

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
JULY 23, 2008**

A regular meeting of the Board of Trustees was held on Wednesday, July 23, 2008 at the Shrine Room, Main Floor, City Hall, 47450 Woodward Avenue, Pontiac, Michigan 48342. The meeting was called to order at 1:40 p.m.

TRUSTEES PRESENT

Shirley Barnett	Devin Scott
Ray Cochran	Kevin Williams
Charlie Harrison, Chairman	Andrea Wright (<i>arrived at 2:03 p.m.</i>)
Clarence Phillips, Mayor (<i>arrived at 2:02 p.m.</i>)	
Javier Saucedo, Vice Chair	

TRUSTEES ABSENT

Koné Bowman (*excused*)
Debra Woods (*excused*)

OTHERS PRESENT

Laurence Gray, Gray & Company	Peggy Hardiman, Retiree
Chris Kuhn, Gray & Company	Rose Seibert, Retiree
Cynthia Billings, Sullivan, Ward, Asher & Patton, P.C.	Elizabeth Holland, Retiree
Beth Bialy, Plante & Moran	Carol Czechowski, Retiree
Ellen Zimmermann, Retirement Systems Administrator	Linda Watson, Retiree
Jane Arndt, M-Administrative Assistant	

APPROVAL OF CONSENT AGENDA

- A. Minutes of Regular Meeting: June 25, 2008
- B. Communications:
 - 1. Correspondence from Munder Capital Re: Market Snapshot
 - 2. Correspondence from SWAP Re: CAPROC Sale of One Michigan Avenue
 - 3. Correspondence from Oppenheimer Re: Proposed IPS Change for CMBS
 - 4. Conference Information:
 - a. US Pensions Summit – Marcus Evans – Oct. 5-7, 2008
 - b. Infrastructure Finance Summit – Infocast – Sept. 8-10, 2008
- C. Financial Reports:
 - 1. Financial Reports – June 2008
 - 2. Commission Recapture – June 2008
 - 3. Securities Lending – June 2008
 - 4. Accounts Payable:
 - a. ADP \$2,598.92

b. Arndt, Jane (notary fees reimbursement)	20.00
c. Berwyn Group	230.00
d. Capital Guardian Truste	24,804.11
e. Coffee Break	19.25
f. Craft LaJuan (notary fees reimbursement)	20.00
g. Gray & Co.	8,104.17
h. Ikon	198.59
i. Laura J. Lauer	1,185.02
j. Office Depot	91.79
k. Peritus Asset Management	87,041.98
l. Plante Moran	4,720.00
m. Rodwan Consulting	1,400.00
n. Sawgrass Asset Management	47,167.00
o. Slade's Printing Co.	80.00
p. Sullivan, Ward, Asher & Patton	17,646.03
q. Systematic	57,583.55
r. United Investment Managers (UIM)	77,842.52
s. VanOverbeke, Michaud & Timmony	124.00
t. Visa	2,155.39
u. Due To / Due From PFRS (small payments)	517.79
v. Due To / Due From (bnfts reimb/adjustmts/AP)	158,826.69
w. Additional airfare	303.50

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

1. Remove from the Rolls:

- a. Terri Savedge (deceased 2-7-08) 100% J&S bnft of \$369.76/mo to Richard Savedge
- b. Marvin Freeman (deceased 6-10-08) 100% J&S bnft w/ pop-up of \$742.61/mo to Carolyn Freeman
- c. Virginia Henry (deceased 4-7-08)

2. Application for Retirement:

- a. Beverly Stubbs – Non-Union 15 years, 7 months Age 59 (reciprocal service)

3. Final Pension Calculations:

- a. Cynthia Mallory – NOMC #2440 \$ 249.71
- b. Richard Saincome – PPMA #2282 2,336.05

RESOLUTION 08-046 By Saucedo, Supported by Williams
 Resolved, That the consent agenda for July 23, 2008 be approved.

Yeas: 6 – Nays: 0

PUBLIC DISCUSSION

Ms. Hardiman said that she still has questions about the car lot investment and the trip to the Caribbean. She asked who voted on the investment.

Chairman Harrison explained that the Board did not vote on the investment with Second Chance Motors. He said they do not tell the managers what to keep in the portfolio nor does any other fund; they deal with the returns of the portfolio versus the benchmarks. The Board does not

manage the investment manager; whether it is the investment in Second Chance Motors or a stock it does not come before the Board. They hire managers: each has its own niche and they select the investments. Each stock or investment is not approved by the Board.

Ms. Hardiman is concerned that Mel Farr's son is involved in the investment. She questioned a statement the Chairman made in the newspaper. She said that the retirees are opposed to the investment. She referred to a comment made in the newspaper by Lou Schimmel that used car lots are a bad investment. She explained that the economy is bad and is not good business. She also said that you can not be sure where the used cars come from and that they could come from car lots affected by Hurricane Katrina.

Chairman Harrison stated that Lou Schimmel expressed his opinion but he is not an expert in this area. He said that the Board is not in the practice of micro managing the managers. Chairman Harrison said that there are a number of people who have bruised credit and need cars.

Ms. Hardiman said that she still does not understand why the retirement system would invest in this company. She felt that Chairman Harrison's statement regarding the over funding was used to justify making a risky investment.

Ms. Czechowski said she feels that most funds invest a portion in high risk portfolios because they pay off well. She was originally concerned that the retirement system would invest in a used car lot, but as long as they continue to make money perhaps it is not that bad. She felt that the article in the Oakland Press was inflammatory. She said that based on the retiree attendance at the meetings it shows that the retirees care about the investments the Board is making. She thanked the Board for the job they are doing. She said Schimmel and others said funds do invest small amounts of higher risk investments because they do pay off. Since it is such a small amount, it is probably ok. She opined that retirees ought to show up more often to meetings, not just when there is a problem.

Chairman Harrison said that they have an asset allocation strategy for growth potential and the consultant has done well.

Ms. Hardiman said that when she was on the Board the retirement system was 300% over funded. Chairman Harrison confirmed that she was referring to the hospital portion of the fund. She made reference to the combining of the hospital and City's assets in the retirement fund.

Ms. Watson said that she came to the meeting because she was concerned. She does not mind a little risk in the portfolio; however, she is concerned about the trip to the Caribbean.

Trustee Barnett said that the newspaper article made it sound like they stayed a week when the entire trip was 28 hours.

Ms. Watson asked why so many trustees had to go. Chairman Harrison said that there was no cost to the system and that it was part of their due diligence. He said they did not hang out for a week or two and the investment was not approved. He said the entire City Council, Mayor and

staff plus Oakland Press personnel, flew to Virginia to look at a development when the Bloomfield Park annex was being considered.

Ms. Watson said that the newspaper article made it appear as if they were having a good time.

Mayor Phillips arrived at 2:02 p.m.

Ms. Watson asked if you do not like the manager can you fire them.

Trustee Wright arrived at 2:03 p.m.

Chairman Harrison said that a manager can be put on probation to watch their performance, or they can be fired. He also stated that he appreciated the retirees' presence at the meeting.

Ms. Hardiman said that she still does not like the car lot investment. Chairman Harrison said that it is not an investment in a used car it is an investment in the financing arm. Ms. Hardiman was still concerned about where the cars are coming from and does not want a hand in it.

Ms. Holland said that she now has a better understanding. She has been satisfied so far and will continue to watch.

Ms. Seibert said she does not expect the Board to micro manage the managers. She told the Mayor Phillips that he should have received a letter from Wanda Barnett the President of URGE regarding a raise for the retirees. Mayor Phillips said he would look for it.

Mayor Phillips said that he has an issue with the \$5 million investment in used cars. He said that there are no secrets in City and that everyone has heard about the investment. He heard about it from someone in the hallway.

Chairman Harrison said that Mayor receives all the minutes and that all business conducted in the meetings is public information.

Trustee Phillips asked about the remarks Chairman Harrison made in the newspaper. Chairman Harrison said that he can address this matter under the Trustee Reports section.

Ms. Hardiman, Ms. Seibert, Ms. Holland & Ms. Czechowski left the meeting at 2:09 p.m.

CONSULTANTS

Re: Plante Moran – 2007 Audit Presentation

Ms. Bialy said that the Independent Auditors Report states that the financial statements have been fairly stated in respect to the financial position of the system and they have issued a clean unqualified opinion which is the best opinion you can receive.

They received terrific cooperation from Ms. Zimmermann, Ms. Munson and the department. The updated standards created a lot more work and they did an outstanding job.

The Management Discussion and Analysis is drafted by Ms. Zimmermann. It includes the investment results, asset allocation mix, fund structure and objectives. In 2007, the first half of the year experienced good returns with total fund performance of 9.3% for the year. The returns for 2006 were much better. She said that the system has to manage the fund for the long-term.

The Statement of Plan Net Assets is the balance sheet of the fund. Total assets as of December 31, 2007 were \$583 million with \$95 million in liabilities that were grossed up for securities lending. Total net assets were \$488 million.

The Statement of Changes in Plan Net Assets displays the fund's activity for the year. Net investment income was \$37 million with the previous year at \$53 million. Total additions of plan net assets including a small employee contribution from reinstated members and other income totaled \$37.7 million. Retirees' pension benefits and retirement incentives increased 16.8% in 2007. The net increase in net assets was \$18.3 million with total net assets of \$488 million.

Ms. Bialy reviewed the Notes to the Financial Statement which included the accounting policies. As of December 31, 2006 total current employees totaled 324. This number is indicative of the current staffing changes.

The interest rate risk is the disclosure that describes how long the money is tied up and whether the value of the investment will decrease.

Credit risk shows the security credit ratings of the bonds held by the system. It does not include treasuries or government high quality bonds held in trust.

As of December 31, 2007 the system's reserves have been fully funded with \$3.1 million for employee contributions and \$196 million for retired employees.

She reviewed the Schedule of Analysis of Funding Progress. The system's funding ratio as of December 31, 2006 is 153.9%. At that time, the actuarial value of assets was \$410 million based on the actuarial five-year smoothing of gains and losses. Actual net assets held in trust were \$470 million. There was no annual required contribution.

Mayor Phillips asked Ms. Bialy to explain custodial credit risk. She stated that custodial credit risk is the risk if the bank fails. Currently, the system only has \$1,000 in uncollateralized money at risk. Regardless if you are an individual or an organization your money is insured up to \$100,000. Chairman Harrison said that it deals with the bond ratings in the fixed income portfolio. He described the various bond managers and the tiers of bonds they invest in within the portfolio.

Mayor Phillips asked if there is a bank failure regardless whether the investment is in cash or bonds, could the system could sustain a loss. Ms. Bialy explained that the only custodial risk is

in pure bank deposits or certificates of deposit and would only pertain to anything over \$100,000.

Trustee Cochran said that bonds are not measured and the custodial credit risk is based on the credit of the issuer.

Mr. Gray said that the only money at risk is the \$1,000 in cash which is less than the \$100,000 insured amount. He assured Mayor Phillips that the \$470 million is not at risk with bank assets. The value of the stocks and bonds is determined by the market. All bank deposits are treated equally. The system's assets are fine.

Ms. Bialy explained that they have combined the required correspondence for each Board. It is in a new format per the latest auditing standards. The new format includes a report on internal control, results of the audit and comments and recommendations.

She reported that no material weakness was found with the internal controls of the system.

She said that the Results of the Audit is a required disclosure that provides information related to the audit process. There were no sensitive disclosures affecting the financial statements. She said that the scope and timing of the audit was fine. They did not find any corrected or uncorrected misstatements. The financial records are in great shape. They did not encounter any difficulties performing the audit and did not have any disagreements with management or consultants during the audit process.

Ms. Bialy reported under Other Comments and Recommendations that there was a benefit payment for the Police and Fire Retirement System that never received Board approval.

She said that there has been a lot of discussion regarding alternative investments. Many large systems are investing in alternative assets; however, there are state statutes in place that limit the percentage of assets public pension systems can allocate to this asset class.

It is difficult for the auditor to determine the value of the investment and it creates some complexities. They recommend that there is a proper due diligence process and documentation. Once the investment is made make sure there is a formal reporting system with regular periodic reviews of the financial statements. Discrepancies should be followed up. The manager should be monitored to make sure that investments are meeting targets and specific guidelines. It would also be prudent to receive audited financial statements from a qualified and reputable audit firm.

She said that they continue to recommend that the Systems should consider a document storage and imaging system and have a disaster recovery plan in place.

Trustee Cochran asked about the significant deficiency found during the audit of the Police and Fire VEBA. Ms. Bialy said that there is a very low threshold for a significant deficiency and that there was no great risk. It involved a journal entry that was recorded late.

This concluded Ms. Bialy's report.

Ms. Bialy left at 2:29 p.m.

Re: Legal

Standard Pacific Securities Litigation

Ms. Billings reported that it is the recommendation of Coughlin Stoia that the amended complaint not be filed and the matter dropped.

RESOLUTION 08-047 By Williams, Supported by Barnett

Resolved, That the Board accept the recommendation of Coughlin Stoia and drop the matter of the Standard Pacific Securities Litigation.

Yeas: 8 – Nays: 0

Sunterra Securities Litigation

Ms. Billings reported that the litigation is proceeding through to trial.

Tetra Technologies Inc. Securities Litigation

Ms. Billings reported that the motion for lead plaintiff status was denied. The court appointed an institutional investor with larger losses as lead plaintiff. The matter has been closed.

Eagle Hospitality Properties Securities Litigation

Ms. Billings reported that the settlement is being finalized.

Nexos Capital Partners LLC

Ms. Billings said that the Board authorized an investment approximately one year ago with this manager. She reviewed the draft of the Amended and Restated Limited Partnership Agreement and the Subscription Agreement.

Per her review she recommended that that the General Partner be advised of the system's obligation as a public body under the Michigan Freedom of Information Act. There is however, an exemption under PA 314 for alternatives.

They would not agree to acknowledge that they would be an investment fiduciary under PA 314.

They have agreed to add the non-discriminatory language to the agreement. They have also lowered the standard to negligence from gross negligence with respect to the indemnification clause.

They have also agreed to disclose any Side Letter Agreements entered into by the General Partner with any of the limited partners on, prior to or after the date of the agreement. She explained that if they negotiate a better deal for another limited partner the system has the option to negotiate the same terms.

Per Ms. Zimmermann's request they changed the terms of the capital call notice from five days to ten days.

Mr. Gray asked for five days to review the investment based on the time lapse since the investment was originally approved. He said he would like to check for any updated investment information and to recalculate the basket clause limits.

There was discussion regarding the timing issue and having to wait another month to fund the investment. It was determined that the issue would be brought back to the next meeting after the consultant's review.

CAPROC - Sale of One Michigan Avenue

Ms. Billings reported that CAPROC entered into an agreement to sell the One Michigan Avenue property for \$9.1 million. The net earnings from the sale were approximately \$428,000 to be split 60% payable to the Retirement Systems and 40% payable to CAPROC. The buyer also agreed to the terms of a Promissory Note to pay an additional \$450,000 over a twelve month period.

The first payment of \$112,500 was due on June 20, 2008 with the retirement systems receiving 60% of that payment. However, the buyer could not make that initial payment. CAPROC had the option to foreclose on the property but decided they would renegotiate the terms of the Promissory Note with the buyer. They reached an agreement to pay a settlement amount of \$350,000. This does not lessen the amount due to the Systems under the terms of the settlement agreement.

There was discussion regarding CAPROC renegotiating the terms of the settlement agreement. Ms. Billings explained that this is not a decision for the Board. She said that they have looked at the valuations and the three remaining buildings have a combined net value of approximately \$40 million which should be sufficient to cover the settlement.

She said that they pulled the information about the buyer and did not find any relationships with CAPROC and the buyer. It appears to be an arm length's transaction.

Ms. Billings said that they recommend that the Board to approve their proposed settlement with the buyer.

Chairman Harrison confirmed that the new settlement agreement does not lessen the amount owed to the system.

RESOLUTION 08-048 By Barnett, Supported by Wright

Resolved, That the Board approve the proposed settlement agreement for \$350,000 between CAPROC and the buyer of One Michigan Avenue.

Yeas: 8 – Nays: 0

ChoicePoint Securities Litigation Proof of Claim

Ms. Billings said that the Proof of Claim form was signed by the Secretary between meetings. The Secretary's signature needs to be ratified.

RESOLUTION 08-049 By Williams, Supported by Wright

Resolved, That the Board ratify the Secretary's signature on the ChoicePoint Securities Litigation Proof of Claim.

Yeas: 8 – Nays: 0

Miscellaneous Articles

Ms. Billings provided the attached articles for the trustees' information.

She said that she has previously told the Board that the IRS is increasing their scrutiny of public pension systems. Recently witnesses told a hearing of the Joint Economic Committee that public sector plans are getting it right.

She also referred to an article from the Detroit Free Press regarding the transfer of \$75 million from the City of Detroit's Police and Fire Retirement System that is reported to be over funded by \$400 million. She said that retirees from the retirement system have filed a lawsuit to block the transfer of \$25 million per year for the next three years to help with the City's budget problems.

North Oakland Medical Center

Ms. Billings reviewed a draft of the correspondence to be sent to City Council regarding a proposed amendment to the retirement system on how the sale of North Oakland Medical Center could impact the retirement benefits of the employees if they are no longer employees of NOMC.

On January 1, 1994 all employees of North Oakland Medical Center became 100% vested. They are currently eligible to receive a benefit at age 55 with 25 years of service credit or at age 60 with no minimum service credit requirement provided they did not withdraw their contributions.

Many of the employees have continued employment with the hospital and are concerned that their service credit will not count toward their retirement under the new management.

Ms. Billings said that because the intent of the retirement system is not clearly stated in the amendment she drafted an amendment resolution so their years of service will count for any successor entity.

RESOLUTION 08-050 By Barnett, Supported by Cochran

Resolved, That the Board approve to send the proposed ordinance amendment to recognize continued service with any successor entity to NOMC for GERS retirement eligibility purposes to City Council.

Yeas: 8 – Nays: 0

That concluded Ms. Billing's legal report.

Re: Gray & Company

Mr. Gray distributed a flash performance report with the most current information for the fund. Total plan value as of May 31, 2008 was \$475.2 million versus the March 31, 2008 value of \$454.3 million. There has been a lot of volatility in the market and June was a wicked month.

The domestic equity portfolio was up 3.34% for the month of May, 2008. Sawgrass Asset Management's performance was 2.79% versus the benchmark at 1.30%. Mesirow Financial beat the benchmark with performance of 0.19% versus the benchmark at 0.16%. The UIM Combined Large Cap Portfolio returned performance of 2.45% versus the benchmark at 1.83%.

Fixed income reported slightly negative performance for the month. Oppenheimer Capital's performance was -0.85% versus the benchmark at -0.73% with Munder Capital at -0.70% versus the benchmark at -0.73%.

Trustee Wright left at 3:01 p.m.

High yield manager Peritus reported performance of 0.98% versus the benchmark at 0.43% for the month. The high yield lower quality bonds have been decimated in the current market.

Private equity is in the drawdown stage.

Ms. Watson asked how the market has affected the pension assets reported in the 2007 Audit Report. Mr. Gray said that current plan assets are \$475 million and there has been a lot of volatility in the market.

Core Fixed Income Managers

Mr. Gray explained that the system has long-term relationships with the two core fixed income managers Oppenheimer Capital and Munder Capital. He said that it is becoming much more difficult for core fixed income managers to outperform their benchmark net of fees. The spread between the best and worse managers is 25 basis points. He indicated that the numbers reported in the performance report are gross of fees so the managers are performing below the benchmark when you take their fees into account.

He said that indexing is a cheaper option for fixed income. They could also look at a combination of core and core plus investment strategies.

Trustee Wright returned at 3:04 p.m.

Chairman Harrison asked if Mr. Gray was suggesting that they look at passive management for the entire bond portfolio. Mr. Gray said that they could look at enhanced, core plus and/or an index fund.

Chairman Harrison asked if Mr. Gray could provide a quick lesson on core plus and what the standard deviation would be investing in core plus to determine the risk.

Mr. Gray said that he would bring the requested information including the manager's performance net of fees to the next meeting.

Mr. Gray also told the Board that Oppenheimer is requesting clarity in the Investment Policy Statement. They have been looking to buy commercial mortgage backed securities (CMBS) which is included in the Lehman Aggregate Index. The exposure in the index is 5% to 10%. Oppenheimer is asking for twice the exposure of the Lehman Aggregate Index. He suggested that they clean up the definition in the IPS and approve Oppenheimer to match, but not exceed the CMBS exposure in the Lehman Aggregate Index.

Chairman Harrison asked if Oppenheimer is currently buying CMBS. Mr. Gray said that they have bought some in the past.

RESOLUTION 08-51 By Cochran, Supported by Scott
Resolved, That the Board approve Gray & Company to notify Oppenheimer that they can match the CMBS exposure of the Lehman Aggregate Index.

Yeas: 8 – Nays: 0

Underperforming Managers

Mr. Gray said that large cap value manager Mesirow Financial has turned their performance around quarter-to-date. He would like them to come to the August meeting and discuss their underperformance. The trustees concurred.

He also stated that Peritus was put on watch. They are a gifted manager and this has been a historically bad market for high yield. He met with Tim Gramatovich in Chicago recently to talk about their performance issues. He also suggested that the Board have Peritus come to the August meeting to review their performance. The trustees concurred.

Oppenheimer Portfolio Turnover

Mr. Gray said that Oppenheimer Capital's turnover in the portfolio has been high. They requested a report that would show the value added by the increased turnover. Their correspondence said that they have added \$1 million in value due to the 130% in turnover. Ms. Zimmermann raised the point that the custody contract charges fees for all these transactions. With the increased fees their performance is right at the benchmark. They will review the performance considering the costs. This is another reason to look at indexing the core fixed income portfolio.

This concluded Mr. Gray's report.

Re: Chairman - None

Re: Secretary – None

Re: Trustees/Committees

Press Coverage

Trustee Phillips expressed concerns with statements made by the Chairman in the Oakland Press regarding the investment with Onyx. He asked that Chairman Harrison confirm his remarks in the newspaper that he and his administration leaked information to the press. The City does not need any more bad news. If he has something to say to the Chair and this board he will say it to your face.

Chairman Harrison said that if the mayor has an issue with him they should make this a private discussion. He feels that the press has put a black eye on the retirement system which was totally unnecessary. The Board is trying to tend to their business and make money for the retirees and he feels they are doing a good job. If the mayor would like to address him on the remarks in the newspaper, he should engage him outside of the meeting.

Mayor Phillips said that this article was shared with 80,000 readers of the Oakland Press and it was unfair to drag him and his administration into this issue. He does not understand or appreciate the remarks. He said that he and his administration had nothing to do with the article in the newspaper. He said nothing is confidential in City Hall.

Chairman Harrison suggested that the Mayor talk to the Oakland Press regarding the source. He said he is open to having a discussion. The article was unfounded and contained inaccurate information. This group of trustees has done a marvelous job for the pension system. Most pension plans across the country are not funded as well.

Mayor Phillips said that he appreciates the work the Board does. He does not want to be brought into the issue regarding the Onyx investment. He feels the Chairman's remarks were out-of-line and it was unfair to cast dispersion on him and his administration. He said he does not operate that way.

Staff Commendation

Trustee Wright said that she would like to thank Ms. Zimmermann and her staff for their complete cooperation with Plante & Moran making sure everything was in order for them to conduct the audit.

Mayor Phillips left at 3:24 p.m.

Chairman Harrison said he would like to commend Ms. Zimmermann and her staff and he appreciates all their efforts.

Trustee Williams left at 3:25 p.m.

Defined Contribution Plan Elections

Trustee Cochran stated that there is a resolution before Council regarding the defined contribution plan. It has been over a year since an individual approached the Retirement Office

stating that they were not informed of their option to join either the defined contribution plan or the defined benefit plan.

They worked with Human Resources to determine which employees were affected. There were four individuals who had not been properly advised.

Ms. Zimmermann said that the ordinance speaks to the defined contribution plan. She noted that if a person elects the defined contribution plan, they cannot go back and make missed contributions; their benefit only applies going forward. It is not retroactive. This is not an issue for the defined benefit plan. Those who elect the defined contribution plan are asked to sign a release.

Ms. Billings was directed to research the issue and determine what action is necessary to allow those who were not given the election to make an election now.

Re: Administrator

Ms. Zimmermann reported that there was an error in the consent agenda with the Due to/Due From amount: the amount should have been \$211,794.54 instead of \$158,826.69.

Computer Issues

Ms. Zimmermann informed the Board that she and Ms. Munson have been experiencing computer problems. She has sent a number of emails to the IT Department and has not received any response.

If the computers go down or they cannot be recovered, the staff will not be able to login to process payroll and accounts payable, capital calls, rebalancing or approving transfers and wires. There is a short amount of time that the computers are still under warranty. If the problems persist she is not sure whether the computers should be replaced or just requires proper preventative maintenance.

Trustee Cochran said he would make sure that someone from the IT Department responds.

Trustee Scott confirmed that Ms. Zimmermann had not received a response from IT.

U.S. Pensions Summit

Trustee Cochran said that he was approached by Dan Brady from U.S. Pensions to be a representative at the Pension Summit. He was asked to submit an essay and may be called on to be part of a speaking bureau for the conference.

Chairman Harrison asked how this came about. Ms. Zimmermann said she was contacted to attend and when she said she would not be available he asked if Trustee Cochran would be available. She does not have any literature.

Chairman Harrison asked about the timeframe for the conference. Trustee Cochran said that it is a three-day conference with a number of speakers and breakout sessions. Mr. Brady said he feels

our pension system would be an excellent contributor to the conference based on our size and situation.

Chairman Harrison asked if Trustee Cochran feels it would be worthwhile to attend, however, he does not feel he can make the commitment.

RESOLUTION 08-052 By Cochran, Supported by Barnett
Resolved, That the Board approves Trustee Cochran or another invited trustee to attend the U.S. Pensions Summit October 5, 2008 through October 7, 2008.

Yeas: 6 – Nays: 0

Union Representatives – None

UNFINISHED BUSINESS

Re: Hospital Deferred Trustee

Ms. Zimmermann explained that currently there is an issue about replacing Robert Giddings as the hospital deferred trustee. There are 150 hospital deferred members left who are not yet in pay status but no one turned in a petition or expressed interest in the position on the Board.

She said that there is a section of the ordinance that was drafted to insure these members would have representation on the Board. The numbers are dwindling and there does not seem to be anyone (not in pay status) who wants to fill the position.

Chairman Harrison asked if the issue is at a crossroad and if the ordinance needs to be changed for the unfilled position or if it requires the position be redefined. He asked if they should go to Council with a recommendation from the Board.

There was discussion regarding leaving the position unfilled or redefining the position to an active employee, union representative or retired member. Trustee Barnett said that the hospital should have representation on the Board. Chairman Harrison agreed stating that the hospital members have money invested in the system.

Ms. Billings suggested broadening the definition to a hospital retiree. Ms. Zimmermann said that James Seibert, a hospital retiree, was interested in the position.

Ms. Billings said the Board should notify City Council because Board composition is a mandatory subject of collective bargaining. The Board can still make the recommendation to Council.

Chairman Harrison said that they do not have to make the decision today and suggested that they table the issue to the next regular meeting.

NEW BUSINESS

Re: Request for Hospital Retiree Addresses

Ms. Zimmermann said that she received correspondence from John Graham, President and CEO of the Hospital asking to obtain a current list of names and addresses of the hospital retirees; the request did not reference FOIA. No purpose was stated for the request.

Trustee Barnett felt that they want the information so they can send communications out to the retirees terminating their healthcare benefits and the retirement system has the most up-to-date information.

Ms. Billings said even if FOIA was not specifically stated and there is no special format she would provide the information as if it was a FOIA request.

The Board determined that the request was vague and based on the sensitive nature of the information they directed Ms. Zimmermann to send a letter requesting more information. Chairman Harrison confirmed that the Board has not responded to anyone with that type of request in the past.

Re: Semi-Annual Death Audit

Ms. Zimmermann said that the report is run to identify deceased members against the social security database. There were three members on the report; one member had not been removed from pay status. The estate was notified to repay the overpayment.

Re: Semi-Annual Cash Flow Rebalancing

Ms. Zimmermann requested that the Board approve the cash flow rebalancing plan as recommended by the consultant.

RESOLUTION 08-053 By Saucedo, Supported by Wright

Resolved, That the Board of Trustees approve the transfer of \$5,000,000 in August and an additional \$10,000,000 in September from Capital Guardian global fixed income portfolio to provide for benefits and operating expenses for the next six months.

Yeas: 6 – Nays: 0

SCHEDULING OF NEXT MEETING

Special Meeting: August 26, 2008 at 8:30 a.m. – Pontiac Marriott Centerpoint (Investment Manager Review)

Regular Meeting: August 27, 2008 at 1:30 p.m. – Shrine Room, Main Level, City Hall.

ADJOURNMENT

RESOLUTION 08-054 By Saucedo, Supported by Scott
Resolved, That the meeting be adjourned at 4:05 p.m.

Yeas: 6 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the General Employees Retirement System held on July 23, 2008.

Raymond Cochran, Secretary
As recorded by Jane Arndt