

MEETING NUMBER 2707

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



PROCEEDINGS HELD THURSDAY, NOVEMBER 13, 2008
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/Chairperson
Gregory Best	Elected Trustee
Barbara-Rose Collins	Ex/Officio Trustee/Councilperson
Seth Doyle	Ex/Officio Trustee
Jamie Fields	Ex/Officio Trustee
Heather Johnson	Ex/Officio Trustee
James Moore	Elected Trustee
Timothy Ngare	Ex/Officio Trustee/Treasurer
George Orzech	Elected Trustee
Jeffrey Pegg	Elected Trustee/Vice Chairperson
Paul Stewart	Elected Trustee
Walter Stampor	Executive Secretary
Cynthia Thomas	Assistant Executive Secretary
Janet S. Lenear	Recording Secretary
Ronald Zajac	Legal Counsel
Joe Turner	Special Legal Counsel
Richard Huddleston	Investment Analyst

EXCUSED

None

ABSENT

None

CHAIRPERSON

MARTY BANDEMER

VICE CHAIRPERSON

JEFFREY PEGG

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

CAPITAL CALLS/DRAWS

BY MR. PEGG – SUPPORTED BY MR. STEWART

Whereas, The Board has been presented with the following capital calls/draws, and

Whereas, The Board has been requested to approve funding of said capital calls/draws, Therefore be it

Resolved, That subject to final approval of all transaction documents by the Board's Legal Counsel, the Board approves funding of said capital calls/draws:

SG CAPITAL – NOVEMBER 11, 2008 - **\$100,000.00** – SG MORTGAGE FUND, LLC – RIVER OAKS APARTMENTS

SG CAPITAL – NOVEMBER 11, 2008 - **\$20,000.00** – SG MORTGAGE FUND, LLC – RIVER OAKS APARTMENTS

TOUCHSTONE – NOVEMBER 7, 2008 - **\$380,769.23** – TOUCHSTONE OPPORTUNITY INVESTMENTS II

CAPITAL CALLS/DRAWS

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, ORZECH, PEGG,
STEWART AND CHAIRMAN BANDEMER – 8

NAYS – NONE

CONFIRMATIONS

BY MR. BEST – SUPPORTED BY MR. PEGG

RESOLVED, THAT THE RECEIPTS (**\$859,178.62**) AND
DISBURSEMENTS (**\$3,048,206.99**) WHICH ARE REFERENCED AT
THE END OF THESE PROCEEDINGS BE CONFIRMED:

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, ORZECH, PEGG,
STEWART AND CHAIRMAN BANDEMER – 8

NAYS – NONE

REFUNDS OF ACCUMULATED CONTRIBUTIONS

BY MR. STEWART – SUPPORTED BY MR. DOYLE

RESOLVED, THAT THE CONTRIBUTIONS (INCLUDING INTEREST) TO
THE ANNUITY SAVINGS FUND BY MEMBERS OF THE POLICE AND
FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT BE REFUNDED
PENDING AUDIT BY RETIREMENT SYSTEM ACCOUNTING STAFF:

LIST #: **3294**

REFUND AMOUNT: **\$123,847.42**

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, ORZECH, PEGG,
STEWART AND CHAIRMAN BANDEMER – 8

REFUNDS OF ACCUMULATED CONTRIBUTIONS

NAYS – NONE

TRUSTEE **JAMES MOORE** ENTERED THE MEETING.

MINUTES OF THURSDAY, OCTOBER 16, 2008

BY MR. BEST – SUPPORTED BY MS. JOHNSON

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY, **OCTOBER 16, 2008** BE APPROVED AS RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BANDEMER –
9

NAYS – NONE

BILL PAYMENT REQUESTS

BY MR. STEWART – SUPPORTED BY MR. MOORE

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

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:

BILL PAYMENT REQUESTS

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

ADP – VARIOUS DATES - \$246.97 – POLICE AND FIRE PORTION OF \$493.94 – CONTRACT/MISCELLANEOUS SERVICES

CCH, INC. – JANUARY 1, 2008 - \$499.88 – POLICE AND FIRE PORTION OF \$999.75 – OFFICE SUPPLIES

CHICAGO EQUITY PARTNERS – OCTOBER 8, 2008 - \$83,560.66 – 2008 THIRD QUARTER FEES

CLARK HILL – VARIOUS DATES - \$23,610.45 – SERVICES RENDERED: THE DETROIT NEWS FOIA REQUEST, TRADEWINDS AIRLINES, INC. LITIGATION, RETIRED DETROIT POLICE OFFICERS' AND FIRE FIGHTERS' ASSOCIATION LITIGATION, PITG GAMING

DELL MARKETING – OCTOBER 7, 2008 - \$160.35 – POLICE AND FIRE PORTION OF \$320.70 – CONTRACT/MISCELLANEOUS SERVICES

GABRIEL, ROEDER, SMITH & COMPANY – NOVEMBER 5, 2008 - \$4,900.00 – NOVEMBER, 2008 ACTUARIAL SERVICES

HOWARD & HOWARD – NOVEMBER 6, 2008 - \$8,859.07 – OCTOBER, 2008 SERVICES – GSC PARTNERS

INTEGRA – SEPTEMBER 30, 2008 - \$4,500.00 – APPRAISAL SERVICES REGARDING THE HAMPTONS AT BROWNSTOWN

IRON MOUNTAIN – OCTOBER 31, 2008 - \$901.76 – POLICE AND FIRE PORTION OF \$1,803.51 – CONTRACT/MISCELLANEOUS SERVICES

BILL PAYMENT REQUESTS

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

MCTEVIA & ASSOCIATES - NOVEMBER 1, 2008 - 910.00 - POLICE AND FIRE PORTION OF \$1,820.00 - SERVICES RENDERED OCTOBER, 2008 REGARDING TRADEWINDS AIRLINES, INC.

PREFERRED DATA SYSTEMS - OCTOBER 31, 2008 - \$5,046.35 - POLICE AND FIRE PORTION OF \$10,092.70 - COMPUTER EQUIPMENT

PRUDENTIAL - OCTOBER 16, 2008 - \$28,835.26 - 2008 THIRD QUARTER FEES

RACINE & ASSOCIATES - NOVEMBER 12, 2008 - \$14,250.00 - SERVICES RENDERED MARCH 19, 2008 THROUGH NOVEMBER 11, 2008 - I-NETWORKS BIO-OPPORTUNITY FUND

WELLS CAPITAL MANAGEMENT - OCTOBER 17, 2008 - \$257,825.86 - 2008 THIRD QUARTER FEES

ZONES - VARIOUS DATES - \$1,592.40 - POLICE AND FIRE PORTION OF \$3,184.80 - OFFICE SUPPLIES

YEAS - TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BANDEMER -

9

NAYS - NONE

UBS FINANCIAL SERVICES

BY MR. ORZECH – SUPPORTED BY MR. MOORE

RESOLVED, THAT UBS FINANCIAL SERVICES BE REMOVED FROM THE LIST OF BROKERS OF RECORD FOR THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO UBS FINANCIAL SERVICES, THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEMS, AND RETIREMENT SYSTEM STAFF MEMBER ELLEN MOSS:

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BANDEMER –
9

NAYS – NONE

DFFA REQUEST FOR GABRIEL, ROEDER, SMITH & COMPANY TO PROVIDE ACTUARIAL SERVICES, RE: THE SYSTEM'S DROP PLAN

BY MR. PEGG – SUPPORTED BY MR. ORZECH

WHEREAS, THE BOARD IS IN RECEIPT OF A COPY OF A NOVEMBER 10, 2008 LETTER FROM THE DFFA (PER JEFFREY PEGG) TO GABRIEL, ROEDER, SMITH & COMPANY, AND

WHEREAS, THE BOARD IS REQUESTED TO APPROVE THE DFFA (AT THE COST OF THE DFFA) OBTAINING AN ACTUARIAL REPORT REGARDING THE SYSTEM'S DEFERRED RETIREMENT OPTION PLAN (DROP) FROM GABRIEL, ROEDER, SMITH & COMPANY, THEREFORE BE IT

RESOLVED, THAT THE BOARD APPROVES THE FOREGOING, AND BE IT FURTHER

DFFA REQUEST FOR GABRIEL, ROEDER, SMITH & COMPANY TO
PROVIDE ACTUARIAL SERVICES, RE: THE SYSTEM'S DROP PLAN

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO THE DFFA, (ATTENTION: JEFFREY PEGG), GABRIEL, ROEDER, SMITH & COMPANY, AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEMS:

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, MOORE,
ORZECH, PEGG, STEWART AND CHAIRMAN BANDEMER –
9

NAYS – NONE

TRUSTEE **BARBARA-ROSE COLLINS** ENTERED THE MEETING.

LEGAL COUNSEL'S REPORTS

LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING I-NETWORKS, A DETROIT FREE PRESS FOIA REQUEST, TWO DETROIT NEWS FOIA REQUESTS, BUCA, INC., BROOKS, ET AL, VERSUS THE CITY OF DETROIT, ET AL (CASE #08-115996-CZ), GVC WINSTAR, WATKINS AVIATION, MMA REALTY CAPITAL AND YAHOO!, INC.

DETROIT NEWS FOIA REQUESTS
DATED AUGUST 11, 2008 AND SEPTEMBER 19, 2008

EACH TRUSTEE AND EXECUTIVE SECRETARY STAFF WERE PROVIDED WITH A COPY OF A NOVEMBER 5, 2008 LETTER FROM BUTZEL LONG. GENERAL COUNSEL INDICATED THAT HE WOULD REVIEW THE NOVEMBER 5, 2008 LETTER WITH SPECIAL LEGAL COUNSEL, CONSIDER A RESPONSE TO SAID NOVEMBER 5, 2008 LETTER AND REPORT TO THE BOARD.

I-NETWORKS BIO-OPPORTUNITY FUND

BY MR. PEGG – SUPPORTED BY MR. BEST

WHEREAS, THE BOARD HAS BEEN REQUESTED TO EXECUTE A **“SUBSCRIPTION AGREEMENT”** RELATIVE TO THE AFORESAID TRANSACTION, AND

WHEREAS, THE EXECUTION OF SAID DOCUMENT(S) HAS BEEN REVIEWED AND APPROVED AS TO FORM BY THE BOARD’S GENERAL COUNSEL AND THE EXECUTION OF SAID DOCUMENT(S) IS CONSISTENT WITH PRIOR ACTION OF THE BOARD, THEREFORE BE IT

RESOLVED, THAT SAID DOCUMENT(S) BE EXECUTED BY TWO AUTHORIZED SIGNATORIES ON THE BOARD’S BEHALF, AND BE IT FURTHER

RESOLVED, THAT RETIREMENT SYSTEM ACCOUNTING STAFF RETAIN A COPY OF SAID EXECUTED DOCUMENT(S), AND BE IT FURTHER

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

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN
BANDEMER – 10

NAYS – NONE

BUCA, INC.

BY MR. PEGG – SUPPORTED BY MR. BEST

WHEREAS, THE POLICE AND FIRE RETIREMENT SYSTEM IS IN RECEIPT OF A NOVEMBER 11, 2008 E-MAIL FROM SPECIAL LEGAL COUNSEL SCOTT & SCOTT, LLP SUGGESTING THAT THE BOARD ASSURE THE FILING OF A **“PROOF OF CLAIM”**; RE: BUCA, INC., THEREFORE BE IT

RESOLVED, THAT THE EXECUTIVE SECRETARY TAKE THE ABOVE ACTION BY CONTACTING THE SYSTEM’S CURRENT CUSTODIAL BANK, THE BANK OF NEW YORK MELLON (AND FORMER CUSTODIAL BANK AS APPLICABLE), AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO SCOTT & SCOTT, LLP, THE APPLICABLE BANKS, AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEMS:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN
BANDEMER – 10

NAYS – NONE

BROOKS, ET AL, VERSUS THE CITY OF DETROIT, ET AL
CASE #08-115996-CZ

LEGAL COUNSEL PROVIDED EACH BOARD MEMBER WITH A COPY OF A “NOTICE OF APPEAL,” “ORDER OF DISMISSAL,” “ORDER DENYING RECONSIDERATION,” AND “PROOF OF SERVICE” REGARDING THE ABOVE CASE MATTER.

GVC WINSTAR

LEGAL COUNSEL PROVIDED EACH MEMBER OF THE BOARD WITH A NOVEMBER 11, 2008 COMMUNICATION FROM MCGUIRE, CRADDOCK & STROTHER, P.C. REGARDING THE ABOVE-CAPTIONED MATER.

YAHOO!, INC.

LEGAL COUNSEL PROVIDED EACH BOARD MEMBER WITH A NOVEMBER 13, 2008 COMMUNICATION FROM SPECIAL LEGAL COUNSEL BERNSTEIN, LITOWITZ, BERGER AND GROSSMANN, LLP REGARDING THE ABOVE-CAPTIONED MATTER.

COUZENS, LANSKY, ELLIS, FEALK, ROEDER & LAZAR

DON WAGNER AND ASSOCIATE DANIELLE HABERSTROH APPEARED BEFORE THE BOARD TO DISCUSS MATTERS INVOLVING ATTORNEY-CLIENT PRIVILEGE.

CLOSED SESSION

BY MR. BEST – SUPPORTED BY MR. MOORE

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 BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN
BANDEMER – 10

NAYS – NONE

CLOSED SESSION

The Board entered into Closed Session at 9:45 A.M.

TRUSTEE TIMOTHY NGARE ENTERED THE MEETING DURING
CLOSED SESSION.

OPEN SESSION

BY MR. ORZECH – SUPPORTED BY MR. BEST

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, NGARE, ORZECH, PEGG, STEWART AND
CHAIRMAN BANDEMER – 11

NAYS – NONE

The Board returned to Open Session at 10:46 A.M.

DURING CLOSED SESSION, MR. WAGNER AND MS. HABERSTROH
(AND JERRY ELLIS VIA PHONE CONFERENCE) DISCUSSED
PRINCETON AND GVC WINSTAR AT LENGTH.

CLOSED SESSION

BY MR. PEGG – SUPPORTED BY MR. STEWART

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:

CLOSED SESSION

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, NGARE, ORZECH, PEGG, STEWART AND
CHAIRMAN BANDEMER – 11

NAYS – NONE

The Board entered into Closed Session at 11:05 A.M.

OPEN SESSION

BY MR. STEWART – SUPPORTED BY MR. BEST

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, NGARE, ORZECH, PEGG, STEWART AND
CHAIRMAN BANDEMER – 11

NAYS – NONE

The Board returned to Open Session at 11:18 A.M.

DURING CLOSED SESSION, MR. WAGNER, MS. HABERSTROH AND
SPECIAL LEGAL COUNSEL F. LOGAN DAVIDSON DISCUSSED DOTT
INDUSTRIES AT LENGTH.

GVC NETWORKS, INC.
WINSTAR COMMUNICATIONS, LLC
WINSTAR GOVERNMENT SOLUTIONS, LLC
("INVESTMENT")

By Mr. Pegg – Supported by Mr. Best

WHEREAS, the Police and Fire Retirement System of the City of Detroit ("P&F") has made the above-referenced Investment, and

WHEREAS, said Investment is in default, and

WHEREAS, P&F has engaged the services of Donald A. Wagner of Couzens, Lansky, Fealk, Ellis, Roeder & Lazar, P.C. as the Board's Special Legal Counsel ("Special Legal Counsel") to pursue all legal remedies on behalf of the Board to maximize recovery and minimize loss with respect to the Investment, and

WHEREAS, having been duly informed by Special Legal Counsel of the status of legal action taken on behalf of the Board and of ongoing investigation by Special Legal Counsel and other parties, and has recommended that Ameliowave be authorized to further investigate the possibility of billing account receivables, and

WHEREAS, the Board of Trustees has discussed this matter, THEREFORE BE IT

RESOLVED, that P&F hereby approves the disbursement of **\$5,000.00** for use by Special Legal Counsel to hire the services of Ameliowave to assist in reviewing and determining the outstanding and collectible accounts receivables from Winstar Communications, LLC, Winstar Government Solutions, LLC, and GVC Networks in order to recover monies in default from the Investment,

RESOLVED, that a copy of this resolution be forwarded to Don Wagner, and the Accounting Division of the Retirement Systems:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, NGARE, ORZECH, PEGG, STEWART AND
CHAIRMAN BANDEMER – 11

NAYS – NONE

DOTT INDUSTRIES

BY MR. PEGG – SUPPORTED BY MR. BEST

WHEREAS, THE BOARD HAS RECEIVED A VERBAL REPORT FROM TRUSTEE JEFFREY PEGG AND MONITOR DON WAGNER, THEREFORE BE IT

RESOLVED, THAT MCTEVIA AND ASSOCIATES BE RETAINED TO PERFORM CERTAIN FINANCIAL REVIEW SERVICES AND FORWARD SAID INFORMATION (FINANCIAL REVIEW) TO NORTH POINT ADVISORS FOR REVIEW AND FURTHER REPORT TO THE BOARD:

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

BY MR. PEGG – SUPPORTED BY MR. BEST

RESOLVED, THAT THE FOREGOING MOTION BE **TABLED**:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON, MOORE, NGARE, ORZECH, PEGG, STEWART AND CHAIRMAN BANDEMER – 11

NAYS – NONE

SMITH BARNEY

BRUCE BALLARD DISCUSSED 2008 THIRD QUARTER MANAGER PERFORMANCE AT LENGTH.

NORTH POINT ADVISORS

THE BOARD DISCUSSED THE FOLLOWING MATTERS WITH ADRIAN ANDERSON VIA PHONE CONFERENCE:

NORTH POINT ADVISORS

RLJ

PR INVESTMENTS

I-NETWORKS BIO OPPORTUNITY FUND

AETOS

DOMINION

GUIDANCE CAPITAL

THE BANK OF NEW YORK MELLON

TRUSTEE NGARE EXCUSED HIMSELF.

PFRS/GRS JEFFERSON AVENUE CORPORATION

BY MR. ORZECH – SUPPORTED BY MR. DOYLE

WHEREAS, THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT IS A 50% SHAREHOLDER OF THE CORPORATION, AND

WHEREAS, THE BOARD IS IN RECEIPT OF A PROPOSED SNOW REMOVAL AGREEMENT BETWEEN THE PFRS/GRS JEFFERSON AVENUE CORPORATION AND ALL AMERICAN OUTDOOR SERVICES, THEREFORE BE IT

RESOLVED, THAT THE POLICE AND FIRE RETIREMENT SYSTEM APPROVES THE AFORESAID CONTRACT, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO SPECIAL LEGAL COUNSEL F. LOGAN DAVIDSON, MILESTONE

PFRS/GRS JEFFERSON AVENUE CORPORATION

REALTY SERVICES, AND THE ACCOUNTING DIVISION OF THE
RETIREMENT SYSTEMS:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, ORZECH, PEGG, STEWART AND CHAIR-
MAN BANDEMER – 10

NAYS – NONE

TRUSTEE COLLINS EXCUSED HERSELF.

MMA

BY MR. STEWART – SUPPORTED BY MR. MOORE

WHEREAS, Municipal Mortgage & Equity, LLC and its subsidiaries ("MMA") currently are obligated to the Police and Fire Retirement System of the City of Detroit ("PFRS") estimated to be in the amount of \$158,707,829, including \$32,570,000 in letters of credit, and

WHEREAS, KeyBank has made a \$58.25 million mortgage loan (the "KeyBank Loan") that is secured by mortgages on the Columns, Trellises and Pepperwood projects, an MMA guaranty, and by three letters of credit furnished by GRSCD in the cumulative amount of \$8.25 million (the "KeyBank LCs"). KeyBank has stated it will draw on the KeyBank LCs on November 14, 2008 due to technical defaults by MMA in not providing timely financial statements and loan maturity if an agreement to reduce the KeyBank Loan has not been delivered, and

WHEREAS, if KeyBank draws upon the KeyBank LCs, GRSCD's sole recourse is to demand that MMA repay it \$8.25 million pursuant to MMA's guaranty obligations to GRSCD. If GRSCD demands such payment from MMA, such a demand will trigger cross-defaults under MMA's credit facilities. MMA is concerned that such cross defaults will lead to similar demands for payments from its other lenders, and that such demands may hinder MMA's ability to remain current on its obligations to its capital partners, including PFRS, and

MMA

WHEREAS, MMA has financed several construction loans on a \$100MM line of credit with Synovus Bank, and Synovus has stopped funding construction draws, and MMA does not have the liquidity to fund the construction draws, and

WHEREAS, MMA has presented a plan to the Board (the "MMA Plan") that involves:

- (i) the forbearance by GRSCD, Wayne County Employee Retirement System ("WCERS") and PFRS from enforcing maturity dates on MMA obligations to such entities through July 31, 2009; such forbearance to be conditioned upon (A) MMA keeping all required interest and letter of credit fee payments current; (B) MMA not filing for bankruptcy and (C) the absence of defaults under other MMA creditor forbearance agreements;
- (ii) the sale by MMA of three construction loans (Ardmore, Redemptorist and Esplanade) to the Group Trust at fair market value;
- (iii) the Group Trust's purchase of a \$13.00 million 2nd mortgage in the KeyBank Loan in exchange for the release of the KeyBank LCs; the 2nd mortgage acquired by the Group Trust would be repaid incrementally as each of the three projects is sold;
- (iv) the restructuring of the Spanish Fort financing in which the Balanced Fund purchases an \$18,000,000 junior bond position in a restructured Spanish Fort bond for a price of \$16,500,000;
- (v) MMA shall increase the pricing on the PFRS exposures by 100 basis points;
- (vi) MMA will forgive the \$3.967 million currently due to MMA as reflected on the Group Trust's financial statements; and

WHEREAS, MMA also agrees under the MMA Plan to furnish a guaranty of payment of all principal and interest (i) to the Group Trust on

MMA

the Ardmore, Redemptorist and Esplanade construction loans and on the KeyBank Loan, and (ii) to the Balanced Fund on Spanish Fort restructuring, and

WHEREAS, on October 15, 2008, the Balanced Fund Advisory Committee approved the portion of the MMA Plan pertaining to the Balanced Fund's purchase of the restructured Spanish Fort bond position of \$18,000,000 for the price of \$16,500,000, which closed on November 4, 2008, and

WHEREAS, GRSCD maintains a 25% ownership interest in the Group Trust while PFRS maintains a 50% interest, and WCERS a 25% interest, and

WHEREAS, GRSCD maintains a 54.7% ownership interest in the Balanced Fund while PFRS maintains an 18.23 % interest and WCERS a 27.07% interest in the Balanced Fund, and

WHEREAS, the Board has discussed this matter, and

WHEREAS, the Board has reviewed the information and materials provided by MMA regarding the MMA Plan, and

NOW THEREFORE BE IT RESOLVED, that the PFRS approves (i) the forbearance by PFRS from enforcing maturity dates on MMA obligations to PFRS through **June 30, 2009**; (ii) the sale by MMA of the Ardmore, Redemptorist and Esplanade construction loans to the Group Trust at fair market value; (iii) the Group Trust's acquisition of a \$13.00 million 2nd mortgage in the \$58.25 million KeyBank Loan in conjunction with the release of the KeyBank LCs; (iv) the increase in the pricing from MMA to PFRS on the direct placement exposures and letters of credit by 100 basis points and (v) MMA's withdrawal of claims on the \$3.967 million "Due to MMA" currently shown on the Group Trust's financial statements;

RESOLVED, that the Board approves the execution of all appropriate documents subject to approval of the Board's special legal counsel and general counsel, and be it further

RESOLVED, that a copy of this resolution be forwarded to the GRSCD, WCERS, and the Accounting Division of the Retirement Systems:

MMA

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, MOORE, ORZECH
PEGG, STEWART AND CHAIRMAN BANDEMER – 9

NAYS – NONE

TRUSTEE COLLINS RE-JOINED THE MEETING.

MILESTONE PROPOSED DEVELOPMENT SERVICES AGREEMENT

BY MR. ORZECH – SUPPORTED BY MR. STEWART

WHEREAS, THE BOARD IS IN RECEIPT OF A FOUR-PAGE CHART TITLED, “DEVELOPMENT SERVICES AGREEMENT REVIEW AND RECOMMENDATION” WHICH INDICATES 1) MILESTONE 1ST PROPOSAL, 2) COURTLAND PARTNERS, LTD. RECOMMENDATION, AND 3) MILESTONE REVISED PROPOSAL, AND

WHEREAS, THE BOARD NOTES THAT MILESTONE HAS AGREED TO THE MAJORITY OF COURTLAND’S RECOMMENDATIONS, AND

WHEREAS, THE BOARD NOTES THAT IT APPEARS, FROM THE FOUR-PAGE CHART, THAT LEGAL ISSUES HAVE BEEN RESOLVED BY MILESTONE AND SPECIAL COUNSEL, AND

WHEREAS, THE BOARD NOTES THAT CERTAIN ECONOMIC ISSUES HAVE NOT BEEN RESOLVED DUE TO DIFFERENT POSITIONS TAKEN BY COURTLAND AND MILESTONE WHICH BASICALLY ARE:

- A. 4% - 5% FEE ISSUE
- B. \$30,000.00 OFF-SET AMOUNT ISSUE
- C. CHANGE ORDERS ISSUE
- D. ASSET MANAGEMENT FEE

MILESTONE PROPOSED DEVELOPMENT SERVICES AGREEMENT

E. ANY RELATED APPLICABLE ECONOMIC ISSUES, AND

WHEREAS, THE BOARD WISHES TO RESOLVE THESE MATTERS PRIOR TO NOVEMBER 20, 2008, THEREFORE BE IT

RESOLVED, THAT COURTLAND AND MILESTONE PROMPTLY NEGOTIATE, IN GOOD FAITH, THE AFORESAID MATTERS AND JOINTLY OR SEPARATELY REPORT TO THE BOARD THE RESULTS OF THE NEGOTIATIONS FOR CONSIDERATION BY THE BOARD IN REACHING THE BOARD'S DECISION REGARDING THIS MATTER, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE E-MAILED, FAXED AND FORWARDED TO **MICHAEL HUMPHREY** AT COURTLAND PARTNERS, **MARTIN WEST** AT MILESTONE REALTY SERVICES, SPECIAL LEGAL COUNSEL **F. LOGAN DAVIDSON, P.C.** AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEMS:

YEAS – TRUSTEES BEST, DOYLE, FIELDS, JOHNSON, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BANDEMER

- 9

NAYS – NONE

ABSTAIN – TRUSTEE COLLINS – 1

YAHOO!, INC.

BY MR. MOORE – SUPPORTED BY MR. PEGG

WHEREAS, the Board previously retained the law firm of Bernstein Litowitz Berger & Grossmann, LLP (“BLB&G”) as Special

YAHOO!, INC.

Legal Counsel with respect to certain matters involving Yahoo!, Inc., and

WHEREAS, the Board is in receipt of a letter from BLB&G dated November 13, 2008, and

WHEREAS, the Board authorized BLB&G to represent the Police and Fire Retirement System of the City of Detroit (“PFRS”) in commencing and prosecuting a breach of fiduciary duty class action lawsuit against Yahoo’s Board members and certain officers on behalf of Yahoo! shareholders, officially captioned In re: Yahoo Shareholders Litigation, Cons. C.A. No. 3561-CC and referred to herein as the “Yahoo Litigation,” and

WHEREAS, BLB&G provided the Board and its General Counsel with regular litigation status updates regarding the lawsuit on such matters as: developing theories of the case, case strategy, factual developments, results and information learned during discovery, and settlement negotiations, and

WHEREAS, beginning in August of 2008, BLB&G, (with General Counsel’s prior informed approval) commenced settlement negotiations with counsel for Yahoo and the individual defendants in the Yahoo litigation, and

WHEREAS, after several months of negotiations, wherein settlement proposals and counter proposals were made, BLB&G now recommends that the Yahoo Litigation now be settled on terms substantially similar to the terms specified in the term sheet attached hereto entitled “Summary of Substantive Terms of Settlement” and which Yahoo and the defendants have agreed in principle to, and

WHEREAS, The Board has fully considered and discussed BLB&G’s recommendation to settle the Yahoo Litigation, Therefore Be It

YAHOO!, INC.

RESOLVED, That the Board approves, supports, and recommends settlement of its claims pursuant to the attached term sheet and seeking class certification and approval by the Court in the Yahoo Litigation, and be it further

RESOLVED, That a copy of this Resolution be forwarded to BLB&G and the Accounting Division of the Retirement Systems:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN
BANDEMER – 10

NAYS – NONE

SPECIAL COUNSEL JOE TURNER REQUESTED THAT THE BOARD ENTER INTO CLOSED SESSION TO DISCUSS MATTERS INVOLVING ATTORNEY-CLIENT PRIVILEGE.

CLOSED SESSION

BY MR. DOYLE – SUPPORTED BY MR. BEST

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 BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN
BANDEMER – 10

NAYS – NONE

The Board entered into Closed Session at 3:55 P.M.

OPEN SESSION

BY MR. MOORE – SUPPORTED BY MR. STEWART

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON,
MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN
BANDEMER – 10

NAYS – NONE

The Board returned to Open Session at 4:07 P.M.

DURING CLOSED SESSION, SPECIAL COUNSEL JOE TURNER
DISCUSSED TRADEWINDS AIRLINES, INC. AND RDD INVESTMENT
CORPORATION.

PFRS MORTGAGE HELD ON 7 MILE/MYERS
HOME DEPOT RETAIL CENTER, DETROIT, MICHIGAN

BY MR. ORZECH – SUPPORTED BY MR. DOYLE

WHEREAS, THE BOARD IS IN RECEIPT OF A NOVEMBER 13, 2008
COMMUNICATION FROM MAYFIELD GENTRY REALTY ADVISORS,
LLC, WHEREIN MAYFIELD GENTRY RECOMMENDS THAT THE
BOARD **DENY** THE BORROWER'S REQUEST THAT THE BOARD
CONSIDER APPROVING THE FOLLOWING MODIFICATION TO THE
TERMS OF THE NOTE (LOAN AGREEMENT):

1. SUBSTITUTE THE NOTE'S CURRENT FIXED RATE TO A
FLOATING RATE

PFRS MORTGAGE HELD ON 7 MILE/MYERS
HOME DEPOT RETAIL CENTER, DETROIT, MICHIGAN

2. ELIMINATE THE PRE-PAYMENT PENALTY WHICH IS THE LESSER OF 1% OF THE OUTSTANDING BALANCE OR A CALCULATED AMOUNT BASED ON PREVAILING TREASURY YIELDS
3. CONSIDERATION OF FINANCING A PURCHASE OF THE UNDERLYING LAND AT AN UNDETERMINED POINT IN THE NEAR FUTURE, AND

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

RESOLVED, THAT THE BOARD ACCEPTS THE RECOMMENDATION OF MAYFIELD GENTRY REALTY ADVISORS, LLC, AND MAYFIELD GENTRY REALTY ADVISORS, LLC ACT CONSISTENT WITH THIS RESOLUTION, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO MAYFIELD GENTRY REALTY ADVISORS, LLC AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEMS:

YEAS – TRUSTEES BEST, COLLINS, DOYLE, FIELDS, JOHNSON, MOORE, ORZECH, PEGG, STEWART AND CHAIRMAN BANDEMER – 10

NAYS – NONE

PUBLIC FORUM

AT 4:11 P.M., CHAIRMAN BANDEMER 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 BANDEMER ADJOURNED THE MEETING AT 4:13 P.M.
UNTIL THURSDAY, NOVEMBER 20, 2008 AT 9:00 A.M., IN ROOM
910 OF THE COLEMAN A. YOUNG MUNICIPAL CENTER, DETROIT,
MICHIGAN 48226.

RESPECTFULLY SUBMITTED,

CYNTHIA A. THOMAS
ASSISTANT EXECUTIVE SECRETARY