

**MEETING NUMBER 2640**

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



**PROCEEDINGS HELD THURSDAY, AUGUST 9, 2007**

**9:00 A.M.**

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



**PRESENT**

<b>Marty Bandemer</b>	<b>Elected Trustee/Vice Chairperson</b>
<b>Gregory Best</b>	<b>Elected Trustee/Chairperson</b>
<b>Shereece Fleming-Freeman</b>	<b>Ex/Officio Alternate Trustee</b>
<b>DeDan Milton</b>	<b>Ex/Officio Alternate Trustee</b>
<b>James Moore</b>	<b>Elected Trustee</b>
<b>George Orzech</b>	<b>Elected Trustee</b>
<b>Jeffrey Pegg</b>	<b>Elected Trustee</b>
<b>Tyrone Scott</b>	<b>Ex/Officio Trustee-Fire Commissioner</b>
<b>Paul Stewart</b>	<b>Elected Trustee</b>
<b>Alberta Tinsley-Talabi</b>	<b>Ex/Officio Trustee/City Council Representative</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>Joe Turner</b>	<b>Special Legal Counsel</b>
<b>Richard Huddleston</b>	<b>Investment Analyst</b>

**EXCUSED**

<b>Jeffrey Beasley</b>	<b>Ex/Officio Trustee/Treasurer</b>
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**ABSENT**

**None**

**CHAIRPERSON**

**Gregory Best**

ROLL CALL WAS TAKEN AT 9:01 A.M. BY THE BOARD'S RECORDING SECRETARY AND THE MEETING WAS CALLED TO ORDER.

**RETIREMENTS**

**BY MR. STEWART – SUPPORTED BY MR. MOORE**

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

YEAS – TRUSTEES BANDEMER, FREEMAN, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BEST – 7

NAYS – NONE

**RETIREMENTS**

NAME, TITLE, DEPARTMENT	MICHAEL GUALDONI – OFFICER – POLICE
RETIREMENT, PLAN	SERVICE – NEW
SERVICE CREDIT, EFFECTIVE DATE	20 04 00 – 05 26 07

NAME, TITLE, DEPARTMENT	RICHARD LIS – OFFICER – POLICE
RETIREMENT, PLAN	SERVICE – NEW
SERVICE CREDIT, EFFECTIVE DATE	35 02 13 – 07 07 07

NAME, TITLE, DEPARTMENT	ALEXIS LEWIS – OFFICER - POLICE
RETIREMENT, PLAN	SERVICE - NEW
SERVICE CREDIT, EFFECTIVE DATE	22 00 01 – 07 30 07

CONFIRMATIONS

BY MR. BANDEMER – SUPPORTED BY MR. MOORE

RESOLVED, THAT THE RECEIPTS AND DISBURSEMENTS WHICH ARE REFERENCED BELOW BE CONFIRMED:

YEAS – TRUSTEES BANDEMER, FREEMAN, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BEST – 7

NAYS – NONE

Police and Fire Retirement Systems of the City of Detroit		<b>(RECEIPT CONFIRMATIONS)</b>	
From August 1-7, 2007			
Date	Received From	Explanation	Amount
	Bank of New York		
8/1/2007	Capri Select Income 11	Distribution-2nd Qtr'07	96,000.00
	State Street Bank	Miscellaneous Class Action Proceeds	53,902.95
8/2/2007	Neal & FM 548-1076	Due Diligence-McRae	28,000.00
8/3/2007	Weekly Annuity	Week 5/8	290,434.08
	Canyon Johnson Urban Fund	Distribution # 38	12,266.14
	Touchstone Opportunity Investment	Distribution	677,017.03
8/6/2007	Munimae Midland	Letter of Credit Fee-Wachovia	39,045.56
8/7/2007	One Kennedy Square	Interest-August, 2007	16,791.66
		total	1,213,457.42

POLICE & FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT  
 MINUTES - MEETING NUMBER 2640 - THURSDAY - AUGUST 9, 2007

	Comerica		
8/6/2007	Mail Fee		30.00
		total	30.00
		TOTAL RECEIPTS	1,213,487.42
Police and Fire Retirement Systems of the City of Detroit			
<b>(DISBURSEMENT CONFIRMATIONS)</b>			
From August 1-7, 2007			
Date	Wired To	Explanation	Amount
8/1/2007	First Independence	Retired Payroll, July-cks	3,189,082.70
8/3/2007	Check write	Administrative Expense	101,084.74
	Insight 2811 Technology Entrepreneur Fund	Capital Call #1	2,000,000.00
	Programmers	July services	70,440.59
8/6/2007	General Fund	Cost Reimbursement FY 05-06	1,304,972.49
		Cost Reimbursement FY 06-07	1,489,290.78
	Capri Select Income	Capital Call #7	720,000.00
	Blackrock (Merrill Lynch)	2nd Qtr'07-Management Fee	18,138.00
8/7/2007	First Independence	Refund List #3247	83,901.14
	Northpointe Capital	2nd Qtr'07-Management Fee	136,717.69
	Penn Capital	2nd Qtr'07-Management Fee	74,104.93
	Wells Capital Management	2nd Qtr'07-Management Fee-591393	95,283.23
	Wells Capital Management	2nd Qtr'07-Management Fee-591381	169,592.14
	Checkwrite	Administrave Expense	352.12
	Churchill Mortgage Investment LL	Summerwind Apts-Construction Loan	360,135.62
		TOTAL DISBURSEMENT	9,813,096.17

REFUNDS OF ACCUMULATED CONTRIBUTIONS

BY MR. MOORE – 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 **#3248**, IN THE AMOUNT OF **\$212,727.01**, INCLUDING INTEREST, BE REFUNDED PENDING AUDIT BY RETIREMENT SYSTEM ACCOUNTING STAFF:

YEAS – TRUSTEES BANDEMER, FREEMAN, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BEST – 7

NAYS – NONE

MINUTES OF JULY 19, 2007 AND JULY 26, 2007

BY MR. BANDEMER – SUPPORTED BY MR. MOORE

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY, JULY 19, 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, JULY 26, 2007 BE APPROVED AS AMENDED, RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES BANDEMER, FREEMAN, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BEST – 7

NAYS – NONE

BILL PAYMENT REQUESTS

BY MR. BANDEMER – SUPPORTED BY MR. MOORE

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

BILL PAYMENT REQUESTS

WHEREAS, THE BOARD IS SATISFIED THAT THE SERVICES THAT WERE REQUESTED BY THE BOARD WERE PROVIDED TO 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

BANYAN REALTY ADVISORS – AUGUST 6, 2007 - \$47,531.94 – 2007 SECOND QUARTER ADVISORY FEES

CAWTHORNE, KELLEY – AUGUST 8, 007 - \$5,000.00 – CONSULTING SERVICES FEE

DATA MEDIA STORE – JULY 31, 2007 - \$315.50 – POLICE AND FIRE PORTION OF \$631.00 – SUPPLIES

EARNEST PARTNERS – JULY 31, 2007 - \$73,941.41 – 2007 SECOND QUARTER FEES

FORMS TRAC – JULY 31, 2007 - \$340.91 – SUPPLIES

GABRIEL, ROEDER, SMITH & COMPANY – AUGUST 1, 2007 - \$4,7000.00 – AUGUST, 2007 SERVICES

HATT, JERRY – AUGUST 7, 2007 - \$627.48 – BENEFITS OVERPAYMENT

IRON MOUNTAIN – JULY 31, 2007 - \$715.29 – POLICE AND FIRE PORTION OF \$1,430.57 – SUPPLIES

IRON MOUNTAIN – JULY 31, 2007 - \$740.56 – POLICE AND FIRE PORTION OF \$1,481.12 – SUPPLIES

IRON MOUNTAIN – JULY 31, 2007 - \$196.36 – POLICE AND FIRE PORTION OF \$392.72 – SUPPLIES

NORTH AMERICAN TONER – JULY 25, 2007 - \$229.85 – POLICE AND FIRE PORTION OF \$459.70 – TONER

BILL PAYMENT REQUESTS

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

WALKER, LAWRENCE - AUGUST 1, 2007 - \$191.25 - JULY, 2007 SERVICES - ODYSSEY VERSUS THE RETIREMENT SYSTEM

ZONES - AUGUST 1, 2007 - \$248.24 - POLICE AND FIRE PORTION OF \$496.47 - SOFTWARE LICENSE

YEAS - TRUSTEES BANDEMER, FREEMAN, MOORE, ORZECZ, PEGG, STEWART AND CHAIRMAN BEST - 7

NAYS - NONE

Pre-Employment Military Service Credit

By Mr. Bandemer - Supported by Mr. Pegg

Whereas, The individuals whose names are designated below have applied to this Board for Pre-Employment Military Service Credit and have complied with all of the necessary requirements of Section 54-30-3-B of the Charter Provisions, as amended by Board resolution of February 3, 1983, Therefore Be It

Resolved, That payment of the full amounts be made to the Pension Accumulation Fund by the method selected by the individuals and the number of months eligible active duty be credited them as membership service credit subject to the conditions and limitations of the authorizing Ordinance Provisions as amended by Board resolution of February 3, 1983:

DANIEL BEST - DETROIT POLICE OFFICERS' ASSOCIATION

AUGUSTUS DAVIS - DETROIT POLICE OFFICERS' ASSOCIATION

FRANKLIN MINER - DETROIT FIRE FIGHTERS' ASSOCIATION

YEAS - TRUSTEES BANDEMER, FREEMAN, MOORE, ORZECZ, PEGG, STEWART AND CHAIRMAN BEST - 7

NAYS - NONE

► TRUSTEES MILTON AND SCOTT ENTERED THE MEETING.

TRANSITION ACCOUNT

BY MR. MOORE – SUPPORTED BY MR. SCOTT

WHEREAS, Staff has advised the Board (on this date) that approximately \$175,000 in foreign currency holdings has accumulated in the transition account (5913694) as a result of residual tax reclaims and dividends from recent international equity transitions, and

WHEREAS, The Board has reviewed the recommendation of staff on this date, therefore be it

RESOLVED, That The Bank of New York Mellon be instructed to liquidate all holdings in the transition account (5913694) and with the liquidation proceeds to be denominated in US dollars, and be it further

RESOLVED, That once the liquidation of the holdings is complete, all of the assets of the transition account be transferred to the Board's liquid reserve account (591355):

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART AND CHAIRMAN BEST – 9

NAYS – NONE

HGK ASSET MANAGEMENT, INC.

BY MR. MOORE – SUPPORTED BY MR. ORZECH

WHEREAS, The board has, by prior action, hired HGK Asset Management, Inc. as a corporate bond manager, and

WHEREAS, General counsel has advised the Board that all of the agreements between the Board and HGK Asset Management, Inc. have been completed, therefore be it

RESOLVED, That the account to be managed by HGK Asset Management, Inc. be funded by transferring \$15,000,000.00 of cash from the Board's liquid reserve account (591355):

HGK ASSET MANAGEMENT, INC.

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART AND CHAIRMAN BEST – 9

NAYS – NONE

DEROY & DEVEREAUX

BY MR. BANDEMER – SUPPORTED BY MR. MILTON

RESOLVED, THAT JOHN KRAKOWIAK AND THOMAS YOUNGBLOOD AND ANY ASSOCIATES OF THEIR CHOOSING BE REQUESTED TO APPEAR BEFORE THE BOARD FOR PRESENTATION PURPOSES:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART AND CHAIRMAN BEST – 9

NAYS – NONE

LEGAL COUNSEL'S REPORTS

LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING MRC, PFRS DUBLIN CORPORATION, DRS HOLDINGS, INC. AND SPARE TIME.

DRS HOLDINGS, INC.

THE BOARD WAS MADE AWARE OF THE EXECUTION OF A 2006 U.S. CORPORATION INCOME TAX RETURN DATED AUGUST 8, 2007 BY AN OFFICER OF THE CORPORATION.

PFRS DUBLIN CORPORATION

THE BOARD WAS MADE AWARE OF THE EXECUTION OF A STATEMENT OF INFORMATION (FOREIGN CORPORATION) DATED AUGUST 8, 2007 BY AN OFFICER OF THE CORPORATION.

ABEL NOSER

ANDREW SCHWARTZ AND ASSOCIATE MIKE IANNUCCI APPEARED BEFORE THE BOARD, DISCUSSED TRANSITION MANAGEMENT AND THEN EXCUSED THEMSELVES.

DURING MR. SCHWARTZ' DISCUSSION, TRUSTEE TINSLEY-TALABI ENTERED THE MEETING AND TRUSTEE FLEMING-FREEMAN EXCUSED HERSELF.

MMA

THOMAS ZDRODOWSKI AND PAUL BERNARD APPEARED BEFORE THE BOARD AND DISCUSSED:

CAVAN II

MMA'S SPARE TIME DUE DILIGENCE

ONE KENNEDY SQUARE

DETROIT TARGETED INVESTMENTS – THE ST. REGIS HOTEL

THE BOARD THEN EXCUSED MESSRS. ZDRODOWSKI AND BERNARD.

► TRUSTEE FLEMING-FREEMAN RE-JOINED THE MEETING.

SMITH BARNEY

BRUCE BALLARD AND ANDREW SPEARMAN APPEARED BEFORE THE BOARD, DISCUSSED 2007 SECOND QUARTER MANAGER PERFORMANCE AND THEN EXCUSED THEMSELVES.

INVESTMENT MANAGER WATCH LIST

BY MR. BANDEMER – SUPPORTED BY MR. ORZECH

RESOLVED, THAT AS A RESULT OF PERFORMANCE, FISHER INVESTMENTS BE REMOVED FROM THE BOARD'S INTERNAL WATCH LIST, AND BE IT FURTHER

RESOLVED, THAT ALPHA PARTNERS BE NOTIFIED IN WRITING THAT ALPHA PARTNERS HAS BEEN PLACED ON THE BOARD'S INTERNAL "WATCH LIST" AND THAT ALPHA PARTNERS WILL BE EXPECTED TO RESPOND TO INQUIRIES

INVESTMENT MANAGER WATCH LIST

FROM THE BOARD AND THE BOARD'S INVESTMENT CONSULTANTS REGARDING PERFORMANCE:

FOLLOWING DISCUSSION OF THE FOREGOING MOTION, THE MOTION WHICH FOLLOWS WAS MADE:

BY MR. BANDEMER – SUPPORTED BY MS. TALABI

RESOLVED, THAT THE FOREGOING MOTION BE TABLED:

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

IT – UPDATE PHONE SYSTEM

DENNIS LINET APPEARED BEFORE THE BOARD AND DISCUSSED THE AVAYA PHONE SYSTEM WHICH HE RECOMMENDED THAT THE BOARD CONSIDER PURCHASING.

THE AVAYA PHONE SYSTEM

BY MR. ORZECH – SUPPORTED BY MR. MOORE

WHEREAS, THE BOARD IS IN RECEIPT OF A QUOTE (APPROXIMATELY \$180,000.00) FROM AVAYA REGARDING THE BOARD'S PURCHASE OF A NEW PHONE SYSTEM, AND

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

RESOLVED, THAT THE BOARD HEREBY APPROVES THE QUOTE OF AVAYA, AND BE IT FURTHER

RESOLVED, THAT THE POLICE AND FIRE RETIREMENT SYSTEM AND THE GENERAL RETIREMENT SYSTEM EQUALLY SHARE THE COST OF SAID PHONE SYSTEM:

THE AVAYA PHONE SYSTEM

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

MMA REALTY CAPITAL  
ONE KENNEDY SQUARE  
DETROIT TARGETED INVESTMENT FUND

BY MR. ORZECH – SUPPORTED BY MR. MOORE

WHEREAS, MMA REALTY CAPITAL HAS PRESENTED THE BOARD WITH AN AUGUST 1, 2007 COMMUNICATION WHEREIN MMA REQUESTS THAT THE BOARD ACCEPT AND APPROVE THE REQUESTS WHICH ARE REFERENCED BELOW RELATIVE TO ONE KENNEDY SQUARE AND THE DETROIT TARGETED INVESTMENT FUND, AND

WHEREAS, THE BOARD HAS DISCUSSED SAID REQUESTS, THEREFORE BE IT

RESOLVED, THAT THE BOARD ACCEPTS AND APPROVES SAID REQUESTS, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO MMA REALTY CAPITAL AND RETIREMENT SYSTEM ACCOUNTING STAFF:

REQUESTS

1. APPROVE A RE-ALLOCATION OF THE PROCEEDS OF THE CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY (DDA) \$3.2 MM LOAN TO BE USED FOR TENANT IMPROVEMENTS FOR THREE TENANTS, INCLUDING CAIDAN MANAGEMENT (45,555 SQUARE FEET), RYAN AND COMPANY (12,080 SQUARE FEET) AND CAMERON STEAK HOUSE (8,250 SQUARE FEET)
2. APPROVE LEASES FOR CAIDAN MANAGEMENT (45,555 SQUARE FEET), RYAN AND COMPANY (12,080 SQUARE FEET) AND CAMERON STEAK HOUSE (8,250 SQUARE FEET)

MMA REALTY CAPITAL  
ONE KENNEDY SQUARE  
DETROIT TARGETED INVESTMENT FUND

3. APPROVE THE VISTEON CORPORATION SUB-LEASE TO MARKETING ASSOCIATES (51,402 SQUARE FEET)

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECZ, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

MRC MORTGAGE INVESTMENT TRUST

BY MR. BANDEMER – SUPPORTED BY MR. MOORE

**WHEREAS**, the Police & Fire Retirement System of the City of Detroit ("PFRS") is a participant, together with the General Retirement System of the City of Detroit and the Wayne County Employees' Retirement System, in the MRC Mortgage Investment Trust, a Florida group trust ("MRC Trust"), which participants have currently purchased 640 units totaling \$160,000,000 and have committed to purchase an additional 320 units totaling \$80,000,000.

**WHEREAS**, PFRS has purchased 320 units totaling \$80,000,000 and has committed to purchase an additional 160 units for \$40,000,000 in the MRC Trust pursuant to various subscription agreements.

**WHEREAS**, the current subscription commitments expire on April 22, 2008.

**WHEREAS**, a formal presentation was made to the Board of Trustees of PFRS by MMA Realty Capital Advisors, Inc. ("MMA") on July 12, 2007 and the Board of Trustees of the PFRS approved (i) an increase in the total authorized units in the MRC Trust to 1,056 units, (ii) the increase in its subscription commitment in MRC Trust by \$12,000,000, or an additional 48 units and (iii) extending the termination date for all PFRS subscription commitments to April 22, 2011.

**WHEREAS**, the Board has discussed this matter therefore before it.

**WHEREAS**, it is in the best interests of the PFRS to approve the increase in the authorized units in the MRC Trust to 1,056, to increase PFRS' subscription

MRC MORTGAGE INVESTMENT TRUST

commitment in the MRC Trust by \$12,000,000 and to extend all of the current subscription termination dates to April 22, 2011.

**NOW, THEREFORE, IT IS RESOLVED**, that PFRS commits to an additional \$12,000,000 to the MRC Trust, or an additional 48 units, subject to the payment of a commitment fee in the amount of 25 basis points per annum by the MRC Trust;

**FURTHER RESOLVED**, that the termination date of all existing PFRS subscription commitments and the additional \$12,000,000 subscription commitment shall be extended to April 22, 2011;

**FURTHER RESOLVED**, that PFRS approves the increase of the total authorized units in the MRC Trust to 1056;

**FURTHER RESOLVED**, that the Board of Trustees of the PFRS by any two authorized individuals are authorized to execute any and all instruments, including an Investor Confirmation Letter to Bank of America, required in connection with the increase in subscription and extension of the termination date of the commitments; and

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

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

**MRC MORTGAGE INVESTMENT TRUST**

BY MR. BANDEMER – SUPPORTED BY MR. MOORE

WHEREAS, THE BOARD HAS BEEN REQUESTED TO EXECUTE AN ACKNOWLEDGEMENT AND AMENDMENT TO SUBSCRIPTION AGREEMENT, AUTHORITY CERTIFICATE, INVESTOR CONFIRMATION, AND JULY 12, 2007 MINUTES RELATIVE TO THE AFORESAID TRANSACTION, AND

WHEREAS, THE EXECUTION OF SAID DOCUMENTS HAS BEEN RECOMMENDED BY THE BOARD'S REAL ESTATE ADVISOR, MMA, AND

**MRC MORTGAGE INVESTMENT TRUST**

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 AUTHORIZED SIGNATORIES ON THE BOARD'S BEHALF, AND BE IT FURTHER

RESOLVED, THAT DRAW REQUESTS BE FUNDED CONSISTENT WITH ESTABLISHED PROCEDURES, INCLUDING APPROVAL BY GENERAL COUNSEL AND THE EXECUTIVE SECRETARY, AND BE IT FURTHER

RESOLVED, THAT THE EXECUTED ORIGINAL DOCUMENTS BE FORWARDED TO THE APPROPRIATE PARTY, AND BE IT FURTHER

RESOLVED, THAT COPIES OF THE EXECUTED ORIGINAL DOCUMENTS BE RETAINED BY RETIREMENT SYSTEM ACCOUNTING STAFF, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO RETIREMENT SYSTEM ACCOUNTING STAFF:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

LEGAL COUNSEL'S REPORTS – CONTINUED

DROP PLAN

LEGAL COUNSEL PROVIDED EACH BOARD MEMBER WITH A COPY OF AN IRS EMPLOYEE PLANS TECHNICAL ADVISE MEMORANDUM.

RDD INVESTMENT CORPORATION/CLOSED SESSION

BY MR. BANDEMER – SUPPORTED BY MR. MILTON

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

RDD INVESTMENT CORPORATION/CLOSED SESSION

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

The Board entered into Closed Session at 1:15 P.M.

OPEN SESSION

BY MS. FREEMAN – SUPPORTED BY MR. ORZECH

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

The Board returned to Open Session at 1:35 P.M.

DURING CLOSED SESSION, SPECIAL COUNSEL JOE TURNER PROVIDED EACH BOARD MEMBER WITH A COPY OF AN AUGUST 9, 2007 LETTER REGARDING RDD INVESTMENT CORPORATION.

MMA REALTY CAPITAL  
CAVAN II MORTGAGE OFFERING

BY MR. ORZECH – SUPPORTED BY MR. MOORE

Whereas, The Board of Trustees is in receipt of the above-referenced mortgage offering with attached summary and related documents, Therefore Be It

Resolved, That the Board approve construction financing consistent with established procedures regarding the Board's participation in mortgage offerings, subject to Legal Counsel approval:

MMA REALTY CAPITAL  
CAVAN II MORTGAGE OFFERING

PROPOSED MORTGAGE OFFERING

PRESENTED BY: MMA REALTY CAPITAL  
DATE PRESENTED: AUGUST 9, 2007  
PROJECT NAME: CAVAN II  
PROJECT LOCATION: AVONDALE, ARIZONA  
PROJECT LOAN AMOUNT: \$18,000,000.00  
INTEREST: VARIABLE, 30-DAY LIBOR PLUS 175 BPS  
PROJECT TERM: 36 MONTHS  
TYPE: MEZZANINE LOAN  
BORROWER: RAINTREE AVONDALE, LLC  
YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10  
NAYS – NONE

Plante & Moran - Audit For Fiscal Year Ending June 30, 2007

By Mr. Moore – Supported by Mr. Scott

WHEREAS, The Board has been requested to execute the following document: Audit Agreement - Re: Audit for Fiscal Year ending June 30, 2007, relative to the aforesaid transaction, and

WHEREAS, The execution of said document has been recommended by the Board's Assistant Executive Secretary, 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, and

WHEREAS, The Board has discussed this matter, therefore be it

RESOLVED, That said document be executed by two authorized signatories on behalf of the Board, and be it further

RESOLVED, That the executed original document be forwarded to the appropriate party and copies be maintained in the Retirement System records.

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

MMA REALTY CAPITAL/ST. REGIS HOTEL PHASE II  
DETROIT TARGETED INVESTMENT FUND (DTIF)  
PROPOSED \$6,700,000.00 LOAN

BY MR. PEGG – SUPPORTED BY MR. MILTON

WHEREAS, THE BOARD IS IN RECEIPT OF A PROPOSAL FROM MMA REALTY CAPITAL ON AUGUST 9, 2007 CONSISTING OF AN ELEVEN (11) PAGE PRESENTATION, AND

WHEREAS, MMA HAS REQUESTED THE BOARD TO INDICATE ITS INTEREST IN THE PROPOSAL, AND

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

RESOLVED, THAT THE BOARD IS INTERESTED IN THIS PROPOSAL AND MMA SHOULD CONTINUE ITS DUE DILIGENCE REGARDING THE PROPOSAL AND REPORT BACK TO THE BOARD, AND BE IT FURTHER

RESOLVED, THAT IN THE EVENT THE BOARD ULTIMATELY DECIDES TO MAKE THE INVESTMENT, SUCH RESOLUTION SHALL BE SUBJECT TO THE CONDITIONS THAT BORROWER PAY ALL COSTS AND FEES AND THE TRANSACTION DOCUMENTS WILL BE SUBJECT TO APPROVAL OF ALL DOCUMENTS BY THE BOARD'S SPECIAL LEGAL COUNSEL AND GENERAL COUNSEL, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO MMA REALTY CAPITAL AND RETIREMENT SYSTEM ACCOUNTING STAFF:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

SPARE TIME FAMILY ENTERTAINMENT CENTER  
\$12,500,000.00 PROPOSED INVESTMENT  
PROPOSED ½ BY POLICE AND FIRE RETIREMENT SYSTEM  
PROPOSED ½ BY GENERAL RETIREMENT SYSTEM

BY MR. STEWART – SUPPORTED BY MR. SCOTT

Whereas, The Board has had the foregoing investment proposal (i.e., an investment of \$6,250,000.00) 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 referred the proposal to MMA Financial for a preliminary due diligence report and is in receipt of a preliminary due diligence report dated August 9, 2007 from MMA Financial, 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 may be made 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 continued interest in the proposal is conditioned upon the Board's receipt of **written acknowledgment** from **proposed Borrower** that **proposed Borrower** has **received** a copy of this **resolution** and **acknowledges** and **agrees** to the **conditions** and **requirements** therein, and

Whereas, The Board desires a full due diligence by an advisor selected by the Board of Trustees, and

Whereas, If the Board receives a favorable due diligence report acceptable to the Board, 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

SPARE TIME FAMILY ENTERTAINMENT CENTER  
\$12,500,000.00 PROPOSED INVESTMENT  
PROPOSED ½ BY POLICE AND FIRE RETIREMENT SYSTEM  
PROPOSED ½ BY GENERAL RETIREMENT SYSTEM

Resolved, That any commitment or other preliminary transaction documents which may be 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 arrangements be made for proposed Borrower to escrow funds for payment of all due diligence costs and expenses, and be it further

Resolved, That this proposal be referred to Banyan Realty Management for a due diligence review, and be it further

Resolved, That the foregoing is also conditioned upon Borrower 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 proposed Borrower 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 if the Board receives a favorable due diligence report and the Board has continued interest in this proposal, the Board will select Special Legal Counsel regarding this matter, and be it further

Resolved, That copies of this resolution be forwarded to proposed Borrower, Banyan Realty Management, the Board of Trustees of the General Retirement System and Retirement System Accounting Staff:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

PARADIGM

BY MR. MILTON – SUPPORTED BY MR. BANDEMER

RESOLVED, THAT PARADIGM REPRESENTATIVES BE REQUESTED TO APPEAR BEFORE THE BOARD FOR PRESENTATION PURPOSES:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

TRANS-CAPITAL

BY MR. ORZECH – SUPPORTED BY MR. SCOTT

**Whereas**, The Board has been presented with a state tax credit proposal from Trans-Capital, and

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

**Resolved**, That subject to Trans-Capital agreeing to pay the costs for said due diligence and said funds being escrowed by Trans-Capital with the Retirement System, **MMA Realty Capital** be engaged to perform due diligence on said proposal and submit their findings (in writing) to the Board, and be it further

**Resolved**, That the Executive Secretary/Assistant Executive Secretary arrange for the coordination of the foregoing with all applicable parties, and be it further

**Resolved**, That after receiving a due diligence report, the Board will decide whether it has any continued interest in the proposal, and be it further

**Resolved**, That a copy of this resolution be forwarded to Trans-Capital and MMA Realty Capital:

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

TRANS-CAPITAL

NAYS - NONE

COMPUTER CONSULTING CONTRACT OF JASON DELUCE

BY MR. SCOTT - SUPPORTED BY MR. BANDEMER

RESOLVED, THAT THE BOARD'S CONTRACT ADDENDUM WITH JASON DELUCE (ADDENDUM TO AGREEMENT DATED SEPTEMBER 14, 2005 - AMENDMENT #1) BE APPROVED FOR THE PERIOD DESIGNATED BELOW AT THE HOURLY RATES SO SPECIFIED IN SAID CONTRACT ADDENDUM, AND BE IT FURTHER

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

EFFECTIVE: SEPTEMBER 1, 2007  
TERMINATING: AUGUST 31, 2008

YEAS - TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST - 10

NAYS - NONE

COMPUTER CONSULTING CONTRACT OF DENNIS LINET

BY MR. SCOTT - SUPPORTED BY MR. BANDEMER

RESOLVED, THAT THE BOARD'S CONTRACT ADDENDUM WITH DENNIS LINET (ADDENDUM TO AGREEMENT DATED AUGUST 29, 1985 - AMENDMENT #5) BE APPROVED FOR THE PERIOD DESIGNATED BELOW AT THE HOURLY RATES SO SPECIFIED IN SAID CONTRACT ADDENDUM, AND BE IT FURTHER

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

EFFECTIVE: SEPTEMBER 1, 2007  
TERMINATING: AUGUST 31, 2008

YEAS - TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG, SCOTT, STEWART, TALABI AND CHAIRMAN BEST - 10

NAYS - NONE

COMPUTER CONSULTING CONTRACT OF EDWARD ZARZYCKI

BY MR. SCOTT – SUPPORTED BY MR. BANDEMER

RESOLVED, THAT THE BOARD'S CONTRACT ADDENDUM WITH EDWARD ZARZYCKI (ADDENDUM TO AGREEMENT DATED SEPTEMBER 14, 2005 – AMENDMENT #1) BE APPROVED FOR THE PERIOD DESIGNATED BELOW AT THE HOURLY RATES SO SPECIFIED IN SAID CONTRACT ADDENDUM, AND BE IT FURTHER

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

EFFECTIVE:           SEPTEMBER 1, 2007  
TERMINATING:       AUGUST 31, 2008

YEAS – TRUSTEES BANDEMER, FREEMAN, MILTON, MOORE, ORZECH, PEGG,  
SCOTT, STEWART, TALABI AND CHAIRMAN BEST – 10

NAYS – NONE

PUBLIC FORUM

AT **2:05 P.M.**, CHAIRMAN BEST 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 BEST ADJOURNED THE MEETING AT **2:10 P.M.** UNTIL THURSDAY, **AUGUST 16, 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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CYNTHIA A. THOMAS  
ASSISTANT EXECUTIVE SECRETARY