

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
JANUARY 26, 2005**

A regular meeting of the Board of Trustees was held on Wednesday, January 26, 2005 at the Shrine Room Main Level, City Hall, 47450 Woodward Ave., Pontiac, Michigan. The meeting was called to order at 1:35 p.m.

TRUSTEES PRESENT

Eugene White, Chairman	Paulette Poehlman
Shirley Barnett	Javier Saucedo
Robert Giddings	Kevin Williams
Ed Hannan, Secretary	Debra Woods
Charlie Harrison <i>arrived 1:40 p.m.</i>	
Larry Marshall <i>arrived 1:43 p.m.</i>	

TRUSTEES EXCUSED

Mayor Willie Payne (*excused*)

OTHERS PRESENT

Tom Michaud, VanOverbeke, Michaud & Timmony, PC
Melissa Tetmeyer, Retirement Coordinator
Ellen Zimmermann, Retirement Systems Administrator

APPROVAL OF MINUTES

Re: Minutes of Special Joint Meeting – November 29, 2004

RESOLUTION 05–001 By Hannan, Supported by Saucedo
Resolved, That the minutes of the special joint meeting of November 29, 2004 be approved as presented.

Yeas: 8 - Nays: 0

Re: Minutes of Regular Meeting – December 8, 2004

RESOLUTION 05–002 By Poehlman, Supported by Barnett
Resolved, That the minutes of the regular meeting of December 8, 2004 be approved as presented.

Yeas: 8 - Nays: 0

Re: Minutes of Special Joint Meeting – January 6, 2005

The minutes should be corrected to note that Trustee Barnett was present.

RESOLUTION 05–003 By Giddings, Supported by Hannan
Resolved, That the minutes of the special joint meeting of January 6, 2005 be approved as corrected.

Yeas: 8 - Nays: 0

Re: Minutes of Special Joint Meeting – January 18, 2005

RESOLUTION 05–004 By Barnett, Supported by Saucedo
Resolved, That the minutes of the special joint meeting of January 18, 2005 be approved as presented.

Yeas: 8 - Nays: 0

CONSULTANTS

None.

COMMUNICATIONS

CAPPP Conference

Trustee Hannan asked permission to attend the CAPPP program.

RESOLUTION 05–005 By Barnett, Supported by Harrison
Resolved, That Trustee Hannan be authorized to attend the CAPPP Conference.

Yeas: 9 – Nays: 0

RESOLUTION 05–006 By Barnett, Supported by Hannan
Resolved, That the monthly correspondence, as listed below be received and placed on file on behalf of the Board:

- A. Correspondence from Munder Capital RE: Market Update
- B. Correspondence from GERS RE: Securities Litigation Monitoring

- C. Correspondence from GE Asset Management RE: Compliance with IPS
- D. Correspondence from GERS RE: Car Allowance in FAC
- E. Correspondence from Capital Guardian RE: Monthly Update
- F. Conference Information:
 - 1. 4th Annual Stars & Stripes Public Funds Summit – FRA – April 3-5, 2005
 - 2. Soft Dollar Practices Forum – IIR – March 7-8, 2005
 - 3. One Day Seminar – MAPERS – Feb. 24, 2005
 - 4. Asset Allocation Summit – IMN – April 13-14, 2005
 - 5. Public Funds Summit – IMN – March 13-16, 2005
 - 6. Washington Legislative Update – May 16-18, 2005
 - 7. CAPP – IFEBP – various dates
 - 8. Annual Conference – NCPERS – May 8-12, 2005

Yeas: 10 – Nays: 0

FINANCIAL REPORTS

Trustee Marshall left at

Re: Financial Reports – November & December 2004

RESOLUTION 05–007 By Barnett, Supported by Poehlman
Resolved, That the Financial Reports for November & December 2004 be approved as presented and placed on file.

Trustee Marshall returned

Yeas: 9 - Nays: 0

Re: Securities Lending Report – October & November 2004

RESOLUTION 05–008 By Harrison, Supported by Saucedo
Resolved, That the Securities Lending Report for September 2004 be approved as presented and placed on file.

Yeas: 10 - Nays: 0

Re: Commission Recapture Report – November 2004

RESOLUTION 05–009 By Harrison, Supported by Saucedo
Resolved, That the Commission Recapture for November 2004 be approved as presented and placed on file.

Yeas: 10 - Nays: 0

Re: Accounts Payable

RESOLUTION 05-010 By Harrison, Supported by Saucedo

Resolved, That the payment's for the following invoices be approved and disbursed from the investment earnings of the retirement fund.

1. ADP	1,827.58
2. City of Pontiac	3,348.16
3. Ikon (copier)	695.05
4. NEPC	25,163.76
5. Office Depot	205.02
6. Slade's Printing	67.20
7. VanOverbeke, Michaud & Timmony, PC	7,037.00
8. Visa	5,746.35

Yeas: 10 - Nays: 0

REPORTS

Re: Chairman

Chairman White stated that the Opal conference was good and that while there, he spoke with someone from Milberg Weiss regarding securities litigation. He indicated he would like them to come in to the next meeting to give a presentation on the subject.

RESOLUTION 05-011 By Hannan, Supported by Saucedo

Resolved, that Milberg Weiss be scheduled to give a presentation regarding securities litigation at the February regular meetings.

Yeas: 10 - Nays: 0

Re: Secretary

None.

Re: Trustees/Committees

Trustee Giddings said advised the Board of NOMC's retention of Dykema Gossett to review the withdrawal of pension system assets. As the representative of the deferred vested members there, he does not want to see them take money out of the System. Mr.

Michaud advised that the assets related to former hospital employees remain with the System as well as the liabilities and that such assets are held in trust for the benefit of those individuals.

Re: Administrator

Year-End Tax Documents

Ms. Zimmermann said the Retirement Office sent out 1099-R's to retirees on January 14th and filed the Form 945 on January 18th.

Fiduciary Insurance

Ms. Zimmerman said one of the trustees had asked that the issue of fiduciary insurance be discussed. The trustees concurred that it should be investigated. Mr. Michaud will provide some information at the next meeting. He indicated it is important to know what is covered, what is not covered and what the deductibles are. He felt it is prudent as the trustees are responsible for assets in the millions of dollars. Discussion followed. Trustee Poehlman offered to check through the City's vendor.

RESOLUTION 05-012 By Saucedo, Supported by Barnett

Resolved, that the Board of Trustees seek bids for fiduciary liability insurance.

Yeas: 10 – Nays: 0

Actuary Fees

Ms. Zimmermann indicated that the fee range for the annual actuarial valuation last year was \$16,000 to \$19,500.

SWAP Legal Fee Split Between GERS & PFRS

Ms. Zimmermann asked Sullivan, Ward, Patton & Asher, PC to bill separately for the work they did in regard to CAPROC because it applied to both Boards. She spoke with Chairman Storum of PFRS and it has been suggested that these costs be split 50/50 between the two funds. The trustees concurred that the split was appropriate.

Re: Legal

Mr. Michaud gave a brief recap of the special CAPROC LLC meeting, stating that Trustee Giddings represented GERS at the meeting and Trustee Hannan represented PFRS. Southfield was represented; Wayne County was represented by proxy; the CAPROC people were all there.

There were two issues on the agenda. The first issue was the termination of CAPROC Manager Inc. The vote by the majority (GERS & PFRS) of shareholders voted to remove the manager. CAP Manager challenged the authority to terminate. Disputes go to arbitration. CAP Manager agreed that they will take no action to sell the mortgages and

the two Pontiac boards agreed not to go to litigation to remove the manager. Sullivan, Ward, Asher & Patton will be coordinating the status of the arbitration.

The second item was to appoint an interim manager. Mr. Gray recommended the hiring of MayfieldGentry as interim manager. The two Pontiac boards voted to appoint MayfieldGentry; the others voted against it. MayfieldGentry was appointed interim manager pending arbitration.

Trustee Harrison asked how it would happen. Mr. Michaud stated that the parties will draft the issues and try to agree on an arbitrator. Then, there will be scheduling and the parameters will be set. It is less formal than court and is normally quicker. Sullivan, Ward is in the process of identifying the issues and selecting an arbitrator. The process is a little more streamlined; we have a little more control by being able to select an arbitrator.

Trustee Giddings said that the MayfieldGentry recommendation resulted in CAPROC's inappropriate reaction. Mr. Michaud said the boards properly relied on a recommendation from their professionals to make their decision. Ms. Zimmermann distributed correspondence from MayfieldGentry regarding slanderous statements made by Mr. Capozzoli regarding their firm.

Trustee Hannan asked whether the arbitration was only on the issue of terminating the manager. Mr. Michaud replied that Sullivan, Ward is recommending a broader approach that includes that issue. It was important for the boards to stop the sale of the mortgages; that required the boards to act. The next issue is that Sullivan, Ward has the lead on these issues. Mr. Michaud recommended that the Board appoint Sullivan, Ward as special counsel to minimize the costs.

Trustee Harrison left at 2:18 p.m.

Mr. Michaud stated that it is important that discussions happen with the joint boards; the information should come from Sullivan, Ward to both boards at once. Special meetings may become necessary so he suggested the boards continue to work together and have one voice as regards strategy.

RESOLUTION 05-013 By Barnett, Supported by Williams
Resolved, That Sullivan, Ward, Asher & Patton, PC be retained as special counsel for the CAPROC matter and that fees be split 50/50 with PFRS.

Trustee Harrison returned at 2:22 p.m.

Yeas: 10 – Nays: 0

Mr. Michaud indicated that Sullivan, Ward has retained Delaware counsel. Discussion followed regarding the position of the other pension fund representatives to CAPROC.

Mr. Marshall left at 2:25 p.m.
Trustee Harrison left at 2:26 p.m.

Mr. Michaud recommended that the public fund investors continue to talk regarding this issue.

Trustee Harrison returned at 2:30 p.m.

Mr. Michaud any discussions regarding litigation need to be handled sensitively, especially when talking to third parties as comments can be misconstrued and could create problems. It is best to send any requests in writing to the consultant or Sullivan, Ward. Trustee Hannan expressed concerns that his comments will not be reflected in CAPROC's records. Mr. Michaud said that directors can ask the minutes to reflect their comments when the minutes are approved.

Re: Union Representatives

None.

UNFINISHED BUSINESS

Re: Ordinance Clean-up

Postponed.

Trustee Marshall returned at 2:34 p.m.

Re: Professional Service Provider Evaluation

Trustee Harrison, committee chairman, explained that at the last regular meeting, the Board reviewed the scores. Nine of eleven trustees responded and a copy of the summary report was distributed. The scores and comments were discussed.

Trustee Poehlman left at 2:45 p.m.

The committee was bringing the recommendation to the full board.

Trustee Poehlman returned at 2:47 p.m.

The trustees discussed the evaluation, the process and the issues. Trustee Giddings stressed that it is the firm being evaluated. There was further discussion and Trustee

Hannan noted that an RFP had been done for the actuary last year and the same actuary was retained. It was the consensus of the Board to go out to RFP.

RESOLUTION 05-014 By Harrison, Supported by Williams
Resolved, that the Board of Trustees issue an RFP for consulting services.

Yeas: 9 – Nays: 1 (White)

Chairman White appointed Trustees Giddings, Harrison, Williams, Saucedo and Woods to the consultant RFP committee.

NEW BUSINESS

Re: Amend Retirement Payroll – Marvin Alward

RESOLUTION 05–015 By Saucedo, Supported by Poehlman
Resolved, That the payroll be amended to remove Marvin Alward who deceased on December 18, 2004.

Yeas: 10 - Nays: 0

Re: Amend Retirement Payroll – Robert M. Haney

RESOLUTION 05–016 By Saucedo, Supported by Poehlman
Resolved, That the payroll be amended to remove Robert M. Haney who deceased on December 27, 2004.

Yeas: 10 - Nays: 0

Re: Application for Retirement – Kristine Graham

RESOLUTION 05–017 By Harrison, Supported by Saucedo
Whereas, Kristine Graham, a member of the Retirement System (NOMC), has applied to the Retirement System for a service retirement, and

Whereas, Said member is 55 years of age and has 14 years and 1 month of credited service;

Resolved, That the application for Service Retirement submitted by Kristine Graham be accepted for processing.

Yeas: 10 - Nays: 0

Re: Application for Retirement – Ollie Gracey

RESOLUTION 05–018 By Harrison, Supported by Saucedo

Whereas, Ollie Gracie, a member of the Retirement System (PPFDA), has applied to the Retirement system for a service retirement, and

Whereas, Said member is 62 years of age and has 30 years and 0 months of credited service;

Resolved, That the application for Service Retirement submitted by Ollie Gracie be accepted for processing.

Yeas: 10 - Nays: 0

Re: Application for Retirement – Adrienne Smith (reciprocal)

RESOLUTION 05–019 By Harrison, Supported by Saucedo

Whereas, Adrienne Smith, a member of the Retirement System (Non Union), has applied to the Retirement system for a service retirement, and

Whereas, Said member is 58 years of age and has 3 years and 1 month of credited service;

Resolved, That the application for Service Retirement submitted by Adrienne Smith be accepted for processing.

Yeas: 10 - Nays: 0

Re: Application for Retirement – Claudia Filler

RESOLUTION 05–020 By Harrison, Supported by Saucedo

Whereas, Claudia Filler, a member of the Retirement System (Non Union), has applied to the retirement system for a service retirement, and

Whereas, Said member is 62 years of age and has 27 years and 3 months of credited service;

Resolved, That the application for Service Retirement submitted by Claudia Filler be accepted for processing.

Yeas: 10 - Nays: 0

Re: Application for Retirement – Stephen McGinnis

RESOLUTION 05-021 By Harrison, Supported by Saucedo

Whereas, Stephen MdGinnis, a member of the Retirement System (SAEA), has applied to the retirement system for a service retirement, and

Whereas, Said member is 53 years of age and has 26 years and 9 months of credited service;

Resolved, That the application for Service Retirement submitted by Stephen McGinnis be accepted for processing.

Yeas: 10 - Nays: 0

Re: Application for Retirement – Sheryll Smith

RESOLUTION 05-022 By Harrison, Supported by Saucedo

Whereas, Sheryll Smith, a member of the Retirement System (PPMA), has applied to the retirement system for a service retirement, and

Whereas, Said member is 56 years of age and has 29 years and 9 months of credited service;

Resolved, That the application for Service Retirement submitted by Sheryll Smith be accepted for processing.

Yeas: 10 - Nays: 0

Re: Application for Retirement – Carol Nabozny

RESOLUTION 05-023 By Harrison, Supported by Saucedo

Whereas, Carol Nabozny, a member of the Retirement System (NOMC), has applied to the retirement system for a service retirement, and

Whereas, Said member is 60 years of age and has 12 years and 4 months of credited service;

Resolved, That the application for Service Retirement submitted by Carol Nabozny be accepted for processing.

Yeas: 10 - Nays: 0

Re: Final Benefit Calculation – John P. Kissick (revised)

RESOLUTION 05-024 By Saucedo, Supported by Barnett

Resolved, That John P. Kissick (#2153) be granted a retirement allowance in the amount of \$4,817.02.

Yeas: 10 - Nays: 0

Re: Final Benefit Calculation – John Leonard

RESOLUTION 05–025 By Saucedo, Supported by Barnett
Resolved, That John Leonard (#2192) be granted a retirement allowance in the amount of \$2,925.66.

Yeas: 10 - Nays: 0

Re: Final Benefit Calculation – Earl Haas

RESOLUTION 05–026 By Saucedo, Supported by Barnett
Resolved, That Earl Haas (#2206) be granted a retirement allowance in the amount of \$1,959.69.

Yeas: 10 - Nays: 0

Re: Final Benefit Calculations – Kristine Graham

RESOLUTION 05–027 By Saucedo, Supported by Barnett
Resolved, That Kristine Graham (#2229) be granted a retirement allowance in the amount of \$555.08.

Yeas: 10- Nays: 0

Re: Final Benefit Calculations – Carol Nabozny

RESOLUTION 05–028 By Saucedo, Supported by Barnett
Resolved, That Carol Nabozny (#2236) be granted a retirement allowance in the amount of \$237.06.

Yeas: 10 - Nays: 0

Trustee Giddings left at 3:09 p.m.

Re: Application for Disability Retirement – Diane Higgins

RESOLUTION 05–029 By Saucedo, Supported by Poehlman
Resolved, That the Board of Trustees concurs with the determination of the Medical Director that Diane Higgins is disabled and should be retired.

Yeas: 9 – Nays: 0

Re: Semi Annual Cash Flow Rebalancing

The semi annual rebalance is due to provide cash flow for benefits and accounts payable and to adjust asset classes back to target. The consultant recommended the attached schedule of withdrawals and transfers.

RESOLUTION 05-030 By Barnett, Supported by Hannan

Resolved, That the following schedule of withdrawals and transfers be approved.

	From	To	Amount	Bfts/AP Needs
January 2005	Loomis Sayles	Cash	\$1,000,000	
January 2005	Kennedy Capital	Cash	1,300,000	
January 2005	Capital Guardian	Cash	<u>1,900,000</u>	
			4,200,000	
January 2005	Cash	Munder F.I.	\$1,500,000	
January 2005	Cash	Oppenheimer FI	1,500,000	
January 2005	cash to remain in account for benefits		<u>1,200,000</u>	\$1,200,000
			4,200,000	
February 2005	Kennedy	Cash	1,200,000	1,200,000
March 2005	Julius Baer	Cash	1,000,000	1,000,000
April 2005	Julius Baer	Cash	1,200,000	1,200,000
May 2005	Julius Baer	Cash	1,200,000	1,200,000
June 2005	Julius Baer	Cash	1,100,000	<u>1,100,000</u>
				\$6,900,000

Yeas: 9 – Nays: 0

Trustee Giddings returned at 3:13 p.m.

Re: Actuarial Fees

Ms. Zimmermann explained that the actuary has provided the fee range for the next annual actuarial valuation. She noted that the fees last year were \$16,000-\$19,500; this year they are \$16,500 to \$20,000.

RESOLUTION 05-031 By Harrison, Supported by Saucedo

Resolved, that the fees for the annual actuarial valuation for the year 2004 (\$16,500 - \$20,000) be approved.

Yeas: 10 – Nays: 0

PUBLIC DISCUSSION

None.

ADJOURNMENT

RESOLUTION 05-032 By Saucedo, Supported by Harrison
Resolved, That the meeting be adjourned at 3:30 p.m.

Yeas: 10 - Nays: 0

I certify that the foregoing is true
Minutes of the General Employees
Retirement System held on January
26, 2005.

Ed Hannan, Secretary
As recorded by Ellen Zimmermann