

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
Minutes of February 25, 2009**

A regular meeting of the Board of Trustees was held on Wednesday, February 25, 2009 at the Shrine Room, Main Floor, City Hall, 47450 Woodward Avenue, Pontiac, Michigan 48342. The meeting was called to order at 1:47 p.m.

TRUSTEES PRESENT

Koné Bowman	Kevin Williams
Charlie Harrison, Chairman	Debra Woods
Javier Saucedo, Vice Chair	Andrea Wright
Devin Scott	

TRUSTEES ABSENT

Shirley Barnett –*excused*
David Flaisher – *excused*
Mayor, Clarence Phillips (*absent*)

OTHERS PRESENT

Cynthia Billings, Sullivan, Ward, Asher & Patton, P.C.
Laurence O. Gray, Gray & Company
Ellen Zimmermann, Retirement Accountant
Jane Arndt, M-Administrative Assistant
Linda Watson, Retiree

Chairman Harrison recommended that the agenda be changed to accommodate Trustee Scott who had to leave early. He requested that items that need to be voted on be moved to the front of the agenda.

RESOLUTION 09-020 By Woods, Supported by Bowman

Resolved, That the Board approve New Business to be moved to the front of the agenda.

Yeas: 7 – Nays: 0

NEW BUSINESS

Re: Ratification of Capital Calls (Return of Capital)

Ms. Zimmermann said that due to Invesco adding a new investor they have issued a return of unused capital contributions. This will true up all investors to have an equal share in the capital accounts. The total return of capital is \$117,113.10.

RESOLUTION 09-021 By Saucedo, Supported by Williams

Resolved, That the Board ratify the return of capital of \$117,113.10 from Invesco Private Equity.

Yeas: 7 – Nays: 0

Re: Ratification of GRS Software Contract

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Ms. Zimmermann reported that in order to process benefit estimates, final calculations and verify and transmit valuation data for the annual valuation the Gabriel, Roeder, Smith & Company software needs to be upgraded. They have not provided interest rate updates since we terminated the actuarial contract. They will not provide any additional updates without an annual maintenance contract in place. She said that the fee will be pro-rated and shared with the Police & Fire Retirement System at an approximate cost of \$1,850.00.

Ms. Billings concurred that after entering into the actuarial agreement with Rodwan, GRS has not provided any updates to their software. She has reviewed the contract and was able to get GRS to remove the arbitration requirement however, they have refused to eliminate the provision that limits their liability to \$25,000. It is not a great agreement. Chairman Harrison noted that it is Ms. Zimmermann's intention to replace the software as soon as possible.

RESOLUTION 09-022 By Woods, Supported by Saucedo
Resolved, That the Board ratify the Gabriel, Roeder, Smith & Company software maintenance contract.

Yeas: 7 – Nays: 0

Re: Update Signature Authority

Ms. Zimmermann reported that it is customary to update the signature authority with the appointment of a new Finance Director. The Chairman is normally available for most approvals but he likes to have an alternate signer available.

Trustee Bowman said that he feels they should postpone this approval since the Finance Director has not been confirmed.

It was determined that the agenda item would be tabled to the next meeting.

APPROVAL OF CONSENT AGENDA

Ms. Zimmermann requested that the Board add the disability determination for William Baldwin she received from the Medical Director. The Medical Director has made the determination that Mr. Baldwin is totally and permanently disabled and unable to return to work.

RESOLUTION 09-023 By Scott, Supported by Williams
Resolved, That the Board would amend the consent agenda to include the disability determination for William Baldwin.

Yeas: 7 – Nays: 0

- A. Minutes of Regular Meeting: January 28, 2009
- B. Communications:

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1. Correspondence from Northern Trust Re: CIO Appointment
2. Correspondence from Artio Global Re: CIO Letter Q1 2009
3. Conferences:
 - a. Managing & Protecting Assets – NASP – June 10-12, 2009
 - b. 2009 Public Funds Roundtable – III – April 22-24, 2009
 - c. Benefit Conference for Public Employees – IFEBP – March 30-31, 2009
 - d. Investments Institute – IFEBP – April 27-29, 2009
 - e. Search of Alpha Forum – II – March 16-17, 2009
 - f. Spring Conference – MAPERS – May 17-19, 2009
 - g. NCPERS 2009 – NCPERS – May 1-7, 2009

C. Financial Reports

1. Financial Reports – January 2009
2. Commission Recapture – January 2009
3. Securities Lending – January 2009
4. Securities Lending Deficiencies
5. Accounts Payable
 - a. ADP \$8,072.54
 - b. Artio Global Investors 87,763.20
 - c. Berwyn Group 161.00
 - d. CBRE (CB Richard Ellis) 25,631.87
 - e. Coffee Break
 - f. Gabriel, Roeder, Smith & Co. 18.20
 - g. Gray & Co. 24,312.51
 - h. Ikon 688.42
 - i. Kennedy Capital 54,926.00
 - j. Loomis Sayles
 - k. MES (Baldwin)
 - l. Mesirow Financial 37,857.75
 - m. Oppenheimer Captial 29,051.63
 - n. Rodwan Consulting 4,240.00
 - o. Slade’s Printing 79,130.00
 - p. Sullivan, Ward, Asher & Patton 4,363.36
 - q. UIM 46,511.78
 - r. Visa 23,895.26

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

1. Remove from the Rolls:
 - a. Judith Barron (deceased 01-27-09)
 - b. Sally Dryer(deceased 02-05-09)
 - c. Lillian Heisler (deceased 01-13-09)
 - d. Peter Moy (deceased 01-07-09): survivor benefit of \$1,755.34/mo. To Nouhad Moy
 - e. Richard Savedge (deceased 12-20-08)
2. Application for Retirement:
3. Final Pension Calculations:
4. Application for Disability Retirement
 - a. William Baldwin

Chairman Harrison and Trustee Woods said that Trustee Flaisher had mentioned at the Manager Review Meeting that he would like to attend the CFA Conference. There was discussion as to whether Trustee Flaisher should be in attendance to make this request.

Trustee Wright felt that Trustee Flaisher is an active employee and the Board should go ahead and approve his attendance.

Ms. Zimmermann confirmed that staff may attend the MAPERS Conference. She said that Ms. Munson would like to attend to continue with the MAP Tests. Ms. Billings said that as a general rule most systems allow staff attendance.

Trustee Scott left at 2:00 p.m.

Ms. Zimmermann said that she was concerned about allow Ms. Munson to attend without getting the Board's approval.

RESOLUTION 09-024 By Woods, Supported by Saucedo
Resolved, That the consent agenda for February 25, 2009 be approved as amended.

Yeas: 6 – Nays: 0

Ms. Zimmermann indicated that Mr. Kuhn did a good job of conducting the Manager Review held the previous day.

CONSULTANTS

Re: Gray & Company – N/A

REPORTS

Re: Chairman - None

Re: Secretary – None

Re: Trustees/Committees - None

Re: Administrator

UIM Investment

Ms. Zimmermann told the Board that she does not have an update on the UIM investment.

2008 Annual Tax Return

Ms. Zimmermann reported that the 2008 annual tax return was filed for the system.

2008 1099-R's

Ms. Zimmermann reported that the 2008 1099-R's were sent out to the members on schedule.

GRS Minute Master

Ms. Zimmermann said that Gabriel, Roeder, Smith & Company has put last year's minutes online at a cost of \$3,000.00 per year. In order to put the back minutes online the cost would be \$25,000 to \$30,000. She wanted to advise the Board and let them know that she is looking into other database options. Currently, one year of resolutions are available online. She feels that GRS is holding the system's data hostage.

PUBLIC DISCUSSION

Chairman Harrison asked if there were any issues for public discussion.

Linda Watson asked how much money is currently in the fund and what the funding level percentage is.

Ms. Zimmermann said that at the last meeting the Board requested that the actuary provide a rough estimate of the current funding level. The estimate included liabilities at the same level as the prior year and assets as of December 31, 2008. The estimate is that the system is 156% funded with no contributions needed.

Ms. Watson asked what the current value of the fund is. Ms. Zimmermann stated that the estimate was based on a total plan value of \$338.9 million. Ms. Watson asked if the funding level was 167% as of December 31, 2007. Ms. Zimmermann stated that it was 167.9% funded.

Ms. Watson said that the value of the portfolio at that time was \$448 million and she does not understand based on current fund value how the funding percentage can be 156%. Chairman Harrison explained that the actuary uses formulas and other data to determine the funding level and it is not solely based on the market value of the fund.

Re: Legal

CompuCredit Corp – Ms. Billings reported that the System was appointed lead plaintiff on October 22, 2008.

NVIDIA Corp

Ms. Billings reported that Coughlin Stoia filed a Motion for Reconsideration for the System to be appointed lead plaintiff which was subsequently denied by the Court.

CBS Corporation

Ms. Billings reported that the Motion for Lead Plaintiff is currently pending in the United States District Court for the Southern District of New York.

Northern Trust – Securities Lending

Ms. Billings reported Northern Trust had refused her request to provide due diligence reports regarding the procurement of the Lehman securities. As a fiduciary of the system Northern Trust is obligated to provide that information. However, Northern Trust has indicated that it is proprietary information and cannot be disclosed.

She indicated that Northern Trust recently held a big party in Florida which has come under the scrutiny of the media. Ms. Zimmermann stated that Northern Trust holds a conference for their clients annually.

IRS Determination Letter

Ms. Billings reported that the IRS Determination Letter was submitted to the IRS on January 30, 2009.

Trustee Wright left at 2:04 p.m.

Rebecca Pesola

Ms. Billings reported that a NOMC member Rebecca Pesola sent correspondence to the Retirement Office on December 1, 2008 regarding the closure of NOMC and her inability to complete the twenty-five years of service credit needed to begin collecting her pension benefit at age fifty-five. She has inquired whether the Retirement Board can assist her in acquiring her benefit at age fifty-five. The Retirement Office has determined that Ms. Pesola had twenty-two and a half years of service credit when her employment was terminated.

Ms. Billings indicated that pursuant to the retirement ordinance a member with twenty-five years of service is eligible to collect a pension benefit at age fifty-five or at age sixty with a minimum of ten years of service credit.

The Retirement Board directed Ms. Billings to draft a response to Ms. Pesola based on her findings.

This concluded Ms. Billing's legal report.

Union Representatives – None

Trustee Wright returned at 2:12 p.m.

UNFINISHED BUSINESS

SCHEDULING OF NEXT MEETING AND ADJOURNMENT:

General Employees Retirement
Regular Meeting,
February 25, 2009

Regular Meeting: March 25, 2009 1:30 p.m. - Shrine Room, Main Level, City Hall

ADJOURNMENT

RESOLUTION 09-025 By Saucedo, Supported by Woods
Resolved, That the meeting be adjourned at 2:14 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 February 25, 2009

David Flaisher, Secretary
As recorded by Jane Arndt