

**MEETING NUMBER 2584**

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



**PROCEEDINGS HELD THURSDAY, JULY 13, 2006  
9:00 A.M.  
CONFERENCE ROOM OF THE RETIREMENT SYSTEMS  
910 COLEMAN A. YOUNG MUNICIPAL CENTER  
DETROIT, MICHIGAN 48226**

**PRESENT**

<b>Marty Bandemer</b>	<b>Elected Trustee</b>
<b>Jeffrey Beasley</b>	<b>Ex/Officio Trustee</b>
<b>Gregory Best</b>	<b>Elected Trustee &amp; Vice Chairperson</b>
<b>Gary Christian</b>	<b>Ex/Officio Alternate Trustee</b>
<b>Seth Doyle</b>	<b>Ex/Officio Alternate Trustee</b>
<b>Frank English</b>	<b>Elected Trustee &amp; Chairperson</b>
<b>Dedan Milton</b>	<b>Ex/Officio Trustee</b>
<b>James Moore</b>	<b>Elected Trustee</b>
<b>George Orzech</b>	<b>Elected Trustee</b>
<b>Paul Stewart</b>	<b>Elected Trustee</b>
<b>Walter Stampor</b>	<b>Executive Secretary</b>
<b>Cynthia Thomas</b>	<b>Assistant Executive Secretary</b>
<b>Janet S. Lenear</b>	<b>Recording Secretary</b>
<b>Ronald Zajac</b>	<b>Legal Counsel</b>
<b>Richard Huddleston</b>	<b>Investment Analyst</b>

**EXCUSED**

**Alberta Tinsley-Talabi**      **Ex/Officio Trustee**

**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.**

**PROVENDER - BY MR. BEST - SUPPORTED BY MR. BANDEMER**

**Whereas, The Board has been presented with a July 12, 2006 communication from Provender wherein Provender requests that the Board fund its portion of the Capital Installment due for Provender Opportunities Fund, L.P. in the amount of \$25,378.00, 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, DOYLE, ORZECH, STEWART AND CHAIRMAN ENGLISH - 6**

**NAYS - NONE**

**RETIREMENTS - BY MR. STEWART - SUPPORTED BY MR. BANDEMER**

**RESOLVED, THAT THE APPLICATIONS FOR RETIREMENT WHICH ARE OUTLINED BELOW BE APPROVED:**

**RETIREMENTS**

<b>NAME, TITLE, DEPARTMENT</b>	<b>BRENDA ANDREWS - DEPUTY CHIEF - POLICE</b>
<b>RETIREMENT, PLAN</b>	<b>SERVICE - NEW</b>
<b>SERVICE CREDIT</b>	<b>30 06 21</b>
<b>EFFECTIVE DATE</b>	<b>06 27 06</b>

<b>NAME, TITLE, DEPARTMENT</b>	<b>SHERRY BROWN - SERGEANT</b>
<b>RETIREMENT, PLAN</b>	<b>SERVICE - NEW</b>
<b>SERVICE CREDIT</b>	<b>23 10 03</b>
<b>EFFECTIVE DATE</b>	<b>07 08 06</b>

<b>NAME, TITLE, DEPARTMENT</b>	<b>JAMES GALOWSKI - SERGEANT - POLICE</b>
<b>RETIREMENT, PLAN</b>	<b>SERVICE - NEW</b>
<b>SERVICE CREDIT</b>	<b>30 09 05</b>
<b>EFFECTIVE DATE</b>	<b>07 11 06</b>

<b>NAME, TITLE, DEPARTMENT</b>	<b>ALMA HUGHES-GRUBBS - SERGEANT - POLICE</b>
<b>RETIREMENT, PLAN</b>	<b>SERVICE - NEW</b>
<b>SERVICE CREDIT</b>	<b>23 00 06</b>
<b>EFFECTIVE DATE</b>	<b>06 30 06</b>

**CONFIRMATIONS**

◆ ◆ ◆

THE BOARD RECEIVED THE SUM OF **\$198,412.50** ON JULY 7, 2006 FROM  
CNL

THE BOARD RECEIVED THE SUM OF **\$104,018.00** ON JULY 7, 2006 FROM  
WIND POINT

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

**CONFIRMATIONS**

THE BOARD RECEIVED THE SUM OF **\$2,019,452.06** ON JULY 10, 2006 FROM MMA'S AFFORDABLE HOUSING GROUP TRUST

THE BOARD RECEIVED THE SUM OFF **\$16,250.00** ON JULY 10, 2006 FROM ONE KENNEDY SQUARE (MMA)

**CONFIRMATIONS - BY MR. STEWART - SUPPORTED BY MR. BANDEMER**

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

**YEAS - TRUSTEES BANDEMER, BEST, DOYLE, ORZECH, STEWART AND CHAIRMAN ENGLISH - 6**

**NAYS - NONE**

**TRUSTEE JAMES MOORE ENTERED THE MEETING.**

**BILL PAYMENT REQUESTS**

**BY MR. BANDEMER - 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:**

**BILL PAYMENT REQUESTS**

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

**ADP - JUNE 30, 2006 - \$1,802.59 - POLICE AND FIRE PORTION OF \$3,605.18 - CONTRACT/MISCELLANEOUS SERVICES**

**BLACK ROCK - JULY 6, 2006 - \$56,481.00 - 2006 SECOND QUARTER FEES**

**EARTH LINK - JUNE 29, 2006 - \$98.24 - POLICE AND FIRE PORTION OF \$196.48 - TRUSTEE INTERNET ACCESS**

**HOWARD AND HOWARD - JULY 10, 2006 - \$1,814.50 - JUNE, 2006 SERVICES**

**IDM COMPUTER SOLUTIONS - JUNE 29, 2006 - \$1,114.75 - POLICE AND FIRE PORTION OF \$2,229.50 - OFFICE SUPPLIES**

**IRON MOUNTAIN - JUNE 30, 2006 - \$89.42 - POLICE AND FIRE PORTION OF \$178.84 - OFFICE SUPPLIES**

**IRON MOUNTAIN - JUNE 30, 2006 - \$765.72 - POLICE AND FIRE PORTION OF \$1,531.44 - OFFICE SUPPLIES**

**MCTEVIA & ASSOCIATES - JULY 3, 2006 - \$3,362.75 - JUNE, 2006 SERVICES**

**OFFICE DEPOT - JUNE 27, 2006 - \$251.18 - POLICE AND FIRE PORTION OF \$502.35 - OFFICE SUPPLIES**

**O'NEAL, REGINALD - JULY 12, 2006 - \$2,075.00 - EXAMINATION FEES**

**QUILL CORPORATION - JULY 6, 2006 - \$8.49 - POLICE AND FIRE PORTION OF \$16.98 - OFFICE SUPPLIES**

**BILL PAYMENT REQUESTS**

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

**QUILL CORPORATION - JULY 6, 2006 - \$61.98 - POLICE AND  
FIRE PORTION OF \$123.95 - OFFICE SUPPLIES**

**TECH DEPOT - JUNE 24, 2006 - \$13.30 - POLICE AND FIRE  
PORTION OF \$26.60 - OFFICE SUPPLIES**

**TECH DEPOT - JUNE 21, 2006 - \$154.60 - POLICE AND FIRE  
PORTION OF \$309.20 - OFFICE SUPPLIES**

**TECH DEPOT - JUNE 22, 2006 - \$677.16 - POLICE AND FIRE  
PORTION OF \$1,354.32 - OFFICE SUPPLIES**

**YEAS - TRUSTEES BANDEMER, BEST, DOYLE, MOORE,  
ORZECH, STEWART AND CHAIRMAN ENGLISH - 7**

**NAYS - NONE**

**DISABILITY RETIREMENT REVIEW BOARD DECISION REGARDING  
JAMES MARTIN**

**BY MR. STEWART - SUPPORTED BY MR. BANDEMER**

**WHEREAS, THE BOARD IS IN RECEIPT OF ARBITRATOR MARK  
GLAZER'S JULY 10, 2006 AWARD AND OPINION REGARDING  
JAMES MARTIN'S APPLICATION FOR DUTY DISABILITY  
RETIREMENT WHEREIN MR. GLAZER OPINES THAT MR.  
MARTIN'S APPLICATION FOR DUTY DISABILITY RETIREMENT  
SHOULD BE DENIED, THEREFORE BE IT**

**RESOLVED, THAT THE BOARD ACCEPTS ARBITRATOR  
GLAZER'S OPINION, AND BE IT FURTHER**

**DISABILITY RETIREMENT REVIEW BOARD DECISION REGARDING  
JAMES MARTIN**

**RESOLVED, THAT MR. MARTIN'S APPLICATION FOR DUTY  
DISABILITY RETIREMENT BE HEREBY DENIED AND A COPY OF  
THIS RESOLUTION BE FORWARDED TO HIM:**

**YEAS - TRUSTEES BANDEMER, BEST, DOYLE, MOORE,  
ORZECH, STEWART AND CHAIRMAN ENGLISH - 7**

**NAYS - NONE**

**ARIEL DUNES**

**BY MR. STEWART - SUPPORTED BY MR. BANDEMER**

**WHEREAS, The Board previously approved a construction loan for  
a project in Florida known as Ariel Dunes, and**

**WHEREAS, The Board has received notice from MMA, the asset  
manager for Ariel Dunes, that condominium sales have  
commenced, and**

**WHEREAS, The loan agreement specifies that as sales occur the  
construction loan principal is to be repaid, and**

**WHEREAS, MMA has requested that the Board provide direction  
as to the method and timing of the distribution of principal back  
to the System, and**

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

**RESOLVED, That MMA be instructed to return the principal  
reduction to the system as and when individual condominium  
unit sales occur, and be it further**

**ARIEL DUNES**

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

**EX/OFFICIO TRUSTEE GARY CHRISTIAN ENTERED THE MEETING.**

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

**Nays - None**

**Abstain - Trustee Christian - 1**

**SMITH BARNEY**

**BRUCE BALLARD AND AN ASSOCIATE APPEARED BEFORE THE BOARD, DISCUSSED CITIGROUP CAPITAL PARTNERS II (A PRIVATE EQUITY INVESTMENT PROPOSAL) AND THEN EXCUSED THEMSELVES.**

**LEGAL COUNSEL'S REPORTS**

**LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING INHERITANCE CAPITAL, THE BOARD'S EXECUTIVE SECRETARY LITIGATION, THE FLORIDA MALL BUSINESS CENTER, PFRS SAN DIEGO CORPORATION, O'BRIEN VERSUS O'BRIEN AND SMITH VERSUS MATTHEWS.**

**EX/OFFICIO TRUSTEE DEDAN MILTON ENTERED THE MEETING.**

**O'BRIEN                   VERSUS                   O'BRIEN  
WAYNE COUNTY CASE #05-515508-DM**

**BY MR. DOYLE - SUPPORTED BY MR. BANDEMER**

**WHEREAS, THE BOARD IS IN RECEIPT OF A JUNE 29, 2006 DOMESTIC RELATIONS ORDER WHICH AMENDS/SUPPLEMENTS A JUDGMENT OF DIVORCE WHEREIN MARGARET O'BRIEN IS AWARDED CERTAIN RIGHTS TO THE DEFINED BENEFIT PLAN AND DEFINED CONTRIBUTION PLAN BENEFITS OF MARTIN O'BRIEN, AND**

**WHEREAS, PARTICIPANT'S DATE OF BIRTH IS APRIL 3, 1952, AND, TO DATE, PARTICIPANT HAS ATTAINED 28 YEARS AND 12 DAYS OF SERVICE CREDIT, AND**

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

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

**WHEREAS, THE BOARD'S POLICY IS TO REQUIRE THAT THE COST, IF APPLICABLE, 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**

**O'BRIEN                   VERSUS                   O'BRIEN  
WAYNE COUNTY CASE #05-515508-DM**

**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, 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 MARGARET O'BRIEN, MARK O'BRIEN AND ATTORNEY SUSAN DUNN:**

**YEAS - TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON, MOORE, ORZECH, STEWART AND CHAIRMAN ENGLISH - 9**

**NAYS - NONE**

**SMITH VERSUS MATTHEWS  
WAYNE COUNTY CASE #04-421966-DO**

**BY MR. DOYLE - SUPPORTED BY MR. BANDEMER**

**WHEREAS, THE BOARD IS IN RECEIPT OF A JUNE 29, 2006 ELIGIBLE DOMESTIC RELATIONS ORDER WHICH AMENDS/SUPPLEMENTS A JUDGMENT OF DIVORCE WHEREIN LINDA MATTHEWS IS AWARDED CERTAIN RIGHTS TO THE DEFINED BENEFIT PLAN BENEFITS ONLY OF RYDELL SMITH WHO IS CURRENTLY AN ACTIVE EMPLOYEE, AND**

**WHEREAS, PARTICIPANT'S DATE OF BIRTH IS MAY 20, 1961, AND, TO DATE, PARTICIPANT HAS ATTAINED 20 YEARS AND 03 MONTHS OF SERVICE CREDIT, AND**

**WHEREAS, ALTERNATE PAYEE IS NOT ENTITLED TO CLAIM A PORTION OF PARTICIPANT'S DEFINED CONTRIBUTION PLAN, BUT ALTERNATE PAYEE IS ENTITLED TO CLAIM A PORTION OF PARTICIPANT'S DEFINED BENEFIT PLAN, AND**

**WHEREAS, DEFINED BENEFIT PLAN AMOUNTS CAN BE MADE TO THE PARTICIPANT OR ALTERNATE PAYEE UPON PARTICIPANT ATTAINING 25 YEARS OF SERVICE CREDIT, OR TERMINATION OF SERVICE, OR UPON PARTICIPANT ATTAINING THE AGE OF 60 YEARS, OR UPON PARTICIPANT OTHERWISE BEING ELIGIBLE TO WITHDRAW AMOUNTS FROM THE DEFINED BENEFIT PLAN, AND SUBJECT TO APPLICATION FOR SAME BEING MADE BY THE PARTY SEEKING PAYMENT, 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**

**SMITH VERSUS MATTHEWS  
WAYNE COUNTY CASE #04-421966-DO**

**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 LINDA MATTHEWS, RYDELL SMITH AND ATTORNEYS LAWRENCE SCHULTZ AND RALPH BARBIER, JR.:**

**YEAS - TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON, MOORE, ORZECH, STEWART AND CHAIRMAN ENGLISH - 9**

**NAYS - NONE**

**INHERITANCE CAPITAL GROUP, LLC  
\$15,000,000.00 INVESTOR MEMBER INTEREST**

**BY MR. DOYLE - SUPPORTED BY MR. CHRISTIAN**

**WHEREAS, THE BOARD HAS BEEN REQUESTED TO EXECUTE THE DOCUMENTS WHICH ARE REFERENCED BELOW RELATIVE TO THE AFORESAID TRANSACTION, AND**

**INHERITANCE CAPITAL GROUP, LLC  
\$15,000,000.00 INVESTOR MEMBER INTEREST**

**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, THEREFORE BE IT**

**RESOLVED, THAT SAID DOCUMENTS BE EXECUTED BY TWO (2) AUTHORIZED SIGNATORIES ON BEHALF OF THE BOARD, AND BE IT FURTHER**

**RESOLVED, THAT THE CAPITAL CALL AMOUNTS BE WIRE-TRANSFERRED TO ICG REAL ESTATE ADVISORS, INC. THE MANAGER OF INHERITANCE CAPITAL GROUP, LLC IN ACCORDANCE WITH TRANSMITTAL DOCUMENTS AND WIRING INSTRUCTIONS SUBJECT TO APPROVAL BY THE EXECUTIVE SECRETARY, SPECIAL COUNSEL AND THE BOARD'S GENERAL COUNSEL, AND BE IT FURTHER**

**RESOLVED, THAT A COPY OF THIS RESOLUTION BE AND THE EXECUTED DOCUMENTS BE FORWARDED TO ICG REAL ESTATE ADVISORS, INC., AND BE IT FURTHER**

**RESOLVED, THAT A COPY OF THE EXECUTED DOCUMENTS BE MAINTAINED IN THE RETIREMENT SYSTEM:**

**DOCUMENTS**

**SUBSCRIPTION BOOKLET CONTAINING A SUBSCRIPTION AGREEMENT, POWER OF ATTORNEY AND INVESTOR QUALIFICATION STATEMENT**

**INHERITANCE CAPITAL GROUP, LLC  
\$15,000,000.00 INVESTOR MEMBER INTEREST**

**OPERATING AGREEMENT OF INHERITANCE CAPITAL  
GROUP, LLC DATED JULY 12, 2006**

**YEAS - TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE,  
MILTON, MOORE, ORZECH, STEWART AND CHAIRMAN  
ENGLISH - 9**

**NAYS - NONE**

**R. LORENTE**

**ROBERT LORENTE AND AN ASSOCIATE APPEARED BEFORE THE  
BOARD AND INTRODUCED AN INVESTMENT PROPOSAL TO THE  
BOARD - LIGHT STONE VALUE PLUS REAL ESTATE INVESTMENT  
TRUST.**

**EX/OFFICIO TRUSTEE JEFFREY BEASLEY ENTERED THE  
MEETING JUST AS THE BOARD EXCUSED MR. LORENTE AND HIS  
ASSOCIATE.**

**W. Y. CAMPBELL**

**WILLIAM (BILL) CAMPBELL AND TWO ASSOCIATES APPEARED  
BEFORE THE BOARD AND INTRODUCED AN INVESTMENT  
PROPOSAL TO THE BOARD - SUPERIOR CAPITAL, L.P., AND  
THEN EXCUSED THEMSELVES.**

**RETIREMENT SYSTEMS' TELEPHONE SYSTEM**

**COMPUTER CONSULTANT DENNIS LINET DISCUSSED THE  
BOARD'S PURCHASE OF A NEW PHONE SYSTEM FOR THE  
RETIREMENT SYSTEMS.**

**GABRIEL, ROEDER, SMITH AND COMPANY**

**BY MR. BEST - SUPPORTED BY MR. BANDEMER**

**WHEREAS, THE BOARD IS IN RECEIPT OF A CORRESPONDENCE FROM GABRIEL, ROEDER, SMITH AND COMPANY INDICATING A FEE INCREASE FOR ACTUARIAL AND CONSULTING SERVICES FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2007, AND**

**WHEREAS, THE BOARD HAS DISCUSSED SAID INCREASE, THEREFORE BE IT**

**RESOLVED, THAT THE BOARD HEREBY ACCEPTS AND APPROVES SAID INCREASE:**

**YEAS - TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE, MILTON, MOORE, ORZECH, STEWART AND CHAIRMAN ENGLISH - 10**

**NAYS - NONE**

**AFFIDAVIT OF ARVIN L. HEILMAN**

**BY MR. BEST - SUPPORTED BY MR. STEWART**

**WHEREAS, THE BOARD HAS BEEN PROVIDED WITH A COPY OF AN AFFIDAVIT OF ARVIN L. HEILMAN DATED JULY 3, 2006, AND**

**WHEREAS, MR. HEILMAN'S STATEMENT IN PARAGRAPH 3 OF THE AFFIDAVIT PROVIDES, IN RELEVANT PART, THAT IF THE [RETIRES QUARTERLY ANNUITY INTEREST WITHDRAWAL]**

**AFFIDAVIT OF ARVIN L. HEILMAN**

**OPTION IS GRANTED "THAT COST COULD BE SIGNIFICANT,"  
AND**

**WHEREAS, THE BOARD HAS REVIEWED THE RESOLUTION OF  
THE BOARD OF TRUSTEES DATED MARCH 23, 2006, AND**

**WHEREAS, THE BOARD NOTES THAT MR. HEILMAN'S  
STATEMENTS IN PARAGRAPHS 4, 5, 6 AND 7 OF THE AFFIDAVIT  
ARE NOT RELATED TO PARAGRAPH 2 OF THE AFFIDAVIT, AND**

**WHEREAS, THE POSITION TAKEN BY MR. HEILMAN IN THE  
AFFIDAVIT IS RELATED TO THE ISSUE OF DECLARING RATE OF  
INTEREST CREDITED TO THE DEFINED CONTRIBUTION PLAN  
(ANNUITY SAVINGS FUND) BALANCES, WHICH IS NOT PART OF  
THE DPOA REQUEST NOTED IN PARAGRAPH 2 OF THE  
AFFIDAVIT, AND**

**WHEREAS, THE BOARD NOTES THAT THE AFFIDAVIT IS  
INCONSISTENT AS A SUPPOSED REPLY TO THE ISSUE  
IDENTIFIED IN PARAGRAPH 2, THEREFORE BE IT**

**RESOLVED, THAT THE BOARD STATES ITS OPINION THAT THE  
AFFIDAVIT IS NOT RESPONSIVE TO THE ISSUE PRESENTED BY  
THE BOARD'S MARCH 23, 2006 RESOLUTION WHICH IS, IN  
EFFECT, THE REFERENCE IN PARAGRAPH 2 OF THE AFFIDAVIT,  
AND BE IT FURTHER**

**RESOLVED, THAT THE BOARD DOES NOT AGREE THAT THERE  
ARE (OTHER THAN NOMINAL ADMINISTRATIVE) COSTS  
INVOLVED IN THE DPOA PROPOSAL, AND BE IT FURTHER**

**RESOLVED, THAT THE EXECUTIVE SECRETARY EXECUTE AN  
AFFIDAVIT CONSISTENT WITH THIS RESOLUTION, AND BE IT  
FURTHER**

**AFFIDAVIT OF ARVIN L. HEILMAN**

**RESOLVED, THAT A COPY OF THIS RESOLUTION BE  
FORWARDED TO THE CITY OF DETROIT AND THE DPOA:**

**YEAS - TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN,  
DOYLE, MILTON, MOORE ORZECH, STEWART AND  
CHAIRMAN ENGLISH - 10**

**NAYS - NONE**

**SMITH BARNEY/CITIGROUP CAPITAL PARTNERS, II**

**BY MR. BEST - SUPPORTED BY MR. BANDEMER**

**Whereas, The Board has been presented with a CitiGroup  
Partners, II investment proposal, and**

**Whereas, The Board desires due diligence on said proposal,  
Therefore Be It**

**Resolved, That North Point Advisors be engaged to perform due  
diligence on the proposal and submit a written report of their  
findings to the Board:**

**YEAS - TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN,  
DOYLE, MILTON, MOORE ORZECH, STEWART AND  
CHAIRMAN ENGLISH - 10**

**NAYS - NONE**

**R. LORENTE/LIGHT STONE VALUE PLUS REAL ESTATE  
INVESTMENT TRUST**

**BY MR. MILTON - SUPPORTED BY MR. BEASLEY**

**Whereas, The Board has been presented with a Light Stone Value Plus Real Estate Investment Trust investment proposal, and**

**Whereas, The Board desires due diligence on said proposal, Therefore Be It**

**Resolved, That Banyan Realty Advisors be engaged to perform due diligence on the proposal and submit a written report of their findings to the Board:**

**YEAS - TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE, MILTON, MOORE ORZECH, STEWART AND CHAIRMAN ENGLISH - 10**

**NAYS - NONE**

**FLORIDA MALL BUSINESS CENTER  
ORLANDO, FLORIDA**

**THE BOARD WAS MADE AWARE OF THE EXECUTION OF THE DOCUMENTS WHICH ARE REFERENCED BELOW (DATED JULY 13, 2006) BY AN OFFICER OF THE CORPORATION:**

**DOCUMENTS**

**SPECIAL WARRANTY DEED  
QUIT CLAIM BILL OF SALE  
ASSIGNMENT AND ASSUMPTION OF LEASES**

**FLORIDA MALL BUSINESS CENTER  
ORLANDO, FLORIDA**

**QUIT CLAIM ASSIGNMENT AND ASSUMPTION OF  
SERVICES CONTRACTS  
NO LIEN FIRPTA AFFIDAVIT  
PENDING LITIGATION/ASSIGNMENT OF RIGHTS  
NOTICE OF TERMINATION OF NOTICE OF  
COMMENCEMENT**

**PFRS SAN DIEGO CORPORATION**

**THE BOARD WAS MADE AWARE OF THE EXECUTION OR  
ADOPTION, AS THE CASE MAY BE, OF THE DOCUMENTS WHICH  
ARE REFERENCED BELOW BY AN OFFICER OF THE  
CORPORATION:**

**DOCUMENTS**

**APPLICATION FOR EMPLOYER IDENTIFICATION  
NUMBER (FORM SS-4) DATED JULY 13, 2006  
UNANIMOUS WRITTEN CONSENT OF DIRECTORS  
DATED JULY 13, 2006  
BY-LAWS OF PFRS SAN DIEGO CORPORATION  
DATED JULY 13, 2006  
NOTICE REQUIREMENTS OF THE INTERNAL  
REVENUE SERVICE DATED JULY 13, 2006  
STOCK CERTIFICATE #001 DATED JULY 13,  
2006  
APPLICATION FOR AUTHORIZATION TO  
TRANSACT BUSINESS IN CALIFORNIA**

**PFRS SAN DIEGO CORPORATION**

**BY MR. BEST - SUPPORTED BY MR. DOYLE**

**Whereas, The Board has been requested to execute a Written Consent of Shareholder (dated July 13, 2006) relative to the foregoing transaction, and**

**Whereas, The execution of said document has been reviewed and approved as to form by the Board's Legal Counsel, and the execution of said document is consistent with prior action of the Board, Therefore Be It**

**Resolved, That said document be executed by two (2) authorized signatories on behalf of the Board, and be it further**

**Resolved, That the executed original document be forwarded to the appropriate party, and be it further**

**Resolved, That the Retirement System retain copies of said executed original document:**

**YEAS - TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN,  
DOYLE, MILTON, MOORE ORZECH, STEWART AND  
CHAIRMAN ENGLISH - 10**

**NAYS - NONE**

**RECORD STORAGE**

**By Mr. Bandemer – Supported by Mr. Moore**

**WHEREAS, The Board has previously adopted a resolution and policy regarding the retention of Retirement System's records due to the cost of storage and availability of space for storage, and**

**WHEREAS, With respect to investment records, based upon the statute of limitations, the Board has adopted certain time periods to retain those records and then ultimately destroying the records due to cost and storage availability space and due to no reason to maintain said records, and**

**WHEREAS, The issue regarding travel records includes issues involving space availability and policy decisions regarding retention of records of the Retirement System travel which are distinguished from investment records, and**

**WHEREAS, The Retirement System's Administration has requested guidance regarding the retention of travel records, and**

**WHEREAS, The Board has discussed this matter, Therefore Be It**

**RESOLVED, That there's no need for retention of travel records subsequent to applicable fiscal years after auditing has been completed for the applicable fiscal year, subject to the exception that any individual file and records shall be maintained if there are any applicable open issues (such as awaiting receipts and/or documents) regarding any such file, and be it further**

**RESOLVED, That due to demands of storage space and the non-necessity of maintaining old files, travel records be retained only during the current fiscal year and any prior fiscal years in which auditing has not been completed, and be it further**

**RESOLVED, That a copy of this resolution be forwarded to the System's Accounting Department:**

**Yeas – Trustees Bandemer, Beasley, Best, Christian, Doyle, Milton, Moore, Orzech, Stewart and Chairman English – 10**

**Nays – None**

**BOARD-DIRECTED BROKERAGE**

**BY MR. BEASLEY - SUPPORTED BY MR. BANDEMER**

**WHEREAS, THE BOARD IS CONCERNED ABOUT THE POSSIBILITY OF INVESTMENT MANAGERS FAILING TO MEET THE REQUIREMENTS SET FORTH BY THE BOARD REGARDING DIRECTED BROKERAGE, AND**

**WHEREAS, THE BOARD HAS PREVIOUSLY DIRECTED THAT LETTERS BE SENT TO ALL OF THE BOARD'S INVESTMENT MANAGERS REQUESTING RESPONSES TO THE BOARD REGARDING THIS MATTER, AND**

**WHEREAS, THE BOARD IS IN RECEIPT OF RESPONSES FROM THE BOARD'S INVESTMENT MANAGERS BUT THE BOARD IS NOT COMPLETELY SATISFIED IN CERTAIN CASES, AND**

**WHEREAS, THE BOARD CONTEMPLATES APPROPRIATE ACTION WITH RESPECT TO THOSE INVESTMENT MANAGERS WHO HAVE NOT SATISFIED THE BOARD REGARDING THIS MATTER, AND**

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

**RESOLVED, THAT THE BOARD'S INVESTMENT ANALYST COMPILE A SUMMARY CHART INDICATING RESPONSES BY INVESTMENT MANAGERS AND RECORDING OF NOTES, RE: COMPLIANCE OR NON-COMPLIANCE WITH THE BOARD'S DIRECTED BROKERAGE, AND BE IT FURTHER**

**RESOLVED, THAT MONTHLY LETTERS BE FORWARDED TO EACH INVESTMENT MANAGER INDICATING THE BOARD'S STRONG POSITION REGARDING ITS DIRECTED BROKERAGE POLICY AND INTENTION TO CAREFULLY REVIEW THE RECORDS AND THE RESPONSES FROM THE INVESTMENT MANAGERS, AND BE IT FURTHER**

**BOARD-DIRECTED BROKERAGE**

**RESOLVED, THAT THE BOARD IS AWARE OF ACCEPTABLE EXCEPTIONS TO THE BOARD'S DIRECTED BROKERAGE POLICY, AND BE IT FURTHER**

**RESOLVED, THAT THE BOARD EXPECTS IMPROVEMENT IN COMPLIANCE BY INVESTMENT MANAGERS, AND BE IT FURTHER**

**RESOLVED, THAT THE BOARD'S INVESTMENT ANALYST FORWARD A COPY OF THIS RESOLUTION TO EACH OF THE BOARD'S INVESTMENT MANAGERS:**

**YEAS - TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE, MILTON, MOORE ORZECH, STEWART AND CHAIRMAN ENGLISH - 10**

**NAYS - NONE**

**PUBLIC FORUM**

**AT 12:15 P.M., CHAIRMAN 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, CHAIRMAN ENGLISH ADJOURNED THE MEETING AT 12:22 P.M. UNTIL THURSDAY, JULY 20, 2006 AT 9:00 A.M., IN ROOM 910 OF THE COLEMAN A. YOUNG MUNICIPAL CENTER, DETROIT, MICHIGAN 48226.**

**RESPECTFULLY SUBMITTED,**

---

**ASSISTANT EXECUTIVE SECRETARY**