

**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 22, 2010 at 5:00 P.M. in the Board of Commissioners Meeting Room at 125 East Second Street, Monroe, Michigan.

PRESENT: Nancy Colpaert, James Davies, John Fowler, George Jondro, James Morgan, William Myers and David Thompson.

ABSENT: Anne McCarthy and William Sisk, 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 George Jondro, supported by James Morgan to approve the minutes of the October 25, 2010 regular meeting. Motion carried.

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

Citizens Time – None

Presentations – Josh Alderman, Diamond Hill – Long/Short

Mr. Alderman introduced himself as the Director of Retail Sales. He stated the firm is based in Columbus, Ohio and currently manages approximately \$7.9 billion in assets.

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 the fund seeks to buy securities from companies at significant discounted prices. Diamond Hill projects the Long / Short strategy should give an acceptable rate of return in 2011. Mr. Alderman updated the Board of Trustees on Diamond Hill's overall performance. The fund as of October 31, 2010 is up 1.28%.

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Presentations – Stephen Clear & Ray Urban, Winslow Capital

Investment Philosophy: Winslow Capital believes that investing in quality companies with above-average earnings growth provides the best opportunity for achieving superior portfolio returns over the long term. Valuation relative to estimated growth is highly important along with controlling risk with our strong Sell rules.

Investment Objective: Construct portfolios to outperform the Russell 1000 Growth by 300 basis points annually measured over 3 to 5 years.

Investment Process: Winslow Capital is fundamentally driven, with an underlying valuation discipline.

Presentations - John Wright & Stephan Lee, Logan Capital

Investment Philosophy: Logan Capital believes that strong stock selection drives outstanding portfolio performance. A stock must have increasing earnings tied to pricing power, an economic tailwind, and a technical profile that confirms underlying long-term strength.

Investment Objective: Logan Capital buys when investment ideas meet all three criteria; Fundamentals, Technicals and Macroeconomic. They sell on two negatives.

Investment Process: Logan Capital strives to be early, focused and sensitive. Early in recognizing trends, focused on our best ideas, and sensitive to what the market is telling us about our stocks.

Presentations – Bradley Fretz & Richard Splan, Ashfield Capital

Investment Philosophy: Ashfield Capital believes the price of a stock directly relates to the earnings growth of the business. They capitalize on investment opportunities by focusing on companies exhibiting strong growth characteristics benefiting from clearly identifiable investment themes.

Investment Objective: Ashfield Capital's objective is to produce excess return versus the Russell 1000 Growth Index over a full market cycle without taking above-average risk.

Investment Process: A blend of top-down and bottom-up fundamental analysis, identifies the best companies in the most attractive sectors, and risk management is an essential component of the firm's consensus-driven team approach to portfolio management.

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

A. Retirements

James Lazar, Central Dispatch
James Vanderpool, Youth Center

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B. Financial Reports – On File with Retirement Specialist

1. Anchor Capital Advisors Portfolio Summary for the period ended September 30, 2010.
2. Boyd Watterson Asset Management Client Statement for the period ended October 31, 2010.
3. Brandywine Global Investment Management Global Fixed Income Portfolio for October 2010.
4. Comerica Bank Securities Lending Statement for September 2010.
5. Eagle Global Advisors Portfolio Summary for the period ended September 30, 2010.
6. 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 October 31, 2010.
7. NWQ Investment Management Portfolio Review for the Third Quarter 2010.
8. Pacific Income Advisers Portfolio Appraisal for the period ended September 30, 2010.
9. Smith Group Asset Management Monthly Portfolio Summary for the period ended October 31, 2010.
10. Smith Group Asset Management Quarterly Portfolio Summary for the period ended September 30, 2010.
11. Tradewinds Global Investors Portfolio Review for the Third Quarter 2010.

C. Communication

1. Robbins Geller Rudman & Dowd Settlement Report for the period ended November 2010.
2. Robbins Geller Rudman & Dowd Litigation Report for the quarter ended September 30, 2010.

Motion Carried.

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Invoices

Motion by George Jondro, supported by John Fowler to approve for payment the following invoices, subject to house audit: Trustee Jondro abstained from voting on item 7-13.

1. Invoice dated October 1, 2010 in the amount of \$16,412.75 from Anchor Capital Advisors for investment services rendered for the period of July 1, 2010 – September 30, 2010.
2. Invoice #80330910 dated November 5, 2010 in the amount of \$29,412.29 from Brandywine Global Investment Management for investment services rendered for the period of July 1, 2010 – September 30, 2010.
3. Invoice #367199 in the amount of \$13,727.48 from Comerica Bank for custodial services rendered for the period of July 1, 2010 – September 30, 2010.
4. Invoice #367200 in the amount of \$5,080.16 from Comerica Bank for custodial services rendered for the period of July 1, 2010 – September 30, 2010.
5. Invoice #1818 dated October 21, 2010 in the amount of \$15.73 from the County of Monroe Finance Department for September 2010 Federal Express.
6. Invoice in the amount of \$13,677.00 from Eagle Global Advisors for investment services rendered for the period of July 1, 2010 – September 30, 2010.
7. Invoice dated October 18, 2010 in the amount of \$15,404.25 from Franklin Templeton Portfolio Advisors for investment services rendered for the period of July 1, 2010 – September 30, 2010.
8. Invoice dated November 11, 2010 in the amount of \$10,528.00 from Pacific Income Advisers for investment services rendered for the period of July 1, 2010 – September 30, 2010.
9. Invoice dated October 6, 2010 in the amount of \$11,088.85 from Renaissance Investment Management for investment services rendered for the period of July 1, 2010 – September 30, 2010.
10. Invoice dated October 12, 2010 in the amount of \$13,896.80 from Renaissance Investment Management for investment services rendered for the period of July 1, 2010 – September 30, 2010.

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11. Invoice in the amount of \$6,027.25 from Smith Group Asset Management for investment services rendered for the period of July 1, 2010 – September 30, 2010.
12. Invoice #20101030001222 dated September 30, 2010 in the amount of \$16,040.07 from Tradewinds Global Investors for investment services rendered for the period of July 1, 2010 – September 30, 2010.
13. Reimbursement in the amount of \$274.00 to George Jondro for expenses incurred for the 2010 MAPERS educational seminar.

Motion carried.

Refunds - None

Retirement Payments

Motion by Nancy Colpaert, supported by George Jondro to approve the following retirement payments:

- | | |
|--|-----------|
| 1. Daniel Gentner, Youth Center (deferred) | \$ 852.00 |
| **November \$852.00 | |
| 2. Edith Gentner, EDRO | \$ 712.80 |
| **November \$712.80 | |

Motion carried.

Communications

Motion by Nancy Colpaert, supported by George Jondro to accept and place on file the following Applications for Service Retirement:

1. Susan Ivey, Health Department
2. Janet Kish, Library
3. Dale Malone, Sheriff's Office
4. Kathleen Willets, Fairview

Motion carried.

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

5. Daniel Gentner, Youth Center

Motion carried.

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Motion by Nancy Colpaert, supported by John Fowler to accept and place on file the following Application for Deferred Service Status:

6. Janet Glisson, Mental Health
Motion carried.

7. Communication dated November 9, 2010 from Howard Penrod, Managing Director of the Monroe County Road Commission concerning issuance of 13th checks for 2010.

Motion by William Myers, supported by James Morgan to accept, place on file and issue 13th checks. Motion carried.

8. Communication dated November 9, 2010 from Nancy Colpaert, Director of the Monroe County Library System concerning issuance of 13th checks for 2010.

Motion by William Myers, supported by James Davies to accept and place on file. Motion carried.

Proposed Resolutions

Motion by Nancy Colpaert, supported by John Fowler to accept and place on file the following Applications for Service Retirement resolutions:

1. Susan Ivey, Health Department
2. Janet Kish, Library
3. Dale Malone, Sheriff's Office
4. Kathleen Willets, Fairview
Motion carried.

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

5. Daniel Gentner, Youth Center
Motion carried.

Motion by William Myers, supported by John Fowler to accept and place on file the following Deferred Service Retirement resolution:

6. Daniel Gentner, Youth Center
Motion carried.

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Motion by James Davies, supported by James Morgan to accept and place on file the following Purchase of Universal Service Credit resolution:

7. Laura Papenhagen, Fairview
Motion carried.

Attorney Report

No legal report.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending October 31, 2010. The fund is valued at \$174,867,526.74 up \$2,455,522.75 from the previous month.

The Total Fund was up 1.97%. The current asset allocation includes 47.96% in fixed income, 44.98% in equity, and 7.06% in cash.

Mr. Galanis discussed third quarter performance report. The Total Fund was up 8.30% for the quarter and up 6.54% year to date.

Mr. Galanis reviewed the Investment Policy Statement and recommends no changes at this time.

Chairman Thompson asked Mr. Galanis for a recommendation based on the presentations for a Large Growth Money Manager.

Mr. Galanis' recommendation would be to hire Winslow Capital and terminate the relationship between Smith Group Large Growth and Renaissance Large Growth and transfer funds to Winslow Capital.

Motion by James Morgan, supported by James Davies to hire Winslow Capital and terminate the relationship between Smith Group Large Growth and Renaissance Large Growth and transfer funds to Winslow Capital. Motion carried.

Old Business

Legal contract – George Jondro stated he has been involved in several RFP processes. The process is to accept the necessary qualifications at the lowest cost. He believes VanOverbeke, Michaud & Timmony are able to provide the necessary qualifications at the lowest cost.

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Motion by George Jondro, supported by William Myers to accept VanOverbeke, Michaud & Timmony's Request for Proposal and execute a five (5) year contract with them. Motion carried. James Davies would have preferred to interview all potential candidates.

New Business - None

Trustee Comments

James Davies stated he will miss John Fowler. William Myers wished everyone a Happy Thanksgiving. George Jondro thanked Royce Maniko and Sandy Calkins for a good job on the Legal Summary. Chairman Thompson discussed the Summary Annual Report. Royce Maniko stated he is recommending approval of the 13th check. Chairman Thompson stated George Jondro's seat was up for election and he was the only person to submit petitions therefore, he recommends a motion to follow the policy and cancel the election and declare George Jondro the winner.

Motion by James Davies, supported by John Fowler to cancel the election and declare George Jondro the winner. Motion carried.

Chairman Thompson also informed the Retirement Board that he will likely be retiring at the end of the year.

Motion by James Davies, supported by George Jondro to adjourn. Motion carried. Meeting adjourned at 7:10 P.M.

Respectfully Submitted,

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