

MEETING NUMBER 2609

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



PROCEEDINGS HELD THURSDAY, JANUARY 4, 2007  
9:00 A.M.

IN THE CONFERENCE ROOM OF THE RETIREMENT SYSTEMS  
910 COLEMAN A. YOUNG MUNICIPAL CENTER  
DETROIT, MICHIGAN 48226



PRESENT

Marty Bandemer	Elected Trustee
Gregory Best	Elected Trustee/Vice Chairperson
Gary Christian	Ex/Officio Alternate Trustee
Seth Doyle	Ex/Officio Alternate Trustee
Frank English	Elected Trustee/Chairperson
DeDan Milton	Ex/Officio Alternate Trustee
James Moore	Elected Trustee
George Orzech	Elected Trustee
Paul Stewart	Elected Trustee
Alberta Tinsley-Talabi	Ex/Officio Trustee/City Council Representative
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

Jeffrey Beasley	Ex/Officio Trustee/Treasurer
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ABSENT

None

CHAIRPERSON

Frank English

ROLL CALL WAS TAKEN AT **9:08 A.M.** BY THE BOARD'S RECORDING SECRETARY AND THE MEETING WAS CALLED TO ORDER.

INHERITANCE CAPITAL

ROBERT SHUMAKE AND ADRIENNE LUCAS APPEARED BEFORE THE BOARD AND DISCUSSED THE BOARD'S INVESTMENT WITH INHERITANCE CAPITAL AS WELL AS A NEW FUND, "BMH-BRETLIN-MEEK MORTGAGE (HOME OWNERSHIP.)"

► TRUSTEE DOYLE ENTERED THE MEETING DURING INHERITANCE'S PRESENTATION, AS DID TRUSTEE CHRISTIAN.

HAVING CONCLUDED THEIR DISCUSSION, THE BOARD EXCUSED MR. SHUMAKE AND MS. LUCAS.

RETIREMENTS

BY MR. BANDEMER – SUPPORTED BY MR. BEST

RESOLVED, THAT THE RETIREMENT APPLICATIONS WHICH ARE REFERENCED BELOW BE APPROVED:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON, MOORE, ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH – 10

NAYS – NONE

**RETIREMENTS**

**NAME, TITLE, DEPARTMENT**

**JOHN W. FLEMING – OFFICER –  
POLICE**

**RETIREMENT, PLAN**

**DUTY DISABILITY RETIREMENT  
CONVERSION - NEW**

**SERVICE CREDIT/EFFECTIVE DATE**

**25 00 00 – 01 20 07**

CONFIRMATIONS

THE BOARD DISBURSED THE SUM OF **\$258,138.69** ON DECEMBER 21, 2006 TO FUND DRAW "9" FOR SAVANNAH RIVER (MIDLAND)

THE BOARD RECEIVED THE SUM OF **\$5,452.29** ON DECEMBER 21, 2006 FROM BANYAN – DECEMBER, 2006 REMITTANCE

THE BOARD RECEIVED THE SUM OF **\$39,583.34** ON DECEMBER 21, 2006 FROM HIGH POINT II (MIDLAND)

THE BOARD RECEIVED THE SUM OF **\$14,614.18** ON DECEMBER 21, 2006 FROM THE COLUMNS OF KENTUCKY

THE BOARD RECEIVED THE SUM OF **\$24,106.77** ON DECEMBER 21, 2006 FROM THE TRELLISES OF KENTUCKY (MIDLAND)

THE BOARD RECEIVED THE SUM OF **\$20,000.00** ON DECEMBER 21, 2006 FROM ARTHUR ZASKE & ASSOCIATES (INSIGHT 2811) – DUE DILIGENCE FEE

THE BOARD RECEIVED THE SUM OF **\$288,518.16** ON DECEMBER 27, 2006 FROM TOUCHSTONE'S OPPORTUNITY II, LTD.

THE BOARD RECEIVED THE SUM OF **\$174,680.00** ON DECEMBER 27, 2006 FROM TOUCHSTONE OPPORTUNITY, LTD.

THE BOARD RECEIVED THE SUM OF **\$62,624.00** ON DECEMBER 27, 2006 FROM LIBERTY LIFE CV/U. S. POWER FUND II

THE BOARD RECEIVED THE SUM OF **\$360,000.00** ON DECEMBER 27, 2006 FROM LIBERTY LIFE C-IV/U. S. POWER FUND

CONFIRMATIONS

BY MR. DOYLE – SUPPORTED BY MR. STEWART

RESOLVED, THAT THE DISBURSEMENTS AND RECEIPTS WHICH ARE OUTLINED ABOVE BE CONFIRMED:

CONFIRMATIONS

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON, MOORE,  
ORZECZ, STEWART, TALABI AND CHAIRMAN ENGLISH – 10

NAYS – NONE

MINUTES OF DECEMBER 14, 2006

BY MR. BANDEMER – SUPPORTED BY MR. STEWART

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY, **DECEMBER 14, 2006** BE APPROVED AS RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON, MOORE,  
ORZECZ, STEWART, TALABI AND CHAIRMAN ENGLISH – 10

NAYS – NONE

BILL PAYMENT REQUESTS

BY MR. MOORE – SUPPORTED BY MR. STEWART

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

ADP – JUNE 25, 2006 - \$70.08 – POLICE AND FIRE PORTION OF \$140.16 – JUNE, 2006 PROCESSING CHARGES

ADP – AUGUST 25, 2006 - \$47.27 – POLICE AND FIRE PORTION OF \$94.54 – AUGUST 31, 2006 PROCESSING CHARGES

BILL PAYMENT REQUESTS

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

ADP – DECEMBER 1, 2006 - \$49.77 – POLICE AND FIRE PORTION OF \$99.54 –  
NOVEMBER, 2006 PROCESSING CHARGES

ADP – DECEMBER 22, 2006 - \$55.81 – POLICE AND FIRE PORTION OF \$111.62  
– DECEMBER, 2006 PROCESSING CHARGES

GFOA – DECEMBER 1, 2006 - \$20.00 – POLICE AND FIRE PORTION OF \$40.00  
– 2007 DUES

NORTH POINT ADVISORS – JANUARY 3, 2007 - \$12,500.00 – FEBRUARY AND  
MARCH, 2007 FEES

NORTH POINT ADVISORS – JANUARY 3, 2007 - \$10,000.00 – DUE DILIGENCE  
FOR CITIGROUP PRIVATE EQUITY

NORTH POINT ADVISORS – JANUARY 3, 2007 - \$20,000.00 – DUE DILIGENCE  
FOR ONYX CAPITAL PARTNERS

PENSION BENEFIT INFORMATION – DECEMBER 11, 2006 - \$472.50 – POLICE  
AND FIRE PORTION OF \$945.00 – MISCELLANEOUS EXPENSES

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DOUG DAVIS – JANUARY 2, 2007 - \$5,464.20 – DECEMBER, 2006 COMPUTER  
SERVICES

JASON DELUCE – JANUARY 2, 2007 - \$4,800.00 – DECEMBER, 2006  
COMPUTER SERVICES

DOUGLAS FREDERICK – JANUARY 1, 2007 - \$6,209.28 – DECEMBER, 2006  
COMPUTER SERVICES

BRIDGETT HARDY – JANUARY 2, 2007 - \$3,577.80 – DECEMBER, 2006  
COMPUTER SERVICES

HAROLD LAMKIN – JANUARY 2, 2007 - \$3,749.88 – DECEMBER, 2006  
COMPUTER SERVICES

BILL PAYMENT REQUESTS

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

FRANK LEARNED – JANUARY 2, 2007 - \$4,142.39 – DECEMBER, 2006  
COMPUTER SERVICES

ANITA LINET – JANUARY 2, 2007 - \$2,448.76 – DECEMBER, 2006 COMPUTER  
SERVICES

DENNIS LINET – JANUARY 2, 2007 - \$6,222.50 – DECEMBER, 2006 COMPUTER  
SERVICES

MIKE POWNING – JANUARY 2, 2007 - \$4,868.40 – DECEMBER, 2006  
COMPUTER SERVICES

SANJAY PRASAD – DECEMBER 31, 2006 - \$5,469.75 – DECEMBER, 2006  
COMPUTER SERVICES

RONALD REEVES – DECEMBER 29, 2006 - \$3,930.00 – DECEMBER, 2006  
COMPUTER SERVICES

RAY TCHOU – DECEMBER 31, 2006 - \$7,525.74 – DECEMBER, 2006  
COMPUTER SERVICES

ED ZARZYCKI – JANUARY 2, 2007 - \$3,529.50 – DECEMBER, 2006 COMPUTER  
SERVICES

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH – 10

NAYS – NONE

LEGAL COUNSEL'S REPORTS

LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE  
BOARD, INCLUDING ODYSSEY SOFTWARE, THE BOARD'S EXECUTIVE  
SECRETARY LITIGATION, SYMRISE AG, THE DETROIT NEWS' FOIA REQUEST  
AND ONYX CAPITAL.

ONYX CAPITAL  
\$10,000,000.00 PROPOSED INVESTMENT

BY MR. MILTON – SUPPORTED BY MR. DOYLE

Whereas, The Board has indicated its interest in making the foregoing investment subject to a number of conditions being met including the approval of final transaction documents after all negotiations are completed by the Board and Special Legal Counsel, and

Whereas, The Board notes that legal services required to prepare the proposed transaction documents for consideration by the Board will be fairly extensive and time-consuming and will require immediate attention, requiring consecutive hours of attention by Special Legal Counsel, and

Whereas, The Board's policy in such cases is to select and retain Special Legal Counsel relative to such investment proposal who will report to the Board's General Counsel and to the Board of Trustees, as appropriate, with fees and expenses of said Special Legal Counsel to be paid for from an escrow account funded by the Proposed Borrower, and

Whereas, The Board notes the possibility the preliminary legal services regarding the transaction may result in findings that the proposed Borrower will not be able to meet the requirement of the Retirement System as Lender/Investor, THEREFORE BE IT

Resolved, That the aforesaid investment proposal be assigned to **F. Logan Davidson, P.C.**, as Special Legal Counsel, and be it further

Resolved, That a further condition of the Board's continued interest in making this investment loan is proposed Borrower providing the Assistant Administrative Supervisor with written

ONYX CAPITAL  
\$10,000,000.00 PROPOSED INVESTMENT

confirmation that proposed Borrower acknowledges receipt of this resolution and agrees to the terms therein, and be it further

Resolved, That Special Legal Counsel and the Assistant Administrative Supervisor arrange for an escrow account into which proposed Borrower will provide funds for costs, expenses and legal services, and be it further

Resolved, That Special Legal Counsel submit itemized billings to the proposed Borrower with copies to the Retirement System, and be it further

Resolved, That the amount to be escrowed will be mutually determined by Special Legal Counsel and proposed Borrower and will be reported to the Board of Trustees and the escrow may be funded in stages with the understanding that legal services will be performed only to the extent of, and after, the escrow deposit(s), and be it further

Resolved, That a copy of this resolution be provided proposed Borrower and Special Legal Counsel:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON,  
MOORE, ORZECH, STEWART, TALABI AND CHAIRMAN  
ENGLISH – 10

NAYS – NONE

► TRUSTEE MILTON EXCUSED HIMSELF FOR THE REMAINDER OF THE MEETING.

GENERAL COUNSEL'S LEGAL FEES AND CONFERENCE ATTENDANCE

BY MR. STEWART – SUPPORTED BY MR. CHRISTIAN

WHEREAS, GENERAL COUNSEL HAS SUBMITTED A JANUARY 3, 2007 LETTER TO THE BOARD WHICH REQUESTS 1) A MONTHLY INCREASE IN THE AMOUNT OF \$1,910.03, AND 2) TO BE APPROVED FOR ATTENDANCE OF CONFERENCES, SEMINARS, ETC. TO BE CONSISTENT WITH GENERAL COUNSEL'S ARRANGEMENT WITH THE GENERAL RETIREMENT SYSTEM, AND

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

RESOLVED, THAT THE BOARD APPROVES THE AFOREMENTIONED REQUESTS, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO GENERAL COUNSEL:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

THE HARTFORD

GUY THOMAS AND PAUL MESKIEWICZ (OF THE HARTFORD) AND CHRISTOPHER WALVOORD (OF GUIDANCE CAPITAL) APPEARED BEFORE THE BOARD DISCUSSED A HEDGE FUND PROPOSAL AND THEN EXCUSED THEMSELVES.

DUTY DISABILITY RETIREMENT APPLICATION OF JAMES MARTIN  
EOG ENVIRONMENTAL, INC.

CLOSED SESSION

By Mr. Stewart – Supported by Mr. Bandemer

Resolved, That the Board enter into Closed Session for the purpose of discussing the Duty Disability Retirement application of James Martin as well as matters involving attorney/client privilege:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

The Board entered into Closed Session at 11:00 A.M.

OPEN SESSION

By Mr. Stewart – Supported by Mr. Bandemer

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

OPEN SESSION

The Board returned to Open Session at 11:23 A.M.

RED RIVER CONSTRUCTION LOAN

BY MR. DOYLE – SUPPORTED BY MR. MOORE

RESOLVED, THAT THE BOARD'S MOTION REGARDING THE RED RIVER CONSTRUCTION LOAN, WHICH WAS TABLED NOVEMBER 2, 2006, BE REMOVED FROM THE TABLE:

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

FOLLOWING IS THE BOARD'S NOVEMBER 2, 2006 MOTION REGARDING THE RED RIVER CONSTRUCTION LOAN:

Red River Construction Loan

BY MR. STEWART SUPPORTED BY MR. BANDEMER

WHEREAS, the Board desires to retain the Red River loan in its construction loan portfolio, and

WHEREAS, the Board has held extensive discussions on this date with staff with respect to how the return on the Red River loan compares to the current yield on the System's fixed income accounts, therefore be it

Red River Construction Loan

RESOLVED, that \$23,750,000.00 be immediately withdrawn from the convertible bond account managed by Advent, account number 591330:

TRUSTEE STEWART WITHDREW HIS MOTION AND TRUSTEE BANDEMER WITHDREW HIS SUPPORT OF TRUSTEE STEWART'S MOTION.

NORTH POINT ADVISORS

ADRIAN ANDERSON APPEARED BEFORE THE BOARD, DISCUSSED STEWARD CAPITAL, SMITH WHILEY, OPPENHEIMER CAPITAL, MILLER AND JACOBS' ACADIA FUND AND 2006 ASSET CLASS RETURNS.

MILLER & JACOBS/ACADIA FUND  
\$20,000,000.00 INVESTMENT

BY MR. DOYLE – SUPPORTED BY MR. BANDEMER

WHEREAS, THE BOARD HAS BEEN REQUESTED TO SELECT A MONEY MARKET ACCOUNT FOR INVESTING EQUITY PROCEEDS TO COMPLETE THE CLO STRUCTURE OF THE ACADIA FUND, AND

WHEREAS, THE BOARD HAS DISCUSSED THIS MATTER WITH ITS CONSULTANT, NORTH POINT ADVISORS, THEREFORE BE IT

RESOLVED, THAT THE BOARD HEREBY SELECTS AND APPROVE THE USE OF THE JP MORGAN PRIME MONEY MARKET FUND (PREMIER SHARE CLASS) FOR ESCROW PURPOSES:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE, ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH

MILLER & JACOBS/ACADIA FUND  
\$20,000,000.00 INVESTMENT

NAYS – NONE

INTERCONTINENTAL

BY MR. BEST – SUPPORTED BY MR. BANDEMER

RESOLVED, THAT PETER PALANDJIAN AND ANY ASSOCIATE OF HIS CHOOSING BE REQUESTED TO APPEAR BEFORE THE BOARD FOR PRESENTATION PURPOSES (U. S. REAL ESTATE INVESTMENT FUND, LLC):

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

INVESTMENT PROPOSAL DUE DILIGENCE

BY MR. MOORE – SUPPORTED BY MR. STEWART

Whereas, The Board has been presented with investment proposals from the firms which are listed below, and

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

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

INVESTMENT PROPOSAL DUE DILIGENCE

Marwood Alternative Asset Management (Hedge Fund Investing)

The Hartford/Guidance Capital (Hedge Fund Investing)

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

SEMINARS/MEETINGS/CONFERENCES

By Mr. Bandemer – Supported by Mr. Doyle

Resolved, That the Board approve the attendance of all Trustees, the Executive Secretary, the Assistant Executive Secretary and General Counsel at the below-referenced seminars, meetings and conferences, and be it further

Resolved, That the Board approve expenditures for all Trustees, the Executive Secretary, the Assistant Executive Secretary and General Counsel to attend said seminars, meetings and conferences:

NAPO Seminar-Public Safety Pension and Benefits  
Nevada  
January 20, 2007 – January 25, 2007

2007 Benefits Conference for Public Employees  
California  
March 3, 2007 – March 7, 2007

CONFERENCES/MEETINGS

Spring Investment Summit  
Nevada  
March 10, 2007 – March 15, 2007

Wind Point Partners' Annual Meeting  
Florida  
April 16, 2007 – April 20, 2007

18<sup>TH</sup> Annual EIF Conference  
Georgia  
April 28, 2007 – May 3, 2007

Alpha Max Conference  
Portugal  
April 30, 2007 – May 5, 2007

Prudential at Pinehurst Conference  
North Carolina  
May 14, 2007 – May 18, 2007

GFOA Conference  
California  
June 9 ,2007 – June 14, 2007

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH

– 9

NAYS – NONE

INHERITANCE CAPITAL/BHM-BRETLIN-MEEK MORTGAGE

BY MR. STEWART – SUPPORTED BY MR. BANDEMER

Whereas, The Board has been presented with an investment proposal from Inheritance Capital (BHM-Bretlin-Meek Mortgage), and

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

Resolved, That Couzens, Lansky, Ellis, Fealk, Roeder & Lazar, P.C. (Don Wagner) be engaged to perform due diligence on said proposal and submit a written report of their findings to the Board, and be it further

Resolved, That Couzens, Lansky, Ellis, Fealk, Roeder & Lazar, P.C. (Don Wagner) is hereby selected as Special Counsel regarding this matter:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

EVERGREEN INVESTMENTS

BY MR. STEWART – SUPPORTED BY MR. BANDEMER

WHEREAS, The Board has approved the hiring of Evergreen Investments as an international small-cap equity manager with an initial allocation of \$60,000,000.00, and

WHEREAS, General Counsel has advised the Board that all of the contractual agreements between the Board and Evergreen have been completed, and

EVERGREEN INVESTMENTS

WHEREAS, The Board has discussed the funding of Evergreen with North Point Advisors, the Board's retained consultant, on this date, and

WHEREAS, North Point has recommended that \$60,000,000.00 be withdrawn from the international equity account managed by TT International to fund the initial allocation to the Evergreen account, therefore be it

RESOLVED, That \$60,000,000.00 be withdrawn from the international equity account managed by TT International to fund the initial allocation to the Evergreen account, and be it further

RESOLVED, That staff be directed to solicit bids from the Board's brokers of record to transition the \$60,000,000.00 of assets from the TT account to the Evergreen account.

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE, ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH - 9

NAYS – NONE

SMITH WHILEY & COMPANY  
PELHAM FUND III  
\$10,000,000.00 PROPOSED INVESTMENT

BY MR. MOORE – SUPPORTED BY MR. DOYLE

**WHEREAS**, the Board of Trustees of the Police and Fire Retirement System of the City of Detroit (the "Board") previously approved the above-referenced investment, subject to a favorable due diligence report from Adrian Anderson of North Point Advisors (the "Board's Advisor") and a legal review from Joe Turner of Clark Hill PLC (the "Special Legal Counsel"), and

**WHEREAS**, the Board's Advisor submitted a favorable due diligence report, however subsequent material circumstances developed involving one of the Project Sponsor's prior private equity funds and required the principals of the Project Sponsor to appear before the Board to apprise the Board of the status of such prior private equity fund, and

SMITH WHILEY & COMPANY  
PELHAM FUND III  
\$10,000,000.00 PROPOSED INVESTMENT

**WHEREAS**, the Board reconsidered the investment and re-approved the investment subject to a favorable updated due diligence report from the Board's Advisor,

**WHEREAS**, the Board's Advisor submitted a favorable updated due diligence report dated January 4, 2007 and today appeared before the Board, along with Special Legal Counsel who provided a favorable legal review, and **THEREFORE BE IT**

**RESOLVED**, that the Board hereby approves the signing of the closing documents (the Closing Documents), subject to the review and approval by General Counsel and Special Legal Counsel. The Closing Documents, include, but are not limited to the following:

Subscription Document  
Side Letter

**RESOLVED**, that the Board limits the amount of its capital commitment to the lesser of either (i) Ten Million and no/100 Dollars (\$10,000,000.00) or (ii) ten percent of the total capital commitment for all investors, and

**RESOLVED**, that the Board authorizes its signatories to execute, and deliver the Closing Documents and any documentation required by the Board's General Counsel and the Board's Special Legal Counsel to consummate the closing on the investment, and be it further

**RESOLVED**, that a copy of this resolution be forwarded to Project Sponsor, the Board's Advisor and the Board's Special Legal Counsel:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE, ORZECH,  
STEWART, TALABI AND CHAIRMAN ENGLISH - 9

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 **12:20 P.M.** UNTIL THURSDAY, **JANUARY 11, 2007**, AT 9:00 A.M., IN ROOM 910 OF THE COLEMAN A. YOUNG MUNICIPAL CENTER, DETROIT, MICHIGAN 48226.

RESPECTFULLY SUBMITTED,

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ASSISTANT EXECUTIVE SECRETARY

INHERITANCE CAPITAL/BHM-BRETLIN-MEEK MORTGAGE

BY MR. STEWART – SUPPORTED BY MR. BANDEMER

Whereas, The Board has been presented with an investment proposal from Inheritance Capital (BHM-Bretlin-Meek Mortgage), and

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

Resolved, That Couzens, Lansky, Ellis, Fealk, Roeder & Lazar, P.C. (Don Wagner) be engaged to perform due diligence on said proposal and submit a written report of their findings to the Board, and be it further

Resolved, That Couzens, Lansky, Ellis, Fealk, Roeder & Lazar, P.C. (Don Wagner) is hereby selected as Special Counsel regarding this matter:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MOORE,  
ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH  
– 9

NAYS – NONE

