

**CITY OF PONTIAC, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM**

April 27, 2007

A regular meeting of the Board of Trustees was held on Thursday, March 29, 2007 at the Lower Level Conference Room, Affinity Group Credit Union, 144 E. Pike Street, Pontiac, MI 48342. The meeting was called to order at 9:04 a.m.

TRUSTEES PRESENT

Raymond Cochran, Secretary
Brian Lee
Thomas Miller

TRUSTEES ABSENT

Craig Storum, Chairman (*absent*)
Mayor, Clarence Phillips (*absent*)

OTHERS PRESENT

Anthony Asher, Sullivan, Ward, Asher & Patton, P.C.
Laurence Gray, Gray & Company
Victor Roth, M.D., MWorks
Ellen Zimmermann, Retirement Systems Administrator
Jane Arndt, M-Administrative Assistant

CONSENT AGENDA

- A. Minutes of Regular Meeting: March 29, 2007
- B. Financial Reports:
 - 1. Financial Reports – March 2007
 - 2. Commission Recapture Report – January & February 2007
 - 3. Accounts Payable – April 2007
- C. Remove from the Rolls:
 - 1. Leroy Tibbitts (deceased 04-12-07)
 - 2. Stanley Weaver (deceased 03-26-07)::widow benefit of \$1,701.74/mo to Leza Weaver
- D. Disability Application:
 - 1. Quinton L. Guyton
- E. Application for Refund of Accumulated Contributions:
 - 1. David Todd – PPOA \$2,952.67
- F. Final Pension Calculation
 - 1. Pashko Ivezaj #2362 \$4,902.30

RESOLUTION 07-022 By Lee, Supported by Cochran
Resolved, that the consent agenda be approved as presented.

Yeas: 3 – Nays; 0

CONSULTANTS

Re: Medical Director

Trustee Lee stated that the Board is concerned about Dr. Roth's limited appointment hours for disability retiree exams/re-exams. He said that the Board was not aware that the only openings on Dr. Roth's schedule were Wednesday afternoons at 3:00 p.m. and 4:00 p.m.

Dr. Roth said that he is now working fulltime at General Motors Powertrain in Toledo which limits his office hours at MWorks. He explained that appointments were confined to Thursday afternoons two years ago. His current arranged hours at the University of Michigan are on Wednesday afternoons. He said that his schedule offers some flexibility and he could make arrangements to accommodate a patient. Trustee Lee asked if he is available for weekend appointments. Dr. Roth replied that the staff is not available on weekends per University of Michigan policy.

Trustee Lee asked if there are other physicians in the network that would be available during the weekdays. Dr. Roth said that he was able to arrange his schedule to attend today's meeting and that he could certainly make arrangements for a patient given advance notice.

Trustee Lee asked if the Board was satisfied with Dr. Roth's availability and if they had any other questions.

Dr. Roth left at 9:09 a.m.

Re: Sullivan, Ward, Asher & Patton, PC – Legal Report

Litigation Report – Exhibit A

Mr. Asher stated that there has been no change in the status of litigation items one through six in the legal report dated April 27, 2007 and are available for the Board's review.

Ordinance Cleanup – Exhibit B

Mr. Asher asked that the Board approve the amendments to the ordinance and the forwarding of the ordinance to City Council.

Trustee Lee asked about section 4 on page 4 of the ordinance regarding the remarriage penalty. He asked under what condition would the benefit terminate. Ms. Zimmermann explained that because Fire has not adopted the language regarding spouse remarriage yet, the Fire contract supersedes that section of the ordinance.

RESOLUTION 07-023 By Cochran, Supported by Lee

Resolved, That the Board of Trustees approve the ordinance as amended and forward to City Council for adoption.

Yeas: 3 – Nays: 0

IFEBP Article Regarding Fiduciary Responsibility - Exhibit C

Mr. Asher referred to a recent article from the IFEBP which speaks to fiduciary responsibility and conduct under ERISA. He stated that Public Act 314 mirrors the rules of ERISA. He said that vendors are trying to eliminate fiduciary language from their contracts. There was discussion regarding the creation of a trust, the role of the settler versus the role of the trustee or fiduciary. Mr. Asher reviewed the obligations of a fiduciary.

Fiduciary Liability Insurance – Exhibit D

A copy of the renewed fiduciary liability insurance policy is attached for the trustee's information.

Retirement System As An Independent Employer – Exhibit E

Ms. Billings is currently investigating the City of Detroit General Retirement System litigation as to whether the City of Pontiac Police and Fire Retirement System can become an independent employer.

CAPROC Settlement Press Release

Mr. Asher distributed a copy of the press release to the trustees. He told the trustees that the General Employees Retirement System has approved the statement. After review, there was discussion regarding the wording of the statement and if it should be amended. Trustee Miller felt the statement was a puff piece for CAPROC and portrayed the Police and Fire Retirement System as the bad guy.

Trustee Cochran questioned whether the system is satisfied with the agreement. Was the issue resolved or did the system simply dispose of the issue. He is also concerned whether this will be the final resolution. Mr. Asher stated that the trustees made a business decision that was in the best interest of the Retirement System.

RESOLUTION 07-024 By Lee, Supported by Cochran

Resolved, That the Board of Trustees approve the CAPROC Settlement Press Release.

Yeas: 3 – Nays: 0

Re: Gray & Company - Oppenheimer Capital

Mr. Gray reported that he met with the Gerald Thunelius and Deirdre Guice of the Oppenheimer Fixed Income Team along with the CEO a couple of weeks ago. He said that since Bill McDaniel retired they are building a new team which is growing and developing.

The new manager follows the same methodology as Bill McDaniel. This change in managers is similar to when Joe Gatz came on board at Loomis Sayles: he changed things just a bit and his changes have resulted in a sound investment formula.

Gerald Thunelius is very talented and was with the Dreyfus Corporation before joining Oppenheimer. Mr. Thunelius uses more of a quantitative approach. He does not see value in following the benchmark or buying positions to mirror the index.

He reviewed the other members of the fixed income team. Matthew Greenwald has worked on the team for seventeen years. Martin Fetherston recently joined the team in March.

Per the investment policy, Mr. Gray recommended that Oppenheimer be put on watch and that the Board should review their performance for the next two quarters.

RESOLUTION 07-025 By Lee, Supported by Cochran

Resolved, That the Board of Trustees approve putting fixed income manager Oppenheimer Capital on watch.

Yeas: 3 – Nays: 0

Mr. Gray said that at the last meeting Chairman Storum had questions on the asset allocation. Given his absence Mr. Gray would like to wait until the next meeting to review the portfolio. He does not want the Board to avoid investing in real estate because of their experience with CAPROC. There are many streamlined real estate products available.

REPORTS

Re: Chairman - None

Re: Secretary – None

Re: Trustees

Trustee Lee requested that he be approved to attend the Institutional Investor Forum being held in New York on October 11-12, 2007.

RESOLUTION 07-026 By Cochran, Supported by Miller

Resolved, That the Board approve Trustee Lee to attend the Institution Investor Forum.

Yeas: 3 – Nays: 0

1. Real Estate Committee – None

2. Personnel Committee

Re: Staff

Plante & Moran – Audit

Ms. Zimmermann informed the Board that the auditors are in this week and that they will be finishing their work in the office today.

Roy Johnson – Disability Re-examination Appointment

Ms. Zimmermann told the Board that the office was able to work out a re-examination appointment time for Roy Johnson.

Refunds/Re-deposits Memorandum

Ms. Zimmermann reviewed a memorandum drafted by Deborah Munson regarding the refunds and re-deposits of contributions by members who were laid off or separated from service. This memorandum was prepared because there is the potential within the next few months that a number of former PFRS members will be returned to work and will require this information.

Trustee Lee asked if this information would also pertain to those members who were wrongfully let go or suspended. Ms. Zimmermann suggested that legal counsel draft an opinion as to whether the same rules apply for those returned to service through arbitration. Trustee Miller remarked that he thought the laid off members returned in December.

Ms. Zimmermann explained that when a person is returned to work the written agreement normally addresses the employee's pay rate and seniority. There are often no details addressing retirement issues.

Re: Legal (See Consultant Report)

Re: Union Representatives

NEW BUSINESS

Re: Police Employee Trustee Election

Ms. Zimmermann reported that one petition has been submitted to date. Petitions will be accepted up to May 15, 2007. If no other petitions are received the current trustee Brian Lee will be reinstated. Trustee Lee said he has not heard of any other potential candidates.

UNFINISHED BUSINESS

Re: Ordinance Clean-up (See Consultant Report)

Re: Minor Children Issue – Table to next meeting

Ms. Billings and Ms. Zimmermann met to review the minor children issue. Ms. Billings will bring information forward at next meeting.

Re: Actuarial Search - Table to next meeting

SCHEDULING OF NEXT MEETING –Meeting on May 31, 2007 at 9:00 a.m., in the Shrine Room, Main Floor, City Hall, 47450 Woodward Avenue, Pontiac, Michigan 48342.

ADJOURNMENT

RESOLUTION 07-027 By Lee, Supported by Cochran
Resolved, That the meeting be adjourned at 9:45 a.m.

Yeas: 3 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on April 27, 2007.

Raymond Cochran, Secretary
As recorded by Jane Arndt