CITY OF PONTIAC, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM
OCTOBER 28, 2010

A regular meeting of the Board of Trustees was held on Thursday, October 28, 2010 at the City Council Conference Room, Second Level, City Hall, Pontiac, Michigan. The meeting was called to order at 9:10 a.m.

Trustees Present
Mayor, Leon Jukowski
Brian Lee, Chairman
John Naglick, Secretary

Trustees Absent
Matthew Nye *(excused)*
Craig Storum *(excused)*

Others Present
Cynthia Billings, Sullivan, Ward, Asher & Patton
Chris Kuhn, Gray & Company
Larry Gray, Gray & Company
Sandra Rodwan, Rodwan Consulting
Denise Jones, Rodwan Consulting
Ellen Zimmermann, Retirement Administrator
Jane Arndt, M-Administrative Assistant
Joel Felt, Retiree

AGENDA CHANGES

CONSENT AGENDA

A. Minutes of Regular Meeting: September 23, 2010
B. Communications:
   1. Correspondence from NCPERS Re: The Monitor
   3. Correspondence from Gordon Gregory Re: Concerns
   4. Correspondence from SWAP Re: Joju Rimal Default
C. Financial Reports:
   1. Financial Reports – September 2010
   2. Securities Lending – August 2010
   3. Accounts Payable – October 2010
D. Remove from the Rolls:
   1. William Merenuk (deceased 10-01-10): $1,178.10/mo. to beneficiary Velva Merenuk
   2. Phyllis Hayes (deceased 09-25-10)
E. Application for Service Retirement
   1. Todd Courtney – PPSA 23 years, 10 months Age 48 (reciprocal)

Vice Chair Lee questioned a comment made by Ms. Billings on page three of the minutes referring to the union eliminating the Police trustee position on the Board. Ms. Billings said that any change in the Board composition would have to be negotiated. The minutes will be changed to reflect the following: Ms. Billings said that the union could retain the Board position.

RESOLUTION 10-061 By Jukowski, Supported by Naglick
Resolved, That the consent agenda be approved as amended.

Yeas: 3 - Nays: 0

CONSULTANTS

Re: Rodwan Consulting – 2009 Actuarial Valuation Presentation
Denise Jones stated that the purpose of the valuation is to determine the City's recommended contribution rate for the upcoming fiscal year and determine the financial position of the Fund. This year there was a slight decrease in the funded ratio at 106.6% versus 111.3% in 2008. Investment gains were phased in but the large loss is still being included.

She provided a summary of the overall Retirement System experience. The recognized rate of investment income on the smoothed funding value of assets was 3.37% versus the assumed 7.5% rate of return.

There were no changes in assumptions or actuarial cost methods used for this valuation.

There was a benefit provision change in the benefit formula for Fire was changed to 3% of FAS times the first twenty years of service plus 2.5% of FAS times years of service for the next five years and 1% of FAS for the next five years resulting in a maximum increase of 77.5% of FAS.

She reviewed the active participant information. There was a significant drop in the number of active Fire members in 2009 from 102 to 68. Police Rank and File saw a slight increase in members and payroll from 2008.

The actuarial accrued liabilities in some divisions like Police Rank & File at 0% included a temporary funding credit of 41.93% which exceeded the funding value of assets. In other divisions credits did not offset funding. The total employer contribution for Police Command was computed at 56.54% or $705,000.00. The Non-Union Management contribution was calculated at 126% of payroll or $134,000.00 because it is a one person group. The total employer contribution rate for Fire was computed to be 18.01% or $688,187.00 which included a temporary funding credit of 9.71%. The unfunded actuarial accrued liability was amortized over twenty years and added to the employer normal cost.

The computed contribution for the year beginning July 1, 2011 total $1.5 million versus $1.3 million in 2008. She distributed a modified page four that included the contribution rates from 2008 that Ms. Zimmermann requested.

The unfunded actuarial accrued liability as of December 31, 2009 was -$15.9 million versus -$27.0 million as of December 31, 2008. This explains why the recommended City contributions have increased from 13.37% as a percentage of payroll to 20.62%.

The history of assets and accrued liabilities show that the Fund has been over 100% funded for many years. When the credit is used up the contributions will increase to the normal cost.

She pointed out at the GERS meeting that currently there are no contributions required. However, it is important that you do not get too focused on the credit which is temporary. The ultimate goal is to be 100% funded with consistent contributions and to understand that anything less than the normal cost contributions is temporary.

She explained the process used to determine the aggregate gain/loss. The financial information comes from the Retirement Staff. They start with the unfunded actuarial accrued liability at the beginning of the year. The expected unfunded actuarial accrued liability includes the normal cost, the interest accrual and the contributions. Any benefit provision changes are also added. They take the amount of the expected UAAL and compare it to the actual UAAL with the difference being the gain/(loss) absent a thorough gain/loss study. Investment gains and returns are more than assumed. Police Rank & File reported a 2.2% gain; Police Command reported a loss of 11.0%; as did Non-Union Management at -16.4% and Fire at -4.1%.

She reviewed the actuarial accrued liability by division which included retirees and beneficiaries; vested terminated members and active members. The funding percentage for Police Rank & File was 129.4%; Police Command at 93.7%; Non-Union Management at 87.5% and Fire at 104.7%.

The actuarial accrued liability exceeded the allocated valuation assets in the Police Rank & File and Fire divisions. The excess was amortized over a twenty year period consistent with past practice and applied as a temporary funding credit to offset the City's Normal Cost contribution. It is important to note that if at anytime there is no longer an excess of accrued assets over accrued liabilities the City's contribution would be the Normal Cost at minimum.

She reviewed a table showing the actuarial accrued liability for retirees and what is currently in the retiree reserves. You always want to show a match in assets. At the end of every year they suggest that the positive difference be transferred from the employer reserve to the retiree reserves. The following amounts would be transferred from the employer reserves to the retiree Reserves by division: $27,406,646.00 for Fire; $1,389,308.00 for Non-Union Chiefs and $10,986,966.00 for Police Command. No transfer would be required for Police Rank & File.

Trustee Naglick asked if each division has separate assets. Ms. Jones said that there is only one retiree reserve account.

The benefit provision summary indicated one change in benefit provisions for Fire.

The asset summary as of December 31, 2009 showed that the market value of assets was reported to be $227.1 million versus the smoothed market value computed to be $259.2 million. The market value was favorable versus the recognized negative gains/losses. She explained the phased-in recognition and how the fifth year drops off either favorable gains or losses.

She indicated that the historical schedule of pensions being paid is a comparative schedule. In 1985 there were 196 retirees with annual pensions totaling $3.3 million versus 2009 with 407 retirees with annual pensions of $13.5 million. This is an example of why the Board does what it does. The current contribution to fund pensions is $1.5 million versus the actual cost of $13.5 million. The plan is working well.

The schedule of retired members and survivors by age indicated that there are seven retirees over the age of ninety.

The proceeding pages in the report detail the active members per division by age and years of service.

The three year summary by division of active members speaks to how the active group has changed. In 2009, average age was 39.2 years versus 2008 at 40.8 years and average service years was 13.2 versus 15.2.

Section Six of the report includes the accounting disclosures in the GASB required format.

RESOLUTION 10-062 By Naglick, Supported by Jukowski
Whereas, The responsibility for the direction and operation of the City of Pontiac Police and Fire Retirement System and for making effective the provisions thereof are vested in the Board of Trustees; and

Whereas, The pension provisions provide that an actuarial valuation shall be made at the close of each fiscal year for the purpose of establishing the financial condition of the Retirement System and as a check on its current operating experience, and that the Secretary shall prepare each year the annual report of the Board to be submitted to the City Council showing among other things, a statement of assets, liabilities and reserves certified by the actuary; and

Whereas, The pension provisions further provide that an annual determination shall be made of the actuarial reserve requirements or the several annuities and benefits prescribed, to be financed in addition to interest and other income accruing to the Retirement System by contributions by the members and by the City; and

Whereas, The actuary has computed the pension reserves and contributions necessary for the July 1, 2011 through June 30, 2012 fiscal year and has presented the Report of the Annual Actuarial Valuation of the City of Pontiac Police and Fire Retirement System as of December 31, 2009 to the Retirement Board;

Now, Therefore, Be it Resolved, That the Report of the Annual Actuarial Valuation of the City of Pontiac Police and Fire Retirement System as of December 31, 2009 be accepted by the Retirement Commission and be placed on file; and

Be It Further Resolved, That the City contribution requirements of covered member payroll for the period contained on page 4 thereof, and the City dollar contribution and payment schedule requirement contained on page 4 thereof is hereby certified to the City Council as the amount necessary for the July 1, 2011 through June 30, 2012 fiscal year appropriation by the City Council to finance the pension reserves of the City of Pontiac Police and Fire Retirement System; and

Be It Further Resolved, That the annual transfers recommended on pages 9 thereof be authorized; and

Be It Further Resolved, That a copy of this resolution be provided to the actuary and copies of this resolution and the report of the Forty-Fourth Annual Actuarial Valuation of the City of Pontiac Police and Fire Retirement System be provided to the City Council.

Yeas: 3 – Nays: 0

Re: Gray & Company – Real Estate Fund of Funds - Metropolitan

Mr. Kuhn stated that at the last meeting the Board reviewed four real estate managers. Currently, the Board has three real estate managers in the portfolio; American Realty which is a core real estate manager and Metropolitan and Mesirow which are closed end managers that manage more aggressive funds.

Gray & Company brought four managers to the Board with three new managers and one carryover manager. The Board decided to invite the current manager in to review their strategy from three years ago, so Jet Taylor from Metropolitan was invited to the meeting.

Mr. Taylor greeted the Board indicating that he is a partner at Metropolitan

The commercial real estate market is at a very interesting point in the bottom of the cycle. It is a good time to put money into the opportunistic space. He thanked the Board for their investment commitment.

He provided a brief overview of Metropolitan. They are a small independent management-owned firm with thirty-four employees. They have offices in New York and San Francisco.

They currently have $2 billion in assets under management with 150 institutional investors including public funds. Their sole focus in private equity real estate. They put their own money into these funds each year. They are a leader in this asset space. They recently added several more public funds.

Each year they bring out vintage years programs which show the depth of their firm, their intense research, and their broad industry relationships.

Their three founders all have different backgrounds which is helpful in multiple markets. President, David M. Sherman has a financial background; Managing Director, T. Robert Burke has an international real estate background and Managing Director, David G. Nasaw has experience as a developer.

Their funds invest in smaller to mid-size niche managers. They are not looking for market deals. They are looking for local real estate managers that know the local business. Their current domestic offering is MREP VII.

Mr. Kuhn asked what type of managers they are looking to put in the fund. Mr. Taylor said that there are currently looking to put fifteen funds with some in distressed debt into the portfolio. They have approved six funds and have another twenty under close review

They have a clear and consistent philosophy. Their focus is value-added and opportunistic strategies that generate significant growth. They invest at or below long-term replacement cost. The value-added strategy looks to renovate, redevelop, reposition and lease up properties. Their distressed strategy works to fix broken capital structures and redevelop properties.

The investment process and portfolio construction utilizes both a top down and bottom up analysis. They create the framework by using the bottom up analysis to review around two hundred funds. Out of those only sixty will make the cut. From there they will determine which managers can make the deals, increase leasing and add value at the property level with modest debt levels. Not more than 20% is allocated to a single investment.

In this environment it is important to find fund managers that have the skill set at the property level. He used an example of Thayer Capital whose founder is the former President of Marriott Hotels, so they have expertise in this area. They bought an older business class hotel in Maryland which was well below replacement cost. They made wide-scale renovations to the hotel including the rooms and lobby adding value and increasing business.

Trustee Naglick asked why they look for moderate levels of leverage in deals. Mr. Taylor explained that they had currently co-owned the Hancock Building with Beacon and they sold the building to Broadway Partners. They leveraged the building 80% and then the economy went into a downturn and their leasing dropped. They sold the building to another manager that bought the distressed debt.

Trustee Naglick confirmed that there is an added margin of safety when a building is not heavily leveraged.

Mr. Taylor said that Fund VI currently has some unrealized losses. There have been no manager realized losses because the leverage is low. Without a lot of losses the investment should recover.

Trustee Naglick asked if they ever put more money into an investment to insure its recovery. Mr. Taylor said that they prefer to look for ways to add value in their process. Their senior people sometimes assist managers in areas like the capital markets where they have more expertise rather than investing more capital.

Their investment committee vets hundreds of managers globally each year. Some of the members of the committee sit on as many as thirty Boards. Their top down process looks to add value by hiring top quartile managers that closely monitor market valuations. They look to maximize returns or minimize losses by monitoring investment progress, tracking loan performance, understanding manager-related issues and reviewing market trends by property type.

They are currently looking at opportunistic managers that invest in distressed debt, secondaries and equity recovery.

He provided an example of an equity manager who bought a condominium project in a foreclosure sale in Washington, D.C. during the fourth quarter of 2009. The condos were converted to multi-family rentals which reduced operating expenses. The purchase price represents a 25% discount to the estimated replacement costs and a 35% discount. The asset is currently 92% leased, up from 50%, and anticipates stabilization by the end of 2010 with a stabilized cap rate of 7.3%. The asset would trade at a cap rate of 5% to 6% today. If the manager wants to sell when the markets comeback it would be a significant gain.

He also noted another example of two debt restructuring managers who purchased a pool of forty highly distressed mortgages on shopping centers in the Southeast. They purchased the property at $33 per square foot versus $82.50 per square foot on the unpaid balance. The leveraged expected return is a 22% IRR, 1.7x the equity multiple and four to five years for the final exit.

The last example was a specialist manager who acquired debt at a significant discount during the second quarter of 2009. They managed a very attractive discount on the loan purchase. They recently negotiated a lease with Western Digital. They will own this asset at less than half of the replacement cost and will double their money with an IRR of 20%.

Ms. Rodwan left at 9:47 a.m.

Trustee Naglick asked if Metropolitan is the only investor. Mr. Taylor said that there are other investors in these funds.

Mr. Kuhn asked if there is overlap in the portfolio versus MRE Fund VI. Mr. Taylor said that there is very little overlap. On occasion there is some overlap.

Mr. Taylor left at 10:10 a.m.
Meeting Break at 10:10 a.m.
Meeting Resumed at 10:27 a.m.

Mr. Kuhn asked if there are any questions regarding Metropolitan.

Trustee Lee said that he was impressed with the presentation and has confidence in Metropolitan.

Mr. Kuhn informed the Board that they are close to winding down this strategy.

Trustee Lee asked if the Board should wait to vote on the investment when the other trustees are present.

There was discussion that Chairman Storum expressed his confidence in Metropolitan at the last meeting. The Board felt confident in moving ahead with this investment decision.

RESOLUTION 10-062 By Jukowski, Supported by Naglick
Resolved, That the Board approved to retain Metropolitan as the U.S. Real Estate Fund of Funds Manager allocating $4 million in assets pending legal review.

Yeas: 3 – Nays: 0

Mr. Kuhn distributed a flash report of the Fund's market values as of October 26, 2010. The Total Fund Value was $233.4 million.

Mr. Kuhn recommended that because there is still an issue with the RMK investment the Board should start a new search for their timber investment. He told the Board that FIA has closed their fund and that TIR has more of a global approach.

The new search will begin in 2011.

PUBLIC DISCUSSION

Joel Felt addressed the Board. He said that he was put on disability in 1985 when he blew out his knee. At that time you could not go back to duty if you were not 100%. The Medical Director approved him to return to work where they put him at the front desk.

He retired in 1992 after litigation. At age 55 it is mandatory that the member converts from disability to a regular retirement. He had an opportunity to sit down with LaJuan Craft to go over his numbers. He acknowledged that Ms. Craft is very knowledgeable and was a pleasure to work with. While reviewing the payroll information he was made aware that the 5% dispatcher bonus was not included in his Final Average Calculation (FAC).

Ms. Zimmermann questioned whether Mr. Felt was ever paid the bonus when he was an active employee. She explained that the FAC is based on what the member is paid in order to be included. Mr. Felt did not believe he received the bonus back to 1985.

Ms. Zimmermann was not sure how something Mr. Felt was never paid could be included in the FAC. Members' pension benefits are based on wages received. She cannot include phantom wages without some sort of an agreement.

Mr. Felt said that he would like to avoid litigation.

Ms. Zimmermann said that the Board needs to authorize any recalculation including phantom wages.

Trustee Jukowski said that the Board has to review the issue and that the System is tied to what is paid bout by the City. Mr. Felt may have to deal with the City first.

Trustee Lee asked Mr. Felt how long he received the bonus. Mr. Felt said he is not sure if it was ever paid.

Ms. Zimmermann said that she will research the original FAC calculation to determine if the bonus was paid and move on from there. Mr. Felt provided Ms. Zimmermann with a copy of the contract he went out on. She did inform the Board that the old paper reports do not have the same detail that the Retirement Office has now with Banner.

Mr. Felt said that he went out in 1985 and the contract was ratified in 1987. At that time the standard for a police officer was that you had to be 100%. His pension was canceled so he sued to get his pension and to be put back on a disability pension. He will check the Court ruling to see what benefit was determined.

Mr. Felt left at 10:45 a.m.

Trustee Lee said that he originally misunderstood the dispatcher bonus issue.

Ms. Zimmermann said that if he was paid the bonus it would have been included in the FAC.

REPORTS

Re: Chairman – None

Re: Secretary - None

Re: Trustees
Trustee Lee said that he is putting together a letter to the Police retirees as the Police representative on the Board. There are a lot of fears that the System will collapse without contributions. He would like to bring the letter in for the Retirement Office to distribute to the members.

Re: Administrator

Trustee Reimbursement Policy
Ms. Zimmermann indicated that Chairman Storum has an issue with his travel reimbursement from the NCPERS Conference. He submitted receipts for cab fare and baggage charges he was not reimbursed for. Normally, cab fare is only reimbursed to and from the airport. In the General Employees Retirement System trustees are only reimbursed for one bag.

Ms. Billings asked if there are any restrictions indicated in the policy. Ms. Zimmermann said that the policy states that reasonable charges will be reimbursed. Ms. Billings said that she does not see any legal issues with reimbursing Chairman Storum.

Trustee Naglick confirmed that there is a written travel policy.

RESOLUTION 10-063 By Jukowski, Supported by Naglick
Resolved, That the Board approved to reimburse Chairman Storum for his expenses to attend the 2010 NCPERS Annual Conference that were reviewed and considered reasonable under the current travel policy.

Yeas: 3 – Nays: 0

Color Printers Replacement
Ms. Zimmermann reported that the two color printers in the Retirement Office have died. She received an estimate from the Information Technology Department that the cost to replace the printers will be $649.00 each. She indicated that the cost will be shared with GERS.

RESOLUTION 10-064 By Naglick, Supported by Jukowski
Resolved, That the Board approved the purchase of two color printers per the IT recommendation for the Retirement Office with the cost split 70%/30% between the two Retirement Systems.

Yeas: 3 – Nays: 0

JoJu Rimal, LLC
Ms. Zimmermann distributed a copy of a letter sent from Stuart Tompkins regarding the CAP Commercial Mortgage, L.L.C. versus JoJu-Rimal, L.L.C.

Re: Legal

Northern Trust
Ms. Billings reported they filed a consolidated complaint with BLBG. Northern Trust has filed a Motion to Dismiss. She does not believe they will receive a response before January, 2011. There have been a number of favorable decisions in ERISA cases filed against Northern Trust and Bank of America where the Motion to Dismiss was denied.

Almost Family, Inc. Securities Litigation
Ms. Billings reported that the Motion for Lead Plaintiff status is currently pending.

Fossil, Inc.
Ms. Billings reported that the litigation is in the initial states of discovery.

UBS/AG Securities Class Action
Ms. Billings reported that the hearing on the Defendants' Motion to Dismiss has not been set. They will continue to advise the Board with respect to this matter.

Airgas Securities Litigation

Ms. Billings reported that the Administrator was deposed on July 27, 2010 and there is nothing new to report. They will continue to update the Board with respect to this matter.

IRS Application for Determination Letter
Ms. Billings reported that the Determination Letters she filed for the Police & Fire Defined Contribution Plan went through the initial review. She sent communication to the IRS asking the status of the Determination Letter for the defined benefit plan.

Timing of Contributions
Ms. Billings reported that under the State of Michigan Constitution the normal cost of benefits and the unfunded liability have to be funded during the fiscal year.

There is a provision in the Ordinance that states "The City shall make contributions concurrently with the contributions by the Members in an amount which, if paid during the total period of such service as added to the Member's contributions for such service, will be sufficient to provide the actuarial reserves for the annuities and benefits earned during such service.

It is her opinion that if contributions are made at the end of the fiscal year, the Ordinance must be amended and the contributions must be increased for interest (determined by the actuary).

Whether or not the Ordinance is amended she does not feel it needs to be collectively bargained. If the City does not comply with the Ordinance a lawsuit would be filed against the City.

Sailor Proposed EDRO
Ms. Billings reported that she sent correspondence rejecting the Sailor EDRO. She provided instructions on how to amend the order. This is for the trustees' information.

RMK Update
Ms. Billings referred to a letter she sent to RMK on behalf of the Board for the purpose of specifying that the Board is not bound by the prior Agreements due to the document revisions.

PA 314 Stock Limitations
Ms. Billings reported that she covered this issue at the Police & Fire VEBA meeting.

Bernstein Litowitz Portfolio Watch Third Quarter 2010
For the Trustees' Information

CAP Commercial Mortgage LLC versus JoJu-Rimal, LLC
Ms. Billings reported that litigation was initiated against JoJu-Rimal, LLC when they defaulted on their mortgage payment.

CB Richard Ellis has been retained and appointed receiver. As part of their responsibilities, the receiver reviewed bank statements which indicated that JoJu-Rimal had a sum of $108,246.67 on deposit in a bank account at Michigan Commerce Bank. An Order was forwarded to the Bank for its review and they were notified that the funds had been transferred to an account belonging to 82nd LLC by Mr. Fred Gordon at the same bank. The bank subsequently froze the account. The complaint will be amended to sue Fred Gordon for conversion.

She reviewed the costs to operate the property each year. She referred to a 2011 schedule put together by CB Richard Ellis with estimated operating costs to maintain the property.

Trustee Naglick asked where the property is located. Trustee Lee said it is located on Baldwin Avenue north of Walton Boulevard.

Ms. Billings said that the State of Michigan is bound by their lease through December 31, 2010 which indicated that they pay no rent but will still be responsible for the utilities through the end of the year.

Trustee Naglick asked what the property was appraised for. Ms. Billings said it was last appraised at $1.6 million and that the System is owed $2.2 million.

Trustee Naglick asked how the property is carried on the pension books. Ms. Zimmermann stated that the mortgage for the property was signed over as part of a settlement.

RESOLUTION 10-065 By Naglick, Supported by Jukowski
Resolved, That the Board approved the payment of expenses to maintain the property located at 1685 Baldwin Avenue, Pontiac, Michigan as indicated by CB Richard Ellis.

Yeas: 3 – Nays: 0

Fire Fighter Final Average Calculation (FAC)
Ms. Billings reported that Attorney Dennis Cohen was to meet with the Emergency Financial Manager regarding the payout issues and to reconcile the data.

Ms. Zimmermann indicated that $50,000.00 in member contributions has not been deposited. Trustee Naglick said that Michael Stampfler instructed them to determine when the contributions have to be paid.

Ms. Billings indicated that employee contributions have to be paid.

Ms. Jones confirmed that employee contributions are a percentage of the member's check that is deducted from the City's payroll.

Trustee Naglick asked how these were formerly funded. Ms. Zimmermann explained that employee contributions were deposited each pay period. If the Police Department goes away a number of these people may want to withdraw their contributions.

Trustee Naglick said that in August both employee and City contributions stopped which was due to the wire transfer issue.

Trustee Naglick told the Board that the EFM and Plunkett Clooney want transparency and that Attorney Dennis Cohen is to keep the Boards informed. They are currently negotiating a contract with PPOA and a contract with Oakland County. There will be three committee meetings and one meeting with the full County Board before the contract can be finalized. The target date is January 1, 2011. They are looking at a cost savings of $2.2 million. They have also asked to speak with Sandra Rodwan regarding the impact of the City's contributions if the Police Department goes away.

Ms. Jones said that this is still an accrued benefit that has to be paid for with additional contributions.

Ms. Billings said that if the Police Department is allowed to purchase time the money will go to the Retirement System. She stated that the members who are not vested may take their contributions or leave it in the System and use reciprocal time. Ms. Billings stated that layoffs are outside the scope of the Fund.

Union Representative, Fred Timpner has mentioned that if the union takes over the VEBA they can loan money to the City. Ms. Billings said she felt the union does not understand the structure of the VEBA. There was also discussion about the ability to purchase time.

Ms. Jones told the Board that they would not be billed if the City requests reports.

RESOLUTION 10-066 By Naglick, Supported by Jukowski
Resolved, That the Board authorizes the Fund's actuary to meet with Michael Stampfler, the City's Emergency Financial Manager and his attorneys.

Yeas: 3 – Nays: 0

Ms. Zimmermann indicated that all actuarial work has to go through the Retirement Office.

Re: Union Representatives - None

NEW BUSINESS

Re: Credit Union CD Renewal
Ms. Zimmermann requested a motion to renew the Certificate of Deposit at Municipal Health & Services Credit Union at an annual rate of 1.16%. Each year the Fund takes the earnings and reinvests the principal.

Trustee Jukowski asked why the money is invested in a Certificate of Deposit. Ms. Zimmermann said she believes that they invested in the CD because the VISA accounts are issued by the Credit Union.

Trustee Jukowski asked that Ms. Zimmermann to look into why the Fund made this investment.

RESOLUTION 10-067 By Jukowski, Supported by Naglick
Resolved, That the Board approved the renewal of the Certificate of Deposition in the amount of $100,000.00 at Municipal Health & Services Credit Union.

Yeas: 3 – Nays: 0

Re: Tentative Board Calendar 2011
Ms. Zimmermann requested that the Board approve the 2011 Board Meeting Calendar. She told the Board that the NCPERS Annual Conference and Spring MAPERS are both being held in May. She scheduled the Manager Review Meeting in conjunction with the MAPERS Conference on May 4, 2010 but scheduled the regular meeting on May 19, 2010. She felt the Board had expressed concerns about spending too much time offsite.

RESOLUTION 10-068 By Naglick, Supported by Jukowski
Resolved, That the Board approved the 2011 Board Meeting Calendar.

Yeas: 3 – Nays: 0

UNFINISHED BUSINESS

Re: Actuarial Studies Update
Ms. Zimmermann provided an update of the current actuarial studies in progress. She said that the OPEB Study is almost completed along with the current actuarial valuation and other reports that are getting done.

Trustee Naglick indicated that the OPEB Study is critical to the City's financial issues.

Re: HELPS Letter to Retirees
Ms. Zimmermann indicated that Ms. Billings is in the process of sending a letter to the City's Payroll Department/unions notifying them that the HELPS deduction is not a pre-taxed deduction despite what was recorded in the contract.

Re: Disaster Recovery Plan/Actuarial Software Search – Carry Forward

Re: Retirement Office Payroll
Ms. Zimmermann reported that the Retirement Office owes the City eighteen months of payroll expenditures. There were some recent concerns and confusion by the unions regarding the Retirement Office doing their own payroll. There was a meeting between the Union and the EFM's Attorney regarding a letter sent to the EFM by the Union.

Trustee Naglick informed the Board that Plante & Moran is in the process of putting together an invoice from the City for the reimbursement of the Retirement Office payroll.

Ms. Zimmermann asked the Board if they wanted to authorize the reimbursement of the staff's payroll at this meeting.

Trustee Lee recommended that the Board wait until the December meeting.

SCHEDULING OF NEXT MEETING

Regular Meeting –Thursday, December 2, 2010 – Shrine Room, Main Level, City Hall @ 9:00 am

---

ADJOURNMENT

RESOLUTION 10-069 By Naglick, Supported by Jukowski
Resolved, That the meeting be adjourned at 11:32 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 September 23, 2010.

John Naglick, Secretary
As recorded by Jane Arndt