

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
SEPTEMBER 27, 2006**

A regular meeting of the Board of Trustees was held on Wednesday, September 27, 2006 in the Shrine Room, Main Level, City Hall, 47450 Woodward Avenue, Pontiac, Michigan 48342, The meeting was called to order at 1:37 p.m.

TRUSTEES PRESENT

Shirley Barnett	Javier Saucedo, Vice Chair
Koné Bowman (<i>arrived at 1:50 p.m.</i>)	Devin Scott
Raymond Cochran, Secretary	Debra Woods
Robert Giddings	Andrea Wright
Charlie Harrison, Chairman	

TRUSTEES ABSENT

Mayor, Clarence Phillips (*absent*)
Kevin Williams (*excused*)

OTHERS PRESENT

Andrea Coffey-Stewart, Gray & Company
Cynthia Billings, Sullivan, Ward, Asher & Patton, PC
Stuart Tompkins, 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

- A. Minutes of Special Meeting: August 29, 2006
- B. Minutes of Regular Meeting: August 30, 2006
- C. Communications:
 - 1. Correspondence from IFEBP Re: CAPP Examination
 - 2. Correspondence from SEC Re: AA Capital Partners
 - 3. Correspondence from Kennedy Capital Re: CEO Comments
 - 4. Correspondence from Julius Baer Re: Mid-Year Recap
 - 5. Correspondence from Judy Storum Re: Proposed Real Estate Investment
 - 6. Conference Information:
 - a. Public Funds Summit – Opal Financial Group – Jan. 10-12, 2007
 - b. Plan Sponsor & Consultant Circle – IMN – Oct 16-17, 2006
 - c. Pensions & Retirement Conference – Conference Board – Nov 6-7, 2006
 - d. Public Funds Symposium – Institutional Investor – Oct 24-25, 2006
 - e. Alternative Investing Summit – Opal Financial – Dec 3-5, 2006
 - f. Advanced PERS Administration – GFOA – Nov 13-14, 2006

g. Alternative Investment Summit – IMN – Oct 16-17, 2006

D. Financial Reports:

1. Financial Reports – August 2006
2. Commission Recapture – June 2006
3. Securities Lending – July 2006
4. Accounts Payable:
 - a. ADP \$2,249.27
 - b. City of Pontiac 3,348.16
 - c. Gray & Co. 8,104.17
 - d. Ikon 256.62
 - e. MGFOA 98.00
 - f. NCPERS 150.00
 - g. Otezel Hartman Group 1,575.00
 - h. Pontiac Coffee 52.94
 - i. Slade's Printing 219.20

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

1. Remove from the Rolls:
 - a. June Axford (deceased 08-24-06)
 - b. Margaret Romanelli (deceased 08-10-06)
2. Application for Service Retirement:
 - a. Richard Shepler – Non union 2 years, 11 months Age 53 (reciprocal)
3. Disability Re-examinations:
 - a. David Daves
 - b. Lana Coleman
4. Final Pension Calculations:
 - a. Thressa Mahone #2337 2,052.28
 - b. Charolte Sanabria #2341 2,947.27
5. Application for Disability Retirement
 - a. Ronald Gracey – informational only

Trustee Wright asked why the ADP invoice was not split between the two systems like most payments. Ms. Zimmermann replied that in an effort to contain check processing fees that if the split is less than \$500.00 only one check is issued and that the Accountant will make an adjustment between the funds.

Trustee Woods asked about the application for disability retirement for Ronald Gracey. Ms. Zimmermann explained that his application has not been processed and that he applied for a disability retirement because his contract requires that he make application. This information is included in the agenda to allow the Board to be aware. Mr. Gracey was injured on the job, however, he is not receiving Workman's Compensation and that she plans to check with Risk Management about the situation since Mr. Gracey was injured on the job. He is retired from PFRS and cannot retire from the same system again, however, the Reciprocal Act would allow him to receive a benefit.

Mr. Michaud stated that the State statute recognizes other governmental service time toward receiving a benefit. A minimum of thirty months of service is required to apply for a benefit as long as he meets the age and service requirement. In Mr. Gracey's situation he would receive a benefit based on five years of service. He could go out under the Reciprocal Act which would not require re-exams and income verification. Trustee Woods confirmed that Mr. Gracey made application because his contract requires him to do so.

Ms. Zimmermann announced to the Board that Trustee Woods should be congratulated for passing the CAPPP Test.

RESOLUTION 06-077 By Woods, Supported by Sauceda
Resolved, That the consent agenda for September 27, 2006 be approved excluding item C.5 as presented.

Yeas: 8 – Nays: 0

RESOLUTION 06-078 By Barnett, Supported by Cochran
Resolved, That the Board approve Chairman Harrison and Trustee Wood's attendance at the Opal Financial "Public Funds Summit" Conference on January 10- 12, 2007 in Phoenix, Arizona.

Yeas: 6 – Nays: 0

Ms. Stewart reminded the members of the Custody Committee about the meeting scheduled for Friday, September 29, 2006.

CONSULTANTS

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

RESOLUTION 06-079 By Sauceda, Supported by Cochran
Resolved, That the Board will move to closed session to discuss pending litigation.

Roll Call:

Shirley Barnett	Javier Sauceda
Kone Bowman	Devin Scott
Ray Cochran	Debra Woods
Robert Giddings	Andrea Wright
Charlie Harrison	

The Board moved to closed session at 1: 55p.m

The Board returned from closed session at 2:10 p.m.

Ms. Billings and Mr. Tompkins left at 2:10 p.m.

Tuesday Redmond arrived at 2:10 p.m.

RESOLUTION 06-080 By Cochran, Supported by Saucedo
Resolved, That the Board will approve the closed session minutes from the August 30, 2006 meeting.

Yeas: 9 – Nays: 0

REPORTS

Chairman

Secretary - None

Trustees / Committees

Re: Real Estate Committee – None

Re: Personnel Committee - None

Ms. Zimmermann distributed a copy of the GERS Board Committee Listing, There was discussion regarding the number of trustees based on board and fund size, as well as, which trustees were assigned to the joint Personnel Committee. It was determined that Trustee Scott and Chairman Harrison would be added to the joint Personnel Committee. Trustee Woods confirmed that she was added back to the Ordinance Committee.

Administrator

Ms. Zimmermann informed the Board that the new VISA cards are in and that the old cards will no longer work adding that they were voided last week. She asked the trustees to come to the office to pick them up because she does not like to keep activated cards in the office.

Legal

Mr. Michaud distributed a copy of the Pension Protection Act of 2006 that was signed into law by President Bush on August 17, 2006. He said that most of the act applies to private sector and police and fire pension systems. He did tell the Board that the Economic Growth and Tax Relief Reconciliation Act of 2001 was extended indefinitely.

Union Representatives – None

UNFINISHED BUSINESS

Liability Insurance

Trustee Barnett asked for an update regarding the liability insurance for the trustees. Ms. Zimmermann replied that it had been delayed because she had to supply the insurance vendor

with an updated description of the CAPROC litigation to alleviate any issues that could affect the application process. The application has been submitted. Ms. Zimmermann also told the Board that they currently have no coverage and she is waiting for Steve Fladger to get back with her. She said that she had checked into the PFRS limits of liability and the coverage was \$2 million per occurrence per year which included the cost of litigation. Mr. Michaud confirmed that this is not coverage per trustee but is based on occurrence with a maximum coverage amount of \$2 million annually in total.

Peritus Transition

Chairman Harrison asked about the transition to Peritus. Ms. Zimmermann replied that the Gray & Company bid out the transition management. Ms. Stewart told the Board that it took time to get a good bid because Seix had 214 bonds that needed to be priced by the potential managers and they needed to compare rates. She said that Bear Stearns has been awarded the contract. She also said that Peritus wanted the Seix investment liquidated to cash so they can time their buys in the market.

Re: Ordinance Clean-up - Pending

Re: Service Credit Information to Members - Pending

NEW BUSINESS

Re: Correspondence from J. Storum

Trustee Wright commented on the letter from Judy Storum included in the agenda. She said that she did not read or see anything in the minutes where consultant presented a recommendation that the Board should not pursue the proposed Turks and Caicos investment.

There was discussion among the Board regarding the letter.

Ms. Zimmermann was directed by the Board to draft a response. She said that the letter sent by Ms. Storum requested a copy of the ethics policy and the investment policy. Chairman Harrison told the Board that if they have any input for the letter to send it to Ms. Zimmermann by Monday, October 2, 2006. He and Ms. Zimmermann will review the letter, the Chairman will sign and the requested documents will be sent with the letter to Ms. Storum.

Trustee Bowman arrived at 1:50 p.m.

Mr. Michaud stated that the documents need to be provided to Ms. Storum within five days to comply with FOIA requirements.

Re: Replacement Laptop Computer

Ms. Zimmermann requested that the Board approve the purchase of a replacement laptop computer for the one that was stolen. A claim was filed with Risk Management and that it should cover the cost of the replacement.

RESOLUTION 06-081 By Wright, Supported by Woods

Resolved, That the Board of Trustees approve the purchase of a replacement laptop for the Retirement Office.

Yeas: 9 – Nays: 0

Re: Appeal of Disability Determination – Poston

Ms. Zimmermann told the Board that Marvin Poston has requested an appeal of his disability determination and has notified the Board according to the policy. She told the Board that he has the right to disagree and file an appeal. She also explained the Medical Board of Review process where the Board's doctor, Mr. Poston's doctor and a third-party doctor present their findings to the Board for a final determination.

Trustee Wright asked if this type of issue is usually approved in the consent agenda and could it be pulled out of the agenda. She was told that it is usually part of the consent agenda, however, it could be pulled and approved separately. Trustee Wright also questioned why the Board would ever disagree with the findings of the medical director hired by the Board.

RESOLUTION 06-082 By Cochran, Supported by Wright

Resolved, That the Board of Trustees approve to convene the Medical Board of Review for Marvin Poston.

Yeas: 9 – Nays: 0

Re: Munder Capital Consent to Continue

Ms. Zimmermann told the Board that due to the management changes and restructuring at Munder Capital per the investment policy statement, Munder has requested that the Board confirm their continuance as manager.

RESOLUTION 06-083 By Saucedo, Supported by Barnett

Resolved, That the Board of Trustees approve Munder to continue as manager for the General Employees Retirement System.

Yeas: 9 – Nays: 0

PUBLIC DISCUSSION

Tuesday Redmond – Request for Seniority Information Update

Ms. Redmond told the Board that she has received her information from Ms. Zimmermann. She said she now has copies of all the documentation in her file. She said that she still disagrees with her service credit.

She also said that she is doing her own investigation into past practices where other employees who were originally hired by the CETA program retired and were given service credit for their CETA time. She also stated that there are only five or six CETA hired employees left at the

City. She added that the information is being reviewed by the Human Resources Department and the union.

SCHEDULING OF NEXT MEETING

Regular Meeting: October 25, 2006 at 1:30 p.m. in the Shrine Room of City Hall.

ADJOURNMENT

RESOLUTION 06 -084 By Woods, Supported Wright
Resolved, That the meeting be adjourned at 2:37 p.m.

Yeas: 9 – Nays: 0

I certify that the foregoing is true Minutes of
the General Employees Retirement System
held on September 27, 2006.

Raymond Cochran, Secretary
As recorded by Jane Arndt