

**Minutes of the Regular Meeting of the
Board of Trustees of the Monroe County
Employees Retirement System**

Regular meeting of the Board of Trustees of the Monroe County Employees Retirement System held on February 26, 2007 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

PRESENT: Clayton Charron, Nancy Colpaert, Jim Davies, George Jondro, Pamela Jones, Jim Morgan, Bill Sisk and David Thompson

ABSENT: Henry Lievens

ALSO PRESENT: Debra Elmore, Retirement Specialist; Charles Londo, 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 Jim Davies, supported by Jim Morgan to approve the minutes of the January 22, 2007 meeting as submitted. All in favor, motion carried.

Motion by George Jondro, supported by Nancy Colpaert to approve agenda as submitted. All in favor, motion carried.

Citizens Time – none

Presentations – Brian Gevry, Boyd Watterson

Brian Gevry advised the Board that the portfolio is beat the benchmark, Lehman Brothers for 2006. Boyd Watterson had a 4.4% return while the benchmark finished with 4.1%.

Motion by George Jondro, supported by Nancy Colpaert to approve consent agenda as submitted below:

A. Retirements	Ronald Marshall, Friend of Court	February 21
	Terry Zibbell, Deferred	February 25
	Elaine Mack, District Court	February 28

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B. Financial Reports – On File with Retirement Specialist

1. Comerica Bank Consolidated Statement, Cash Account Statement, Alliance Capital Management, Anchor Capital Advisors, Boyd Watterson Asset Management, Brandywine Asset Management Global, Brandywine Asset Management Large Cap, NWQ Investment Management and International Value Equity, Pacific Income Advisors, Templeton Portfolio Advisors for period 01/01/2007 through 01/31/2007 and Securities Lending Statement for December, 2006.
2. Anchor Capital Advisors, LLC portfolio summary for period ending December 31, 2006.
3. Boyd Watterson client statement for period ending December 31, 2006, 2006.
4. Brandywine Global Investment Management – Global Fixed and Large Cap Value Transaction Schedule for 4th Quarter 2006 and January 2007.
5. The Hartford Mutual Funds statement for January 29, 2007.
6. Morgan Stanley Vision Account for AllianceBerstein Regent, Anchor Capital Advisors, Brandywine Global Fixed Income, NWQ LCV, NWQ International and Templeton Private Client Group for period ending January 31, 2007.
7. NWQ Investment Management Co. portfolio for period ending December 31, 2006.
8. Pacific Income portfolio appraisal for period ending December 31, 2006 and fixed income quarterly report for December 31, 2006.
9. Templeton Portfolio Advisors quarterly report as of December 31, 2006.

C. Communication

1. Anchor Capital Advisors Investment Policy Outlook, January 2007.
2. Boyd Watterson Quarterly Investment Outlook, December 2006.

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3. Letter dated January 17, 2007 from Franklin Templeton concerning proxy voting summary report.
4. Letter dated January 16, 2007 from NWQ Investment Management Company concerning second half of 2006.

All in favor, motion carried.

Invoices

Motion by Bill Sisk, supported by Pam Jones to approve for payment the following invoices, subject to house audit:

1. Invoice #35828 dated January 26, 2007 in the amount of \$14,790.52 from Brandywine Global Investment Management (traditional) for investment management services for 4th quarter 2006.
2. Invoice #35894 dated January 29, 2007 in the amount of \$18,321.08 from Brandywine Global Investment Management (global) for investment management services for 4th quarter 2006.
3. Invoice dated January 1, 2007 in the amount of \$15,760.51 from Anchor Capital Advisors LLC for investment management services for 4th quarter 2006.
4. Invoice dated January 31, 2007 in the amount of \$245.00 from Comerica Commercial Card Services for seven trustees to attend a MAPERS one-day seminar in Dearborn, Michigan on February 22, 2007.
5. Invoice #324381 in the amount of \$2,304.31 and Invoice #324380 in the amount of \$12,317.35 from Comerica Bank for custodial services rendered for 4th quarter 2006.
6. Invoice dated January 26, 2007 in the amount of \$30,813.42 from Franklin Templeton Investments for investment management services for 4th quarter 2006.
7. Invoice #840 dated February 1, 2007 in the amount of \$26.53 from Monroe County Finance Department for January 2007 postage.

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8. Invoice dated February 7, 2007 in the amount of \$65,924.69 from Morgan Stanley for consultant services for Vision Account for 4th quarter 2006.
9. Invoice #026863-0001 dated December 30, 2006 in the amount of \$24,346.19 from NWQ Investment Management for investment management services for 4th quarter 2006.
10. Invoice dated January 24, 2007 in the amount of \$9,393.00 from Pacific Income Advisers for investment management services for 4th quarter 2006.
11. Invoice #028281-0001 dated December 30, 2006 in the amount of \$37,880.20 from Tradewinds NWQ Global Investors, LLC for investment management services for 4th quarter 2006.
12. Invoice dated February 14, 2007 in the amount of \$4,772.80 from VanOverbeke, Michaud & Timmony, P.C. for legal services rendered for 4th quarter 2006.
13. Invoice #97709 dated February 14, 2007 in the amount of \$23,080.00 from Wells Fargo Insurance Agency (formerly Acordia) for fiduciary insurance renewal for the Retirement System for 07/08.
14. Reimbursement to Clayton Charron in the amount of \$705.10 for airfare to NCPERS 2007 Annual Conference in Hawaii.
15. Reimbursement to Debra Elmore in the amount of \$661.09 for airfare to NCPERS 2007 Annual Conference in Hawaii.
16. Reimbursement to Pamela Jones in the amount of \$689.60 for airfare to NCPERS 2007 Annual Conference in Hawaii.
17. Reimbursement to Charles Londo in the amount of \$691.10 for airfare to NCPERS 2007 Annual Conference in Hawaii.
18. Reimbursement to James Morgan in the amount of \$670.10 for airfare to NCPERS 2007 Annual Conference in Hawaii.
19. Reimbursement to Bill Sisk in the amount of \$719.00 for airfare to NCPERS 2007 Annual Conference in Hawaii.

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All in favor, motion carried.

Refunds

Motion by Clayton Charron, supported by Jim Morgan to pay the following refunds:

- | | | |
|----|--|-------------|
| 1. | Steve Nagy, County Agency | \$17,640.15 |
| 2. | LaSalle Bank, Midwest (FBO Steve Nagy) | \$33,048.57 |
| 3. | Jennifer Welch, Road Commission | \$ 389.35 |

All in favor, motion carried.

Retirement Payments

Motion by Pam Jones, supported by Bill Sisk to pay the following retirement payments:

- | | | |
|----|--|------------|
| 1. | Steve Nagy
(Jan – 1,076.92; Feb – 2,568.16) | \$3,645.08 |
|----|--|------------|

All in favor, motion carried.

Communications

1. MAPERS 2007 Spring Conference.

Motion by Clayton Charron, supported by George Jondro to authorize any trustee, the Retirement Specialist and Secretary to attend. All in favor, motion carried.

2. Application from Timothy Carr, Library employee requesting to purchase one year and six months of CETA Service Time.

Motion by Nancy Colpaert, supported by Jim Davies to accept, place on file and grant request. All in favor, motion carried.

3. Letter dated January 31, 2007 from Steven Dovitz, M.D. concerning examination of Ronald Whited.

Motion by George Jondro, supported by Pam Jones to accept, place on file and send for third opinion. All in favor, motion carried.

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4. Letter dated February 5, 2007 from James Ryland, County Museum employee regarding part time service credit.

Motion by George Jondro, supported by Bill Sisk to accept, place on file and grant part time service credit. All in favor, motion carried.

5. Application from Jerome VanSlambrouck, County Agency employee requesting to purchase two years of military service credit.

. Motion by Clayton Charron, supported by Jim Davies to accept, place on file and grant request. All in favor, motion carried.

6. Application from Jerome VanSlambrouck, County Agency employee requesting a disability retirement.

Pam Jones wanted to know if the purchase of military service credit would go towards service time for a disability retirement? Legal stated it would.

Motion by Pam Jones, supported by Jim Morgan to accept, place on file and send to medical advisor for examination. All in favor, motion carried.

Proposed Resolutions

Motion by Bill Sisk, supported by Jim Davies to accept and place on file the following resolutions:

1. Jerome VanSlambrouck, County Agency – Disability Retirement Appl.
2. Steve Nagy, County Agency – Service Retirement

All in favor, motion carried.

Attorney Report

Tom Michaud updated the Board on the TECO Energy matter. The Judge ordered the parties to go to mediation. There is a tentative \$17.5 million offer. Settlement has exceeded expectations. Jim Davies wanted to know how much the Retirement System would receive. Mr. Michaud said he couldn't give a specific amount but the loss to the system was \$80,000 with Anchor Capital. Some of this amount was due to fraud and some was due to market loss. Attorneys still have to petition the Judge for their fees, the amount left would be distributed to the remainder claimants.

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Motion by Jim Morgan, supported by George Jondro to concur with preliminary settlement amount concerning the TECO Energy and Plaintiff Class Action Suit. All in favor, motion carried.

Consultant's Report

Mr. Galanis reviewed the evaluation update for the period ending January 31, 2007. The Retirement System is up \$845,316.24 from previous month. Fund is now valued at \$178,807,858.28. The fund was up \$1.4 million before distribution for the month.

Mr. Galanis also reviewed the 4th quarter report of 2006. Value outperformed growth in 2006. The total fund was up 5.21% for the fourth quarter while the total fund policy index was at 3.85%. For 2006 the total fund was up 12.04% while the total fund policy index was at 9.86%.

AllianceBernstein under-performed for the fourth quarter. They were at 3.70% while the policy index was at 6.42%.

Mr. Cho let the Board know that the six-month watch for Templeton was up and asked the Board what they wanted to do. Motion by Jim Davies, supported by George Jondro to have Mr. Cho send a letter to Templeton letting them know they are no longer on watch. All in favor, motion carried. Mr. Cho will send a copy of that letter to the Board.

Mr. Galanis recommended to the Board that they transfer the following money:

- \$250,000.00 from Boyd Watterson to Hartford Mutual Funds
- \$1,000,000.00 from Boyd Watterson to Brandywine Asset Management Global
- \$1,000,000.00 from NWQ LCV to Tradewinds NWQ Global Investors

After much discussion, motion was made by Jim Davies and supported by George Jondro to go with recommendation of the investment consultant. All in favor, motion carried.

Old Business

- Disability Retirements
 - Nickolas Musulin, B&G – had a doctor's appointment February 22, 2007. Waiting for doctor's report. Should have available for the next meeting.

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New Business - none

Trustee Comments

Bill Sisk said it was nice to be back on the Board but stated that he will need a refresher course.

George Jondro welcomed Bill back.

Deb Elmore commented about the MAPERS one day seminar on February 22, very informative. AllianceBernstein did a good job. Also, anyone who plans on attending the 2007 MAPERS Spring Conference needs to let her know as soon as possible.

Dave Thompson also welcomed Bill back to the Board.

Motion by Bill Sisk, supported by George Jondro to adjourn. All in favor, motion carried. Meeting adjourned at 6:50 P.M.

Respectfully Submitted,

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