

**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 March 28, 2011 in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan. The meeting was called to order by Chairman Colpaert at 5:00 P.M.

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, Secretary, Michael Cho, Investment Consultant and Thomas Michaud, Legal Counsel

Motion by William Sisk, supported by James Davies to approve the minutes of the February 28, 2011 regular meeting. Motion carried.

Motion by Michael Grodi, supported by James Davies to approve the agenda as amended to include communication from Michael Cho, Morgan Stanley Smith Barney regarding the departure of Sam Galanis. Motion carried.

Citizens Time – None

Presentations – Alpine Mutual Funds, Marc Rappaport

Mr. Rappaport introduced himself as the Mutual Funds Services Moderator for Alpine Funds, and Samuel Lieber as the Portfolio Manager since inception. He stated the fund seeks long term capital growth with secondary emphasis on income. Holdings include owners, operators and developers as well as other companies which derive a majority of their income or value from real estate. He stated the fund also concentrates on opportunistic and strategic investments in undervalued real estate securities. Emphasis is placed on cyclical opportunities around the world.

Mr. Rappaport discussed the fund facts and top ten holdings. He stated the fund invests in foreign securities which will involve greater volatility and political, economic and currency risks and differences in accounting methods. Because the Fund concentrates its investments in the real estate industry, the portfolio may experience more volatility and be exposed to greater risk than the portfolios of many other mutual funds. The fund was up 17.23% YTD and up 6.49% since inception. He assured the Board of Trustees that there is no damage to the property in Japan and Factories and Companies are doing well.

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Diamond Hill – Long/Short, Josh Alderman

Mr. Alderman introduced himself as the Director of Retail Sales. He stated the firm is based in Columbus, Ohio and currently manages approximately \$9.3 billion in assets. The mission of Diamond Hill is to serve clients through a disciplined intrinsic-value-based approach to investing, while maintaining a long-term perspective, and aligning our interests with those of our clients.

Mr. Alderman discussed the Investment Objectives. Stating that Diamond Hill seeks positive total returns on both long and short positions and Diamond Hill tends to have reduced volatility compared to long-only funds. Mr. Alderman introduced the Portfolio Management and stated their overall goal is to beat the market.

Mr. Alderman stated Diamond Hill is confident with the current holdings. Although, last year was disappointing, 2011 is picking up. The fund as of December 31, 2010 is up 4.89%.

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

A. Retirements

Thomas Rademacher, Health (deferred)	February 19
Kimberly Hooper, Sheriff's Office (deferred)	March 8

B. Financial Reports – On File with Retirement Specialist

1. Boyd Watterson Asset Management Client Statement for the period ended January 31, 2011.
2. Boyd Watterson Asset Management Client Statement for the period ended February 28, 2011.
3. Brandywine Global Investment Management Global Fixed Income Portfolio for the period ended February 2011.
4. Comerica Bank Securities Lending Statement for January 2011.
5. Lazard Asset Management Portfolio Review for the period ended January 31, 2011.
6. Lazard Asset Management Portfolio Review for the period ended February 28, 2011.

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7. Morgan Stanley Smith Barney Client Statement for Anchor Capital Advisors, Eagle Global Advisors, Lazard Asset Management, NWQ Investment and International, Renaissance Advisors and Templeton Portfolio Advisors for the period ended February 28, 2011.
8. Pacific Income Advisers Portfolio Appraisal for the period ended January 31, 2011.
9. Pacific Income Advisers Portfolio Appraisal for the period ended February 28, 2011.
10. Templeton Portfolio Advisors Quarterly Report for the period ended December 31, 2010.

C. Communication

1. Gabriel Roeder Smith & Company News Scan.
2. Robbins Geller Rudman & Dowd Settlement Report for the period ended March 2011.
3. Communication dated March 24, 2011 from Michael Cho, Morgan Stanley Smith Barney regarding the departure of Sam Galanis.

Motion Carried.

Invoices

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

1. Invoice #28872 dated March 7, 2011 in the amount of \$38,297.00 from Boyd Watterson Asset Management for investment services rendered for the period of December 1, 2010 – February 28, 2011.
2. Invoice #1883 dated February 15, 2011 in the amount of \$61.65 from County of Monroe Finance Department for January 2011 Postage and Federal Express charges.
3. Invoice #1889 dated March 16, 2011 in the amount of \$31.58 from County of Monroe Finance Department for February 2011 Postage and Federal Express charges.

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4. Invoice #1101-576-28 dated February 14, 2011 in the amount of \$155.60 from County of Monroe Printing for printing business cards and election ballots.
5. Invoice #1667322 dated March 1, 2011 in the amount of \$411.82 from Lazard Asset Management for investment services rendered for the period of December 27, 2010 – December 31, 2010.
6. Invoice #20110209000351 dated December 31, 2010 in the amount of \$22,790.27 from NWQ Investment Management for investment services rendered for the period of October 1, 2010 – December 31, 2010.
7. Invoice #20110209000279 dated December 31, 2010 in the amount of \$17,259.99 from Tradewinds Global Investors for investment services rendered for the period of October 1, 2010 – December 31, 2010.

Motion carried.

Refunds

Motion by William Sisk, supported by James Davies to approve the following refunds:

- | | |
|-------------------------------------------------|-------------|
| 1. Kimberly Hooper, Sheriff's Office (deferred) | \$ 8,254.84 |
| (Merrill Lynch: FBO Kimberly Hooper) | \$30,311.70 |
| 2. Thomas Rademacher, Health (deferred) | \$16,760.96 |

Motion carried.

Retirement Payments

Motion by William Sisk, supported by James Davies to approve the following retirement payments:

- | | |
|--------------------------------------------------|-------------|
| 1. Kimberly Hooper, Sheriff's Office (deferred) | \$ 339.36 |
| 2. Thomas Rademacher, Health (deferred) | \$ 1,204.13 |
| **March 316.90 | |
| 3. Constance Velliquette, Board of Commissioners | \$ 846.18 |
| **January \$282.06, February \$282.06 | |

Motion carried.

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Communications

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

1. Kimberly Hooper, Sheriff's Office
2. Thomas Rademacher, Health

Motion carried.

Motion by Anne McCarthy, supported by James Davies to accept and place on file the following Application for Deferred Service Status:

3. Jeffrey Hooper, Sheriff's Office

Motion carried.

Motion by Anne McCarthy, supported by James Davies to accept and place on file the following Application for Purchase of Military Service Time:

4. Robert Breisacher, Sheriff's Office

Motion carried.

Motion by Anne McCarthy, supported by James Davies to accept and place on file the following Application for Service Retirement:

5. Karen Hudson, Sheriff's Office

Motion carried.

6. Communication from MAPERS regarding a Policy Recommendation.

Motion by Anne McCarthy, supported by James Davies to accept, place on file and forward information to the Administrative Policy Committee for consideration.

Motion carried.

Proposed Resolutions

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

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1. Constance Velliquette, Board of Commissioners

Motion carried.

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

2. Kimberly Hooper, Sheriff's Office
3. Thomas Rademacher, Health

Motion carried.

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

4. Kimberly Hooper, Sheriff's Office
5. Thomas Rademacher, Health

Motion carried.

Motion by Anne McCarthy, supported by William Sisk to accept and place on file the following Application for Service Retirement resolution:

6. Karen Hudson, Sheriff's Office

Motion carried.

Attorney Report

Mr. Michaud distributed a memorandum regarding legislative updates. It addressed Public Act 4 of 2011, House Bill No. 4060, House Bill No. 4123, House Bill No. 4135, House Bill No. 4156, House Bill No. 4223 and MAPERS Proposed PA 314 Bill. He recommends contacting your representative.

Consultant Report

Mr. Cho reviewed the valuation report for month ending February 28, 2011. The fund is valued at \$179,247,219.09 up \$1,704,471.10 from the previous month.

The Total Fund was up 1.79%. The current asset allocation includes 43.39% in fixed income, 51.31% in equity, and 5.30% in cash.

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Mr. Cho introduced Michael Holycross, Senior Vice President at Morgan Stanley Smith Barney. He will be the new account representative with Mr. Cho. Mr. Holycross stated he is responsible for 33 municipal clients, 9 endowment clients, 8 corporations and currently manages approximately three billion in assets.

Old Business

- Fiduciary Liability Insurance

Mr. Maniko informed the Trustees that only one proposal was received and he is waiting on some clarification. The policy terminates on April 15, 2011 therefore, a special meeting will be scheduled for April 4, 2011 at 5:30 P.M. to discuss the Fiduciary Liability Policy.

- Set Interest Rate for 2011

Mr. Maniko recommends this information be forwarded to the administrative policy committee for review.

New Business

Chairman Colpaert assigned Committee Appointments:

Administrative Policy Committee

- Nancy Colpaert
- Joseph Hudson
- Henry Lievens

An Administrative Policy Committee meeting will be held Monday, April 4, 2011 at 5:00 P.M., in the Finance Conference Room, 125 East Second Street, Monroe, MI 48161.

Investment Policy Committee

- James Morgan
- Anne McCarthy
- Michael Grodi

Henry Lievens recommends a Request for Proposal for an Investment Consultant. He stated due diligence would be to complete a Request for Proposal every 5-10 years.

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Motion by Henry Lievens, supported by Anne McCarthy to send out a Request for Proposal for an Investment Consultant. A roll-call was taken on the motion with Nancy Colpaert, Jim Davies, Michael Grodi, Joseph Hudson, Henry Lievens, Anne McCarthy, James Morgan, William Myers and William Sisk voting in favor. Motion carried.

Trustee Comments

James Davies, Anne McCarthy, James Morgan, William Myers and William Sisk wish Sam Galanis the best on his new endeavor.

Chairman Colpaert reminded everyone to see Sandy Calkins if they plan on attending MAPERS or NCPERS educational seminars.

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

Respectfully Submitted,

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