

**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 23, 2009 at 5:00 P.M. in the Board of Commissioner's Meeting Room at 125 E. Second St., Monroe, Michigan.

PRESENT: Nancy Colpaert, Jim Davies, John Fowler, George Jondro, Pam Jones, Bill Myers, Jim Morgan, William Sisk and David Thompson.

ABSENT: none

ALSO PRESENT: Debra Elmore, Retirement Specialist; Charles Londo, Secretary, Sam Galanis and Michael Cho, Consultants and Frank Judd, Legal Counsel

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

Motion by Nancy Colpert, supported by Pam Jones to approve the minutes of the January 26, 2009 meeting. All in favor, motion carried.

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

Citizens Time – none

Presentations – John Wright, Partner & Director of Sales
John Brim, Partner & Senior Portfolio Manager
Smith Group Asset Management

Performance for period ending January 31, 2009 was (3.4) as opposed to the S&P 500 Index at (8.3) and the Russell 1000 Growth Index at (4.8). Year to date Smith Group is down 10% while the S&P 500 is down 17-1/2%.

Performance for 07/08 through 12/31/08 was (30.8) with the S&P 500 at (28.2) and the Russell 1000 Growth Index at (31.5).

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Motion by Bill Sisk, supported by Jim Davies to approve consent agenda as listed below:

A. Retirements

Theresa Morgan, District Court

February 20

B. Financial Reports – On File with Retirement Specialist

1. Comerica Bank Consolidated Statement, Cash Account Statement, Anchor Capital Advisors, Boyd Watterson Asset Management, Brandywine Asset Management Global, Brandywine Asset Management LCV, Eagle Global Advisors Intl. Equity, NWQ Investment Management and International Value Equity, Pacific Income Advisors, Renaissance Investment Company and International Equity, Smith Group Asset Management, Templeton Portfolio Advisors for period 01/01/09 through 01/31/09 and Securities Lending Statement for December 2008.
2. Anchor Capital Advisors portfolio summary for period ending December 31, 2008.
3. Brandywine Global Investment Management Large Cap Value (PCG) portfolio for January 2009.
4. Eagle Global Advisors portfolio summary for period ending December 31, 2008.
5. Morgan Stanley Vision Account for Anchor Capital Advisors, Brandywine Global Fixed Income, Eagle Global Advisors, NWQ LCV and International, Renaissance Group and International, Smith Asset Management Group and Templeton Private Client Group for month ending January 31, 2009 and year ending December 31, 2008.
6. Pacific Income Advisors portfolio appraisal for month ending December 31, 2008 and quarterly report for 4th quarter 2008.
7. Smith Group Asset Management quarterly portfolio report as of December 31, 2008.

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C. Communication

1. Anchor Capital Advisors Investment Policy Outlook, January 2009.
2. Boyd Watterson Quarterly Investment Outlook, January 2009.
3. Letter dated January 14, 2009 from Comerica Bank with an update on the Securities Lending Program.
4. Eagle Global Advisors International Market Review and Outlook for 4th quarter 2008.
5. Letter dated January 14, 2009 from Franklin Templeton regarding Proxy Voting Summary Report.
6. Letter dated February 2, 2009 from NWQ review of 2008 and list of holdings as of December 31, 2008.

All in favor, motion carried.

Invoices

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

1. Invoice dated January 1, 2009 in the amount of \$12,496.03 from Anchor Capital Advisors for investment management fees for 4th quarter 2008.
2. Invoice #49031208 dated January 21, 2009 in the amount of \$6,901.50 from Brandywine Global Investment Management for investment management fees (Traditional) for 4th quarter 2008.
3. Invoice #80331208 dated January 21, 2009 in the amount of \$22,034.70 from Brandywine Global Investment Management for investment management fees (Global) for 4th quarter 2008.
4. Invoice #348590 – \$11,887.15 and Invoice #348625 - \$3,202.31 from Comerica Bank for custodial services for 4th quarter 2008.
5. Invoice received February 9, 2009 in the amount of \$5,566.00 from Eagle Global Advisors for investment management fees for 4th quarter 2008.

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6. Invoice #1100006948 dated January 23, 2009 in the amount of \$12,140.29 from Franklin Templeton Investments for investment management fees for 4th quarter 2008.
7. Invoice #1346 dated February 3, 2009 in the amount of \$24.94 from Monroe County Finance Department for January 2009 postage.
8. Invoice dated January 30, 2009 in the amount of \$53,297.82 from Morgan Stanley for management fees of the Morgan Stanley Vision Accounts for 4th quarter 2008.
9. Invoice dated February 2, 2009 in the amount of \$10,531.00 from Pacific Income Advisers for investment management fees for 4th quarter 2008.
10. Invoice dated January 15, 2009 in the amount of \$5,065.76 from Renaissance Investment Management (International Equity Portfolio) for investment management fees for period 11/17/08 to 12/31/08.
11. Invoice dated January 15, 2009 in the amount of \$10,614.43 from Renaissance Investment Management (Large Cap Growth) for investment management fees for 4th quarter 2008.
12. Invoice received January 26, 2009 in the amount of \$9,122.90 from Smith Group Asset Management for investment management fees for 3rd quarter 2008.
13. Invoice received January 26, 2009 in the amount of \$7,641.85 from Smith Group Asset Management for investment management fees for 4th quarter 2008.

All in favor, motion carried.

Refunds

Motion by Bill Sisk, supported by Jim Davies to approve the following refunds:

- | | | |
|----|---|------------|
| 1. | Giles Brockman Parks | \$7,670.39 |
| 2. | Paula Gebert, Friend of Court | \$4,175.24 |
| 3. | Great West Retirement Solutions
(FBO Paula Gebert) | \$9,052.60 |

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4.	Irene Leonard, Probate Juvenile	\$ 1,749.63
5.	Great West Retirement Solutions (FBO Irene Leonard)	\$ 5,780.05
6.	Robert Oetjens, Sheriff's Office	\$36,881.84
7.	Bank of America (FBO Robert Oetjens)	\$22,678.72
8.	Nationwide Retirement (FBO Robert Oetjens)	\$20,000.00

All in favor, motion carried.

Retirement Payments

Motion by Nancy Colpaert, supported by Pam Jones to pay the following retirement payments:

1.	Giles Brockman, Parks	\$1,901.35
2.	Barbara Dulany, Probate Court	\$1,896.91
3.	Irene Leonard, Probate Juvenile	\$3,165.28
4.	Robert Oetjens, Sheriff's Office (Jan – 1,705.20; Feb – 3,775.73)	\$5,480.93
5.	Barbaralee A. Drodts, Library System (Jan – 391.68; Feb – 1,517.70)	\$1,909.38

All in favor, motion carried.

Communications

1. Letter dated February 2, 2009 from Gabriel, Roeder, Smith & Co. concerning the 5-year experience analysis.

Motion by Jim Morgan, supported by George Jondro to accept, place on file and enter into a contract with GRS to do the 5-year experience analysis. All in favor, motion carried.

2. Application for Deferred Service Status from Amanda Lake, former Youth Center Employee.

Motion by Jim Davies, supported by Pam Jones to accept and place on file. All in favor, motion carried.

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3. Copy of letter dated February 12, 2009 to James Greene from W. Thomas Graham, County Legal Advisor concerning Community Mental/Retirement Board Change.

Motion by George Jondro, supported by Nancy Colpaert to accept and place on file. All in favor, motion carried.

4. MAPERS 2009 Spring Educational Conference to be held May 17-19, 2009 in Grand Rapids, Michigan.

Motion by Bill Sisk, supported by John Fowler to accept, place on file and authorize any trustee, the Board's Secretary and the Retirement Specialist to attend. All in favor, motion carried.

Proposed Resolutions

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

1. Paula Ashley, Planning – Application for Service Retirement
2. Barbara Barron, Parks – Application for Service Retirement
3. Mary Barszcz – Application for Service Retirement
4. Cheryl Beck-Hill, Probate Juvenile – Application for Service Retirement
5. Wilbur Burkett, Friend of Court – Application for Service Retirement
6. Laurie Burson, Sheriff's Office – Application for Service Retirement
7. Sharon Cawood, Equalization – Application for Service Retirement
8. Jeffery Doom, Drain – Application for Service Retirement
9. Sharon Flowers, District Court – Application for Service Retirement
10. Elizabeth Heiden, Circuit Court – Application for Service Retirement
11. Valerie Jones, County Health – Application for Service Retirement
12. Judy Lynch, Equalization – Application for Service Retirement
13. Karen Manning, County Health – Application for Service Retirement
14. Crystal Reed, Treasurer's Office – Application for Service Retirement
15. Mary Rowland, County Health – Application for Service Retirement
16. James Ryland, Museum – Application for Service Retirement
17. Nancy Sauer, Friend of Court – Application for Service Retirement
18. Rosemary Snow, District Court – Application for Service Retirement
19. Frederick Wickenheiser, Equalization – App. for Service Retirement
20. Elizabeth Wonsowski, Friend of Court – App. for Service Retirement

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21. Debra Wrobel, District Court – Application for Service Retirement
22. Giles Brockman, Parks – Service Retirement
23. Barbara Dulany, Probate – Service Retirement
24. Irene Leonard, Probate Juvenile – Service Retirement
25. Robert Oetjens, Sheriff's Office – Service Retirement
26. Barbaralee A. Drodt, Library System – Service Retirement

All in favor, motion carried.

Attorney Report

Frank Judd, from VanOverbeke, Michaud & Timmony, P.C. was legal counsel for this meeting. He reviewed the legal opinion rendered by Tom Michaud concerning the request of Michael Smith to return his annuity withdrawal to reinstate his service time with the Monroe County Road Commission.

The opinion was that Mr. Smith may return the previously issued check representing his accumulated contributions and interest to the Monroe County Employees Retirement System and would thereupon be eligible to maintain his service credit in the Retirement System.

Motion by Pam Jones, supported by Jim Morgan to accept, place on file and approve legal opinion. A letter needs to be sent to Mr. Smith. All in favor, motion carried.

Consultant Report

Mr. Galanis reviewed the valuation report for month ending January 31, 2009. The fund is valued at \$143,271,121.77 down from the \$148,965,579.63 as reported the previous month. The fund was down approximately 3.35% for the month.

Mr. Galanis also reviewed the 2008 4th quarter report. The total fund ended at (6.84%) while the policy index was at (9.28%). The fund did outperform the policy index. Boyd Watterson and Pacific Income were the only two managers that were up. Brandywine Large Value for the 3 year period was down 11.51% vs the Russell 1000, which was down 7.69%. The total fund was down 12% for 2008.

Asset Allocation is 54% fixed income, 27% domestic equities, 10% international equities and 1% international real estate.

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Mr. Galanis stated that with all the upcoming retirements in March, the System would need \$2,000,000.00 to pay bills and retirements payments. He suggests cashing out Brandywine LCV, who has roughly \$4.5 million and transfer \$1,000,000.00 to NWQ LCV and put the balance into cash.

Mr. Galanis also says the Board should consider hiring a new manager, an alternative equity mutual fund to be more defensive in down markets. He suggests hiring JP Morgan-Highbridge. Diamond Hill and JP Morgan-Highbridge would have an equal amount to manage, 2% of the portfolio. That would maintain the 5% basket clause.

Motion by Bill Myers, supported by Pam Jones to go with recommendation of Mr. Galanis. All in favor, motion carried.

Brandywine Global Fixed Income has a recent under performance but has done well in the past. Mr. Galanis suggested that maybe the Board hire another manager. Morgan Stanley has done a search and came up with Invesco and River Source as top two managers. Invesco handles over \$10 billion while River Source only has two account for a total of \$178 million. He suggests splitting Brandywine Global with Invesco or have them come in to make a presentation at the March 23, 2009 meeting. Mr. Thompson would like for Invesco to make a presentation at the March meeting.

Dave Thompson wanted to know if Sam has notified Brandywine Global about their performance. He told the Board that he has talked with them and explained Brandywine's investment reasons for their under performance to the Board.

Mike Cho said some minor name changes need to be made to the Investment Policy Statement. He knows the Board usually reviews this in November but felt the changes need to be made before then. He also hopes the changes to Michigan Public Act 314 will be completed by then to incorporate those changes. Motion by Jim Morgan, supported by George Jondro to have Mr. Cho make the minor changes to the Investment Policy Statement. All in favor, motion carried.

Old Business

- Disability Retiree Re-exams
 - David Funk – hope to have an appointment made for him in February

Mr. Funk's paperwork has been sent to a doctor in Florida for review to see if he will do the re-examination. Ms. Elmore will call to see if he will do the re-examination.

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- Retirement Specialist replacement status – Charles Londo and Dave Thompson were to meet and report back

The committee is scheduled to meet on March 10 at 1:30 to discuss job description and contract. Will report back at the March 23, 2009 meeting.

- Michael Smith, former Road Commission employee who was laid off, withdrew his contributions and interest and now wants to return it due to him not knowing about the Reciprocal Retirement Act.

Handled during Attorney Report.

New Business

- Committee Assignments

Anyone who is interested please e-mail Chairman Thompson.

- Special election for Trustee due to the retirement of Pamela Jones on March 1, 2009

Retirement Specialist will have a special election as soon as possible.

Trustee Comments

Chairman Thompson presented a resolution for Pam Jones commending her service to the Retirement Board. She will be retiring March 1, 2009. She thanked the Board for all their help and said she will miss everyone. She has enjoyed the time that she served on the Board and has learned a lot about investments.

Jim Davies wanted to thank Pam and wish her well and also wanted to welcome his new friend John Fowler.

Nancy Colpaert expressed the same wishes as Jim Davies.

Bill Myers said he was glad to know that Pam wasn't leaving because he moved in.

Jim Morgan and George Jondro expressed their well wishes to Pam in her retirement.

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Bill Sisk would like to toast Pam for doing a fine job and welcoming John Fowler.

Deb Elmore said PJ would be missed. She asked for all trustees who plan on attending the upcoming NCPERS and MAPERS Educational Seminars to let her know by Friday, February 27 so she can get everyone registered.

Motion by Jim Morgan, 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