

**CITY OF PONTIAC, MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
MAY 31, 2006**

A regular meeting of the Board of Trustees was held on Wednesday, May 31, 2006 at the Shrine Room, Main Level, City Hall, 47450 Woodward Avenue, Pontiac, Michigan 48342. The meeting was called to order at 1:36 p.m.

**TRUSTEES PRESENT**

Shirley Barnett	Javier Saucedo, Vice Chair
Koné Bowman ( <i>arrived at 2:20 p.m.</i> )	Devin Scott
Raymond Cochran, Secretary	Kevin Williams
Charlie Harrison, Chairman	Andrea Wright

Robert Giddings (*excused*)  
Mayor, Clarence Phillips (*absent*)  
Debra Woods (*excused*)

**OTHERS PRESENT**

Laurence Gray, Gray & Company  
Tom Michaud, VanOverbeke, Michaud & Timmony, PC  
Ellen Zimmermann, Retirement Systems Administrator  
Jane Arndt, M-Administrative Assistant

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**APPROVAL OF CONSENT AGENDA**

Trustee Wright stated on page two of the minutes Dianne was incorrect and should have been Deanna. She also said that she was not present when the votes were taken for chairman and vice chairman. Mr. Michaud presented a resolution to replace resolution 06-041 in the minutes approving Peritus as the new high yield manager.

**Re: Consent Agenda – May 31, 2006**

A. Communications:

1. Correspondence from Julius Baer Re: April 2006 Commentary
2. Correspondence from CAPIS Re: NYSE Hybrid Market
3. Correspondence from Kennedy Capital Re: Portfolio Commentary

B. Financial Reports:

1. Financial Reports – April 2006
2. Securities Lending Report – March 2006
3. Accounts Payable:

a. ADP	\$1,910.02
b. ARS Litigation Services	998.67
c. City of Pontiac	1,674.08
d. Comerica (WAM)	5,549.82
e. GE Asset Management	43,238.00
f. Gray & Co.	8,104.17
g. ICMA	680.00
h. Ikon	198.59
i. Kennedy Capital Management	61,829.00
j. Loomis Sayles	45,582.29
k. Mellon Global Services	57,447.27
l. Mesirow Financial	37,850.15
m. Munder Capital Management	66,673.00
n. Office Depot	69.56
o. Oppenheimer Capital	39,334.31
p. Plante Moran	1,515.00
q. Seix Advisors	26,880.44
r. Systematic Financial Management	6,039.59
s. VanOverbeke, Michaud & Timmony	7,982.50
t. Visa	3,822.22
u. X Act	254.76

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

1. Remove from the Rolls:

a. Claire McKinney (deceased 04-16-06)

2. Application for Service Retirement:

a. Deanna York – Non Union Court	20 years, 2 months	Age 60
b. Catherine McAdoo-Jones – Teamsters 214	19 years, 8 months	Age 55
c. Maria E. Lucio-Banales – SAEA	20 years, 8 months	Age 50

3. Final Pension Calculations:

a. Brenda Causey-Mitchell	#2136	\$2,680.85
b. Ethel P. Poehlman	#2260	4,196.50
c. Rodney Graves	#2322	2,309.19
d. Terry Schiele	#2331	2,307.18
e. Dianne York	#2334	934.46

4. Disability Examination

a. Leroy Williams

**RESOLUTION 06-046** By Saucedo, Supported by Williams

Resolved, That the consent agenda as amended for April 26, 2006 be approved as amended.

Yeas: 7 – Nays: 0

**CONSULTANTS**

**Re: New Trustee Overview**

Mr. Gray discussed the new trustee overview training session and what it would encompass. He would like to conduct separate sessions on asset allocation, IPS, managers and their styles. He said that the training would assist the new trustees in understanding their roles and responsibilities. They would learn about Public Act 314 and how it applies to the investments of public retirement funds in the State of Michigan. They would also learn how the managers manage money for the fund. He told them to think of their trustee handbook as an owner's manual for new members. He will coordinate the session through the Retirement Office. Ms. Zimmermann commented that this would be a great opportunity for the trustees to develop an open dialogue with the staff. Mr. Gray said trustees are co-fiduciaries with great responsibility for a fund of \$450 million. It is important to have good communications especially if there are changes. It is all very important.

Mr. Gray said that this is a good time to conduct the training since the fund has recently hired three new money managers and that they can use their recent experience to review what they should be looking for when hiring a manager. Important attributes to look for are people, process, philosophy, performance (repeatable), pricing (net of fees) and partnering.

He told the Board that they never bring a manager that cannot inter-relate. He said that it is important to find the right chemistry between the manager and the Board. He told them that \$450 million is a large fiduciary responsibility. He said that Gray & Company is a co-fiduciary of the fund which is why it is their responsibility to help guide the Board through their relationship with managers.

After discussion it was suggested that the training should be tentatively scheduled for the afternoon of July 25, 2006.

Tom Michaud said trustees are in a unique position. It will take time and education; they can call with questions or contact the professionals and staff. He cautioned them not to neglect to get the information they need. Fiduciary is the key word. Trustees must act in the best interest of the plan regardless of who put you on the Board: when individuals come to this table, you are a trustee first. He told the Board that they are legally obligated to make decisions in the best interest of the plan. Trustees have liability. You manage liability with procedure, process and form. He will provide information on being a fiduciary that explains how to act as a trustee. The goal is to protect plan. He explained that he is a resource for the Board. He said that he could provide trustee education in the areas of investments, administration, service credit and disability.

Ms. Zimmermann conveyed to the Board that the staff is always available to help or answer questions. She also commented that the livelihood of the members is dependent on them and that the trustees are personally liable for decisions made on the Board.

Mr. Michaud said that he likes to see open discussions when making fund decisions and that the Board's focus has to be in the best interest of the plan.

Chairman Harrison expressed that he is a proponent of education and that the IFEBP CAPPP Program provides intensive training that will equip the trustees to make knowledgeable decisions. Ms. Zimmermann commented that the CAPPP pension track would apply for this Board. Chairman Harrison asked why the health track would not be applicable. Mr. Michaud replied that the pension board has no discretion over medical issues; therefore, taking the health track would not provide any benefit to the trustees.

Mr. Michaud discussed the MAPERS Achievement Program (MAP) stating that it offers different levels of certification. He said that it affords a good overview of topics for trustees. A session is offered on Sunday afternoon before the start of each MAPERS Conference. He added that when trustees return from seminars they should make good use of plan assets by sharing educational information with other trustees.

**Re: 2006 1<sup>st</sup> Quarter Performance Review**

Mr. Gray told the Board that the capital markets overview is a broad look at the macro-economic environment. It shows what the managers did and did not do and provides a framework for what happened during the period.

He said that the economy should begin to slow down. Unemployment went down 2% with 2.1 million new jobs created over the twelve month period. The S&P is continuing to click along and corporations are squeezing out more per worker. He reported that the S&P's first quarter profit growths at 11% are down from earlier estimates. He said it is incredible that they continue to produce double-digit earnings.

The yield curve has flattened and that the two-year and ten-year treasury bills are yielding 4.56%. This has been an interesting period for interest rates with long term rates historically low starting at 1% to 5%. He told the Board that generally when interest rate increase bond prices drop, however, long-term bonds continue to be robust. He also stated that managers continue to report earnings but the market is long overdue for correction.

Chairman Harrison asked about real estate. Mr. Gray commented that simple real estate plan performance as measured by the NARIET index was up 32% and that complicated is not always the best strategy. In the prior calendar year the return was 24.4%. A simple structure is best.

Mr. Gray said that when coming out of a recession small companies are affected first, then mid-cap and finally large cap do well. He also discussed the performance of the Russell 2000 with performance up 13.94% for the quarter and up 25.85% for the trailing twelve month period. He told the Board that large cap's day is yet to come. He said that value stocks rallied and that growth stocks are currently under-valued and are waiting to come back.

Mr. Gray went over sector weighting for the first quarter. He discussed the performance of the Russell 2000 versus the S&P 500 for the quarter for the trailing twelve month period. The Russell 2000 represents the smallest 2,000 companies and returned 25.9%; the S&P mid-cap index returned 21.6% and the S&P 500 returned 11.7%. He discussed performance attribution; determining if a manager picked good stocks or had the correct sector weights based on their

industry exposures. He stated that the managers that were underweighted in energy underperformed for the quarter. The energy sector returned 21.8% for the twelve-month period.

*Trustee Bowman arrived at 2:20 p.m.*

Mr. Gray discussed the fixed income market; many funds are in positive territory with high yield up for the quarter. High yield is closely correlated with stocks and returned 7.4%. He also explained the relationship between rising interest rates and long-term bond prices decreasing.

Mr. Gray talked about the international equity market and how China continues to misrepresent their growth reporting a 9% growth rate when their actual growth rate is 12% to 13%. He said that they are trying to avoid trade conflicts with Europe and the United States. He discussed the social unrest attributed to corruption, damage to the environment and farmland seizures. He also said that the division in wealth is widening between the rural poor and the urban resident. He stated that China's economic growth has benefited from not having to comply with environmental laws like those in the mature economies and is resulting in pollution.

Mr. Gray told the Board that Japan is the second largest economy behind the United States with growth up 2.7% for last year. He said the banking system had been keeping interest rates near zero for the past few years in an effort to stimulate their economy. However, the new Prime Minister has established a new banking and financial culture and interest rates are expected to rise by the end of the year.

Mr. Gray said that there are major concerns in Europe. He referenced the riots in Paris and discussed the efforts in France and other European countries to protect their workers from competition while sacrificing economic growth.

Mr. Gray reviewed the selected index returns for the first quarter of 2006. He pointed out the one year returns for the small cap at 25.9%; U.S. fixed income at 2.4% and high yield bonds at 8.1%. He pointed out the performance of emerging markets like Brazil and Indonesia at 48.8%. He also discussed the lost opportunity in real estate with one-year returns of 31.8%.

Chairman Harrison asked if the (non-European) emerging markets were still growing. Mr. Gray replied that consumer confidence is strong and that many consumers are using their homes as piggy banks and don't mind taking risks in emerging markets. He also said that there is a lot of capital flow into those countries and that you want to find a manager that can reach down and take advantage of those opportunities.

Mr. Gray reviewed the summary of manager performance for the first quarter of 2006. He stated that the total plan was at 4.0% for the first quarter with the policy benchmark at 4.3%. He reported the total plan numbers minus real estate (not AIMR compliant) to the Board:

4.9% - 1<sup>st</sup> qtr    13.1% - one year    16.9% - three year    6.4% - five year

He discussed the large cap equity and how it is difficult for managers to add value. He said that 87% of managers did not beat the benchmark net of fees. Returns are relatively flat due to index fund. GE Asset Management was flat for the first quarter and their one year numbers are below the benchmark.

Mesirow's performance is somewhat behind the benchmark. A recent study said that 87% of managers did not beat the benchmark net of fees. Mr. Gray commented that out of the 13% of managers that did beat the benchmark through the cycle only two managers remain. The Board was told that it is customary to review manager performance based on a full market cycle of three to five years. Chairman Harrison asked about the philosophy of the manager. Mr. Gray replied that they are monitoring the manager's style.

There was no report for mid-cap from managers Munder and Systematic since they were recently hired and funded in March, 2006.

Small cap has done well with both Loomis Sayles and Kennedy Capital showing stellar numbers. Joe Gatz of Loomis commented that he doesn't expect the high double digit returns to continue.

Julius Baer's first quarter performance was great for international equity

Fixed income performance for Oppenheimer and Munder (both Lehman Aggregate core managers) was equally good for both. Mr. Gray commented that both manage money differently. The small positive returns were better than expected. There was discussion pertaining to more diversification in the fixed income portfolio and manager performance net of fees. Mr. Gray said he is an advocate for fewer managers. It makes the trustees' job easier and can considerably lower fees if the assets are consolidated. However, it makes some trustees uneasy to put too many eggs in one basket. He could do a detailed review.

Mr. Gray stated that Seix Advisors has been removed from the portfolio. He also said that the global index had taken a hit and was down for the quarter. CAPROC is still in the litigation phase. ChrisKen is in the liquidation phase with disbursements being received. Mr. Gray asked if there were any further questions regarding the first quarter performance review.

#### **Re: GE Asset Management Update**

Mr. Gray told the Board that GE Asset Management was hired in June, 2003. Their President, Jim Meyers, is retiring but that should have no effect on the portfolio. He pointed out that it is important to review the following when hiring a manager: process; philosophy; personnel; pricing; performance and partnering. He spoke about solid risk adjusted returns.

He said that GE Asset Management is not a bad manager, but they have not met the benchmark and are not providing performance net of fees. He told the Board that there are better and worse managers. There was discussion regarding GE's lack of customer service and support and mention of trustees being ignored at the last major conference. Mr. Gray commented that it is important to look for a manager that provides both customer support and performance.

*Trustee Scott left at 2:41 p.m.*

Chairman Harrison remarked that when GE was hired they provided performance numbers outside of the style bucket to get hired. Mr. Gray replied that it is the job of the consultant to ensure that a manager is reporting the correct performance in the asset class. Trustee Barnett asked if that is grounds to terminate the manager.

Ms. Zimmermann stated that GE knows that their performance has lagged, however, they have not been informed that their client service has become an issue Mr. Gray said that they are on watch for lack of performance and that he would like to address the client service issue with them.

Trustee Cochran commented that GE's five-year earnings growth numbers were good. Mr. Gray replied that the higher growth numbers were due to the companies that they put in the portfolio. Higher yield allowed for more protection on the down side.

*Trustee Scott returned at 2:49 p.m.*

Ms. Zimmermann asked if there was a possibility that the system could miss out as growth comes back and the market matures.

Chairman Harrison asked if this was the time to make a decision based on performance. Trustee Wright commented that if the second quarter numbers don't improve should a decision be made at the next meeting. Trustee Scott agreed that in the best interest of the fund a choice should be made.

Ms. Zimmermann told the Board that a manager transition could take three to four months. Trustee Scott asked how the transition would affect the fund.

Mr. Gray suggested that in the interim the assets could be put into an index fund with a fee schedule of 10 basis points or less which would not cause any harm to the fund.

Chairman Harrison said why prolong the inevitable. Trustee Wright agreed that the allocation should be put into an index fund.

There was discussion reminding the Board that very few managers in large cap out perform the benchmark. Mr. Gray referred to page 17 displaying the investment styles of GE and Mesirow. He showed that GE is a large cap growth manager where Mesirow is a large cap value manager. He advised that during the transition the money should be reinvested in a growth index fund to maintain the market sector diversification.

Trustee Cochran again commented that GE had done well in some sectors. He asked if their performance was due to bad weightings. Mr. Gray replied that they invested in the right sectors but in the wrong stocks and that their three and five year numbers continued to show poor performance.

**RESOLUTION 06-047** By Barnett, Supported by Williams

WHEREAS, the Retirement Board is vested with the general administration, management and operation of the Retirement System and has fiduciary responsibilities relative to the proper administration of the pension trust fund, and

WHEREAS, the Retirement Board has reviewed with its investment consultant the Retirement System's investment portfolio and asset allocation in light of: (1) the portfolio's historical performance; (2) recent changes in the economic and financial market conditions; and (3) the Retirement Board's goal of maximizing future gains without overtly increasing risk or volatility in the portfolio, and

WHEREAS, in light of the foregoing factors and upon recommendation of its investment consultant, the Retirement Board is desirous of making changes in its investment manager and the structure of its current portfolio, therefore be it

RESOLVED, that GE Asset Management is hereby terminated as investment manager, and further

RESOLVED, that the Retirement Board's investment consultant is hereby directed to coordinate the reallocation of the Retirement System's assets to a large cap growth index fund to be determined after consultation with the Retirement Administrator and to ensure that the reallocation is consistent with the Retirement Board's discussion to minimize costs and maximize return and the Board's investment guidelines, and further

RESOLVED, that the investment managers be requested to coordinate with the Retirement Board's investment consultant to facilitate a smooth and cost effective transition of the management of the Retirement System's assets, and further

RESOLVED, that copies of this resolution be forwarded to the appropriate parties.

Yeas: 8 – Nays: 0

**Re: High Yield Transition**

Tom Michaud told the Board that the contract for Peritus is in process and has been sent for review. He said that originally two contracts were received one from Peritus and one from the marketing firm Ethan Bradley. He said that only one contract should be used and that he has rewritten the contract and returned it to Peritus for review.

*Break 3:22 p.m. to 3:35 p.m.*

*Trustee Bowman left at 3:22 p.m.*

*Trustee Scott returned at 3:37 p.m.*



## **REPORTS**

### **Chairman**

Chairman Harrison reminded the trustees that Ms. Zimmermann had sent out an email for the ad hoc committees and to reply with their selection. He commented that he would like to meet with Ms. Zimmermann to go over the committee assignments.

**Secretary** - None

### **Trustees / Committees**

**Re: Real Estate Committee** – None

**Re: Personnel Committee** - None

Trustee Barnett inquired about liability insurance for the Board. She asked if there were other companies who provided the insurance other than CHUB. Ms. Zimmermann stated that P&F uses CHUB. She said that last time the issue was brought before the Board it was determined that the cost was too high. However, the agent used for the GERS quote was the one the City uses and not the agent for the Police and Fire system.

Chairman Harrison felt that the same quote would be given regardless of the agent. Tom Michaud commented that it could be advantageous for the two Boards to use the same agent and that they could potentially benefit from a lower rate.

Trustee Williams commented that some types of vendors require an agent. Mr. Michaud replied that CHUB is one of the only underwriters of fiduciary liability insurance for public funds. The Board directed Ms. Zimmermann to contact CHUB directly to request a quote for fiduciary liability insurance.

### **Administrator**

#### **Re: Disability Retiree Re-Exams and Income Verification**

Ms. Zimmermann told the Board that due to Hurricane Katrina the IRS is behind in processing income verifications for disability retirees. She said that the office has had problems with the IRS misplacing the form (Form 4506T - Request for Transcript of Tax Return). She also told them that when resubmitting the form the IRS will only accept an original copy and that the form is only good for sixty days. Due to the IRS delay, Ms. Zimmermann told the Board that the office has held back the submission of the forms until June.

#### **Re: ChrisKen Distribution**

Ms. Zimmermann informed the Board that a \$1.5 million distribution was received from ChrisKen on May 18, 2006. There was discussion regarding the amount of distributions to-date and estimated future distributions. Mr. Gray said he would verify the total and estimated that \$1.6 million was received in the first quarter before the latest distribution. He also said that approximately \$2.7 million was left to be recovered.

**Re: Custodian Bank**

Ms. Zimmermann notified the Board that the office still did not have access to the reports needed to comply with the GASB 40 accounting standards. GASB 40 requires specific information on every stock, bond and cash account within the fund which totals over \$450 million. This information is kept by the custodian and they were charging \$6,000 to be split between the two funds for access to software that would process the reports. Without the reporting software the staff would have to access the system, dump the data and then sort and create the reports. It seems as if the custodian is keeping the fund's data hostage. To-date the staff has access to the software but has not been able to produce the necessary reports. After contacting the custodian, they agreed to produce the reports for free.

Ms. Zimmermann told the Board that the master custodian charges a lot of money and that she feels the staff is doing too much of the work. She said that it is customary to bid out vendors on a periodic basis. Trustee Wright asked the name of the custodian bank. She was told that the custodian is Mellon Trust.

There was discussion regarding the bid for a new custodian and putting together a RFP for custody. Mr. Michaud commented that if GERS coupled with PFRS there could be potential cost savings. Chairman Harrison suggested reviewing the RFP with the joint ad hoc committee members from each board. Ms. Zimmermann proposed that the designated trustees from each Board, the accountant and the administrator should work on the RFP.

Mr. Michaud recommended that the Board approve to issue a RFP for custody through the consultant and appropriate committee.

**RESOLUTION 06-048** By Wright, Supported by Barnett

Resolved, That the Board of Trustees approve the creation of an RFP for custody through the consultant and appropriate joint committee.

Yeas: 7 – Nays: 0

**Re: MAPERS**

Ms. Zimmermann recapped her attendance at the 2006 Spring MAPERS Conference. She referred to two sessions, one regarding the OPEB (Other Post Employment Benefits) and the other which discussed cost saving strategies for plan sponsors. She also conveyed that there were sessions detailing administration of disability and service pensions, the markets and Michigan and legal updates of public plans in Michigan. She told the Board that information from these sessions was available in the Retirement Office.

**Re: CAPROC**

Ms. Zimmermann distributed a copy of the current due diligence with regard to the CAPROC issue. The document addressed the discussion of a proposed settlement, identifying value with an outside appraiser and the draft of a settlement agreement and recap. She said that information is currently going back and forth.

## **Legal**

### **Re: Sybron Dental Specialties, Inc.**

Mr. Michaud said that litigation in the above securities litigation has been resolved.

### **Re: UnitedHealth**

Mr. Michaud stated that UnitedHealth was backdating significant stock option holdings and executing at a later date for a higher price. They are currently under investigation with the SEC. He will continue to update.

### **Re: Milberg Weiss**

Mr. Michaud told the Board that Milberg Weiss is one of two legal firms, (Lerach Coughlin being the other) that monitors the portfolio looking for accounting irregularities in conjunction with significant losses. Currently, the firm of Milberg Weiss is under indictment and investigation for illegally paying clients to become lead plaintiffs.

At this time, he said that he doesn't see a problem continuing with Milberg Weiss in their monitoring process. There was originally only one firm that was not well-liked by corporations or politically which caused the firm to split. The east coast firm became Lerach Coughlin and the west coast firm remained Milberg Weiss. There is potential to also investigate Lerach Coughlin. He will keep the Board updated.

*Trustee Wright left at 4:12 p.m.*

### **Re: Union Representatives – None**

## **UNFINISHED BUSINESS**

### **Re: Grievance Memos**

Ms. Zimmermann reported that Larry Marshall has not been available to meet with her to go over the grievance information. It has now reached a critical stage since one of the individuals has received a lay off notice. Given the circumstances an answer is needed directly. She will try again to follow up with Mr. Marshall on this issue.

*Trustee Wright returned 4:17 p.m.*

### **Re: Ethics Policy Review**

Ms. Zimmermann brought the updated ethics policy containing disclosure language back to the Board for approval.

*Trustee Saucedo left at 4:18 p.m.*

Trustee Wright commented that she understands the intent but had questions about the language.

*Trustee Saucedo returned at 4:19 p.m.*

There was lengthy discussion on the disclosure amendment. Mr. Michaud commented that disclosure is important. Trustee Cochran made a motion to approve the amended ethics policy with the disclosure language but rescinded the motion to discuss the issue further at the Board's next meeting.

## **NEW BUSINESS**

### **Re: Diane Higgins – Over Payment Recovery**

Ms. Zimmermann informed the Board that an overpayment was made to a survivor beneficiary. She said that the adjustment has been made and a letter was sent to the beneficiary requesting repayment. It was discovered that there are no assets and that the beneficiary does not have the ability to repay.

She requested that the Board provide direction on the recovery. She said the monthly benefit can be actuarially reduced to spread the overpayment over the beneficiary's lifetime. Trustee Barnett felt to the Board should actuarially reduce the monthly benefit over the beneficiary's lifetime.

### **RESOLUTION 06-049** By Cochran, Supported by Saucedo

Resolved, That the Board of Trustees approve to recover overpayment to the survivor beneficiary of Diane Higgins by reducing the monthly benefit over the lifetime of the member.

Yeas: 7 – Nays: 0

### **Re: Payroll Error Policy**

Ms. Zimmermann explained that a payroll error policy needs to be adopted to ensure that a retiree's benefit is based on correct wages. She described the process the Retirement Office uses when calculating the final average compensation for a retiree. She explained that during the verification the staff ties out all pays to W-2's, gross wages and pay rates. She said that often errors are found where members have been incorrectly paid. Most times the Payroll Division does not attempt to correct the error if the member has already retired. However, the City is currently trying to recover a \$900.00 payroll error from a member. During the process, the Retirement Office considers errors less than \$100.00 immaterial when figuring the FAC.

Ms. Zimmermann stressed the importance of a verifiable payroll base with pensions being based on correct wages. She said that there should be a policy in place to accurately calculate the FAC based on the amount of wages the member should have received.

### **RESOLUTION 06-050** By Barnett, Supported by Wright

Whereas, the Board of Trustees is vested with the general authority and fiduciary responsibility for the proper administration, management and operation of the Retirement System, and

Whereas, the Retirement System provides pension benefits in accordance with applicable provisions of the City of Pontiac Retirement Ordinance, collective bargaining agreements, and state and federal laws, and

Whereas, Section 2.13 of the Ordinance defines “compensation” as a Member’s salary or wages paid by the City for services rendered to him by the City. In case a Member’s compensation is not all paid in money, the Board shall fix the value of that part of his compensation not paid in money, and

Whereas, payroll errors occur that will not be corrected that would affect the proper calculation of Final Average Compensation (FAC), therefore be it

Resolved, that in the event of payroll errors that will not be corrected, the calculation of FAC will be based on the amount of pay the member should have received if not for the error.

Yeas: 7 – Nays: 0

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**PUBLIC DISCUSSION**

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**SCHEDULING OF NEXT MEETING**

**Regular Meeting: June 28, 2006 at 1:30 p.m. in the Shrine Room of City Hall.**

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**ADJOURNMENT**

**RESOLUTION 06 -051** By Saucedo, Supported Barnett  
Resolved, That the meeting be adjourned at 4:52 p.m.

Yeas: 7 – Nays: 0

I certify that the foregoing is true Minutes of  
the General Employees Retirement System  
held on May 31, 2006.

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**Raymond Cochran, Secretary**

*As recorded by Jane Arndt*