

MEETING NUMBER **2617**

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



PROCEEDINGS HELD THURSDAY, **MARCH 1, 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
Jeffrey Beasley	Ex/Officio Trustee/Treasurer
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

None

ABSENT

None

CHAIRPERSON

Frank English

ROLL CALL WAS TAKEN AT **9:05 A.M.** BY THE BOARD'S RECORDING SECRETARY AND THE MEETING WAS CALLED TO ORDER.

CONFIRMATIONS

BY MR. BEST – SUPPORTED BY MR. BANDEMER

RESOLVED, THAT THE **RECEIPT** WHICH IS REFERENCED BELOW BE CONFIRMED:

YEAS – TRUSTEES BANDEMER, BEST, MOORE, ORZECH AND
CHAIRMAN ENGLISH – 5

NAYS – NONE

CONFIRMATIONS

THE BOARD RECEIVED THE SUM OF **\$10,801.21** ON FEBRUARY 22, 2007 FROM BANYAN REALTY ADVISORS, LLC – FEBRUARY, 2007 REMITTANCE

REFUNDS OF ACCUMULATED CONTRIBUTIONS

BY MR. BANDEMER – SUPPORTED BY MR. BEST

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 **#3228**, IN THE AMOUNT OF **\$1,009,771.19**, INCLUDING INTEREST, BE REFUNDED PENDING AUDIT BY RETIREMENT SYSTEM ACCOUNTING STAFF:

REFUNDS OF ACCUMULATED CONTRIBUTIONS

YEAS – TRUSTEES BANDEMER, BEST, MOORE, ORZECH AND
CHAIRMAN ENGLISH – 5

NAYS – NONE

MINUTES OF THURSDAY, FEBRUARY 8, 2007

MINUTES OF THURSDAY, FEBRUARY 15, 2007

BY MR. BEST – SUPPORTED BY MR. BANDEMER

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY,
FEBRUARY 8, 2007 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,
FEBRUARY 15, 2007 BE APPROVED AS RECORDED AND SUBMITTED BY
THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES BANDEMER, BEST, MOORE, ORZECH AND
CHAIRMAN ENGLISH – 5

NAYS – NONE

MAY 17, 2007 BOARD MEETING CANCELLATION

BY MR. BANDEMER – SUPPORTED BY MR. BEST

RESOLVED, THAT THE POLICE AND FIRE RETIREMENT SYSTEM
BOARD MEETING OF THURSDAY, **MAY 17, 2007** BE CANCELLED AND
THE APPROPRIATE PARTIES NOTIFIED:

YEAS – TRUSTEES BANDEMER, BEST, MOORE, ORZECH AND
CHAIRMAN ENGLISH – 5

MAY 17, 2007 BOARD MEETING CANCELLATION

NAYS – NONE

BILL PAYMENT REQUESTS

BY MR. MOORE – 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:

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

ADP – FEBRUARY 23, 2007 - **\$47.27** – POLICE AND FIRE'S PORTION OF **\$94.54** – AUTO PAY II PROCESSING CHARGES FOR THE PERIOD ENDING FEBRUARY 28, 2007

ADP – FEBRUARY 9, 2007 - **\$97.86** – POLICE AND FIRE'S PORTION OF **\$195.71** – MISCELLANEOUS SERVICES – ACCOUNTS RECEIVABLE #00191-205022

ADP – FEBRUARY 15, 2007 - **\$117.88** – POLICE AND FIRE'S PORTION OF **\$235.75** – AUTO PAY II PROCESSING CHARGES FOR THE PERIOD ENDING JANUARY 4, 2007

ADP – FEBRUARY 9, 2007 - **\$97.86** – POLICE AND FIRE'S PORTION OF **\$195.71** – CONTRACT SERVICES – ACCOUNTS RECEIVABLE #00191-205022

BILL PAYMENT REQUESTS

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

ADP – FEBRUARY 9, 2007 - **\$5,947.19** – POLICE AND FIRE'S PORTION OF **\$11,894.37** – CONTRACT SERVICES – ACCOUNTS RECEIVABLE #00191-205022

BEST, GREGORY – FEBRUARY 28, 2007 - **\$80.00** – PARKING REIMBURSEMENT FOR THE PERIOD NOVEMBER 2, 2006 THROUGH FEBRUARY 27, 2007

DAVIDSON, F. LOGAN – FEBRUARY 26, 2007 - **\$5,000.00** – STEWARD CAPITAL REAL ESTATE PARTNERS FUND I, L.P. LEGAL SERVICES

NORTH POINT ADVISORS – FEBRUARY 26, 2007 - **\$15,000.00** – INSIGHT TECHNOLOGY DUE DILIGENCE

OFFICE DEPOT – FEBRUARY 13, 2007 - **\$11.12** – POLICE AND FIRE'S PORTION OF **\$22.23** – OFFICE SUPPLIES

PLANTE & MORAN – FEBRUARY 21, 2007 - **\$690.00** – POLICE AND FIRE'S PORTION OF **\$1,380.00** – AUDITING SERVICES FOR THE CONTRACT YEAR ENDING JUNE 30, 2006

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DOUG DAVIS – FEBRUARY 26, 2007 - **\$5,195.87** – FEBRUARY, 2007 COMPUTER SERVICES

JASON DELUCE – FEBRUARY 26, 2007 - **\$4,800.00** – FEBRUARY, 2007 COMPUTER SERVICE

DOUGLAS FREDERICK – FEBRUARY 26, 2007 - **\$5,644.80** – FEBRUARY, 2007 COMPUTER SERVICES

BILL PAYMENT REQUESTS

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

BRIDGETT HARDY – FEBRUARY 26, 2007 - **\$3,504.68** – FEBRUARY, 2007 COMPUTER SERVICES

HAROLD LAMKIN – JANUARY 29, 2007 - **\$1,821.15** – FEBRUARY, 2007 COMPUTER SERVICES

FRANK LEARNED – FEBRUARY 26, 2007 - **\$3,721.13** – FEBRUARY, 2007 COMPUTER SERVICES

ANITA LINET – FEBRUARY 26, 2007 - **\$2,259.91** – FEBRUARY, 2007 COMPUTER SERVICES

DENNIS LINET – FEBRUARY 26, 2007 - **\$7,317.66** – FEBRUARY, 2007 COMPUTER SERVICES

MIKE POWNING – FEBRUARY 26, 2007 - **\$4,310.56** – FEBRUARY, 2007 COMPUTER SERVICES

SANJAY PRASAD – FEBRUARY 25, 2007 - **\$4,539.89** – FEBRUARY, 2007 COMPUTER SERVICES

RONALD REEVES – FEBRUARY 26, 2007 - **\$4,800.00** – FEBRUARY, 2007 COMPUTER SERVICES

RAY TCHOU – FEBRUARY 26, 2007 - **\$6,491.20** – FEBRUARY, 2007 COMPUTER SERVICES

ED ZARZYCKI – FEBRUARY 26, 2007 - **\$3,120.00** – FEBRUARY, 2007 COMPUTER SERVICES

YEAS – TRUSTEES BANDEMER, BEST, MOORE, ORZECH AND
CHAIRMAN ENGLISH – 5

BILL PAYMENT REQUESTS

NAYS – NONE

█ LEGAL COUNSEL RONALD ZAJAC ENTERED THE MEETING.

INLAND SECURITIES CORPORATION

BY MR. MOORE – SUPPORTED BY MR. BANDEMER

RESOLVED, THAT FRED C. FISHER AND ANY ASSOCIATE OF HIS CHOOSING BE REQUESTED TO APPEAR BEFORE THE BOARD TO DISCUSS INLAND'S AMERICAN REAL ESTATE TRUST, INC.:

YEAS – TRUSTEES BANDEMER, BEST, MOORE, ORZECH AND CHAIRMAN ENGLISH – 5

NAYS – NONE

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB)

BY MR. MOORE – SUPPORTED BY MR. BEST

WHEREAS, MICHAEL MARSHALL OF GASB HAS PRESENTED THE BOARD WITH A FEBRUARY 28, 2007 COMMUNICATION WHEREIN MR. MARSHALL REQUESTS THAT THE BOARD PROVIDE GASB WITH, FROM THE SYSTEM'S ANNUAL FINANCIAL REPORTS FOR THE FISCAL YEAR(S) ENDED 1996-1999, 2005, THE DATA WHICH IS DETAILED BELOW, AND

WHEREAS, THE BOARD HAS DISCUSSED THE REQUEST OF MR. MARSHALL, THEREFORE BE IT

RESOLVED, THAT MR. MARSHALL'S REQUEST BE APPROVED:

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB)

REQUESTED DATA

STATEMENT OF THE SYSTEM'S NET ASSETS FOR THE FISCAL
YEAR(S) ENDED 1996-1999, 2005

REQUIRED SCHEDULES OF FUNDING PROGRESS AND
EMPLOYER CONTRIBUTIONS FOR THE FISCAL YEAR(S) ENDED
1996-1999, 2005

YEAS – TRUSTEES BANDEMER, BEST, MOORE, ORZECH AND
CHAIRMAN ENGLISH – 5

NAYS – NONE

■ TRUSTEE DOYLE ENTERED THE MEETING, AS DID SPECIAL
COUNSEL JOE TURNER.

BANYAN REALTY ADVISORS, LLC
WASHINGTON PLAZA

BY MR. ORZECH – SUPPORTED BY MR. BEST

WHEREAS, BANYAN REALTY ADVISORS, LLC, THE BOARD'S REAL
ESTATE ADVISOR, REQUESTS THAT THE BOARD ACCEPT AND
APPROVE THE RECOMMENDATION WHICH IS REFERENCED
BELOW RELATIVE TO THE ABOVE-CAPTIONED MATTER, AND

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

RESOLVED, THAT THE BOARD ACCEPT AND APPROVE SAID
RECOMMENDATION:

BANYAN REALTY ADVISORS, LLC
WASHINGTON PLAZA

RECOMMENDATION

APPROVE WASHINGTON PLAZA'S
2007 BUSINESS PLAN AND BUDGET

YEAS – TRUSTEES BANDEMER, BEST, DOYLE, MOORE, ORZECH
AND CHAIRMAN ENGLISH – 6

NAYS – NONE

LEGAL COUNSEL'S REPORTS

LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING DRS HOLDINGS, INC., PFRS PATRICK CENTER CORPORATION, MARVELL TECHNOLOGIES, KLA-TENCOR CORPORATION, LENATURE'S, SAFE-NET, THE IRS AND RDD INVESTMENT CORPORATION.

DRS HOLDINGS, INC.

THE BOARD WAS MADE AWARE OF THE EXECUTION OF THE DOCUMENTS WHICH ARE REFERENCED BELOW BY AN OFFICER OF THE CORPORATION:

OFFER TO PURCHASE LAND COMMONLY KNOWN AS 1425, 1463 AND 1489 EAST JEFFERSON DATED AS OF MARCH 1, 2007

ADOPTION OF A UNANIMOUS WRITTEN CONSENT OF DIRECTORS IN LIEU OF MEETING DATED AS OF MARCH 1, 2007 AUTHORIZING THE ACQUISITION OF THE FOREGOING LAND

PFRS PATRICK CENTER CORPORATION

THE BOARD WAS MADE AWARE OF THE EXECUTION OF THE 2007 NEVADA ANNUAL LIST OF OFFICERS, DIRECTORS AND AGENTS OF THE CORPORATION (DATED MARCH 1, 2007) BY AN OFFICER OF THE CORPORATION.

█ TRUSTEE MILTON ENTERED THE MEETING.

█ TRUSTEE CHRISTIAN ENTERED THE MEETING.

CLOSED SESSION

By Mr. Doyle – Supported by Mr. Bandemer

Resolved, That the Board enter into Closed Session for the purpose of discussing matters involving attorney/client privilege:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BANDEMER, BEST, CHRISTIAN, DOYLE, MILTON,
MOORE, ORZECH AND CHAIRMAN ENGLISH – 8

NAYS – NONE

The Board entered into Closed Session at **9:30 A.M.**

█ TRUSTEE TALABI ENTERED THE MEETING DURING CLOSED SESSION.

█ TRUSTEE BEASLEY ENTERED THE MEETING DURING CLOSED SESSION.

OPEN SESSION

By Mr. Bandemer – Supported by Mr. Moore

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

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

NAYS – NONE

The Board returned to Open Session at **9:46 A.M.**

ORACLE CAPITAL PARTNERS

KEN HALL AND **DAVID MORRIS** APPEARED BEFORE THE BOARD AND INFORMED THE BOARD THAT ORACLE CAPITAL PARTNERS IS WORKING TO CLOSE TWO TRANSACTIONS AND PURSUING CO-INVESTMENT OPPORTUNITIES WITH OTHER MICHIGAN-BASED PRIVATE EQUITY FIRMS.

■ TRUSTEE STEWART ENTERED THE MEETING DURING ORACLE'S DISCUSSION.

THE BOARD, PRIOR TO EXCUSING MESSRS. MORRIS AND HALL, REQUESTED THAT THEY APPEAR BEFORE THE BOARD ON MARCH 8, 2007 TO CONCLUDE THEIR DISCUSSION.

FAM-GLOBAL

TIMOTHY NG (OF FAM-GLOBAL) AND ASSOCIATE **RAM RAO** (OF BARCLAYS CAPITAL) APPEARED BEFORE THE BOARD, DISCUSSED FAM-GLOBAL'S STRUCTURED PORTABLE ALPHA INDEX NOTE AND THEN EXCUSED THEMSELVES.

NORTH POINT ADVISORS

ADRIAN ANDERSON DISCUSSED FAM-GLOBAL, HGK AND THE RLJ COMPANIES WITH THE BOARD.

PUGH CAPITAL

MARY PUGH AND ASSOCIATE **PAUL RAVETTA** APPEARED BEFORE THE BOARD, DISCUSSED PERFORMANCE AND THEN EXCUSED THEMSELVES.

LETTER FROM INTERNAL REVENUE SERVICE DATED FEBRUARY 15, 2007

BY MR. ORZECH – SUPPORTED BY MR. BEST

Whereas, Per letter from the Internal Revenue service dated February 15, 2007, it has come to the attention of the Board of Trustees that an IRS Form **2848** was signed on behalf of the Police and Fire Retirement System (PFRS) by a person who had no authority to sign on behalf of the Police and Fire Retirement System, and

Whereas, The Board objects to anyone who has no authority to sign on behalf of the PFRS representing that he/she is acting on behalf of the PFRS, and

Whereas, The Board of Trustees urges City officials to take steps to prohibit City officials (who are not authorized signatories) from executing documents purporting to be acting on behalf of the Retirement Systems, and

Whereas, The Board deems the action taken by the former Deputy Finance Director as a serious matter, an affront to the Board of Trustees of the Police and Fire Retirement System as well as the members, retirees and beneficiaries of the PFRS, and

LETTER FROM INTERNAL REVENUE SERVICE DATED FEBRUARY 15, 2007

Whereas, The Board notes that upon request by the City reporting the attempt to recover interest, penalties and other payments to the IRS by the City, the Board of Trustees would have executed the IRS Form **2848** naming a mutual selection of a recipient of a Power of Attorney in order to, in effect, allow the City to seek to recover certain penalties, interest, payments, etc. to the IRS due to errors of a former employee of the City, and

Whereas, The Board of Trustees deems it appropriate to state it's objection to the inappropriate action taken by a former City appointee employee who executed the IRS Form **2848** wrongfully representing himself as an authorized signatory of the PFRS, and

Whereas, The Board of Trustees has discussed this matter, Therefore Be It

Resolved, That the Board of Trustees states its objections to the above described inappropriate action taken by a former Deputy Finance Director.

Resolved, That the City is requested to take action to eliminate other actions by City personnel, and be it further

Resolved, That Legal Counsel contact Ervin A. Rubenstein regarding penalties, interest and other charges applicable to the tax payments made for the years 1998 through 2005 and arrange for the preparation of an IRS Form **2848** for execution by authorized signatories of the PFRS, subject to approval of general counsel, and be it further

LETTER FROM INTERNAL REVENUE SERVICE DATED FEBRUARY 15, 2007

Resolved, That a copy of this resolution be forwarded to Finance Director Erwin A. Rubenstein and former Deputy Finance Director, Matthew Grady:

YEAS – TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE, MILTON, MOORE, ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH – 11

NAYS – NONE

LENATURE'S

LEGAL COUNSEL PROVIDED EACH BOARD MEMBER WITH A COPY OF A FEBRUARY 27, 2007 COMMUNICATION FROM PAMELA FRIEDMAN OF CREDIT SUISSE TO LEGAL COUNSEL REGARDING THE ABOVE-CAPTIONED MATTER.

RDD INVESTMENT CORPORATION

LEGAL COUNSEL PROVIDED EACH MEMBER OF THE BOARD WITH A COPY OF A MARCH 1, 2007 COMMUNICATION FROM SPECIAL COUNSEL CLARK HILL TO THE BOARD REGARDING THE RDD INVESTMENT CORPORATION.

MARVELL TECHNOLOGIES
KLA-TENCOR CORPORATION

LEGAL COUNSEL PROVIDED EACH BOARD MEMBER WITH A COPY OF A FEBRUARY 20, 2007 COMMUNICATION FROM SPECIAL COUNSEL KOHN, SWIFT AND GRAF TO LEGAL COUNSEL REGARDING THE ABOVE-CAPTIONED MATTERS.

INSIGHT 2811

BY MR. ORZECH – SUPPORTED BY MR. BANDEMER

RESOLVED, THAT NORTH POINT ADVISORS' DUE DILIGENCE REPORT REGARDING INSIGHT 2811 (ZASKE & ASSOCIATES) BE SHARED WITH THE BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT:

YEAS – TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE, MILTON, MOORE, ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH – 11

NAYS – NONE

REMEMBERING ROBERT SEGEE

THE BOARD RESPECTFULLY SAT SILENTLY FOR SEVERAL MOMENTS IN REMEMBRANCE OF ROBERT SEGEE WHO RECENTLY PASSED AWAY. WHILE WITH INCOME, RESEARCH AND MANAGEMENT, MR. SEGEE PROVIDED EXCELLENT PROFESSIONAL SERVICES TO THE BOARD.

REMEMBERING ROBERT SEGEE

BY MR. DOYLE – SUPPORTED BY MR. BEASLEY

WHEREAS, THE BOARD HAS SADLY LEARNED OF THE DEATH OF ROBERT SEGEE WHO HAS PROVIDED PROFESSIONAL SERVICES AND A WONDERFUL PERSONALITY TO THE BOARD AND MANY OTHERS, AND

WHEREAS, THE BOARD IS DEEPLY SADDENED BY THE PASSING OF MR. SEGEE, THEREFORE BE IT

REMEMBERING ROBERT SEGEE

RESOLVED, THAT THE BOARD OFFERS ITS SINCERE
CONDOLENCES TO THE WIFE AND FAMILY OF MR. SEGEE, AND
BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED
TO THE WIFE AND FAMILY OF ROBERT SEGEE AND INCOME,
RESEARCH AND MANAGEMENT:

YEAS – TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE,
MILTON, MOORE, ORZECH, STEWART, TALABI AND CHAIR-
MAN ENGLISH – 11

NAYS – NONE

MAYFIELD GENTRY REALTY ADVISORS
200 SOUTH TRYON SQUARE
CHARLOTTE, NORTH CAROLINA

BY MR. BEASLEY – SUPPORTED BY MR. MOORE

WHEREAS, MAYFIELD GENTRY REALTY ADVISORS HAS PRESENTED
THE BOARD WITH A MARCH 1, 2007 COMMUNICATION WHEREIN
MAYFIELD GENTRY REQUESTS THAT THE BOARD APPROVE THE
WIRE-TRANSFER (ON OR BEFORE MARCH 8, 2007) OF
\$2,601,000.00 TO THE SYSTEM'S MASTER ACCOUNT HOUSED AT
NATIONAL CITY BANK RELATIVE TO 200 SOUTH TRYON
CORPORATION CLOSING OBLIGATIONS, AND

WHEREAS, THE BOARD HAS DISCUSSED THE REQUEST OF
MAYFIELD GENTRY, THEREFORE BE IT

RESOLVED, THAT THE REQUEST OF MAYFIELD GENTRY IS HEREBY
APPROVED:

MAYFIELD GENTRY REALTY ADVISORS
200 SOUTH TRYON SQUARE
CHARLOTTE, NORTH CAROLINA

YEAS – TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE,
MILTON, MOORE, ORZECH, STEWART, TALABI AND CHAIR-
MAN ENGLISH – 11

NAYS – NONE

RLJ SELECT DIVERSIFIED FUND, LLC
\$10,000,000.00 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

RLJ SELECT DIVERSIFIED FUND, LLC
\$10,000,000.00 PROPOSED INVESTMENT

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 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

RLJ SELECT DIVERSIFIED FUND, LLC
\$10,000,000.00 PROPOSED INVESTMENT

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

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,
MILTON, MOORE, STEWART, TALABI AND CHAIRMAN
ENGLISH – 10

NAYS – TRUSTEE ORZECH – 1

EVEREST ENERGY FUND, LLC

BY MR. DOYLE – SUPPORTED BY MR. BANDEMER

WHEREAS, EVEREST ENERGY FUND, LLC HAS REQUESTED THAT THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT AGREE TO AN EXTENSION DATE OF **AUGUST 31, 2008**, PER A FEBRUARY 22, 2007 COMMUNICATION, AND

WHEREAS, THE BOARD HAS BEEN MADE AWARE THAT THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT AND THE WAYNE COUNTY EMPLOYEES RETIREMENT SYSTEM (CO-INVESTORS) HAS AGREED TO THE EXTENSION DATE OF **AUGUST 31, 2008**, AND

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

RESOLVED, THAT THE EVEREST ENERGY FUND, LLC BE EXTENDED TO **AUGUST 31, 2008**, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO EVEREST ENERGY:

YEAS – TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE, MILTON, MOORE, ORZECH, STEWART, TALABI AND CHAIRMAN ENGLISH – 11

NAYS – NONE

EVEREST ENERGY FUND, LLC

BY MR. BANDEMER – SUPPORTED BY MR. STEWART

RESOLVED, THAT EVEREST ENERGY FUND, LLC REPRESENTATIVES
BE REQUESTED TO APPEAR BEFORE THE BOARD:

YEAS – TRUSTEES BANDEMER, BEASLEY, BEST, CHRISTIAN, DOYLE,
MILTON, MOORE, ORZECH, STEWART, TALABI AND CHAIR-
MAN ENGLISH – 11

NAYS – NONE

PUBLIC FORUM

AT **1:48 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 **1:50 P.M.**
UNTIL THURSDAY, **MARCH 8, 2007**, AT 9:00 A.M., IN ROOM 910
OF THE COLEMAN A. YOUNG MUNICIPAL CENTER, DETROIT,
MICHIGAN 48226.

RESPECTFULLY SUBMITTED,

ASSISTANT EXECUTIVE SECRETARY

