

**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 25, 2008 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 (arrived at 5:10), Jim Davies, George Jondro, Henry Lievens, Jim Morgan, William Sisk and David Thompson

ABSENT: Pam Jones, excused

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 George Jondro, supported Bill Sisk to approve the minutes of the January 28, 2008 meeting as submitted. All in favor, motion carried.

Motion by Bill Sisk, supported by Jim Morgan to approve the agenda as submitted. All in favor, motion carried.

**Citizens Time** – none

**Presentations** – David Morrison from JP Morgan, 130/30 large cap portfolio investor

Mr. Morrison stated there were four points to consider in hiring his firm:

1. Seasoned investor – Tom Luddy
2. Research insights – 23 research analysts
3. Superior performance – delivered 5.6% alpha
4. Operational expertise

They have a large cap domestic portfolio, with the S&P 500 as their benchmark. Their goal is 3% of alpha.

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James Bishop from Diamond Hill Investments, a long/short fund, mutual fund

1. Long term investment temperament
2. Focus on absolute, not relative, returns
3. View of risk as a permanent loss of capital

Goal is 10% per year.

Brian Gevry – Boyd Watterson Asset Management

Mr. Gevry said the fund made 7.1% for 2007 whereas the benchmark was at 7.4%. There was a 4<sup>th</sup> quarter meltdown in the credit markets. Doesn't look for the bond market to do well in 2008.

Motion by Henry Lievens, supported by George Jondro to approve consent agenda as submitted below:

- |   |            |
|---|------------|
| <b>A. Retirements</b> - Geraldine Allen, County Clerk | February 1 |
| Janice Marrier, County Health                         | February 1 |

**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 01/01/08 through 01/31/08 and Securities Lending Statement for December, 2007.
2. Anchor Capital Advisors portfolio summary for December 31, 2007.
3. Boyd Watterson client statement for period ending January 31, 2008.
4. Brandywine Global Investment Management – Global Fixed Income and Large Cap Value (PCG) Portfolio for January 2008 and 4<sup>th</sup> quarter 2007.

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5. 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, 2008.
6. Pacific Income portfolio appraisal for period ending December 31, 2007.
7. Templeton Portfolio Advisors portfolio quarterly report as of December 31, 2007.
8. NWQ Investment Management investment portfolio for period ending 31, 2007.

**C. Communication**

1. Anchor Capital Advisors investment policy outlook, January 2008.
2. Letter dated February 5, 2008 from Comerica Bank concerning disclosure of securities lending activity pursuant to governmental Accounting Standards Board Statement 28.
3. Coughlin Stoia Geller Rudman & Robbins settlement report for quarter ending December 31, 2007.
4. Letter dated January 17, 2008 from NWQ Investment Management Co. regarding 4<sup>th</sup> quarter outlook and transaction summary.

All in favor, motion carried.

**Invoices**

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

1. Invoice dated January 1, 2008 in the amount of \$15,484.02 from Anchor Capital Advisors for investment management services for 4<sup>th</sup> quarter 2007.
2. Invoice dated January 31, 2008 in the amount of \$200.00 from Comerica Commercial Card Service for registration fees for four trustees to attend the MAPERS one-day seminar in Ypsilanti, Michigan.

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3. Invoice dated January 31, 2008 in the amount of \$44,698.79 from Franklin Templeton Investments for investment management fee for 4<sup>th</sup> quarter 2007.
4. Invoice #1077 dated February 2, 2008 in the amount of \$32.42 from Monroe County Finance Department for January 2008 postage.
5. Invoice dated January 24, 2008 in the amount of \$68,963.77 from Morgan Stanley for consulting management fees of Vision Accounts for 4<sup>th</sup> quarter 2007.
6. Invoice dated January 22, 2008 in the amount of \$10,021.00 from Pacific Income Advisers for investment management fees for 4<sup>th</sup> quarter 2007.
7. Reimbursement in the amount of \$319.00 to Debra Elmore for airfare for the 2008 NCPERS Annual Conference in New Orleans, LA.
8. Reimbursement in the amount of \$319.00 to George Jondro for airfare for the 2008 NCPERS Annual Conference in New Orleans, LA.
9. Reimbursement in the amount of \$314.00 to Pam Jones for airfare for the 2008 NCPERS Annual Conference in New Orleans, LA.
10. Reimbursement in the amount of \$314.00 to James Morgan for airfare for the 2008 NCPERS Annual Conference in New Orleans, LA.
11. Reimbursement in the amount of \$319.00 to David Thompson for airfare for the 2008 NCPERS Annual Conference in New Orleans, LA.
12. Invoice dated February 13, 2008 in the amount of \$2,352.00 from VanOverbeke, Michaud & Timmony, P.C. for legal services rendered for 4<sup>th</sup> quarter 2007.

All in favor, motion carried.

**Refunds – none**

Motion by Jim Morgan, supported by George Jondro to pay the following refunds:

1. Geraldine Allen, County Clerk \$8,836.64

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2.	Cayl Lykins, Sheriff's Office	\$1,529.74
3.	Janice Marrier, County Health	\$2,279.15
4.	Nationwide Solutions (FBO Janice Marrier)	\$4,193.67
5.	Brandy Young, Central Dispatch	\$5,062.86

All in favor, motion carried.

**Retirement Payments**

Motion by Jim Davies, supported by Clayton Charron to pay the following retirement payments:

1.	Geraldine Allen, County Clerk	\$4,706.21
2.	Janice Marrier, County Health	\$1,410.79

All in favor, motion carried.

**Communications**

1. Application dated February 1, 2008 from James Lazar, Director of Central Dispatch requesting a disability retirement for Richard Barkenquast, Communication Specialist.

Motion by Nancy Colpaert, supported by Bill Sisk to accept, place on file and send Mr. Barkenquast to Medical Advisor for examination. All in favor, motion carried.

**Proposed Resolutions**

Motion by Nancy Colpaert, supported by Clayton Charron to accept and place on file the following resolutions:

1. Geraldine Allen, County Clerk – Service Retirement
2. Janice Marrier, County Health – Service Retirement
3. Frederick Latray, Bldgs & Grds – Application for Service Retirement
4. Dawn Shock, Library – Application for Service Retirement

All in favor, motion carried.

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**Attorney Report**

Mr. Michaud presented the Board with a draft for a letter to send out to Public Safety retirees concerning the Pension Protection Act of 2006 and the insurance premium exclusion for public safety employees. Jim Morgan asked Mr. Michaud if this would also cover the Road Commission employees. Mr. Michaud said he didn't believe so but without a job description for the road workers that he could review, he couldn't say for sure.

Mr. Michaud also discussed the two Sheriff's Office employees who had applied to purchase prior military service credit. They don't fall within the requirements to purchase – must have entered the armed service of the United States before June 1, 1980 or entered the armed service of the United States on or after June 1, 1980 during a time of war or emergency conditions as described in MCL 35.611 – and therefore are unable to do so. A letter will be sent to those two employees letting them know they do not qualify to purchase their military service credit.

Mr. Michaud also let the trustees know that the Administrative Policy Committee met to review the FOIA Resolution and also the other resolutions. Updated and new policy resolutions will be brought back to the trustees to review and adopt.

**Consultant's Report**

Mr. Galanis reviewed the evaluation update for the period ending January 31, 2008. The Retirement System was down \$4,700,899.56. Fund is now valued at \$182,973,016.68. Boyd Watterson Asset Management and Pacific Income Advisers were the only two managers who made money.

Mr. Galanis also reviewed the performance report for 4<sup>th</sup> quarter 2007. The fund still beat the actuary's goal of 7%. The fund made 8.08% for 2007. All managers did well for the year except for Brandywine Large Cap Value.

The Board had asked Sam Galanis to bring back a report on the money that was given to the Hartford Floating Rate Fund when they were hired in January of 2007. Gave the company \$2,000,000.00 and terminated them in December of 2007 at \$1,994,044.90 which was a loss of \$5,955.10.

Mr. Galanis would like to know what the Board would like to do about the 130/30 money managers who made a presentation earlier in the meeting. He stated that the Board needs to make money to meet the actuarial assumption for 2008. Jim Morgan said JP Morgan seems to be riskier than Diamond Hill.

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Dave Thompson would like Sam to put something together for a presentation at March's Board meeting. Henry Lievens would like to know what kind of alternative investments other pension plans are investing in. He also wants to know what the cost/fees would be to the Retirement System if one of the managers that did a presentation tonight were hired.

**Old Business**

- FOIA Resolution dated August 27, 2007 – discussed under Attorney's Report.

**New Business** - none

**Trustee Comments** - none

Motion by Jim Davies, supported by George Jondro to adjourn. All in favor, motion carried. Meeting adjourned at 7:15 P.M.

Respectfully Submitted,

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