

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

A regular meeting of the Board of Trustees was held on Wednesday, October 26, 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
Shirley Barnett

Robert Giddings
Javier Saucedo
Paulette Poehlman
Debra Woods (*arrived 1:42 p.m.*)

Larry Marshall (*absent*)
Mayor, Willie Payne (*absent*)

OTHERS PRESENT

Laurence Gray, Gray & Company
Cynthia Billings, Sullivan, Ward, Asher & Patton, PC
Tom Michaud, VanOverbeke, Michaud & Timmony, PC
Ellen Zimmermann, Retirement Systems Administrator
Jane Arndt, M-Administrative Assistant

APPROVAL OF CONSENT AGENDA

Re: Consent Agenda – October 26, 2005

- A. Minutes of Regular Meeting: September 28, 2005
- B. Communications:
 - 1. Correspondence from Munder Capital RE: Portfolio Transactions
 - 2. Correspondence from GE Asset Management RE: Compliance
 - 3. Conferences:
 - a. Public Funds Summit – Opal Financial Group – January 11-13, 2006
- C. Financial Reports:
 - 1. Financial Reports – September 2005
 - 2. Securities Lending Report – August 2005
 - 3. Commission Recapture Report – August 2005
 - 4. Accounts Payable:
 - a. ADP \$2,034.15
 - b. City of Pontiac 1,674.08

c. Crawford & Winiarski (CAPROC)	1,591.00
d. Gabriel, Roeder, Smith & Co.	475.00
e. Gray & Co.	8,014.17
f. Ikon	198.59
g. NEPC	4,190.19
h. Office Depot	203.56
i. Sullivan, Ward, Asher & Patton (CAPROC)	8,286.41
j. Visa	4,179.45

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

1. Remove from the Rolls:

- a. Jewell Young (deceased 06-21-05) – death audit
- b. George Rumble (deceased 10-17-05)
- c. John Morris (deceased 10-02-05)
- d. Evelyn Nicelly (deceased 10-08-05)

1. Application for Service Retirement:

a. Early Jones – SAEA	27 years, 0 months	Age 55
b. William Martinez – SAEA	27 years, 6 months	Age 50
c. Portia Fields-Anderson – Non-Union	21 years, 5 months	Age 58
d. Arthur Mitchell – Non-Union	32 years, 1 month	Age 50
e. MaryKutty Thomas – Teamsers 214	29 years, 9 months	Age 62

1. Final Pension Calculations:

a. Ollie Gracey	#2231	2,853.02 (revised)
b. Sheryll Smith	#2235	2,709.92
c. Twila Salek	#2268	2,786.84
d. Douglas Borisen	#2269	3,606.23
e. Janice Gallipo	#2286	2,525.61

1. Request to Change Effective Date of Retirement:

- a. Portia Fields-Anderson
- b. Richard Hahn
- c. Early Jones
- d. Loren Kelley

RESOLUTION 05–133 By Harrison, Supported by Hannan

Resolved, That the consent agenda for October 26, 2005 be approved as presented.

Yeas:9 – Nays: 0

CONSULTANTS

Re: Sullivan Ward Asher & Patton – CAPROC Update

RESOLUTION 05–134 By Barnett, Supported by Poehlman

Resolved, That the Board of Trustees go into closed session to discuss pending litigation with CAPROC, LLC, et al.

Roll Call

Eugene White, Chairman – yea
Paulette Poehlman - yea
Charlie Harrison, III - yea
Robert Giddings – yea
Debra Woods - yea

Ed Hannan, Secretary - yea
Javier Saucedo - yea
Kevin Williams - yea
Shirley Barnett – yea

Larry Gray and Jane Arndt left at 1:34

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

Returned from Closed Session at 1:52 p.m.

RESOLUTION 05–135 By Barnett, Supported by Saucedo
Resolved, That the Board of Trustees come out of closed session.

Yeas: 9 – Nays: 0

RESOLUTION 05–136 By Barnett, Supported by Williams
Resolved, That the Board of Trustees approve the minutes from the closed session held on September 28, 2005.

Yeas: 9 – Nays: 0

Larry Gray and Jane Arndt returned at 1:54 p.m.

Ms. Billings left at 1:56 p.m.

Re: Gray & Company – Asset Allocation Update

Laurence Gray reviewed the status of the asset allocation work plan. He discussed the process they use when searching for new Mid-Cap Growth and Mid-Cap Value Managers.

He informed the Board about the current feasibility study changing the Julius Baer international equity account from a separate account to a commingled fund. He also felt a change is needed CAP Guardian's global fixed income product to their international fixed income product; they will complete due diligence.

They have begun the search to replace the conservative high-yield manager Seix, with a true high-yield manager.

Mr. Gray stated that they are identifying core real estate products for funds that become available from ChrisKen and CAPROC.

They are looking at the active fixed income managers and will conduct analysis to determine what changes should be made to eliminate portfolio overlap between Oppenheimer and Munder.

Mr. Gray relayed the current list of Mid-Cap Value and Mid-Cap Growth Managers to the Board.

Mid-Cap Value

Artisan Partners, L.P.	OFI Institutional Asset Management
Cramer Rosenthal McGlynn, LLC	Perkins, Wolf, McDonnell & Company LLC
Hotchkis and Wiley Capital Management	RS Investments
JP Morgan Asset Management	Schneider Capital Management
JP Morgan Asset Management	Sterling Capital Management (NC)
Systematic Financial Management, L.L.P.	WEDGE Capital Management L.L.P.

Mid-Cap Growth

Disciplined Growth Investors, Inc.	Northpointe Capital
Lee Munder Capital Group	Russell Mid Cap Growth
Munder Capital Management	TCW Group
NCM Capital Management Group, Inc.	TimesSquare Capital Management, LLC
Nicholas-Applegate Capital Management	

He conveyed to the Board that if there is a name they would like to add to the list, to please submit it by Friday, October 28, 2005. He also told the Board that they will scale down the list to 3-5 managers and will bring a presentation book showing comparisons for the next meeting. He said that once the final list has been determined, they will then begin their formal in-person meetings with the various managers.

The process they utilize begins with quantitative screens, followed by qualitative evaluation and finally, visits to prospective firms to discuss the investment process, the philosophy, people and performance.

REPORTS

Re: Chairman – None

Re: Secretary – None

Re: Trustees / Committees

Real Estate Committee – None

Personnel Committee - None

Re: Administrator

A death audit was performed by the Retirement Office which identified one deceased retiree not currently updated in the records. This resulted in a recovery of \$850.00.

General Employees Retirement
Regular Meeting, October 26, 2005

The customer satisfaction surveys have been sent out and completed surveys are currently being returned to the Retirement Office.

Re: Legal - None

Re: Union Representatives - None

UNFINISHED BUSINESS:

Re: Ordinance Clean-up

Tom Michaud conveyed to the Board of Trustees that the ordinance changes required by the IRS with regard to the distribution rules need to be approved and sent to Council for adoption before the end of the year. He also stated that these language changes are necessary to retain plan qualification.

He discussed the requirements set forth by the IRS, stating that these requirements ensure that retirement systems will not become tax havens by applying these specific rules for distribution of funds. It was also determined that the Board has the authority to incorporate rules into the document defining when you must receive your benefit.

Resolution 05-137 By Hannan, Supported by Giddings
Resolved, That the Board of Trustees adopt the ordinance amendment.

Yeas: 9 – Nays: 0

Resolution 05-138 By Barnett, Supported by Hannan
Resolved, That the ordinance amendment be forwarded to Council.

Yeas: 9 – Nays: 0

Re: Employee Trustee Special Election

Trustee Poehlman stated that she will be leaving and that it will be necessary to hold a special election to fill her spot. The Board deferred action until the vacancy occurs.

NEW BUSINESS

Re: 2006 Draft Board Calendar

Ms. Zimmermann requested that the Board of Trustees review the meetings dates for 2006. Trustee Harrison inquired as to why the May meeting date needed to be changed. He was informed by Ms. Zimmermann that the Police and Fire Retirement System holds their Manager Review Meeting after Spring MAPERS which conflicts with the May 28, 2005 date.

Resolution 05-139 By Barnett, Supported by Hannan
Resolved, That the 2006 General Employees Retirement System Board Meeting Calendar be approved:

General Employees Retirement
Regular Meeting, October 26, 2005

JANUARY 25, 2006
FEBRUARY 22, 2006
MARCH 29, 2005
APRIL 26, 2006
MAY 31, 2006
JUNE 28, 2006
JULY 26, 2006
SPECIAL MEETING/MANAGER REVIEW: AUGUST 29, 2006 (off site)
AUGUST 30, 2006
SEPTEMBER 27, 2006
OCTOBER 25, 2006
NOVEMBER 29, 2006

Yeas: 9 – Nays: 0

Re: NOMC Overfunding

Tom Michaud informed the Board of Trustees that a letter was received from the City Council stating that the NOMC Board of Trustees met with the Council to discuss the over-funded pension fund. It further referenced that the portion of the fund attributed to vested hospital members is significantly over-funded and that the NOMC Board of Trustees feel that they may be entitled to a portion of those funds.

Mr. Michaud stated that the Council has requested assistance from the Board in addressing this matter. He asked the board to acknowledge receipt of the letter.

Resolution 05-140 By Barnett, Supported by Williams

Resolved, That the Board of Trustees acknowledge receipt of the letter from City Council and authorize counsel to respond.

Yeas: 9 – Nays: 0

PUBLIC DISCUSSION

None

SCHEDULING OF NEXT MEETING

Regular Meeting: November 30, 2005 at 1:30 p.m. in the Shrine Room of City Hall.

General Employees Retirement
Regular Meeting, October 26, 2005

ADJOURNMENT

RESOLUTION 05–150 By Saucedo, Supported Woods
Resolved, That the meeting be adjourned at 2:12 p.m.

Yeas: 9 – Nays: 0

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

Ed Hannan, Secretary
As recorded by Jane Arndt