City of Harper Woods
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CITY OF HARPER WOODS
BOARD OF TRUSTEES
EMPLOYEES RETIREMENT SYSTEM
MAY 10, 2010

MEETING MINUTES

The Employees Retirement System Meeting was called to order by Chairperson Michael P. Monaghan at 7:00 p.m.

ROLL CALL

PRESENT: Chairperson Michael P. Monaghan, Vice Chairperson Maria Nawrocki and Trustee(s) Darren Harville, Robert Koss and John Szymanski.

ABSENT: Trustee(s) James Burke and Kenneth A. Poynter.

OTHERS PRESENT: Mickey D. Todd, Secretary and Michael Holycross of Morgan Stanley.

ERS 05-08-10 EXCUSE TRUSTEES

MOTION by Szymanski, SUPPORTED by Nawrocki:
To excuse Trustee(s) James Burke and Kenneth A. Poynter from today's meeting because of prior commitments.

ABSENT: Burke and Poynter.

MOTION CARRIED

ERS 05-09-10 MINUTES

MOTION by Szymanski, SUPPORTED by Nawrocki:
To receive, approve and file the minutes of the regular Board of Trustees Employees Retirement System meeting held January 25, 2010.

ABSENT: Burke and Poynter.

MOTION CARRIED

ERS 05-10-10

CONSENT AGENDA

RESOLUTION by Szymanski, SUPPORTED by Harville:
BE IT RESOLVED to approve Consent Agenda items (a) through (j):

a. Receive and file the quarterly financial reports from Franklin Templeton Investments, Orleans Capital Management and Reinhart Partners, Inc.
b. Approve quarterly payments to Franklin Templeton Investments ($6,865.17), Orleans Capital Management ($10,628.88) Edgewood Management, LLC ($2,615.88) and Reinhart Partners, Inc ($2,151.00).
c. Approve quarterly payment to Morgan Stanley for Financial Consultant Services. ($14,019.67)
d. Receive and file the Financial Statements from Comerica Bank for the first quarter of 2010.
e. Approve payment to Comerica Bank for Trustee Services for the first quarter of 2010. ($4,821.75)
f. Receive and file Retirement letter and Election of Type of Pension from retiree Cheryl Drouillard.
g. Receive and file Retirement letter and Election of Type of Pension from retiree Barbara McKeown.
h. Receive and file Retirement letter and Election of Type of Pension from retiree Timothy Matouk.
i. Receive and file letter from Morgan Stanley regarding delivery of quarterly account statements.
j. Receive and file Eligible Domestic Relations Order for employee Vincent Smith.

ROLL CALL VOTE
YES: Harville, Koss, Monaghan, Nawrocki and Szymanski.
NO: None.
ABSENT: Burke and Poynter.

RESOLUTION ADOPTED

MANAGER REPORT - ORLEANS CAPITAL MANAGEMENT

Mr. John Gordon of Orleans Capital Management, reviewed and discussed both the Bond Fund and the Energy Fund portfolios. No action was taken.

ERS 05-11-10 FINANCIAL CONSULTANTS MANAGED ACCOUNT REPORT - MORGAN STANLEY SMITH BARNEY

RESOLUTION by Szymanski, SUPPORTED by Nawrocki:
BE IT RESOLVED to receive and file the Managed Account Report for the first quarter ending March 30, 2010, as submitted by Michael Holycross of Morgan Stanley Smith Barney, and furthermore, concur with his recommendation to re-balance the portfolio and move $1.5 million from Orleans Capital to Cash in order to provide for the monthly pension obligations. (Attachments #1 and #2)

ABSENT: Burke and Poynter.

MOTION CARRIED

Mr. Michael Holycross of Morgan Stanley Smith Barney presented the quarterly report, and answered any questions.

HEARING OF THE PUBLIC

None.

DISCUSSION BY TRUSTEES

None.

ERS 05-12-10 ADJOURNMENT

MOTION by Szymanski, SUPPORTED by Harville:
That the agenda of the regular Board of Trustees Employees Retirement System Meeting having been acted upon the meeting is hereby adjourned at 7:52 p.m.

ABSENT: Burke and Poynter.

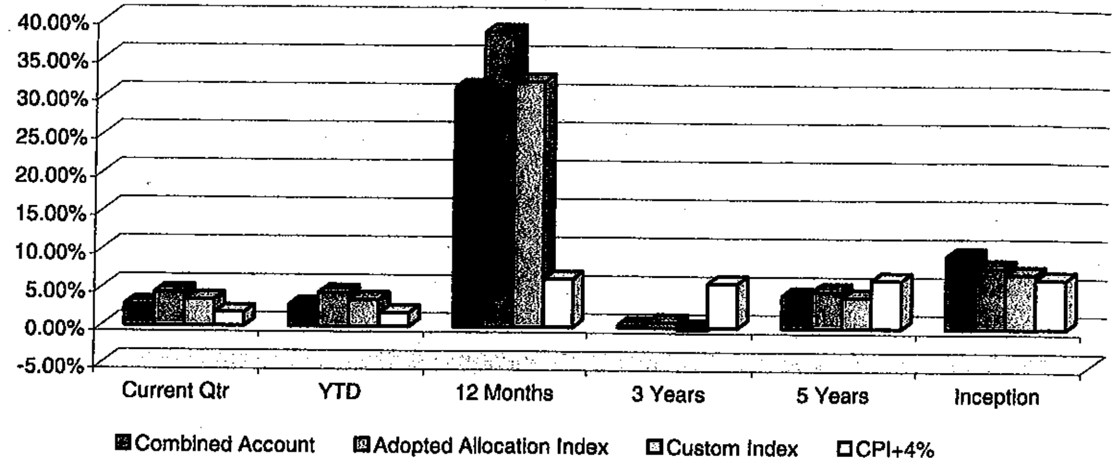
MOTION CARRIED

MICHAEL P. MONAGHAN, CHAIRPERSON

MICKEY D. TODD, SECRETARY

Total Account

Harper Woods Retirement System — **AS OF 3/31/2010**



Investment Returns (%)	*Current Qtr*	*Calendar YTD*	*Trailing 12 Months*	*Trailing 3 Years*	*Trailing 5 Years*	*Since Inception*
Combined Account *(Inception 02/95)*	**2.78%**	**2.78%**	**31.19%**	**0.29%**	**4.20%**	**9.48%**
Adopted Allocation Index*	4.37%	4.37%	38.47%	0.74%	4.82%	7.97%
Custom Index**	3.47%	3.47%	32.01%	-0.29%	4.08%	7.17%
CPI+4%	1.76%	1.76%	6.31%	5.80%	6.30%	6.51%
Edgewood - LG *(7/2009)*	**0.62%**	**0.62%**	**N/A**	**N/A**	**N/A**	**5.37%**
Russell 1000 Growth Index	4.65%	4.65%	49.75%	-0.78%	3.42%	20.20%
Reinhart - Sm/Mid Core *(7/2009)*	**12.22%**	**12.22%**	**N/A**	**N/A**	**N/A**	**24.68%**
Russell 2500 Index	9.21%	9.21%	65.71%	-3.16%	4.05%	26.38%
S&P 100 - ETF *(11/2007)*	**4.57%**	**4.57%**	**44.81%**	**N/A**	**N/A**	**-8.17%**
S&P 100 Index	4.61%	4.61%	45.11%	-3.90%	1.40%	-8.09%
S&P 500 SPDR - ETF *(12/2004)*	**5.37%**	**5.37%**	**49.63%**	**-4.46%**	**1.89%**	**1.37%**
S&P 500 Index	5.39%	5.39%	49.77%	-4.17%	1.92%	1.41%
S&P Mid Cap 400 - ETF *(01/2006)*	**9.03%**	**9.03%**	**63.73%**	**-0.91%**	**N/A**	**1.62%**
S&P Mid Cap 400 Index	9.09%	9.09%	64.07%	-0.83%	5.17%	1.75%
Russell 2000 Growth ETF *(08/2008)*	**7.62%**	**7.62%**	**60.22%**	**N/A**	**N/A**	**-4.33%**
Russell 2000 Growth Index	7.61%	7.61%	60.32%	-2.42%	3.82%	-4.40%
Loomis Sayles - SV *(03/1998)*	**5.56%**	**5.56%**	**53.21%**	**-2.82%**	**4.21%**	**6.57%**
Russell 2000 Value Index	10.02%	10.02%	65.07%	-5.70%	2.75%	6.26%
Tradewinds Global - *(7/2009)*	**5.51%**	**5.51%**	**N/A**	**N/A**	**N/A**	**22.08%**
MSCI World Index	3.35%	3.35%	53.23%	-4.85%	3.45%	16.67%
Templeton - Intl *(03/1998)*	**-0.73%**	**-0.73%**	**44.32%**	**-5.71%**	**3.94%**	**4.75%**
MSCI EAFE Index	0.94%	0.94%	55.21%	-6.55%	4.24%	3.86%
MSCI All World ex. U.S. Index	1.43%	1.43%	56.76%	-5.68%	4.81%	4.11%
MSCI EM - ETF *(01/2006)*	**1.06%**	**1.06%**	**73.16%**	**4.61%**	**N/A**	**7.50%**
MSCI EM Index	2.45%	2.45%	81.55%	5.46%	16.00%	8.98%
Orleans Capital - FI *(02/1995)*	**2.61%**	**2.61%**	**13.33%**	**7.64%**	**6.34%**	**6.97%**
BC Aggregate Bond Index	1.78%	1.78%	7.69%	6.14%	5.44%	6.58%
Orleans Energy Opportunities *(06/2006)*	**1.09%**	**1.09%**	**65.96%**	**4.00%**	**N/A**	**3.16%**
Oil Services Index	5.67%	5.67%	66.14%	-1.37%	8.13%	-0.57%

	Current Quarter	**Year to Date**	**Since Inception**
Beginning Market Value	$31,857,548	$31,857,548	$22,472,571
Contribution / Withdrawals	-$880,920	-$880,920	-$39,120,885
Realized/Unrealized Gains/(Losses)	$817,072	$817,072	$48,442,013
Ending Market Value	**$31,793,700**	**$31,793,700**	**$31,793,700**

The Adopted Allocation Index, as of January 2006 the weightings are as follows: 30% S&P 500, 10% S&P Mid Cap 400, 5% Russell 2000 Growth, 5% Russell 2000 Value, 10% MSCI ACWI ex US, 5% MSCI EM Index, 35% BC Agg. From December 1998 to January 2006, the weighting was 20% Russell 1000 Growth, 20% Russell 1000 Value, 40% BC Aggregate Bond, 10% MSCI ACWI ex US, 5% Russell 2000 Growth, and 5% Russell 2000 Value. From April 1998 to December 1998, the index was weighted 20% (50% R1000G/50% S&P), 20% (50% R1000V/50% S&P), 40% BC Aggregate Bond, 10% MS EAFE, 5% Russell 2000 Growth, and 5% Russell 2000 Value. Prior to April 1998, the index was 50% S&P / 50% BC Aggregate Bond Index.

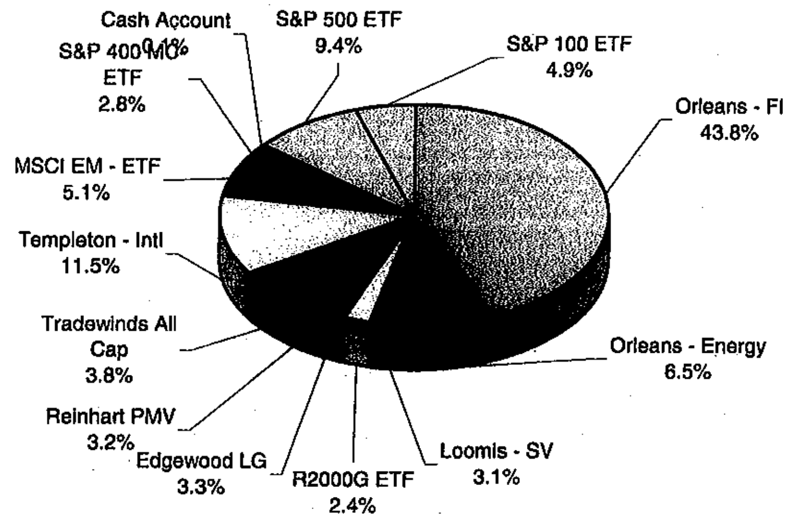
****The Custom Index** reflects the actual Manager allocation at the beginning of each quarter, using each Manager's index.

Periods greater than one year are annualized.

Total Account

Harper Woods Retirement System — AS OF 3/31/2010

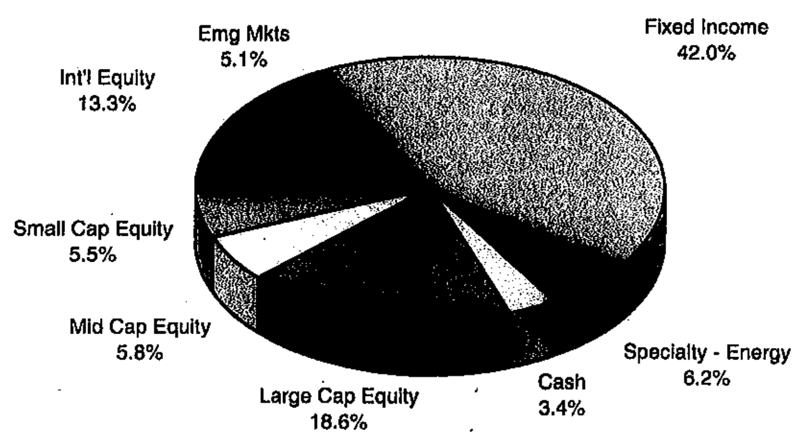
Investment Manager Allocation



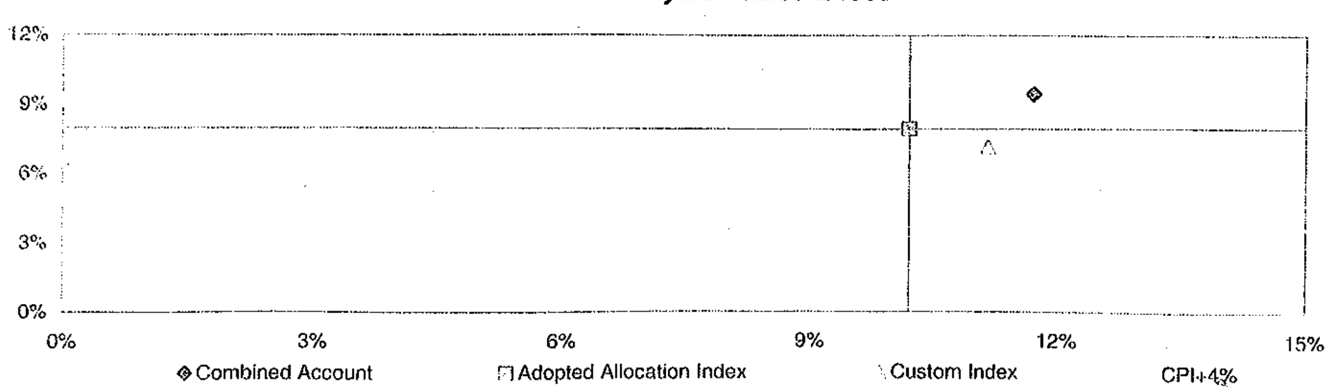
Edgewood LG	$1,050,661
Reinhart PMV	$1,012,416
S&P 100 ETF	$1,568,019
S&P 500 ETF	$2,983,062
S&P 400 MC-ETF	$895,527
R2000G ETF	$752,541
Loomis - SV	$1,001,885
Tradewinds All Cap	$1,223,218
Templeton - Intl	$3,668,437
MSCI EM - ETF	$1,629,762
Orleans - Energy	$2,086,514
Orleans - FI	$13,954,791
Cash Account	($33,133)
Total	**$31,793,700**

Asset Allocation

Target Allocation:
28.5% Lg Equities
8.5% Mid Equities
8% Sm Equities
10% Int'l Equities
5% EM Equities
5% Spec - Energy
35% Fixed Inc.



Risk / Return Analysis - Since 2/1995



Annualized %	*Return*	*Standard Deviation*
Combined Account	**9.48%**	**11.71%**
Adopted Allocation Index	7.97%	10.20%
Custom Index	7.17%	11.16%
CPI+4%	6.51%	0.00%

City of Harper Woods General Employees Retirement System
5/7/2010

Asset Class	Market Value	Portfolio Percentage	Policy Target	Value at Policy Target	Rebalance	Value after Reallocation	% After Reallocation	% Over (Under)	$ Value Over (Under)
Equities	**$11,916,206**	**39.30%**	**42.00%**	**$12,736,022**	**$0**	**$11,916,206**	**39.30%**	**-2.70%**	**-$819,816**
Edgewood Large Cap Growth	$976,275	3.22%	4.00%	$1,212,954	$0	$976,275	3.22%	-0.78%	-$236,679
Reinhart PMV	$971,574	3.20%	3.00%	$909,716	$0	$971,574	3.20%	0.20%	$61,858
Tradewinds All Cap	$1,196,338	3.95%	4.00%	$1,212,954	$0	$1,196,338	3.95%	-0.05%	-$16,616
S&P 100 ETF (OEF)	$1,486,369	4.90%	4.00%	$1,212,954	$0	$1,486,369	4.90%	0.90%	$273,415
S&P 500 SPDR ETF (SPY)	$2,825,114	9.32%	8.00%	$2,425,909	$0	$2,825,114	9.32%	1.32%	$399,205
S&P 400 MidCap ETF (IJH)	$859,228	2.83%	4.00%	$1,212,954	$0	$859,228	2.83%	-1.17%	-$353,726
iShares Russell 2000 Growth ETF (IWO)	$718,120	2.37%	5.00%	$1,516,193	$0	$718,120	2.37%	-2.63%	-$798,073
Loomis Sayles Small Value	$969,953	3.20%	5.00%	$1,516,193	$0	$969,953	3.20%	-1.80%	-$546,240
Orleans Energy Fund	$1,913,235	6.31%	5.00%	$1,516,193	$0	$1,913,235	6.31%	1.31%	$397,042
International Equities	**$4,727,912**	**15.59%**	**15.00%**	**$4,548,579**	**$0**	**$4,727,912**	**15.59%**	**0.59%**	**$179,333**
Templeton International Equity	$3,250,303	10.72%	10.00%	$3,032,386	$0	$3,250,303	10.72%	0.72%	$217,917
MSCI Emerging Markets ETF (EEM)	$1,477,609	4.87%	5.00%	$1,516,193	$0	$1,477,609	4.87%	-0.13%	-$38,584
Fixed Income	**$13,646,601**	**45.00%**	**40.00%**	**$12,129,544**	($1,500,000)	**$12,146,601**	**40.06%**	**0.06%**	**$17,057**
Orleans Fixed Income	$13,646,601	45.00%	35.00%	$10,613,351	($1,500,000)	$12,146,601	40.06%	5.06%	$1,533,250
TIPS Manager (TBD)	$0	0.00%	5.00%	$1,516,193	$0	$0	0.00%	-5.00%	-$1,516,193
Cash	**$33,142**	**0.11%**	**3.00%**	**$909,716**	**$1,500,000**	**$1,533,142**	**5.06%**	**2.06%**	**$623,426**
Combined Accounts	**$30,323,861**	**100.0%**	**100.0%**	**$30,323,861**	**$0**	**$30,323,861**	**100.0%**	**0.0%**	

Monthly cash needs of approximately $250,000, based on last 12 months of experience.