

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
JUNE 23, 2010**

A regular meeting of the Board of Trustees was held on Wednesday, June 23, 2010 at the Shrine Room, Main Level, City Hall, 47450 Woodward Avenue, Pontiac, Michigan 48342. The meeting was called to order at 1:39 p.m.

TRUSTEES PRESENT

Shirley Barnett

Koné Bowman

Charlie Harrison, Chairman

Leon Jukowski, Mayor

Devin Scott (*arrived at 1:50 p.m.*)

Patrice Waterman

Debra Woods

Andrea Wright (*arrived at 1:45 p.m.*)

OTHERS PRESENT

Cynthia Billings, Sullivan, Ward, Asher & Patton, P.C.

Chris Kuhn, Gray & Company

Ellen Zimmermann, Retirement Accountant

Jane Arndt, M-Administrative Assistant

Linda Watson, Retiree

TRUSTEES ABSENT

Kevin Williams (*excused*)

PUBLIC DISCUSSION

Linda Watson asked why a special meeting was held on May 12, 2010. Ms. Zimmermann indicated that the meeting was held to interview fixed income managers.

Ms. Watson also asked what the special meeting on June 2, 2010 was held. Chairman Harrison indicated that the meeting was held so he and Trustee Woods could ask for the Board's approval to attend the NASP Conference being held in Chicago, June 16, 2010 through June 18, 2010.

Ms. Watson questioned the expenditure to Plante Moran in the consent agenda. Ms. Zimmermann explained that Plante Moran provides the audit process for the System.

Ms. Watson questioned whether it is standard practice for trustees to meet with investment managers before a Board meeting referring to the February 2010 minutes where it stated that Chairman Harrison met with Paul Elio of Elio Motors prior to the meeting. Chairman Harrison explained that he received a phone call from the Mayor stating that he received a phone call from Paul Elio. He and the Mayor met with Mr. Elio to ascertain whether this investment made sense and should be brought before the Board.

Ms. Watson asked if this is normal procedure. Chairman Harrison said that it is not normal procedure.

Ms. Billings pointed out that there is nothing wrong with trustees talking with investment managers outside of a meeting.

Mayor Jukowski explained that he had just come into the office and did not know the procedure. Mr. Elio contacted him about showing his car investment to the Board. He was not familiar with the Retirement Board's process so he contacted Chairman Harrison.

Ms. Watson asked if she is an investment manager does she contact Chairman Harrison first.

Ms. Billings explained that investment managers routinely contact Ms. Zimmermann, Chairman Harrison or other trustees and are most often referred to Mr. Kuhn. If it is a viable investment it may be brought to the Board. She even receives calls that she refers to Mr. Kuhn.

Ms. Watson questioned why the managers do not come directly to the Board. Ms. Billings said that it would be a waste of the Board's time to interview investment managers every time one approaches a trustee, the Administrator or the consultant.

Ms. Watson questioned whether that is the policy. Chairman Harrison asked her if she is assuming something inappropriate. Ms. Watson said she is just trying to understand whether there is a policy or procedures in place.

Ms. Billings said set procedures or a policy would not work because each occurrence is different and you could not pigeon hole the process into a policy.

Ms. Watson asked if anything ever happened with the car company. Chairman Harrison told her that there was no interest in that investment.

He also explained that there are no set procedures for investment managers contacting the Retirement Board. Managers approach them all the time and are referred to the consultant to determine whether it is a worthwhile investment that should come before the Board.

Trustee Jukowski left at 1:50 p.m.

APPROVAL OF CONSENT AGENDA

- A. Minutes of Special Meeting: May 12, 2010
- B. Minutes of Regular Meeting: May 19, 2010
- C. Minutes of Special Meeting: June 2, 2010
- D. Communications
 - 1. Correspondence from Herndon Capital Management Re: Name Change (Atlanta Life)
 - 2. Correspondence from AMBS Re: June 2010 Newsletter
 - 3. Correspondence from Artio Global Re: April Newsletter
 - 4. Correspondence from Invesco Re: Private Capital Newsletter
 - 5. Correspondence from Oppenheimer Re: TCP Track Record

- 6. Correspondence from Systematic Re: New Partner
- 7. Conferences:
 - a. Program for Advanced Trustee Studies – NCPERS – July 26-28, 2010

D. Financial Reports

- 1. Financial Reports – May 2010
- 2. Commission Recapture – May 2010
- 3. Securities Lending – 2010
- 4. Capital Call Ratification:
 - a. Invesco \$78,415
 - b. Invesco 20,087
 - c. Invesco 40,645
- 5. Accounts Payable
 - a. ADP \$2,797.27
 - b. Berwyn Group 161.00
 - c. Coffee Break 24.15
 - d. GE Capital Information (copier) 116.42
 - e. GFOA 112.00
 - f. Gray & Co. 8,104.17
 - g. Oppenheimer Capital 27,909.23
 - h. Plante Moran 11,000.00
 - i. Rodwan Consulting 1,400.00
 - j. Stevens Record Management 59.90
 - k. USPS 1,771.93
 - l. VISA 7,865.51

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

- 1. Remove from the Rolls:
 - a. Bettie Clark (deceased 05-23-10) survivor benefit of \$215.80/mo to Joyce Hawkins
 - b. Hazel Halland (deceased 06-03-10)
 - c. Morris Lifshay (deceased 05-29-10) survivor benefit of \$243.65/mo to Barbara Lifshay
 - d. Howard Scruggs (deceased 03-26-10)
- 2. Applications for Service Retirement:
 - a. Marie T. Buck - NOMC 2 years, 6 months Age 60
- 3. Final Benefit Calculations:
 - a. Charles Tucker #2488 \$3,181.10
 - b. Claudia Negrete #2513 2,695.41
- 4. Pop-ups Effective
 - a. Forest Freeland beneficiary deceased 05-30-10 \$1,321.07

Trustee Jukowski returned at 1:52 p.m.

Chairman Harrison informed the Board that he and Trustee Woods attended the NASP Conference last week. They received eight hours of CPE credits for attending the sessions. The classes were the best of all the conferences he has attended and were geared specifically for trustees. He was honored when they asked him to sit on the organization’s planning committee. Trustee Bowman is the only other trustee who has attended this conference.

Trustee Barnett stated that she had a correction on page fourteen of the May 12, 2010 special meeting minutes. Her statement was that this is what happened to the Hospital when they were unable to withdraw monies they contributed to the Fund.

Ms. Zimmermann referred to correspondence received from Atlanta Life Investment Advisors' regarding their name change to Herndon Capital Management.

Chairman Harrison told the Board that he is scheduled to be a presenter at the Opal Public Funds Summit East Conference being held in Rhode Island on July 21, 2010. He indicated that Ms. Arndt informed him that he had not requested the Board's approval for his attendance. He added that the registration fee has been waived.

RESOLUTION 10-055 By Barnett, Supported by Waterman
Resolved, That the Board approve Chairman Harrison's attendance at the Opal Public Funds Summit East Conference being held July 21-23, 2010 in Newport Beach, Rhode Island.

Yeas: 8 – Nays: 0

Chairman Harrison expressed that he feels honored to be on the conference agenda. Ms. Billings stated that the Chairman is receiving these requests and honors because of the System's recent award.

Chairman Harrison said he had an item to add to the agenda; the officers election for the Board and asked where it should be added on the agenda.

Ms. Billings said that it should be taken up under New Business.

RESOLUTION 10-056 By Woods, Supported by Bowman
Resolved, That the Board approve the consent agenda for June 23, 2010 as amended.

Yeas: 8 – Nays: 0

CONSULTANTS

Re: Gray & Company – Total Fund Review

Mr. Kuhn said he has a few housekeeping items for the Board. He distributed an update of the Fund's market value. As of June 22, 2010 total plan value is \$384.4 million which is down 4% to 5% from last month versus the S&P which was down 8% for the same period. The market has pulled back which is no surprise based on the market's strong gains over the past 12 months. It is starting to move again.

He discussed needing the services of a transition manager to move the Allianz portfolio to Ambassador Capital. Gray & Company recommends Credit Suisse as the transition manager. They will transfer the securities Ambassador wants to keep, and will sell the others to buy securities that Ambassador wants.

Gray & Company is always looking and evaluating transition vendors. However, there is no benchmark to evaluate these services. They rely on their experience on how the vendor has performed for them in the past. Credit Suisse is also ranked as the top transition manager by Thomson Reuters and Greenwich Associates. Larry Gray recently performed an on site review of Credit Suisse and was very impressed. Fixed income is more difficult than equities to transition because equity values are dictated by the public market. It is beneficial for the Fund to have a highly qualified transition manager for this process.

Trustee Wright asked what other companies could have been used. Ms. Billings said that Citigroup handles transitions for a number of their clients. Ms. Zimmermann said that CAPIS and Cabrera are two other transition managers.

Mr. Kuhn said that Credit Suisse is the largest securities trader in the world. They will take a look at both portfolios and determine the best way to move the securities with the lowest associated risk.

Trustee Bowman asked who they are compared to and why they stood out more than others. Mr. Kuhn said they would be compared with Northern Trust and Bank of New York Mellon. Trustee Bowman questioned whether there was litigation still pending against Northern Trust. Ms. Billings said that she would provide an update in closed session.

Mr. Kuhn said these are some of the largest transition management firms. Transition managers use very complex algorithms as part of the process.

Trustee Bowman asked about their rates. Mr. Kuhn said that it is complicated. When the securities are transferred internally there are no transaction costs. There is only a charge for external crosses.

Trustee Bowman said he was not comfortable approving an expense without knowing the cost.

Mr. Kuhn stated that in the fixed income market they can provide an approximate cost but there is no way to determine actual costs regardless of the firm. It is a little trickier in fixed income. Larry Gray conducts onsite visits with a number of these firms.

Mr. Kuhn indicated that the Credit Suisse contracts were sent to Ms. Billings for approval. Ms. Billings confirmed receipt of the contracts but has not had an opportunity to review them.

RESOLUTION 10-057 By Woods, Supported by Barnett

Resolved, That the Board approve Credit Suisse to provide transition management transferring assets from the Oppenheimer fixed income portfolio to the Ambassador Capital fixed income portfolio.

Yeas: 6 – Nays: 1
Abs: Trustee Waterman

Mr. Kuhn stated that he will provide an overview of Gray & Company's observations on the projected growth of the capital markets with regard to the Plan's portfolio positioning. There are two pieces: 1) capital market expectations and 2) the current positioning of the portfolio in relation to the market expectations. He would like the trustees to share their opinions to insure there is a mutual understanding and everyone is happy with the portfolio's position.

He described a chart representing the GDP annual growth compiled by the International Monetary Fund (IMF.) The chart indicates that U.S. growth will be between 2% to 3% for the next few years.

Chairman Harrison asked if there is a connection between GDP growth and the census. Mr. Kuhn stated that the census does not affect GDP growth.

Mr. Kuhn stated that Europe is continuing to struggle and is dragging down Germany. The emerging markets will continue a strong growth rate. China has curtailed their growth by controlling their monetary policy. The emerging and developing markets include Brazil and India.

Chairman Harrison asked if the System's international equity manager has an emerging market allocation. Mr. Kuhn said that the manager has a 10% to 25% allocation to the emerging market. They allocate 8% in companies that do business in China which takes the risk out of investing in China or secondary shares.

Mr. Kuhn explained that the U.S. and European markets have suffered from unemployment, government debt levels and housing issues. Housing sales in the U.S. are slowly creeping up. The situation has not improved much in Europe.

The government mortgage programs will end shortly and there is increasing concern about what will happen without them. Most investors feel that inflation is another two years away.

Trustee Wright and Trustee Waterman left at 2:14 p.m.

Japan is still struggling from its downturn ten years ago. Their consumers are savers and not good buyers. The export side of Japan's economy is picking up due to the demand in China.

Chairman Harrison questioned whether Japan's economy suffers from relying on exports due to the lack of consumers spending. Mr. Kuhn said that Japan's population is older and they do not spend the same as younger consumers and they are not having children.

Trustee Waterman returned at 2:17 p.m.

Mr. Kuhn said that exporting countries like Canada, Australia and Brazil have done well due to the natural resources in their countries. Brazil, India and China are more industrialized and for the first time have access to regular consumer goods like disposable diapers, canned goods and pre-packaged foods. They also have a huge emerging middle class.

He reviewed the implied inflation rates based on the TIPS market. The current expectation is for a fight between deflation and inflation. Deflation occurs when prices decline; consumers will delay purchases waiting for cheaper prices. The higher inflation goes the higher the price, especially when there are double digit interest rates. Unemployment is keeping interest rates low and there is no wage inflation. Employees cannot ask for a raise because there are twenty people waiting for their job. This scenario is keeping wages down. Based on the current economic indicators we are in a moderate inflation environment.

He described the characteristics of the fixed income market comparing the yield curve at the end of 2008 and 2009; rates have risen during the past 12 months. He showed that credit spreads have narrowed and they no longer excessive returns from below investment grade securities. Inflation will decrease performance and you could see negative returns.

There are issues based on supply and demand factors. The Clinton Administration quit issuing thirty year notes due to budget surpluses. With budget deficits, the Treasury will be issuing more 30 year bonds and increase the duration of the fixed income benchmarks. Also, mortgage durations will extend as rates rise and refinancing becomes less popular. We are forecasting longer durations for the benchmarks, which is why we were looking at intermediate fixed income managers to replace Allianz.

Chairman Harrison asked about high yield returns for BB rated and lower rated bonds. He asked if high yield has run the gamut and is at the end of the road. Mr. Kuhn said that the easy money has been made. They are not expecting to see the 70% plus performance Peritus returned in 2009 but there are still good values. The high yield market going forward will be driven by security selection, not just the asset class. As an example, managers will profit if they are able to select securities that are upgraded from CCC to BB. It may be time to pull back a little from high yield exposure. High yield should still see 8% to 12% returns but the risk is greater. However, it could go negative if there is a downturn in the economy. He used the example of Dole Foods being a high yield issue being priced so far out of line in a market running toward treasuries.

Trustee Jukowski left at 2:30

Mr. Kuhn said that the equity market's valuation was close to its historical averages in 2009. Non- and negative earnings stocks threw off many of the valuation measures including price to earnings which normally is in the 14% to 18% range with ten year averages being a little higher. Dividend yields were low around 2%. The market will see some earnings growth and marginal expansion. Fundamentals will matter more going forward. This is a good time for active equity managers. Some believe the market will run a v-shaped recovery and growth will return to the 2006 to 2007 levels, others forecast slower growth in the future.

There are a lot of concerns in equities and fixed income going forward.

The recent returns have been historical for the NCREIF, posting their biggest negative numbers since 1978 due to low transaction levels, weak fundamentals and rising cap rates. This is the

worst period in real estate; the commercial market has the same issues as the residential market with owners being over-extended.

A lot of properties are reverting back to the banks which is a problem for the banks because they do not want to hold these assets on their balance sheets. Many are trying to work through the situation but the problem is that the buildings are selling for half of what they were valued at a few years ago.

Chairman Harrison questioned where the upside is in real estate. Mr. Kuhn said that buildings are being bought from banks for 30% off the discount price and for less than their replacement cost. This is an attractive asset class but is not without risk. You need to be careful where you invest. At this point you would look for a manager that is a debt specialist that could take the mortgage off the bank's hand at a discount or a loan-to-own strategy.

Chairman Harrison asked if Mr. Kuhn was looking to move assets to the real estate allocation. Mr. Kuhn said that this Board has not had the best experience in real estate. Gray & Company is suggesting that they review the asset class. Currently there is an unfulfilled 5% real estate allocation.

Chairman Harrison said that a number of the Board's members came in when times were bad in real estate and are soured to this allocation. He wanted to confirm that they will get in during the window of opportunity.

This is the time to invest with a value added or opportunistic manager. Traditional core real estate is at least a year away.

Trustee Jukowski returned at 2:39 p.m
Trustee Scott left at 2:39 p.m..

Chairman Harrison informed the Board that a number of trustees have to leave at 3:00 p.m. and the Board needs to address the action items before the quorum is lost.

Re: Appointment of Board Officers

Chairman Harrison indicated that the Board needs to appoint a Vice Chairman and Chairman.

Ms. Billings stated that the floor will be opened for nominations. If only one trustee is nominated a vote will not be needed.

Chairman Harrison opened the floor for Vice Chairman nominations for the City of Pontiac General Employees Retirement System.

Trustee Waterman nominated Trustee Woods for Vice Chairman. There being no other nominations, the nominations were closed.

RESOLUTION 10-058 By Waterman, Supported by Barnett

Resolved, That Trustee Woods is appointed Vice Chairman of the General Employees Retirement System Board of Trustees

Yeas: 6 – Nays: 0

Re: Appointment of Chairman

Trustee Barnett nominated Trustee Harrison for Chairman. There being no other nominations, the nominations were closed.

RESOLUTION 10-059 By Barnett, Supported by Bowman

Resolved, That Trustee Harrison is appointed Chairman of the General Employees Retirement System Board of Trustees

Yeas: 6 – Nays: 0

REPORTS

Re: Chairman - None

Re: Secretary - None

Re: Trustees/Committees - None

Re: Legal

Arena Resources

Ms. Billings reported that this litigation has been resolved and there are no longer any concerns since the poison pill has been removed with regard to the reduced purchase price as part of the merger. Ms. Billings asked that the Board ratify the Stipulation of Settlement Agreement.

RESOLUTION 10-060 By Waterman, Supported by Woods

Resolved, That the Board ratify the Stipulation of Settlement Agreement.

Yeas: 6 – Nays: 0

Sybase Inc. Shareholders Litigation

Ms. Billings reported that Sybase, Inc. had allegedly breached their fiduciary duties and secured an acquisition agreement with SAP America where shareholders would not receive a fair market value for their shares. There was confidential information that determined this would be a good sale for the shareholders. She recommended that the Board approve a motion to settle this action.

RESOLUTION 10-061 By Waterman, Supported by Woods

Resolved, That the Board ratify the Sybase, Inc. Shareholders Settlement Agreement.

Yeas: 6 – Nays: 0

RESOLUTION 10-062 By Bowman, Supported by Waterman
Resolved, That the Board moved to closed session to discuss pending litigation.

RollCall:

Trustee Barnett – yea	Mayor Jukowski - yea
Trustee Bowman – yea	Trustee Waterman - yea
Chairman Harrison – yea	Trustee Woods - yea

The Board moved to closed session at 2:52 p.m.
Trustee Scott arrived at 2:58 p.m.
The Board returned from closed session at 3:04 p.m.

RESOLUTION 10-063 By Woods, Supported by Bowman
Resolved, That the Board approved the closed session minutes from May 10, 2010 and May 19, 2010.

Yeas: 6 – Nays: 0

RESOLUTION 10-064 By Waterman, Supported by Bowman
Resolved, That the Board approve the Sullivan Ward retainer agreement with regard to Onyx Capital Advisors.

Yeas: 6 – Nays: 0

ADJOURNMENT

RESOLUTION 10-065 By Waterman , Supported by Bowman
Resolved, That the meeting be adjourned at 3:06 p.m.

Yeas: 6 – Nays: 0

Trustees Bowman and Waterman left at 3:06 p.m.

It was determined that the minutes would reflect the continued discussion after losing the quorum.

Airgas Securities Litigation

Ms. Billings reported that the litigation is continuing through discovery.

The Schweitzer – Mauduit International Securities Litigation

Ms. Billings reported that the Motion for Lead Plaintiff is pending. They will keep the Board apprised with respect to this matter.

Stryker Securities Litigation

Ms. Billings reported that the Court appointed an institutional investor with larger losses as lead plaintiff. The Court also moved this case to the U.S. District Court, Western Division of Michigan. Sullivan Ward is local counsel in the litigation.

IRS Determination Letter

Ms. Billings reported that she received correspondence from the IRS with regard to the Determination Letter. It is very common for the IRS to have additional questions during the process.

Proposed HEART Act Amendment

Ms. Billings referred to a copy of a memorandum included in the legal report. It states that if a member goes into the service and is killed the member is considered an active member in the pension system. This would not impact the pension system in any way. She proposed that an amendment should be adopted to incorporate this language before December 31, 2012.

The Detroit News FOIA Regarding Legal Opinion on IRC §420 Transfers

Ms. Billings referred to her response to a FOIA request from Jennifer Chambers of the Detroit News.

Ms. Billings discussed the following items for trustee information:

Michigan Public Act 28 of 1966

Investment Management Agreement with Ambassador Capital

Demand Letter from Attorney M. Drew Siegel & Associates on Behalf of United Investment Managers, Inc.

Amended Letters of Conservatorship on Behalf of Rosemary Corr

Royal Oak City Commission MERS Resolution

FBAR Reporting

Miscellaneous Articles

- BLB&G – The Advocate, Spring 2010
- IFEBP – Benefits & Compensation Digest, June 2010 – Update on Trustee Expenses
- IFEBP – Benefits & Compensation Digest, May 2010 – Trends in Fiduciary Liability Coverage
- Pittsburgh Tribune-Review, June 1, 2010 – Public pension funds could be in for big shock
- The NAPPA Report, May 2010

Re: Gray & Company – Total Fund Review (Continued)

Trustee Barnett asked Mr. Kuhn about his thoughts on timber. Mr. Kuhn said that timber is an interesting asset class which had positive performance in 2008 but was down a little bit in 2009. It would be a good time to enter this asset class based on its global possibilities. The investment is primarily based on the growth rate of the trees which represents 70% of the returns. Trees in South American countries like Brazil and Uruguay grow faster than anywhere else in the world.

Trustee Barnett and Chairman Harrison agreed that they have wanted to look into that asset class for the past couple of years. Mr. Kuhn offered to put together an educational piece on timber for the Board.

Trustee Scott asked about investing in alternative energy. Mr. Kuhn said that would be more of a private equity investment. He could put together information on the private equity space for the new trustees and provide a list of targeted alternative energy funds. A clean technology fund manager was in his office yesterday. Alternative energy is also an area that receives government subsidies. He added that Walmart's largest expense is their energy costs.

Ms. Zimmermann stated that Walmart has recommended that all their suppliers reduce their packaging size which reduces transportation and trash disposal costs.

Mr. Kuhn stated that Walmart is not doing this for the good of the environment; their purpose is to reduce their bottom line.

Mr. Kuhn explained alternative energy as an investment. Currently, wind and solar are the fastest growing segments but only represent 2% of the country's energy source. You are looking thirty to fifty years down the road for alternative energy to be the main source of energy.

Nuclear power is a more viable source that has been used in Korea and France for a number of years. However, it takes ten or more years to bring a nuclear power plant online due to the regulations and government red tape.

The Board could look into an investment category like LED lighting which is an energy efficient alternative.

Ms. Zimmermann stated that socially responsible investments promote fair treatment of employees and environmentally sustainable solutions. It is a hot topic in pension management.

Chairman Harrison recommended that the consultant bring back an educational piece on real estate and timber investing.

Mr. Kuhn reviewed the policy allocations and expectations. The Fund's return contribution target is approximately 8%.

Chairman Harrison asked what the actuarial assumption is. Ms. Zimmermann stated that it is 7.5%.

Mr. Kuhn stated that Gray & Company recommends that the Board review the international allocation by increasing exposure through the existing manager, not a dedicated emerging market fund.

Chairman Harrison asked if the manager's returns should be better in 2010. Mr. Kuhn said that it has been a difficult market in 2010 based on what is happening in Europe.

They further recommend that the System continue to fund private equity which is a long-term asset class adding a private equity manager every other year. This should be done through the fund of funds approach which works best using the Invesco example.

Ms. Zimmermann reported that the Retirement Office has not received the 2009 fourth quarter financial statements from Nexos Capital Partners. There have been problems contacting this manager but she recently spoke with Joe Valdapalas one of the principals at Nexos. He stated that there were complications completing the process; they did a major acquisition after year end that the auditors wanted to include as a subsequent event. She agreed that issues can arise with audits but it is now June.

She recommended that Gray & Company include as part of their search process the mandate that principals are required to report timely to the client. She understands that things happen with small firms but feels that Gray & Company needs to perform on-site due diligence of Nexos.

Mr. Kuhn agreed that they will go to Nexos and perform due diligence.

Ms. Zimmermann stated that Gray & Company should continually implement due diligence on private equity managers.

Chairman Harrison recalled that Larry Gray had stated he felt comfortable with Nexos.

Ms. Zimmermann told the Board that Nexos did not show up for the manager review meeting and their statements are not up to par.

Mr. Kuhn said that Gray & Company is in New York at least once per month, so they will schedule time for the process.

Trustee Barnett asked the amount of the commitment. Mr. Kuhn said it is \$2.5 million.

Re: Administrator

July Meeting Agenda

Ms. Zimmermann questioned whether Bernstein Litowitz will be attending the July meeting. Ms. Billings said that they would like to meet with the Board, however, there is the chance they will have to be taken off the agenda because one of the attorney's wife is expecting around that time.

GTS (Global Transition Solutions) Presentation

General Employees Retirement
Regular Meeting,
June 23, 2010

Ms. Zimmermann said that the audit presentation is scheduled for the July meeting. David Bergman from GTS has contacted her about being put on the agenda.

Ms. Billings questioned whether GTS would be able to address Trustee Bowman's concerns regarding selecting a transition manager. Mr. Kuhn said that would not address fixed income. GTS claims they add value by selecting the best transition managers within an asset class. There is no way to determine if they are more expensive.

Ms. Zimmermann said that was not her understanding of what GTS does. They explained that they monitor the execution of the brokers.

Mr. Kuhn said that they do provide that service for free but you have to sign up for their other service. They will monitor the real-time trades for a manager like Loomis Sayles and prepare a cost analysis and determine performance. They provide this service for one cent per share which is how they make their money.

Ms. Billings stated that they presented to the Board a couple of years ago.

Mr. Kuhn said he will provide a write-up on GTS.

Budget Hearing

Ms. Zimmermann stated that she attended the budget hearings and she stated that the City cannot take \$6.8 million from the Retirement System based on legal counsel's determination.

Northern Trust – Securities Lending Reports

Ms. Zimmermann reported that the securities lending reports are not getting to the office in time for the meetings. They will be presented with a one month lag going forward.

MAPERS Staff Report

Ms. Zimmermann indicated that the report from staff with regard to their attendance at the MAPERS Conference were completed and will be in the next agenda.

Re: Union Representatives – None

UNFINISHED BUSINESS

Re: Disaster Recovery Plan

Chairman Harrison asked the status of the disaster recovery plan. Ms. Zimmermann indicated that she has started a disaster recovery plan document and has identified a potential consultant to work. The Police & Fire Retirement System Board has asked that she obtain additional bids.

Re: Recommended Budget Fiscal Year 2010 – 2011

Ms. Zimmermann reported that she is waiting to see the final budget figures.

NEW BUSINESS

Re: GRS Program Change Agreement

Ms. Zimmermann reported that the Payroll Division added a pay code which needs to be incorporated into the GRS software. They are charging an additional \$500.00 to incorporate the pay code.

Re: Death Audit Results

Ms. Zimmermann reported that the death audit process is run twice per year. The information reflected in the results has either been communicated to the Retirement Office or has been followed up on.

Re: Onyx Capital Market Value Adjustment

Ms. Zimmermann informed the Board that the market value of the Onyx investment was written down to \$1.00 by the auditor and will be recorded as an unrealized loss in the 2009 audit. If any of the investment is recouped, the realized gains will be recorded in the year received. There is little confidence that any value still exists.

The meeting adjourned at 3:38 p.m.

SCHEDULING OF NEXT MEETING

Regular Meeting: July 28, 2010 @ 1:30 p.m. –Lion’s Den, City Hall

I certify that the foregoing are the true and correct minutes of the meeting of the General Employees Retirement System held on June 23, 2010

As recorded by Jane Arndt