should remain elevated and they should continue the pattern of relief rallies and reality sell offs that have become the norm in the last several months.

Motion by James Davies, supported by Anne McCarthy to approve the consent agenda as listed below.

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A. Retirements

Phyllis Kinkead, Mental Health (deferred)	November 14
Emilia Rempe, Library	November 26
Cathleen Shorter, Mental Health	November 26
Bernadine Smith, Library	November 26
Douglas Lovell, Mental Health (deferred)	November 28

B. Financial Reports – On File with Retirement Specialist

1. Anchor Capital Advisors Portfolio Summary for the period ended September 30, 2011.
2. Boyd Watterson Asset Management Client Statement for the period ended October 31, 2011.
3. Comerica Bank Securities Lending Statement for September 2011.
4. Comerica Bank Collateral Investment Summary as of October 31, 2011.
5. Eagle Global Advisors Portfolio Summary for the period ended September 30, 2011.
6. Lazard Asset Management Portfolio Review for the period ended September 30, 2011.
7. Lazard Asset Management Portfolio Review for the period ended October 31, 2011.
8. 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 October 31, 2011.
9. NWQ Investment Management Portfolio Summary for the period ended September 30, 2011.
10. Pacific Income Advisers Fixed Income Quarterly Report for the period ended September 30, 2011.
11. Templeton Portfolio Advisors Quarterly Report for the quarter ended September 30, 2011.
12. Tradewinds Global Investors Portfolio Summary for the period ended September 30, 2011.
13. Winslow Capital Portfolio Summary for the period ended October 31, 2011.

C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for November 2011.

Motion Carried.

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Invoices

Motion by William Myers, supported by Michael Grodi to approve for payment the following invoices, subject to house audit:

1. Invoice dated October 1, 2011 in the amount of \$15,230.22 from Anchor Capital Advisors for investment services rendered for the period of July 1, 2011 – September 30, 2011.
2. Invoice#20110930-228-136-A dated November 2, 2011 in the amount of \$25,899.46 from Brandywine Global for investment services rendered for the period of July 1, 2011 – September 30, 2011.
3. Invoice dated October 31, 2011 in the amount of \$249.96 from Comerica Commercial Card Service for the 2011 MAPERS educational seminar.
4. Invoice #377836 in the amount of 946.91 from Comerica Bank for custodial services rendered for the period of July 1, 2011 – September 30, 2011.
5. Invoice #377839 in the amount of \$12,810.89 from Comerica Bank for custodial services rendered for the period of July 1, 2011 – September 30, 2011.
6. Invoice #376974 in the amount of \$4,142.22 from Comerica Bank for custodial services rendered for the period of July 1, 2011 – September 30, 2011.
7. Invoice #2063 dated November 15, 2011 in the amount of \$38.83 from County of Monroe Finance Department for June 2011 Postage and Federal Express charges.
8. Invoice #1011-576-19 dated November 21, 2011 in the amount of \$69.67 from County of Monroe Printing for envelopes.
9. Invoice in the amount of \$14,671.00 from Eagle Global Advisors for investment services rendered for the period of July 1, 2011 – September 30, 2011.
10. Invoice dated October 19, 2011 in the amount of \$13,784.34 from Franklin Templeton Investments for investment services rendered for the period ending September 30, 2011.
11. Invoice #1674761 dated October 20, 2011 in the amount of \$9,803.54 from Lazard Asset Management for investment services rendered for the period of July 1, 2011 – September 30, 2011.

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12. Invoice dated October 17, 2011 in the amount of \$40,481.79 from Morgan Stanley Smith Barney for Management fees for the period of July 1, 2011 – September 30, 2011.
13. Invoice #23462 in the amount of \$225.00 from National Conference on Public Employee Retirement Systems for 2012 membership fee.
14. Invoice dated October 27, 2011 in the amount of \$8,456.00 from Pacific Income Advisers for investment services rendered for the period of July 1, 2011 – September 30, 2011.
15. Invoice dated October 12, 2011 in the amount of \$15,249.89 from Renaissance Investment Management for investment services rendered for the period of July 1, 2011 – September 30, 2011.
16. Invoice in the amount of \$5,372.50 from Vanoverbeke, Michaud & Timmony for legal services rendered for the period of July 1, 2011 – September 30, 2011.

Motion carried.

Refunds - None

Retirement Payments

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

1. Anne Smith, Library \$ 1,746.06
**October \$873.03

Motion carried.

Communications

Motion by Anne McCarthy, supported by William Myers to accept and place on file the following Applications for Service Retirement: Nancy Colpaert abstained from item 8-1.

1. Nancy Colpaert, Library
2. David Davison, Sheriff's Office
3. Joseph Lambert, Sheriff's Office
4. Cathleen Shorter, Mental Health
5. Bernadine Smith, Library

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6. Daniel Stefanski, Drain Commission
7. Ronald Stevens, Buildings & Grounds

Motion carried.

Motion by Anne McCarthy, supported by William Myers to accept and place on file the following Application for Deferred Retirement:

8. Douglas Lovell, Mental Health

Motion carried.

Proposed Resolutions

Motion by James Davies, supported by James Morgan to accept and place on file the following Applications for Service Retirement resolutions: Nancy Colpaert abstained from item 9-1.

1. Nancy Colpaert, Library
2. David Davison, Sheriff's Office
3. Joseph Lambert, Sheriff's Office
4. Cathleen Shorter, Mental Health
5. Bernadine Smith, Library
6. Daniel Stefanski, Drain Commission
7. Ronald Stevens, Buildings & Grounds

Motion carried.

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

8. Douglas Lovell, Mental Health

Motion carried.

Motion by James Davies, supported by James Morgan to accept and place on file the following Service Retirement resolution:

9. Anne Smith, Library

Motion carried.

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Attorney Report

Mr. Michaud discussed state taxation for pension benefits. An opinion was rendered last week and it was decided that it is constitutional to tax pension benefits. Comerica has sent out notification to retirees as well as a MI W-4P. If retirees do not submit a form, a default rate of 4.35% will be applied.

Next, Mr. Michaud addressed the Kushner report. The Board of Commissioners meeting was cancelled therefore, he was unable to attend. He has drafted a letter for the Retirement Board to review and make changes if necessary. He plans on sending the letter and attending the next scheduled Board of Commissioners meeting.

Finally, Mr. Michaud discussed the Morgan Stanley Smith Barney contract. He stated Morgan Stanley Smith Barney has added a fee concession for the third and fourth quarters of 2011. He is satisfied with the contract.

James Morgan addressed the due diligence language in the contract. Mr. Holycross stated the language can be changed because Morgan Stanley Smith Barney is willing to do the due diligence.

Motion by Michael Grodi, supported by James Morgan to accept and approve the fee concession as addressed in the Morgan Stanley Smith Barney contract. Motion carried.

Consultant Report

Mr. Cho reviewed the valuation report for the month ending October 31, 2011. The fund is valued at \$170,665,109.77 up \$9,618,019.16 from the previous month. The Total Fund was up 6.20%. The current asset allocation includes 48.52% in equity, 46.20% in fixed income, and 5.28% in cash.

Mr. Cho reviewed the Third Quarter 2011 Investment Manager Performance Report. The Total Fund is down 5.25% YTD and up 7.76% since inception. The asset allocation includes 48.0% in fixed income, 46.0% in equity, 4.9% in cash, and 1.2% in real estate.

Old Business

- Audit Retirement Files

Mr. Michaud is working on sending out a Request for Proposal.

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New Business

- Update the Retirement Ordinance

Henry Lievens discussed updating the Retirement Ordinance. He stated the document is reviewed and revised approximately every 10 years. He recommends legal counsel review and recommend any necessary changes. Once complete the Retirement Board will forward the revised Retirement Ordinance to the Monroe County Board of Commissioners for approval.

Motion by Henry Lievens, supported by William Sisk to authorize legal counsel review and make any necessary changes to the Retirement Ordinance and forward revised Retirement Ordinance to the Monroe County Board of Commissioners for approval. Motion carried.

- Retirement Specialist Agreement

Michael Grodi stated the MAPERS Executive Board will be sending out a survey for plan administrators and would like the Retirement Specialist to complete the survey.

Michael Grodi would also like the Retirement Board to review the Retirement Specialist contract. Chairman Colpaert would like to refer the contract to the Administrative Policy Committee to review.

Trustee Comments

James Morgan, James Davies, William Myers, William Sisk and Royce Maniko thanked Chairman Colpaert for her service and dedication to the Retirement Board. They all wished her good luck in her retirement and they have all enjoyed serving on the Retirement Board with her.

Motion by James Morgan, supported by Anne McCarthy to adjourn. Motion carried. Meeting adjourned at 6:15 P.M.

Respectfully Submitted,

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