

**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 October 25, 2010 at 5:00 P.M. in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: John Fowler, George Jondro, Anne McCarthy, James Morgan, William Sisk and David Thompson.

ABSENT: Nancy Colpaert and James Davies, excused

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

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

Motion by Anne McCarthy, supported by George Jondro to approve the minutes of the September 20, 2010 regular meeting. Motion carried.

Motion by William Sisk, supported by John Fowler to approve the agenda as submitted. Motion carried.

Citizens Time – None

Presentations – Swabi Uus, Eagle Global Advisors

Ms. Uus was introduced as a Certified Financial Advisor for Eagle Global Advisors. She stated the firm is based in Houston, Texas and currently manages approximately \$4.3 billion in assets. She informed the Retirement Board that Eagle Global has added two employees in 2010, one in marketing and one in investments.

Ms. Uus discussed Eagle's investment strategy, performance and international review. She stated there are approximately 54 stocks in the portfolio and stock selection was the main driver of outperformance in the third quarter. Finally, she discussed the outlook for 2010. The U.S. dollar depreciated strongly versus the euro and the pound as a result of the uncertainty in the U.S. with regards to economic activity and expanding debt. Inflation rates have decelerated globally and are approaching the lower end of targets in the U.S. Emerging economies are fulfilling their role as the engines of growth for the global economy. Ms. Uus feels confident going into 2011 with the economy stabilizing, strong trends and the current stock selection.

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Presentations – Thomas Dibari, Pacific Income Advisers

Mr. Dibari started with the firm update. The firm is based in Santa Monica, California and currently manages approximately \$4.5 billion in assets. He stated the firm is independent and employee-owned and utilizes core bond management.

Mr. Dibari discussed the performance review, portfolio characteristics and the historical profile. Going forward Pacific Income expects to continue to maintain stability. Inflation will remain low and GDP will also remain low through 2011. The firm will continue to be overweight in corporate bonds, underweight in treasury bonds and focus on liquidity.

Motion by James Morgan, supported by George Jondro to approve the consent agenda as listed below.

A. Retirements

Ruth Bazick, Mental Health	October 2
Felipa Bomia, Friend of the Court	October 25

B. Financial Reports – On File with Retirement Specialist

1. Alpine Investor Statement for the period of January 1, 2010 – September 30, 2010.
2. Comerica Bank Securities Lending Statement for August 2010.
3. Boyd Watterson Asset Management Statement of Account as of September 30, 2010.
4. Brandywine Global Investment Management Global Fixed Income Portfolio for September 2010.
5. Brandywine Global Investment Management Global Fixed Income Portfolio for the Third Quarter 2010.
6. Diamond Hill Statement for the period of January 1, 2010 – September 30, 2010.
7. J.P. Morgan Asset Management Quarterly Statement for the period of July 1, 2010 – September 30, 2010.

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8. Morgan Stanley Smith Barney Client Statement for, Anchor Capital Advisors, Eagle Global Advisors, NWQ LCV and International, Renaissance Investment Advisors and International, Smith Group Asset Management and Templeton Portfolio Advisors for the period ended September 30, 2010.
9. Renaissance Investment Management International Equity Strategy for the Third Quarter 2010.
10. Renaissance Investment Management Large Cap Growth Strategy for the Third Quarter 2010.
11. Smith Group Asset Management Monthly Portfolio Summary for the period ended September 30, 2010.

C. Communication

1. Gabriel Roeder Smith & Company News Scan.
2. Robbins Geller Rudman & Dowd Settlement Report for the period ended October 2010.
3. Robbins Geller Rudman & Dowd Portfolio Monitoring Report for the quarter ended March 31, 2010.

Motion Carried.

Invoices

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

1. Invoice dated August 31, 2010 in the amount of \$2,890.95 from Comerica Commercial Card Service for 2010 Fall MAPERS hotel deposits and registrations.
2. Invoice dated September 30, 2010 in the amount of \$2,298.43 from Comerica Commercial Card Service for 2010 Fall MAPERS hotel costs and registrations.
3. Invoice #1793 dated September 21, 2010 in the amount of \$17,446.82 from the County of Monroe Finance Department for charges for services rendered to the Retirement Board for July – September 2010.

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4. Invoice #1779 dated September 21, 2010 in the amount of \$22.58 from the County of Monroe Finance Department for August 2010 Federal Express.
5. Invoice #1806 dated October 5, 2010 in the amount of \$38.63 from the County of Monroe Finance Department for September 2010 postage.
6. Invoice #0009-576-31 dated October 4, 2010 in the amount of \$78.66 from the County of Monroe Printing Department for letterhead.
7. Invoice dated October 13, 2010 in the amount of \$550.00 from Steven Dovitz, M.D. for the independent medical evaluation of Marie Zion.
8. Invoice dated October 13, 2010 in the amount of \$60,802.47 from Morgan Stanley Smith Barney for management fees for the period of July 1, 2010 – September 30, 2010.
9. Invoice #27620 dated September 27, 2010 in the amount of \$150.00 from National Conference on Public Employee Retirement Systems for the 2011 fund membership fee.
10. Reimbursement in the amount of \$332.83 to Sandy Calkins for expenses incurred for the 2010 MAPERS educational seminar.
11. Reimbursement in the amount of \$318.10 to Nancy Colpaert for expenses incurred for the 2010 MAPERS educational seminar.
12. Reimbursement in the amount of \$363.96 to James Davies for expenses incurred for the 2010 MAPERS educational seminar.
13. Reimbursement in the amount of \$335.50 to John Fowler for expenses incurred for the 2010 MAPERS educational seminar.
14. Reimbursement in the amount of \$290.00 to Anne McCarthy for expenses incurred for the 2010 MAPERS educational seminar.
15. Reimbursement in the amount of \$304.74 to James Morgan for expenses incurred for the 2010 MAPERS educational seminar.
16. Reimbursement in the amount of \$314.04 to William Myers for expenses incurred for the 2010 MAPERS educational seminar.

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17. Reimbursement in the amount of \$292.95 to David Thompson for expenses incurred for the 2010 MAPERS educational seminar.
18. Invoice dated October 25, 2010 in the amount of \$2,992.50 from Vanoverbeke, Michaud & Timmony, P.C. for legal services rendered for the period of July 1, 2010 – September 30, 2010.

Motion carried.

Refunds

Motion by William Sisk, supported by John Fowler to approve the following refunds:

- | | |
|--|--------------|
| 1. Cora Lucy DeSilvis, District Court | \$ 17,389.16 |
| (Fifth Third Securities FBO: Cora DeSilvis) | \$ 32,076.23 |
| 2. Brian Murray, Sheriff's Office | \$ 8,939.49 |
| (Key Bank FBO: Brian Murray) | \$ 2,938.78 |
| 3. Peggy Torpey, Emergency Management (deferred) | \$ 9,578.54 |

Motion carried.

Retirement Payments

Motion by William Myers, supported by Anne McCarthy to approve the following retirement payments:

- | | |
|--|-------------|
| 1. Ruth Bazick, Mental Health | \$ 1,558.80 |
| **October \$1,558.80 | |
| 2. Cora Lucy DeSilvis, District Court | \$ 3,774.00 |
| **September \$1,141.01 | |
| 3. Brian Murray, Sheriff's Office | \$ 1,506.75 |
| **September \$404.25 | |
| 4. Peggy Torpey, Emergency Management (deferred) | \$ 812.96 |
| **September \$26.22 | |

Motion carried.

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Communications

1. Medical report dated October 13, 2010 from Steven Dovitz, M.D. regarding an independent medical evaluation of Marie Zion.

Motion by Anne McCarthy, supported by William Myers to accept and place on file. Motion carried.

Proposed Resolutions

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

1. Ruth Bazick, Mental Health
2. Cora Lucy DeSilvis, District Court

Motion carried.

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

3. Peggy Torpey, Emergency Management

Motion carried.

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

4. Brian Murray, Sheriff's Office

Motion carried.

Motion by William Myers, supported by Anne McCarthy to accept and place on file the following Disability Re-examination resolution:

5. Marie Zion, Central Dispatch

Motion carried.

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Attorney Report

Mr. Michaud discussed the securities lending concept. The Retirement Board needs to make an election as to how to invest in the collateral pool, option 1 ultra-conservative or option 2 conservative. Sam Galanis, investment consultant recommends option 1 ultra-conservative.

Motion by William Sisk, supported by John Fowler to select option 1 ultra-conservative as recommended by Morgan Stanley Smith Barney Investment Consultants. Motion carried.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending September 30, 2010. The fund is valued at \$172,412,003.49 up \$6,704,307.81 from the previous month.

The Total Fund was up 4.39%. Alpine was up 10.58%, Eagle Global was up 9.28% and Renaissance - Large Growth was up 13.45%. The current asset allocation includes 48.79% in fixed income, 41.88% in equity, and 9.33% in cash.

Mr. Galanis discussed the screening process for a Large Growth Manager. The finalists include Ashfield Capital, Renaissance, Smith Asset and Winslow.

Motion by James Morgan, supported by William Sisk to interview Ashfield Capital, Winslow and Logan as advised by Morgan Stanley Smith Barney Investment Consultants. Motion carried.

Old Business

Legal contract – Four proposals were submitted. Anne McCarthy would like a sub-committee to review the proposals and interview the potential candidates. Chairman Thompson would like the entire Retirement Board to be involved. Trustees will receive copies of all four proposals and use the scoring sheets to rate each proposal. Technical score sheets are to be submitted to the Retirement Specialist by November 15, 2010. A special meeting will be scheduled in December to interview the potential candidates.

New Business - None

Trustee Comments

James Morgan thanked Chairman Thompson for his assistance while the Retirement Specialist was on vacation regarding a retiree who did not receive her monthly pension check.

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Motion by James Morgan, supported by John Fowler to adjourn. Motion carried.
Meeting adjourned at 7:15 P.M.

Respectfully Submitted,

David Thompson, Chairman
Monroe County Employees Retirement System
Board of Trustees