

**CITY OF PONTIAC, MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
AUGUST 24, 2005**

A regular meeting of the Board of Trustees was held on Wednesday, August 24, 2005 at the Shrine Room Main level, City Hall 47450 Woodward Ave., Pontiac, Michigan. The meeting was called to order at 1:32 p.m.

**TRUSTEES PRESENT**

Eugene White, Chairman  
Kevin Williams  
Ed Hannan, Secretary  
Charlie Harrison, III

Debra Woods  
Javier Saucedo  
Paulette Poehlman

Shirley Barnett (*absent*)  
Robert Giddings (*excused*)  
Mayor, Willie Payne (*absent*)

**OTHERS PRESENT**

Larry Gray, Gray & Company  
Cynthia Billings, Sullivan, Ward, Asher & Patton, PC  
Tom Michaud, VanOverbeke, Michaud & Timmony, PC  
David Hoffman, Gabriel Roeder, Smith & Company  
Ellen Zimmermann, Retirement Systems Administrator  
Jane Arndt, M-Administrative Assistant

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**APPROVAL OF CONSENT AGENDA**

**Re: Consent Agenda – August 24, 2005**

- A. Minutes of Regular Meeting: July 27, 2005
- B. Communications:
  - 1. Correspondence from Julius Baer re: July Market Commentary
  - 2. Correspondence from Capital Guardian re: Monthly Update
  - 2. Correspondence from Board Chairmen re: Medicare Part D Information
  - 3. Correspondence from Risk Management re: Medicare Part D Information
  - 4. Correspondence from Gabriel, Roeder, Smith & Co. re: Staff Restructuring
  - 4. Conferences:
    - a. Annual Fund Sponsor Client Conference – Mellon – Oct. 17-19, 2005
    - b. The Art of Indexing – SRI – Sept. 21-22, 2005

General Employees Retirement  
Regular Meeting, August 24, 2005

C. Financial Reports:

1. Financial Reports – July 2005
2. Securities Lending Report – June 2005
3. Commission Recapture Report – none
4. Accounts Payable:

a. ADP	\$ 2,056.62
b. Capital Guardian Trust	31,689.74
c. City of Pontiac	3,348.16
d. Comerica (WAM)	5,023.16
e. Crawford & Winiarski (CAPROC)	2,379.70
f. GE Asset Management	40,586.00
g. Gray & Co.	8,014.17
h. Ikon	198.59
i. Julius Baer	75,982.88
j. Kennedy Capital Management	49,941.00
k. Loomis Sayles	38,057.36
l. Mellon Global Security Services	51,294.24
m. Morris, Nichols, Arsht & Tunnell (CAPROC)	16.25
n. Munder Capital Management	33,006.00
o. Office Depot	47.03
p. Oppenheimer Capital	68,625.59
q. Plante Moran	1,410.00
r. Seix Advisors	28,459.51
s. Sullivan, Ward, Asher & Patton	7,155.93
t. VanOverbeke, Michaud & Timmony	11,764.50
u. Visa	35.00

D. Retirements, Refunds, Final Calculations, Re-Examinations

1. Remove from the Rolls:
  - a. Mattie Stoutermeier (deceased 07-18-05)
  - b. Agnes Jensen (deceased 07-18-05)
2. Application for Service Retirement:
  - a. Jacqueline Long – NOMC 12 years, 8 months Age 60
  - b. Mary Gray – Non Union 22 years, 7 months Age 53
  - c. Mary Simmons – Teamsters 214 27 years, 11 months Age 61
  - d. Ricky Cohen – Local 2002 30 years, 6 months Age 50
3. Final Pension Calculations:
  - a. Dennis Graves #1233 2,891.32 (re-calc)
  - b. Jacqueline Long #2145 727.47
  - c. Johnny Harris #2275 1,983.10
  - d. Mary Gray #2295 3,864.96
4. Request to Change Effective Date of Retirement:
  - a. Mark Sharpe
  - b. Mark Sharpe
  - c. Portia Fields-Anderson
  - d. Richard Hahn
  - e. Judy Storum

5. Re-Deposit of Accumulated Contributions Withdrawn
  - a. Mary Simmons                      \$12,813.74      Restored 5 years, 6 months
6. Disability Re-Examination
  - a. Deborah L. Pyke
  - b. Catherine McAdoo-Jones

**RESOLUTION 05–113** By Harrison, Supported by Hannan  
 Resolved, That the consent agenda for August 24, 2005 be approved as presented.

**Yeas: 7 – Nays: 0**

**CONSULTANTS**

**Re: Sullivan Ward Asher & Patton – CAPROC Update**

**RESOLUTION 05–114** By Harrison, Supported by Woods  
 Resolved, That the Board will move to closed session to discuss pending litigation.

*Moved to Closed Session at 1:35 p.m.*

**Roll Call**

Eugene White, Chairman - yea	Debra Woods - yea
Ed Hannan, Secretary - yea	Paulette Poehlman - yea
Charlie Harrison, III - yea	Kevin Williams - yea
Javier Saucedo - yea	

*Charlie Harrison left at 1:53 p.m.*

*Returned from Closed Session at 1:56 p.m.*

*Charlie Harrison returned at 1:57p.m.*

**RESOLUTION 05-115** By Harrison, Supported by Saucedo  
 Resolved, That the Board receive and file the buyout proposal from CAPROC.

**Yeas: 7 – Nays: 0**

**RESOLUTION 05–116** By Williams, Supported by Harrison  
 Resolved, That the Board reject the CAPROC proposal due to its noncompliance with the LLC Agreement.

**Yeas: 7 - Nays: 0**

**Re: Gabriel, Roeder, Smith & Co. – 2004 Actuarial Valuation**

Mr. David Hoffman from Gabriel, Roeder, Smith & Company presented a brief overview of the valuation findings from the 60<sup>th</sup> Annual Actuarial Valuation as of December 31, 2004. The primary purpose of the valuation is to determine the employer’s payroll contribution rate.

<u>Division</u>	<u>Computed Employer Contributions</u>	
	<u>% of Payroll</u>	<u>\$ Based on Valuation Payroll</u>
General City	1.41%	\$333,857
Stadium Authority	N/A	\$127,512
North Oakland Medical Center	0.00%	-0-

Mr. Hoffman explained that the 1.41% is not sustainable and that the percentage will go up as the system approaches normal cost. He also described the primary reasons for changes in the contribution rate. There were no changes in benefits, only change was due to plan experience. Rate of return based on market value smoothing 3.9%, actual was 8%. The current funded ratio is 153%. Last year’s funding ratio was 159%.

Trustee Harrison asked how long before we’re less than 100% funded given the current rate? Mr. Hoffman explained that the contribution rate will go up every year. Recognized market value exceeds funding value. Expect to see some fairly low losses.

*Trustee Harrison left at 2:20 p.m.*

Trustee Hannan said the NOMC liability is the City’s obligation. It was explained that in 1993, NOMC converted to private hospital. Employees became vested deferred. There is currently a \$96 million excess over liability.

**Resolution 05-117** By Hannan, Supported by Woods  
Re: Approval of Sixtieth Annual Actuarial Valuation

WHEREAS, the Board is in receipt of the Actuarial Valuation dated December 31, 2004, which has been submitted by the actuary to the Board for consideration and approval, and

WHEREAS, the Board has the legal and fiduciary obligation to assure that employer contributions are in accordance with Article 9 Section 24 of the State of Michigan Constitution, and

WHEREAS, the Retirement System provisions requires the Board to certify to the governing body the amount to be contributed by the employer, and

WHEREAS, the Board has the duty (1) to approve the Actuarial Valuation dated December 31, 2004, and (2) to certify to the employer the amount of employer contribution required for the fiscal year beginning July 1, 2006, therefore be it

RESOLVED, that the Board hereby approves the Sixtieth Annual Actuarial Valuation, dated December 31, 2004, as submitted by the actuary, and further

RESOLVED, that the Board hereby certifies to the employer the amount of employer contribution required for the fiscal year beginning July 1, 2006, and further

RESOLVED, that the Board hereby approves the transfers as recommended on page B-5 of the December 31, 2004 Actuarial Valuation, and further

RESOLVED, that a copy of this resolution and the Sixtieth Annual Actuarial Report, dated December 31, 2004, be forwarded to the employer.

Yeas: 6 – Nays: 0

**Re: Gray & Company – Second Quarter Performance**

Mr. Laurence Gray reviewed the asset allocation and individual manager presentations. He recommended that the format be changed to a round table session with managers. This would prevent hearing same economic forecasts from each manager. He would like to try this format here next year. Ms. Zimmermann discussed her experience with roundtable sessions. Chairman White thought it would be a good idea to try a different format. Ms. Zimmermann commented that a specific date would have to be scheduled for a roundtable session since all the managers would appear at the same meeting. Trustee Hannan felt the current format was very interesting and informative.

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**REPORTS**

**Re: Chairman** – None

**Re: Secretary** – None

**Re: Trustees / Committees**  
Real Estate Committee –none

**Re: Administrator**

**ADP Costs**

Ms. Zimmermann informed the Board that ADP costs have increased 7% per fund.

**Personnel Committee Meeting**

The meeting is being held on September 7, 2005 at 9:00 a.m. in the Retirement Office.

**Letter To Members**

Board was informed that a number of members have called to thank the Board for the letter of assurance.

**Re: Legal**

**Union Representatives - None**

**UNFINISHED BUSINESS**

**Re: Ordinance Clean-up – None**

**Re: Employee Trustee Special Election – None**

**NEW BUSINESS**

**Re: Request for Retiree Names and Addresses**

Ms. Zimmermann presented a request for the list of retiree names and addresses. Chairman White asked who requested information. It stated that Eric Walker had asked for the list.

**Resolution, 05-118** By Williams, Supported by Saucedo

Resolved, That the Board would deny the request for a list of retiree names and addresses.

Yeas: 6 – Nays: 0

**Re: Semi-Annual Cash Flow Re-Balancing**

**Resolution, 05-119** By Hannan, Supported by Poehlman

Resolved, That the Board of Trustees approves the cash flow re-balancing as recommended by the consultant and approves the transfer of \$1,572,720.25 from the Seix Advisors account, \$2,286,600.75 from the Oppenheimer fixed income account, \$1,420,264 from the Munder fixed income account and \$3,758,952 from the Oppenheimer equity account for the funding of benefits including the November COLA and operating expenses.

Yeas: 6 – Nays: 0

**PUBLIC DISCUSSION:**

None

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**SCHEDULING OF NEXT MEETING AND ADJOURNMENT:**

Regular Meeting: Wednesday, September 28, 2005 – 1:30 p.m. – Shrine Room, Main Level, City Hall

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**ADJOURNMENT**

**RESOLUTION 05-120** By Saucedo, Supported by Williams  
Resolved, That the meeting be adjourned at 2:40 p.m.

Yeas: 6 – Nays: 0

I certify that the foregoing is true Minutes of  
the General Employees Retirement System  
held on August 24, 2005.

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Ed Hannan, Secretary  
*As recorded by Jane Arndt*