

MEETING NUMBER 2580

**JOURNAL OF PROCEEDINGS OF THE BOARD OF TRUSTEES OF THE
POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT**



PROCEEDINGS HELD THURSDAY

JUNE 15, 2006

9:00 A.M.

CONFERENCE ROOM OF THE RETIREMENT SYSTEMS

910 COLEMAN A. YOUNG MUNICIPAL CENTER

DETROIT, MICHIGAN 48226



PRESENT

Marty Bandemer	Elected Trustee
Jeffrey Beasley	Ex/Officio Trustee
Gregory Best	Elected Trustee & Vice Chairperson
Gary Christian	Ex/Officio Alternate Trustee
Seth Doyle	Ex/Officio Alternate Trustee
Frank English	Elected Trustee & Chairperson
George Orzech	Elected Trustee
Paul Stewart	Elected Trustee
Alberta Tinsley-Talabi	Ex/Officio Trustee
Walter Stampor	Executive Secretary
Cynthia Thomas	Assistant Executive Secretary
Janet S. Lenear	Recording Secretary
Ronald Zajac	Legal Counsel
Joe Turner	Special Legal Counsel
Richard Huddleston	Investment Analyst

EXCUSED

None

ABSENT

None

CHAIRPERSON

Frank English

ROLL CALL WAS TAKEN AT 9:00 A.M. BY THE BOARD'S RECORDING SECRETARY AND THE MEETING WAS CALLED TO ORDER.

ORACLE CAPITAL PARTNERS

BY MR. STEWART - SUPPORTED BY MR. ORZECH

Whereas, The Board has been presented with a June 8, 2006 communication from Oracle Capital Partners wherein Oracle requests that the Board fund its portion of the Capital Installment due for Oracle Capital Fund, L.P. in the amount of \$424,811.70, Therefore Be It

Resolved, That subject to final approval of all transaction documents by the Board's Legal Counsel, the Board approve said funding:

Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech, Stewart and Chairman English - 7

Nays - None

RETIREMENTS

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

Resolved, That the applications for retirement which are outlined below be approved:

RETIREMENTS

**Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech,
Stewart and Chairman English - 7**

Nays - None

RETIREMENTS

NAME, TITLE, DEPARTMENT

**CORNELIUS BYRD - LIEUTENANT -
POLICE**

RETIREMENT, PLAN

SERVICE - NEW

SERVICE CREDIT

26 00 26

EFFECTIVE DATE

05 13 06

NAME, TITLE, DEPARTMENT

**MICHAEL PASSAGE - LIEUTENANT -
POLICE**

RETIREMENT, PLAN

SERVICE - NEW

SERVICE CREDIT

34 04 16

EFFECTIVE DATE

05 19 06

NAME, TITLE, DEPARTMENT

**BEVERLY MCCARTHA - OFFICER - POLICE
DUTY DISABILITY RETIREMENT**

RETIREMENT, PLAN

CONFERSION - NEW

SERVICE CREDIT

25 00 00

EFFECTIVE DATE

12 05 03

CONFIRMATIONS

**THE BOARD RECEIVED THE SUM OF \$350,838.49 ON JUNE 9,
2006 FROM CANYON-JOHNSON (DISTRIBUTION)**

**THE BOARD RECEIVED THE SUM OF \$67,384.31 ON JUNE 2,
2006 FROM CANYON-JOHNSON**

CONFIRMATIONS

THE BOARD RECEIVED THE SUM OF \$74,008.69 ON JUNE 7, 2006 FROM INLAND'S RETAIL TRUST

THE BOARD RECEIVED THE SUM OF \$16,791.66 ON JUNE 12, 2006 FROM ONE KENNEDY SQUARE - JUNE, 2006 INTEREST

CONFIRMATIONS

BY MR. CHRISTIAN - SUPPORTED BY MR. BEST

RESOLVED, THAT THE RECEIPTS WHICH ARE OUTLINED ABOVE AND ON PAGE 3 BE CONFIRMED:

Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech, Stewart and Chairman English - 7

Nays - None

REFUNDS OF ACCUMULATED CONTRIBUTIONS

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

RESOLVED, THAT THE CONTRIBUTIONS TO THE ANNUITY SAVINGS FUND BY MEMBERS OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT, AS SET FORTH ON LIST #3206 (WHICH IS REFERENCED AT THE END OF THESE PROCEEDINGS), IN THE AMOUNT OF \$116,876.53, INCLUDING INTEREST, BE REFUNDED PENDING AUDIT BY RETIREMENT SYSTEM ACCOUNTING STAFF:

Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech, Stewart and Chairman English - 7

Nays - None

**MINUTES OF THURSDAY, MAY 18, 2006
MINUTES OF THURSDAY, MAY 25, 2006**

BY MR. BEST - SUPPORTED BY MR. ORZECH

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY, MAY 18, 2006 BE APPROVED AS RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY, AND BE IT FURTHER

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY, MAY 25, 2006 BE APPROVED AS RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech, Stewart and Chairman English - 7

Nays - None

■ EX/OFFICIO TRUSTEE ALBERTA TINSLEY-TALABI ENTERED THE MEETING.

BILL PAYMENT REQUESTS

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

WHEREAS, THE BOARD IS IN RECEIPT OF THE FOLLOWING BILLINGS REQUESTING PAYMENT FOR SERVICES RENDERED, AND

WHEREAS, THE BOARD IS SATISFIED THAT SERVICES WERE PROVIDED TO THE BOARD AS REQUESTED BY THE BOARD, THEREFORE BE IT

RESOLVED, THAT SUBJECT TO STAFF AUDIT, THE BOARD APPROVE PAYMENT OF SAID BILLINGS:

BILL PAYMENT REQUESTS

FIRM OR INDIVIDUAL, DATE, AMOUNT, SERVICE(S) PROVIDED

ADP - JUNE 9, 2006 - \$128.00 - POLICE AND FIRE PORTION OF \$256.00 - OFFICE SUPPLIES

ADP - JUNE 2, 2006 - \$5,754.77 - POLICE AND FIRE PORTION OF \$11,509.54 - CONTRACT/MISCELLANEOUS SERVICES

ADP - MAY 26, 2006 - \$62.71 - POLICE AND FIRE PORTION OF \$125.42 - OFFICE SUPPLIES

FLORKA, DIANNE - JUNE 9, 2006 - \$25.75 - DUE CITY OVERPAYMENT

FORMS TRAC - MAY 30, 2006 - \$58.96 - POLICE AND FIRE PORTION OF \$117.92 - PRINTING FEES/BUSINESS CARDS

HANSON/RENAISSANCE - JUNE 8, 2006 - \$579.00 - ANDREW JACKSON TRANSCRIPT PREPARATION

HOWARD & HOWARD - JUNE 12, 2006 - \$3,748.94 - MAY, 2006 SERVICES

IKON OFFICE SOLUTIONS - MAY 25, 2006 - \$582.35 - POLICE AND FIRE PORTION OF \$1,164.69 - CONTRACT/MISCELLANEOUS SERVICES

IRON MOUNTAIN - MAY 31, 2006 - \$81.14 - POLICE AND FIRE PORTION OF \$162.28 - OFFICE SUPPLIES

MAYFIELD GENTRY REALTY ADVISORS - JUNE 14, 2006 - \$14,465.00 - PROJECT MANAGEMENT SERVICES FOR MAY, 2006 - DUBLIN PLACE SHOPPING CENTER

BILL PAYMENT REQUESTS

FIRM OR INDIVIDUAL, DATE, AMOUNT, SERVICE(S) PROVIDED

MAYFIELD GENTRY REALTY ADVISORS - JUNE 13, 2006 - \$99,643.92 - ASSET MANAGEMENT AND SERVICING FEES FOR JUNE, 2006

OFFICE DEPOT - JUNE 2, 2006 - \$325.20 - POLICE AND FIRE PORTION OF \$650.39 - OFFICE SUPPLIES

OFFICE DEPOT - JUNE 7, 2006 - \$5.18 - POLICE AND FIRE PORTION OF \$10.36 - OFFICE SUPPLIES

OFFICE DEPOT - JUNE 2, 2006 - \$10.33 - POLICE AND FIRE PORTION OF \$20.65 - OFFICE SUPPLIES

PDS - UNDATED - \$6,270.79 - POLICE AND FIRE PORTION O \$12,541.57 - COMPUTER EQUIPMENT, SOFTWARE, TRAINING, MAINTENANCE

PENSION BENEFIT INFORMATION - JUNE 7, 2006 - \$471.50 - POLICE AND FIRE PORTION OF \$943.00 - MISCELLANEOUS EXPENSE - ACCOUNT NUMBER 01185

THE TOWNSEND GROUP - JUNE 1, 2006 - \$11,250.00 - JUNE, 2006 FEES

Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 8

Nays - None

REQUEST OF JOHN K. BENNETT

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

WHEREAS, PER UNDATED LETTER RECEIVED BY THE BOARD ON OR PRIOR TO JUNE 15, 2006, MR. JOHN K. BENNETT HAS REQUESTED THE BOARD TO ALLOW WITHDRAWAL OF THE DEFINED CONTRIBUTION PLAN BALANCE FOR THE REASONS STATED IN SAID LETTER, AND

WHEREAS, THE BOARD IS OF THE OPINION THAT THE REFUND SHOULD BE ALLOWED AS AN EXCEPTION TO THE GENERAL RULE DUE TO THE UNUSUAL CIRCUMSTANCES OF THIS CASE, THEREFORE BE IT

RESOLVED, THAT SUBJECT TO MR. BENNETT PROVIDING THE BOARD WITH A WRITTEN FORM REQUEST FOR WITHDRAWAL OF THE DEFINED CONTRIBUTION PLAN BALANCE, MR. BENNETT'S REQUEST FOR WITHDRAWAL OF THE DEFINED CONTRIBUTION PLAN BALANCE IS GRANTED, AND BE IT FURTHER

RESOLVED, THAT IN THE EVENT MR. BENNETT RETURNS TO HIS JOB AS A POLICE OFFICER, THE WITHDRAWN AMOUNTS BE RE-PAID CONSISTENT WITH RETIREMENT POLICY, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO MR. BENNETT:

Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 8

Nays - None

■ TRUSTEE STEWART TEMPORARILY EXCUSED HIMSELF.

JUNE 22, 2006 BOARD MEETING CANCELLATION

BY MR. BANDEMER - SUPPORTED BY MR. DOYLE

RESOLVED, THAT THE POLICE AND FIRE RETIREMENT SYSTEM BOARD MEETING OF THURSDAY, JUNE 22, 2006 BE CANCELLED AND THE APPROPRIATE PARTIES BE NOTIFIED:

Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech, Talabi and Chairman English - 7

Nays - None

■ TRUSTEE STEWART RE-JOINED THE MEETING.

CLARK ET AL & RETIRED POLICE & FIREFIGHTERS' ASSOCIATION ET AL VERSUS THE CITY OF DETROIT BOARD OF TRUSTEES ET AL WAYNE CIRCUIT CASE NO. 82-235598-CL

BY MR. ORZECH - SUPPORTED BY MR. DOYLE

Resolved, That all petitions of said pre-July 1, 1983 and pre-July 1, 1986 (as applicable) Option II and Option III retirants, whose beneficiaries pre-deceased the retirants, for adjustment of retirement benefits to a Straight Life retirement be granted effective the first day of the month following the date of application and procedures be followed otherwise identical to the processing and computation for adjustments made to divorced Option II and Option III retirants pursuant to domestic relations court orders:

JEROME MAISANO

BENEFICIARY'S DATE OF DEATH: APRIL 25, 2006

APPLICATION FILED: MAY 5, 2006

**CLARK ET AL & RETIRED POLICE & FIREFIGHTERS'
ASSOCIATION ET AL VERSUS THE CITY OF DETROIT BOARD OF
TRUSTEES ET AL WAYNE CIRCUIT CASE NO. 82-235598-CL**

VINCENT CATALINA

BENEFICIARY'S DATE OF DEATH: MAY 1, 2006

APPLICATION FILED: FEBRUARY 16, 2006

**Yeas - Trustees Bandemer, Best, Christian, Doyle, Orzech,
Stewart, Talabi and Chairman English - 8**

Nays - None

**■ EX/OFFICIO TRUSTEE JEFFREY BEASLEY ENTERED THE
MEETING.**

CNL HOTELS AND RESORTS

By Mr. Orzech - Supported by Mr. Doyle

**WHEREAS, The Board has received the recommendation of its
real estate consultant, Townsend Group, with respect to the
voting of the proxy of CNL Hotels and Resorts, and**

**WHEREAS, The Board has discussed this matter with staff on this
date, therefore be it**

**RESOLVED, That the Assistant Executive Secretary be instructed
to vote the Board's shares of CNL Hotels and Resorts in
accordance with the recommendation of The Townsend Group:**

**Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech,
Stewart, Talabi and Chairman English - 9**

Nays - None

BOOK CADILLAC HOTEL

SPECIAL COUNSEL F. LOGAN DAVIDSON APPEARED BEFORE THE BOARD, DISCUSSED THE BOOK CADILLAC HOTEL AND THEN EXCUSED HIMSELF.

LUDOMILA MIKULINSKI HEARING

POLICE SERGEANT LUDOMILA MIKULINSKI, HER PHYSICIAN AND ATTORNEY APPEARED BEFORE THE BOARD TO ATTEND A HEARING THAT WAS SCHEDULED ON HER BEHALF RELATIVE TO THE POLICE DEPARTMENT'S APPLICATION TO RETIRE HER ON NON-DUTY DISABILITY RETIREMENT. COURT REPORTER ROXANNE SWISZ WAS ALSO IN ATTENDANCE TO MAKE A TRANSCRIPT OF THE PROCEEDINGS.

FOLLOWING A LENGTHY DISCUSSION WITH THE BOARD'S LEGAL COUNSEL, MS. MIKULINSKI INFORMED LEGAL COUNSEL AND THE BOARD OF HER DESIRE TO CANCEL THE HEARING.

THE HEARING WAS CANCELLED AND MS. MIKULINSKI, HER PHYSICIAN AND ATTORNEY AND MS. SWISZ WERE EXCUSED.

INCOME, RESEARCH AND MANAGEMENT

BRIAN HOULE AND JACK SOMMERS APPEARED BEFORE THE BOARD, DISCUSSED PERFORMANCE AND THEN EXCUSED THEMSELVES.

MMA FINANCIAL

PAUL BERNARD AND THOMAS ZDRODOWSKI APPEARED BEFORE THE BOARD, DISCUSSED A CONSTRUCTION LOAN PROPOSAL (RED RIVER) AND THEN EXCUSED THEMSELVES.

BILL PAYMENT REQUESTS

BY MR. ORZECH - SUPPORTED BY MR. BEST

WHEREAS, THE BOARD IS IN RECEIPT OF THE FOLLOWING BILLINGS REQUESTING PAYMENT FOR SERVICES RENDERED, AND

WHEREAS, THE BOARD IS SATISFIED THAT SERVICES WERE PROVIDED TO THE BOARD AS REQUESTED BY THE BOARD, THEREFORE BE IT

RESOLVED, THAT SUBJECT TO STAFF AUDIT, THE BOARD APPROVE PAYMENT OF SAID BILLINGS:

FIRM OR INDIVIDUAL, DATE, AMOUNT, SERVICE(S) PROVIDED

MAYFIELD GENTRY REALTY ADVISORS - JUNE 14, 2006 - \$58,260.15 - OPERATIONAL AND CAPITAL EXPENSES FOR GRAND PARK CENTRE

Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 9

Nays - None

Book Cadillac Hotel Credit Enhancement

By Mr. Orzech – Supported by Mr. Stewart

WHEREAS, The Board, by prior action, has approved providing a credit enhancement of **\$15,000,000.00** related to the development of the **Book Cadillac Hotel** project, and

WHEREAS, F. Logan Davidson, special counsel to the Board on the Book Cadillac Hotel project, has appeared before the Board to inform the Board that First Independence National Bank will be making the loan to the project which is to be credit enhanced by the Board as well as the terms of the credit enhancement required by First Independence Bank, and

WHEREAS, The terms of the credit enhanced loan require that the Board provide **\$18,750,000** of U.S. Treasury securities to be held in escrow at The Bank of New York, and

WHEREAS, The Board has discussed this matter with F. Logan Davidson, special counsel to the Board, and staff on this date, therefore be it

RESOLVED, That the Board's investment analyst be directed to purchase the required collateral and cause it to be delivered to the escrow account at The Bank of New York, and be it further

RESOLVED, That the collateral to be purchased have a maturity of up to one year, and be it further

RESOLVED, That following the settlement and delivery of the collateral, the account be assigned to Payden & Rygel for the purpose of investment management:

Yeas – Trustees Bandemer, Beasley, Best, Christian, Doyle,
Orzech, Stewart, Talabi and Chairman English – 9

Nays – None

Book Cadillac Hotel Credit Enhancement

By Mr. Orzech – Supported by Mr. Stewart

WHEREAS, THE BOARD HAS BEEN REQUESTED TO EXECUTE THE DOCUMENTS WHICH ARE REFERENCED BELOW RELATIVE TO THE AFORESAID TRANSACTION, WHICH DOCUMENTS WILL BE DATED THE ACTUAL DATE OF CLOSING, EXCEPT AS OTHERWISE NOTED, AND

WHEREAS, THE EXECUTION OF SAID DOCUMENTS HAS BEEN RECOMMENDED BY THE BOARD'S SPECIAL COUNSEL F. LOGAN DAVIDSON, AND

WHEREAS, THE EXECUTION OF SAID DOCUMENTS HAS BEEN REVIEWED AND APPROVED AS TO FORM BY THE BOARD'S GENERAL COUNSEL AND THE EXECUTION OF SAID DOCUMENTS IS CONSISTENT WITH PRIOR ACTION OF THE BOARD, AND

WHEREAS, IN CONNECTION WITH THE AFORESAID TRANSACTION, THE TRI-PARTY PLEDGE AGREEMENT CALLS FOR THE BOARD TO ESCROW WITH THE BANK OF NEW YORK U.S. TREASURY SECURITIES IN THE AMOUNT OF **\$18,750,000.00**, THEREFORE BE IT

RESOLVED, THAT SAID DOCUMENTS BE EXECUTED BY TWO AUTHORIZED SIGNATORIES ON BEHALF OF THE BOARD, AND BE IT FURTHER

RESOLVED, THAT U.S. TREASURY SECURITIES IN THE AMOUNT OF **\$18,750,000.00** BE DEPOSITED IN ESCROW WITH THE BANK OF NEW YORK PURSUANT TO THE PROVISIONS OF THE TRI-PARTY PLEDGE AGREEMENT:

Book Cadillac Hotel Credit Enhancement

1. NOTE PURCHASE AGREEMENT
2. RE-PAYMENT AGREEMENT
3. TRI-PARTY PLEDGE AGREEMENT
4. SUBORDINATION AGREEMENT
5. REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION DATED JUNE 15, 2006
6. AGREEMENT WITH BANK OF NEW YORK, RE: ESCROW ACCOUNT FEE SCHEDULE

Yeas – Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English – 9

Nays – None

Red River Loan, \$47.5 Million

By Mr. Doyle – Supported by Mr. Best

WHEREAS, **MMA Financial** has appeared before the Board to present a loan opportunity known as **Red River**, and

WHEREAS, The Board has reviewed **MMA Financial's** offering materials and discussed this matter with **MMA Financial** and staff on this date, therefore be it

RESOLVED, That the Board approves the purchase of the **Red River** loan on the terms offered in the offering memorandum with the provision that the Board will have the right, but not the obligation to, put the loan back to **MMA Financial** within **45** days, and be it further

RESOLVED, That the loan be part of the construction loans in the Board's asset allocation, and be it further

Red River Loan, \$47.5 Million

RESOLVED, That a copy of this resolution be forwarded to **MMA
Financial:**

Yeas – Trustees Bandemer, Beasley, Best, Christian, Doyle,
Orzech, Stewart, Talabi and Chairman English – 9

Nays – None

NORTH POINT ADVISORS

**ADRIAN ANDERSON APPEARED BEFORE THE BOARD AND
DISCUSSED, AMONG OTHER MATTERS, THE BOARD’S SMALL-
CAP MANAGER SEARCH, PERSEUS AND INHERITANCE CAPITAL.**

AA CAPITAL PARTNERS, INC.

BY MR. BEASLEY – SUPPORTED BY MR. DOYLE

**WHEREAS, THE BOARD HAS BEEN CONSIDERING A PROPOSED
INVESTMENT IN AA CAPITAL FUND II SUBJECT TO A NUMBER
OF REQUIREMENTS, AND**

**WHEREAS, THE BOARD SELECTED DON WAGNER AS SPECIAL
COUNSEL, RE: THIS PROPOSAL, AND**

**WHEREAS, THE BOARD WAS OF THE UNDERSTANDING THAT
THE AA CAPITAL FUND II WOULD MAKE AN INVESTMENT, RE:
BOOK CADILLAC HOTEL PROJECT, AND**

**WHEREAS, THE PROPOSED INVESTMENT AMOUNT BY THE
SYSTEM WOULD BE THE MAXIMUM OF 10% OF THE TOTAL
AMOUNTS RAISED BY AA CAPITAL FUND II, EXCLUDING THE
POLICE AND FIRE RETIREMENT SYSTEM INVESTMENT, OR
\$20,000,000.00, WHICHEVER IS GREATER, AND**

AA CAPITAL PARTNERS, INC.

WHEREAS, THE BOARD HAS REQUESTED AA CAPITAL PARTNERS TO APPEAR BEFORE THE BOARD FOR DISCUSSION REGARDING WHETHER OR NOT THE BOARD HAS A CONTINUED INTEREST IN INVESTING IN AA CAPITAL FUND II, THEREFORE BE IT

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO JOHN ORECCHIO AT AA CAPITAL PARTNERS AND SPECIAL COUNSEL DON WAGNER:

Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 9

Nays - None

LEGAL COUNSEL'S REPORTS

LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING PENSION BUREAU STAFF EMPLOYEES AND GRANGER VERSUS JONES.

PENSION BUREAU STAFF EMPLOYEES

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

WHEREAS, THE BOARD HAS BEEN MADE AWARE OF AN OFFICIAL PROTEST OF AFSCME TO THE DESIGNATION OF AFSCME-REPRESENTED TITLES BY ADDING "PENSION" THUS CREATING A NEW TITLE WHICH APPLIES TO ALL CITY EMPLOYEES IN THE PENSION BUREAU, AND

WHEREAS, THE BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM SEEKS TO HAVE THE NEW TITLES MAINTAINED FOR ALL EMPLOYEES IN THE PENSION BUREAU, AND

PENSION BUREAU STAFF EMPLOYEES

WHEREAS, THE BOARD HAS DISCUSSED THIS MATTER WITH ITS GENERAL COUNSEL, THEREFORE BE IT

RESOLVED, THAT THE BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM'S POSITION IS CONSISTENT WITH THE POSITION OF THE BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO THE BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM:

Yeas - Trustees Bandemer, Beasley, Christian, Doyle, Stewart, Talabi and Chairman English - 7

Nays - Trustees Best and Orzech - 2

GRANGER VERSUS JONES
MACOMB COUNTY CASE #05-5121-DO

BY MR. STEWART - SUPPORTED BY MR. DOYLE

WHEREAS, THE BOARD IS IN RECEIPT OF A JUNE 1, 2006 DOMESTIC RELATIONS ORDER WHICH AMENDS/SUPPLEMENTS A JUDGMENT OF DIVORCE WHEREIN BRENDA JONES-GRANGER IS AWARDED CERTAIN RIGHTS TO THE DEFINED BENEFIT PLAN BENEFITS ONLY OF FLOYD JONES, AND

WHEREAS, THE BOARD HAS BEEN INFORMED THAT PARTICIPANT RETIRED EFFECTIVE MARCH 31, 1998, AND

WHEREAS, PARTICIPANT'S DATE OF BIRTH IS FEBRUARY 10, 1947, AND PARTICIPANT HAD ATTAINED 25 YEARS OF SERVICE CREDIT, AND

GRANGER VERSUS JONES
MACOMB COUNTY CASE #05-5121-DO

WHEREAS, ALTERNATE PAYEE **IS** ENTITLED TO CLAIM A PORTION OF PARTICIPANT'S DEFINED BENEFIT PLAN, BUT ALTERNATE PAYEE IS **NOT** ENTITLED TO CLAIM A PORTION OF PARTICIPANT'S DEFINED CONTRIBUTION PLAN BECAUSE ALL DEFINED CONTRIBUTION PLAN AMOUNTS WERE PREVIOUSLY WITHDRAWN, AND

WHEREAS, THE EARLIEST DATE THAT PAYMENTS FROM THE DEFINED BENEFIT PLAN CAN BE MADE TO THE PARTICIPANT OR THE ALTERNATE PAYEE IS IMMEDIATELY, AND

WHEREAS, THE BOARD'S POLICY IS TO REQUIRE THAT THE COST FOR THE ACTUARY'S CALCULATIONS ARE TO BE BORNE BY THE PARTIES TO THE DOMESTIC RELATIONS PROCEEDINGS, AND THE COURT ORDER PROVIDES FOR THE PARTIES TO SHARE THE COST OF THE ACTUARY'S FEES, AND

WHEREAS, SAID MATTER HAS BEEN DISCUSSED WITH LEGAL COUNSEL WHO HAS OPINED THAT THE APPLICABLE TERMS OF SAID COURT ORDER ARE CONSISTENT WITH THE PROVISIONS OF THE RETIREMENT SYSTEM AND APPLICABLE LAW, INCLUDING PUBLIC ACT 46 OF 1991 (MCLA 38.1701), AS APPLICABLE, THEREFORE BE IT

RESOLVED, THAT THE BOARD ACKNOWLEDGE RECEIPT OF SAID COURT ORDER AND PAY PENSION BENEFITS CONSISTENT WITH SAID COURT ORDER, A COPY OF THIS RESOLUTION BE IMMEDIATELY ATTACHED AS THE TOP SHEET OF THE PENSION FILE, OTHER APPROPRIATE RECORDS BE RETAINED BY THE RETIREMENT SYSTEM RELATIVE TO THIS MATTER, AND A COPY OF THIS RESOLUTION BE FORWARDED TO BRENDA JONES-GRANGER, FLOYD JONES AND ATTORNEYS ALICIA PUTMAN AND ERIC GLOUDEMANS:

GRANGER VERSUS JONES
MACOMB COUNTY CASE #05-5121-DO

**Yeas – Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech,
Stewart, Talabi and Chairman English – 9**

Nays – None

BISYS SECURITIES LITIGATION

**LEGAL COUNSEL PROVIDED EACH MEMBER OF THE BOARD WITH A
COPY OF A JUNE 14, 2006 COMMUNICATION FROM SPECIAL COUNSEL
KIRBY, MCINERNEY AND SQUIRE TO THE BOARD REGARDING THE
ABOVE-CAPTIONED LITIGATION.**

ADVANCED MARKETING SERVICES, INC. SECURITIES LITIGATION

**LEGAL COUNSEL PROVIDED EACH MEMBER OF THE BOARD WITH A
COPY OF A JUNE 14, 2006 COMMUNICATION FROM SPECIAL COUNSEL
BERNSTEIN, LITOWITZ, BERGER AND GROSSMANN, LLP TO THE
BOARD REGARDING THE ABOVE-CAPTIONED LITIGATION.**

BILL PAYMENT REQUESTS

BY MR. ORZECH – SUPPORTED BY MR. DOYLE

**WHEREAS, THE BOARD IS IN RECEIPT OF THE FOLLOWING
BILLINGS REQUESTING PAYMENT FOR SERVICES RENDERED,
AND**

**WHEREAS, THE BOARD IS SATISFIED THAT SERVICES WERE
PROVIDED TO THE BOARD AS REQUESTED BY THE BOARD,
THEREFORE BE IT**

**RESOLVED, THAT SUBJECT TO STAFF AUDIT, THE BOARD
APPROVE PAYMENT OF SAID BILLINGS:**

BILL PAYMENT REQUESTS

FIRM OR INDIVIDUAL, DATE, AMOUNT, SERVICE(S) PROVIDED

MCTEVIA & ASSOCIATES - JUNE 1, 2006 - \$11,085.51 - MAY, 2006 SERVICES - EDS, INC.

MCTEVIA & ASSOCIATES - JUNE 1, 2006 - \$14,804.76 - MAY, 2006 SERVICES - EDS, INC.

Yeas - Trustees Beasley, Best, Christian, Doyle, Orzech, Talabi and Chairman English - 7

Nays - Trustees Bandemer and Stewart - 2

ADVANCED MARKETING SERVICES, INC. SECURITIES LITIGATION

BY MS. TALABI - SUPPORTED BY MR. CHRISTIAN

WHEREAS, THE BOARD IS IN RECEIPT OF A JUNE 14, 2006 REPORT FROM ITS SPECIAL LEGAL CLASS ACTION LITIGATION COUNSEL WHICH INTER ALIA, REQUESTED APPROVAL OF A PETITION TO THE COURT FOR AN AWARD OF ATTORNEY FEES OF 18% OF THE SETTLEMENT PROCEEDS, LESS EXPENSES, AND

WHEREAS, THE BOARD HAS DISCUSSED THIS MATTER, THEREFORE BE IT

RESOLVED, THAT THE REQUEST FOR APPROVAL OF THE 18% AMOUNT REGARDING ATTORNEY FEES IS APPROVED, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO BERNSTEIN, LITOWITZ, BERGER AND GROSSMANN, LLP, ATTENTION: BLAIR NICHOLAS:

**ADVANCED MARKETING SERVICES, INC. SECURITIES
LITIGATION**

**Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle,
Orzech, Talabi and Chairman English - 8**

Nays - Trustee Stewart - 1

MORGAN STANLEY

BY MR. BEST - SUPPORTED BY MR. ORZECH

**WHEREAS, The Board, by prior action, terminated its investment
management agreement with BlackRock, and**

**WHEREAS, The Board, by prior action, has directed that the
assets formerly managed by BlackRock be transferred to the
Russell 2000 Growth Index account managed by Rhumblin, and**

**WHEREAS, The Board has solicited, received and reviewed
proposals from its brokers of record to provide transition
management services with respect to the aforementioned assets
and account, and**

**WHEREAS, The Board has discussed this matter at length with
staff on this date, Therefore be it**

**RESOLVED, That Morgan Stanley be hired to manage the
transition of the aforementioned assets and accounts pursuant
to their proposal submitted to the Board:**

Yeas - Trustees Best, Orzech and Chairman English - 3

**Nays - Trustees Bandemer, Besley, Christian, Doyle, Stewart
and Talabi - 6**

ICAP

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

WHEREAS, The Board, by prior action, terminated its investment management agreement with BlackRock, and

WHEREAS, The Board, by prior action, has directed that the assets formerly managed by BlackRock be transferred to the Russell 2000 Growth Index account managed by Rhumblin, and

WHEREAS, The Board has solicited, received and reviewed proposals from its brokers of record to provide transition management services with respect to the aforementioned assets and account, and

WHEREAS, The Board has discussed this matter at length with staff on this date, Therefore be it

RESOLVED, That ICAP be hired to manage the transition of the aforementioned assets and accounts pursuant to their proposal submitted to the Board:

Yeas - Trustees Bandemer, Beasley, Christian, Doyle, Stewart, Talabi and Chairman English - 7

Nays - Trustees Best and Orzech - 2

KAREN FRABOTTA

CLOSED SESSION

By Mr. Bandemer - Supported by Mr. Stewart

Resolved, That the Board enter into Closed Session for the purpose of discussing the Duty Disability Retirement application of Karren Frabotta:

A Roll Call Vote was taken as follows:

Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 9

Nays - None

The Board entered into Closed Session at 3:37 P.M.

OPEN SESSION

By Mr. Christian - Supported by Mr. Doyle

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 9

Nays - None

The Board returned to Open Session at 3:45 P.M.

DUTY DISABILITY RETIREMENT APPLICATION OF KAREN FRABOTTA

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

WHEREAS, THE BOARD HAS READ AND CONSIDERED THE DETROIT MEDICAL CENTER'S REPORT REGARDING KAREN FRABOTTA'S APPLICATION FOR DUTY DISABILITY RETIREMENT, THEREFORE BE IT

RESOLVED, THAT MS. FRABOTTA'S APPLICATION FOR DUTY DISABILITY RETIREMENT BE APPROVED, AND BE IT FURTHER

RESOLVED, THAT MS. FRABOTTA RECEIVE HER FIRST RE-EXAM IN SIX (6) MONTHS:

Yeas - Trustees Bandemer, Beasley, Best, Orzech, Stewart, Talabi and Chairman English - 7

Nays - Trustees Christian and Doyle - 2

PERSEUS - \$20,000,000.00 PROPOSED INVESTMENT

BY MR. STEWART - SUPPORTED BY MR. BANDEMER

Whereas, The Board has had the foregoing investment proposal under consideration, the basic and general proposed conditions of which are set forth in previously submitted written materials presented to the Board and discussed this date and at previous meetings, and to which certain modifications and additional requirements may have been added by the Board or advisors to the Board, per discussion between or with the Board members, and

Whereas, The Board has indicated its willingness to further consider making this proposed investment subject to certain additional terms and modifications of said proposal, which have already been identified by the Board of Trustees and certain additional terms and modifications which will be required after Special Legal Counsel begins to prepare loan investment documents, and

Whereas, The Board's contingent approval is also conditioned upon the understanding that the proposed transaction does not contemplate unrelated Business Taxable Income (UBTI) to the Retirement System as Lender, and

Whereas, The Board will be selecting Special Legal Counsel regarding this proposed investment who is likely to be submitting proposed modifications regarding the proposed transaction to protect the interests of the Retirement System, Therefore Be It

Resolved, That subject to the provisions as stated in this resolution, the Board hereby conditionally approves the proposed investment, and indicates its intention to complete the transaction provided all requirements of the Board are met by Borrower and project sponsor, and subject to approval of final documents by the Board of Trustees, and be it further

Resolved, That it be expressly understood by all parties that there is no obligation of the Board to make the investment unless final transaction documents are approved as to form and content by the Board and approved as to form by the Board's Legal Counsel and is

PERSEUS - \$20,000,000.00 PROPOSED INVESTMENT

executed by the Board, Borrower, any Guarantors and other applicable parties, and subject to all terms of any such fully executed documents being met by the parties, including specifically all costs of the Board, including legal fees and expenses being paid from an escrow account funded by Borrower or entities other than the Board, and be it further

Resolved, That the Board notes the likelihood of suggested additional changes to the proposal will be made by the Board and any applicable due diligence monitor and/or business advisor and Special Legal Counsel, and be it further

Resolved, That any commitment or other preliminary transaction documents signed by the Board include the provision that all final transaction loan documents are subject to approval as to form and content by the Board and the Board's Special Legal Counsel, and approval as to form and content by the Board's General Counsel, and be it further

Resolved, That upon the Board selecting Special Legal Counsel regarding this matter, arrangements be made for proposed Borrower to escrow funds for payment of all costs and expenses, and be it further

Resolved, That the foregoing is also conditioned upon Borrower/applicable party paying all costs and expenses of the Board, including legal fees in document preparation even if this proposed investment is not completed or finalized due to the Borrower/applicable party deciding to withdraw the proposal, refusing to execute final documents approved by the Board of Trustees, or for any other reason deciding not to proceed with the transaction, and be it further

Resolved, That a copy of this resolution be forwarded to proposed Borrower/Project Sponsor and Special Legal Counsel to be selected by the Board, and be it further

PERSEUS - \$20,000,000.00 PROPOSED INVESTMENT

Resolved, That the foregoing is also subject to receipt, by the Board, of written acknowledgment from proposed Borrower/applicable party that proposed Borrower/applicable party has received a copy of this resolution and acknowledges and agrees to the conditions and requirements therein:

Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 9

Nays - None

**INHERITANCE CAPITAL
\$15,000,000.00 PROPOSED INVESTMENT**

BY MR. BEASLEY - SUPPORTED BY MR. DOYLE

Whereas, The Board has had the foregoing investment proposal under consideration, the basic and general proposed conditions of which are set forth in previously submitted written materials presented to the Board and discussed this date and at previous meetings, and to which certain modifications and additional requirements may have been added by the Board or advisors to the Board, per discussion between or with the Board members, and

Whereas, The Board has indicated its willingness to further consider making this proposed investment subject to certain additional terms and modifications of said proposal, which have already been identified by the Board of Trustees and certain additional terms and modifications which will be required after Special Legal Counsel begins to prepare loan investment documents, and

Whereas, The Board's contingent approval is also conditioned upon the understanding that the proposed transaction does not contemplate unrelated Business Taxable Income (UBTI) to the Retirement System as Lender, and

Whereas, The Board will be selecting Special Legal Counsel regarding this proposed investment who is likely to be submitting proposed

**INHERITANCE CAPITAL
\$15,000,000.00 PROPOSED INVESTMENT**

modifications regarding the proposed transaction to protect the interests of the Retirement System, Therefore Be It

Resolved, That subject to the provisions as stated in this resolution, the Board hereby conditionally approves the proposed investment, and indicates its intention to complete the transaction provided all requirements of the Board are met by Borrower and project sponsor, and subject to approval of final documents by the Board of Trustees, and be it further

Resolved, That it be expressly understood by all parties that there is no obligation of the Board to make the investment unless final transaction documents are approved as to form and content by the Board and approved as to form by the Board's Legal Counsel and is executed by the Board, Borrower, any Guarantors and other applicable parties, and subject to all terms of any such fully executed documents being met by the parties, including specifically all costs of the Board, including legal fees and expenses being paid from an escrow account funded by Borrower or entities other than the Board, and be it further

Resolved, That the Board notes the likelihood of suggested additional changes to the proposal will be made by the Board and any applicable due diligence monitor and/or business advisor and Special Legal Counsel, and be it further

Resolved, That any commitment or other preliminary transaction documents signed by the Board include the provision that all final transaction loan documents are subject to approval as to form and content by the Board and the Board's Special Legal Counsel, and approval as to form and content by the Board's General Counsel, and be it further

Resolved, That upon the Board selecting Special Legal Counsel regarding this matter, arrangements be made for proposed Borrower to escrow funds for payment of all costs and expenses, and be it further

**INHERITANCE CAPITAL
\$15,000,000.00 PROPOSED INVESTMENT**

Resolved, That the foregoing is also conditioned upon Borrower/applicable party paying all costs and expenses of the Board, including legal fees in document preparation even if this proposed investment is not completed or finalized due to the Borrower/applicable party deciding to withdraw the proposal, refusing to execute final documents approved by the Board of Trustees, or for any other reason deciding not to proceed with the transaction, and be it further

Resolved, That a copy of this resolution be forwarded to proposed Borrower/Project Sponsor and Special Legal Counsel to be selected by the Board, and be it further

Resolved, That the foregoing is also subject to receipt, by the Board, of written acknowledgment from proposed Borrower/applicable party that proposed Borrower/applicable party has received a copy of this resolution and acknowledges and agrees to the conditions and requirements therein:

Yeas - Trustees Bandemer, Beasley, Christian, Doyle, Stewart and Talabi - 6

Nays - Trustees Best, Orzech and Chairman English - 3

EMERGING MANAGERS

BY MS. TALABI - SUPPORTED BY MR. BEASLEY

RESOLVED, THAT NORTH POINT ADVISORS PROVIDE THE BOARD WITH A WRITTEN REPORT AS IT RELATES TO EMERGING MANAGER PERFORMANCE CRITERIA:

Yeas - Trustees Bandemer, Beasley, Best, Christian, Doyle, Orzech, Stewart, Talabi and Chairman English - 9

Nays - None

PUBLIC FORUM

AT 3:45 P.M., CHAIRPERSON ENGLISH DECLARED THE MEETING IN OPEN FORUM FOR GENERAL DISCUSSION BY THE PUBLIC ATTENDING THE MEETING.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, CHAIRPERSON ENGLISH ADJOURNED THE MEETING AT 3:50 P.M. UNTIL THURSDAY, JUNE 29, 2006 AT 9:00 A.M., IN ROOM 910 OF THE COLEMAN A. YOUNG MUNICIPAL CENTER, DETROIT, MICHIGAN 48226.

RESPECTFULLY SUBMITTED,

ASSISTANT EXECUTIVE SECRETARY

