

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
MARCH 23, 2005**

A regular meeting of the Board of Trustees was held on Wednesday, March 23, 2005 at the Shrine Room Main Level, City Hall, 47450 Woodward Ave., Pontiac, Michigan. The meeting was called to order at 1:43 p.m.

TRUSTEES PRESENT

Eugene White, Chairman	Paulette Poehlman
Robert Giddings	Javier Saucedo
Ed Hannan, Secretary	Eugene White
Charlie Harrison III	Debra Woods
Larry Marshall	

TRUSTEES EXCUSED

Shirley Barnett (*excused*)
Kevin Williams (*excused*)
Mayor Willie Payne (*excused*)

OTHERS PRESENT

Tom Michaud, VanOverbeke, Michaud & Timmony, PC
Doris Ewing - NEPC
Paul Oliver - AA Capital Partners, Inc.
Ed Taylor - AA Capital Partners, Inc.
Mike Mondalek – AA Capital Partners, Inc.
Ellen Zimmermann, Retirement Systems Administrator
Theresa Vasquez, M-Administrative Assistant

APPROVAL OF MINUTES

Re: Minutes of Special Meeting – November 17, 2004

RESOLUTION 05–058 By Harrison, Supported by Saucedo

Resolved, That the minutes of the special meeting of November 17, 2005 be approved as presented.

Yeas: 9 - Nays: 0

Re: Minutes of Special Meeting – February 22, 2005

RESOLUTION 05 – 059 By Harrison, Supported by Saucedo

Resolved, That the minutes of the special meeting of February 22, 2005 be approved as presented.

Yeas: 9 – Nays: 0

Re: Minutes of Regular Meeting – February 23, 2005

RESOLUTION 05 – 060 By Harrison, Supported by Saucedo

Resolved, That the minutes of the regular meeting of February 23, 2005 be approved as presented.

Yeas: 9 – Nays: 0

Re: Minutes of Special Meeting – February 28, 2005

RESOLUTION 05 – 061 By Harrison, Supported by Saucedo

Resolved, That the minutes of the regular meeting of February 28, 2005 be approved as presented.

Yeas: 9 – Nays: 0

CONSULTANTS

Re: AA Capital Partners – Alternative Investment Presentation

Mike Mindalek, Vice President of AA Capital Partners introduced Paul Oliver and Ed Taylor to the Board. Mr. Oliver explained that the keystone of private equity is the investment of capital in privately held companies. This is a vary illiquid investment. He reviewed the transaction types of venture capital, leveraged buy-outs, special situations and secondary purchases.

Trustee Poehlman arrived at 2:01 p.m.

Trustee Hannan asked if the investments in a single company were limited. Mr. Mindalek said the investments are no greater than 10% although some have larger percentages. Mr. Oliver said private equities have been the best performing asset classes. The minimum amount was \$2 million for the first fund. The second fund is open at \$200

million depending on the size of the fund. He noted the management fees and discussed capital calls explaining that funds cannot be quickly invested and the cash flows cannot be predicted. It can take three to five years to get invested and the period for capital calls is limited .

Trustee Poehlman left at 2:25 p.m.

Re: SEC Investigation - NEPC

Ms. Ewing reported SEC was investigating consultants with regard to conflict of interest. She indicated NEPC sent the information needed and no further reviews were requested of the company.

Re: Kennedy Capital Cross-Trading

Ms. Ewing reported on the request from Kennedy Capital for authorization to cross-trade in the account. She indicated their counsel had advised NEPC against authorizing the Board to sign the cross-trading due to a potential conflict of interest and ERISA restrictions.

Trustee Poehlman returned at 2:35 p.m.

Re: Real Estate Overview

Ms. Ewing reviewed the real estate overview with the Board. She reported the Board has 5% allocation to real estate. ChrisKen is liquidating with distributions returning to the plan. It is still uncertain with the CAPROC situation. Ms. Zimmermann indicated as of February the actual percentage invested is at 4.1%. Ms. Ewing recommended investing in core real estate funds. She discussed the reasons to invest in real estate including that it has a low correlation to other asset classes. Core real estate funds that are proposed are diversified by geography and property type. Trustee Harrison questioned if the two real estate fund allocations were going to combined. Ms. Ewing suggested only one core real estate manager would be needed for the full 5%. Trustee Harrison said the Board still had time to consider it.

COMMUNICATIONS

ChoicePoint Securities Litigation

Mr. Michaud reported ChoicePoint had a \$45,000 loss he recommended they pursue the litigation.

Michigan Social Security Number Privacy Act

Mr. Michaud noted Michigan has a new law in place that protects social security numbers.

RESOLUTION 05–062 By Saucedo, 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 VanOverbeke, Michaud & Timmony Re: ChoicePoint Securities Litigation
- B. Correspondence from CAPROC Re: 4th Quarter Financial Statements
- C. Correspondence from Sullivan Ward, Asher & Patton Re: Michigan Social Security Numbers Privacy Act
- D. Correspondence from Capital Guardian Re: Monthly Update
- E. Correspondence from Mesirow Financial Re: Proxy Voting by IRRC
- F. Correspondence from NEPC Re: Annual Letter

Yeas: 9 – Nays: 0

FINANCIAL REPORTS

Re: Financial Reports – February 2005

RESOLUTION 05– 063 By Harrison, Supported by Saucedo

Resolved, That the Financial Reports for February 2005 be approved as presented and placed on file.

Yeas: 9- Nays: 0

Re: Securities Lending Report –January 2005

RESOLUTION 05–064 By Harrison, Supported by Saucedo

Resolved, That the Securities Lending Report for January 2005 be approved as presented and placed on file.

Yeas: 9 Nays: 0

Re: Commission Recapture Report – January & February 2005

RESOLUTION 05–065 By Harrison, Supported by Saucedo

Resolved, That the Commission Recapture for January and February 2005 be approved as presented and placed on file.

Yeas: 9- Nays: 0

Re: Accounts Payable

RESOLUTION 05–066 By Harrison, Supported by Hannan

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

1. ADP	5,997.94
2. City of Pontiac	1,674.08
3. Ikon (copier)	264.47
4. Julius Baer	76,226.19
5. Morris, Nichols, Arsht & Tunnell (Deleware legal counsel)	2,973.75
6. NEPC	1,355.52
7. Plante Moran	160.00
8. Visa	1,475.13

Yeas: 9 – Nays: 0

REPORTS

Re: Chairman

None.

Re: Secretary

None.

Re: Trustees/Committees

None.

Re: Administrator

CAPROC

Ms. Zimmermann reported Sullivan, Ward & Asher advised her the CAPROC arbitration would take place on March 18, 2005. There will be a ruling in the next two weeks.

Joint Meeting – Skyline Club

Ms. Zimmermann reported that Sullivan Ward would be hosting an informational meeting regarding CAPROC, LLC, on April 5, 2005 at 9:00 a.m. at the Skyline Club in Southfield, Michigan.

GASB Reporting

Ms. Zimmermann made the trustees aware of the new reporting requirements for fixed income holdings under GASB 40. Staff can put together ad-hoc reports with information from the managers.

Gabriel Roeder Smith & Co.

Ms. Zimmermann distributed an information sheet from Gabriel, Roeder and Smith. She noted Medicare Part D prescription drug reimbursement would require an actuarial study.

Election Results for Deferred Members

Ms. Zimmermann reported Trustee Barnett provided the election results for deferred members. She noted Trustee Giddings would be the deferred members representative for the next full term.

RESOLUTION: 05-067 By Barnett, Supported by Hannon

Resolved, That the Board of Trustees approves the results of the Hospital Deferred Trustee Election, the Board of Trustees declare Mr. Robert Giddings as a General Retirement Board Trustee.

Yeas: 9 – Nays: 0

Re: Legal

Disclosure

Mr. Michaud advised the Board to disclose all campaign contributions or like items since there has been much scrutiny of pay to play practices. He said the transparency has become very important in recent years.

Securities Litigation

Mr. Michaud indicated that the System lost \$45,000 through Oppenheimer and suggested the board receive the information and pursue the losses.

RESOLUTION 05-068 By Hannan, Supported by Saucedo

Resolved, that the System pursue recovery of the losses from the Choice Point investment through securities litigation.

Yeas: 9 – Nays: 0

Re: Union Representatives

None.

UNFINISHED BUSINESS

Re: Ordinance Clean-up

Ms. Zimmermann noted that additional changes needed to be made to the ordinance. The changes must agree with the collective bargaining agreements as well as complying with the tax law. Mr. Michaud indicated changes must be done by December 2005.

Re: Consultant RFP

Ms. Zimmermann reported the RFP committee recommended the Board schedule a special meeting on June 15, 2005. Ms. Ewing questioned the reason for the RFP search. Trustee Harrison said the Board was reviewing all professional service providers. Ms. Zimmermann reviewed the timeframe as set out in the RFP. She requested that the Board schedule a special meeting for June 15, 2005 to review the finalists. She reminded the trustees that this is a blackout period during which there is to be no contact with potential bidders.

RESOLUTION 05-069 By Saucedo, Supported by Poehlman

Resolved, that a special meeting of the board be scheduled for June 15, 2005 to review the finalists for the consultant RFP and that public notice be posted.

Yeas: 9 – Nays: 0

NEW BUSINESS

Re: Amend Retirement Payroll –Leon Gomez

RESOLUTION 05– 070 By Saucedo, Supported by Poehlman

Resolved, That the payroll be amended to remove Leon Gomez who deceased on February 06, 2005.

Yeas: 9 - Nays: 0

Re: Amend Retirement Payroll – Ella Hardy

RESOLUTION 05–071 By Saucedo, Supported by Poehlman

Resolved, That the payroll be amended to remove Ella Hardy who deceased on February 10, 2005.

Yeas: 9 - Nays: 0

Re: Application for Retirement – Lucia Lang

RESOLUTION 05–072 Hannan, Supported by Saucedo

Whereas, Lucia Lang, 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 8 years and 9 months of credited service;

Resolved, That the application for Service Retirement submitted by Lucia Lang be accepted for processing.

Yeas: 9 - Nays: 0

Re: Final Benefit Calculation – Thomas Quinn

RESOLUTION 05–073 By Harrison, Supported by Saucedo

Resolved, That Thomas Quinn (#2150) be granted a retirement allowance in the amount of \$414.06.

Yeas: 9- Nays: 0

Re: Final Benefit Calculation – David Shhonnerr

RESOLUTION 05–074 By Harrison, Supported by Saucedo

Resolved, That David Schonherr (#2224) be granted a retirement allowance in the amount of \$4,087.48.

Yeas: 9 - Nays: 0

Re: Final Benefit Calculation – Joyce Turner

RESOLUTION 05– 075 By Harrison, Supported by Saucedo

Resolved, That Joyce Turner (#2230) be granted a retirement allowance in the amount of \$2,650.09.

Yeas: 9 - Nays: 0

Re: Final Benefit Calculations – Ollie Gracey

RESOLUTION 05–076 By Harrison, Supported by Saucedo

Resolved, That Ollie Gracey (#2231) be granted a retirement allowance in the amount of \$2,802.68.

Yeas: 9 - Nays: 0

Re: Final Benefit Calculations – Sheryll Smith

RESOLUTION 05–077 By Harrison, Supported by Saucedo
Resolved, That Sheryll Smith (#2235) be granted a retirement allowance in the amount of \$2,703.98.

Yeas: 9 - Nays:0

Re: Final Benefit Calculations – Lucia Lang

RESOLUTION 05–078 By Harrison, Supported by Saucedo
Resolved, That Lucia Lang (#2243) be granted a retirement allowance in the amount of \$407.48.

Yeas: 9 – Nays:0

Re: Disability Re-Examination – Donald Tottingham, Sr.

RESOLUTION: 05 – 079 By Poehlman, Supported by Saucedo
Resolved, That the disability pension for Donald Tottingham, Sr. be continued based on the recommendation of the Medical Director.

Yeas: 9 - Nays:0

Re: Consent Agenda

Ms. Zimmerman said she would be creating a consent agenda for the Board to approve routine items that would save time and would not require a separate motion for each action as is now the case. She explained that any item on the consent agenda can be separated from the consent agenda for discussion by any trustee. The trustees concurred that future agendas include a consent agenda.

PUBLIC DISCUSSION

None.

ADJOURNMENT

RESOLUTION 05–080 By Saucedo, Supported by Poehlman
Resolved, That the meeting be adjourned at 3:42 p.m.

Yeas: 9 - Nays: 0

I certify that the foregoing is true
Minutes of the General Employees
Retirement System held on March
23, 2005.

Ed Hannan, Secretary
As recorded by Theresa Vasquez