

MEETING NUMBER 2748

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



PROCEEDINGS HELD THURSDAY, AUGUST 27, 2009

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
Seth Doyle	Ex/Officio Trustee
Ralph Godbee	Ex/Officio Trustee
Cheryl Johnson	Ex/Officio Trustee/Treasurer
Kirk Lewis	Ex/Officio Trustee
James Moore	Elected Trustee/Vice Chairperson
Sean Neary	Elected Trustee
Jeffrey Pegg	Elected Trustee/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

Barbara-Rose Collins	Ex/Officio Trustee/Councilperson
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ABSENT

None

CHAIRPERSON

Jeffrey Pegg

VICE CHAIRPERSON

James Moore

AT THE CHAIR'S DIRECTION, ROLL CALL WAS TAKEN AT 9:06 A.M. BY THE BOARD'S RECORDING SECRETARY AND THE MEETING WAS CALLED TO ORDER.

DROP RETIREMENTS

BY MR. STEWART – SUPPORTED BY MR. GODBEE

RESOLVED, THAT THE DROP RETIREMENTS WHICH ARE REFERENCED BELOW BE APPROVED:

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, NEARY, STEWART AND CHAIRMAN PEGG – 8

NAYS – NONE

CONFIRMATIONS

BY MR. BANDEMER – SUPPORTED BY MR. NEARY

RESOLVED, THAT THE RECEIPTS AND DISBURSEMENTS WHICH ARE DESIGNATED AT THE END OF THESE PROCEEDINGS BE CONFIRMED:

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, NEARY, STEWART AND CHAIRMAN PEGG – 8

NAYS – NONE

REFUNDS OF ACCUMULATED CONTRIBUTIONS

BY MR. STEWART – SUPPORTED BY MR. BEST

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:

REFUND LIST NUMBER: 3327

REFUND AMOUNT: \$446,291.99

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, NEARY, STEWART AND CHAIRMAN PEGG – 8

NAYS – NONE

MINUTES OF AUGUST 6, 2009

BY MR. BEST – SUPPORTED BY MR. STEWART

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY, AUGUST 6, 2009 BE APPROVED AS RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, NEARY, STEWART AND CHAIRMAN PEGG – 8

NAYS – NONE

SPECIAL LEGAL COUNSEL JOE TURNER ENTERED THE MEETING.

SG CAPITAL

LOU VOGT (OF BANYAN REALTY ADVISORS) JOINED THE BOARD IN LISTENING TO DERRON SANDERS AND ASSOCIATE JOSHUA GRIGGS DISCUSS A PROPOSAL RELATIVE TO THE VENUE APARTMENTS IN ORLANDO, FLORIDA - A 306 UNIT RENTAL APARTMENT COMMUNITY. SG CAPITAL SEEKS A WAIVER/MODIFICATION OF CERTAIN ITEMS TO SECURE ADVANCE OF A \$750,000.00 REFUNDABLE DEPOSIT.

TRUSTEE MOORE ENTERED THE MEETING DURING SG CAPITAL'S DISCUSSION.

BANYAN REALTY ADVISORS

LOU VOGT DISCUSSED WASHINGTON PLAZA IN PITTSBURGH, PENNSYLVANIA AND REQUESTED THAT THE BOARD APPROVE BANYAN'S RESUMPTION WITH AGPM, LLC AS PROPERTY MANAGER OF WASHINGTON PLAZA; FOUR ALTERNATIVE INVESTMENT PROPERTIES, THE ATHENEUM, SOLITRON AND 2009 SECOND QUARTER PROPERTY PERFORMANCE.

Re: SG Mortgage Fund, LLC Request for Approval for waiver of terms to advance under \$1,000,000 allocation for due diligence and refundable deposits

By Mr. Stewart – Supported by Mr. Best

WHEREAS, The Board previously approved a loan commitment to SG Mortgage Funds, LLC to provide acquisition funding of apartment communities subject to a number of requirements more fully described in that certain Loan Commitment dated June 26, 2008, and

WHEREAS, the Borrower subsequently requested the Board to provide for advances up to a maximum of \$1,000,000 for third party due diligence expenses and refundable deposits related to acquisitions, and

WHEREAS, the Board approved the Borrower's request and amended its commitment

Re: SG Mortgage Fund, LLC Request for Approval for waiver of terms to advance under \$1,000,000 allocation for due diligence and refundable deposits

to provide funding per the Borrower's request subject to a number of conditions more fully set forth in that certain Amended Loan Commitment dated August 28, 2008, and

WHEREAS, the initial advance of \$11,000,000 was funded in December 2008 for the property known as Riveroaks located in Saline, Michigan, and

WHEREAS, the Borrower seeks a waiver of certain of the conditions to advance under the Amended Loan Commitment for due diligence to be able to bid on an FDIC-conducted sale of a 306 unit apartment community located in Orlando, Florida known as Venue Apartments, and

WHEREAS, the Board has reviewed the request from the Borrower and the review submitted by the Board's advisor Banyan Realty Advisors who states the Board's interest are adequately protected given the refundable bid deposit of \$750,000 required by FDIC is held by FDIV and returned after twenty days of awarding the bid to occur in fifteen days from August 28, 2009, and

WHEREAS, the Borrower presented the following documents for the Board's consideration:

1. Investment Presentation
2. FDIC Bid Instructions
3. Buyer's Assignment of Purchase Agreement
4. Executed Disbursement Request and Wiring Instructions

THEREFORE BE IT

RESOLVED, the Board approves the Borrower's request to waive the conditions precedent to advances under the Amended Loan Commitment as follows:

1. Waive the requirement for a fully executed purchase agreement.
2. Require the assignment of the purchase agreement by the Borrower.
3. Waive the requirement for the escrow agent or title company to acknowledge assignment and to agree to return the deposit at the direction of the Board.
4. Wire Seven Hundred Fifty Thousand Dollars and zero cents (\$750,000.00) to Borrower's account at Charter One Bank as described on the attached Disbursement Request and Wiring Instructions.

AND BE IT FURTHER

RESOLVED, that the Board's special legal counsel, F. Logan Davidson, P.C., is hereby requested to prepare the necessary documents upon receipt of notice from the Board's Executive Secretary that the Borrower has deposited sufficient funds with the Board to

Re: SG Mortgage Fund, LLC Request for Approval for waiver of terms to advance under \$1,000,000 allocation for due diligence and refundable deposits

pay for the services to be provided by the Board's special legal counsel, and be it further

RESOLVED, that all modifications to the Loan Documents be approved as to form by the Board's special legal counsel, the Board's legal counsel and the Board prior to said documents being executed by two authorized signatories on behalf of the Board, and be it further

RESOLVED, that a copy of this resolution be forwarded to the Borrower, SG Mortgage Fund, LLC; F. Logan Davidson, P.C.; Banyan Realty Advisors, LLC; and the Accounting Division of the Retirement Systems:

Derron Sanders
SG Mortgage Fund, LLC
8109 E. Jefferson Avenue
Detroit, Michigan 48214

F. Logan Davidson, P.C.
28 W. Adams
Suite 300
Detroit, Michigan 48226

Lou Vogt
Banyan Realty Advisors, LLC
501 N. Magnolia Avenue
Orlando, Florida 32801

Yeas – Trustees Bandemer, Best, Godbee, Johnson, Lewis, Moore, Neary, Stewart
and Chairman Pegg – 9

Nays – None

LOOMIS, SAYLES & CO.

ADRIAN ANDERSON (OF NORTH POINT ADVISORS) AND THE BOARD'S INVESTMENT ANALYST, RICK HUDDLESTON, JOINED THE BOARD IN LISTENING TO KURT WAGNER DISCUSS PERFORMANCE, THE CORPORATE BOND MARKET AND THE ECONOMY.

WELLS CAPITAL MANAGEMENT

ADRIAN ANDERSON (OF NORTH POINT ADVISORS) AND THE BOARD'S INVESTMENT ANALYST, RICK HUDDLESTON, JOINED THE BOARD IN LISTENING TO LORI BUFFUM AND ASSOCIATES

WELLS CAPITAL MANAGEMENT

JAMES KLAUS AND KEVIN GAUGHAY DISCUSS WELLS' INVESTMENT MANAGEMENT TEAM CHANGES AND PERFORMANCE.

MR. ANDERSON SUGGESTED THAT LOOMIS, SAYLES & COMPANY BE REMOVED FROM THE BOARD'S WATCH LIST AND THAT WELLS' LARGE-CAP MANAGEMENT TEAM BE SCHEDULED TO APPEAR BEFORE THE BOARD TO DISCUSS LARGE-CAP INVESTING PERFORMANCE.

LOOMIS, SAYLES & CO.

BY MR. BEST – SUPPORTED BY MR. LEWIS

RESOLVED, THAT LOOMIS, SAYLES & COMPANY BE REMOVED FROM THE SYSTEM'S INTERNAL WATCH LIST:

Yeas – Trustees Bandemer, Best, Godbee, Johnson, Lewis, Moore, Neary, Stewart and Chairman Pegg – 9

Nays – None

TRUSTEES JOHNSON AND LEWIS TEMPORARILY EXCUSED THEMSELVES.

**JAMES E. MARTIN
(PENSION NUMBER 183952)
PETITION FOR NEW HEARING**

BY MR. STEWART – SUPPORTED BY MR. MOORE

WHEREAS, THE BOARD OF TRUSTEES IS IN RECEIPT OF A LETTER DATED AUGUST 4, 2009, WHICH WAS RECEIVED ON AUGUST 17, 2009, WHEREIN JAMES E. MARTIN REQUESTS A NEW HEARING WHEREBY HE SEEKS A DUTY DISABILITY RETIREMENT, AND

WHEREAS, THE BOARD OF TRUSTEES DENIED, PER JULY 13, 2006 RESOLUTION, MR. MARTIN'S PRIOR REQUEST FOR DUTY DISABILITY RETIREMENT AFTER CONSIDERING A JULY 10, 2006 ARBITRATION OPINION AND AWARD FROM ARBITRATOR

**JAMES E. MARTIN
(PENSION NUMBER 183952)
PETITION FOR NEW HEARING**

MARK J. GLAZER, WHICH OPINION AND AWARD CONSIDERED THAT MR. MARTIN'S APPLICATION FOR DUTY DISABILITY SHOULD BE DENIED, AND

WHEREAS, THE BOARD OF TRUSTEES, PER RESOLUTION DATED JANUARY 11, 2007, REAFFIRMED ITS JULY 13, 2006 DENIAL OF DUTY DISABILITY BENEFITS, AND

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

RESOLVED, THAT MR. MARTIN'S PETITION FOR A NEW HEARING IS DENIED, AND BE IT FURTHER

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

**JAMES E. MARTIN
21910 PARKLAWN
OAK PARK, MICHIGAN 48237**

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

BY MR. BANDEMER – SUPPORTED BY MR. STEWART

RESOLVED, THAT THE FOREGOING MOTION BE TABLED:

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

**Yeas – Trustees Bandemer, Best, Godbee, Moore, Neary,
Stewart and Chairman Pegg – 7**

Nays – None

REQUEST OF DETROIT FIREMEN’S FUND ASSOCIATION

BY MR. BEST – SUPPORTED BY MR. NEARY

WHEREAS, THE DETROIT FIREMEN’S FUND ASSOCIATION HAS PRESENTED THE BOARD WITH AN AUGUST 25, 2009 COMMUNICATION WHEREIN THE ASSOCIATION REQUESTS THAT A NEW CODE BE ASSIGNED TO THOSE MEMBERS WHO ARE CURRENTLY NOT PAYING DUES BUT ARE BEGINNING TO HAVE DUES COSTS AT \$11.09, AND

WHEREAS, THE BOARD HAS DISCUSSED THE REQUEST OF THE ASSOCIATION, THEREFORE BE IT

RESOLVED, THAT THE REQUEST OF THE ASSOCIATION IS HEREBY APPROVED, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO THE DETROIT FIREMEN’S FUND ASSOCIATION, RETIREMENT STAFF MEMBER BEVERLY SCRUGGS, AND THE IT DIVISION OF THE RETIREMENT SYSTEM:

Terrill I. Hardaway
Secretary
Detroit Firemen’s Fund Association
Fire Department Headquarters
250 W. Larned
Suite 202
Detroit, Michigan 48226

Yeas – Trustees Bandemer, Best, Godbee, Moore, Neary, Stewart and Chairman Pegg – 7

Nays – None

TRUSTEE DOYLE ENTERED THE MEETING, AND TRUSTEE JOHNSON RE-JOINED THE MEETING.

Authorized Signatory List

By Trustee Doyle – Supported by Trustee Moore

Resolved, That all contracts, documents, vouchers and legal papers, in conjunction with any investment transaction or disposition of any investment made by the Board of Trustees of the Police and Fire Retirement System, pursuant to Title IX, Chapter VII, Article VIII of the City of Detroit Charter and continued in effect by Article II, Section 102 of the January 1, 1997 City of Detroit Charter, be executed by any two (2) of the following designated parties who are hereby authorized to sign on behalf of the Board of Trustees, provided, however, that at least one (1) of the two (2) authorized parties signing on behalf of the Board shall be an elected Trustee:

WALTER STAMPOR, EXECUTIVE SECRETARY
CYNTHIA A. THOMAS, ASSISTANT EXECUTIVE SECRETARY
MYRON TERRELL, ASSISTANT EXECUTIVE SECRETARY
DEBORAH WILKERSON, MANAGER I
DAVID CETLINSKI, MANAGER I

MARTY BANDEMER, ELECTED TRUSTEE
GREGORY BEST, ELECTED TRUSTEE
JAMES MOORE, ELECTED TRUSTEE
SEAN NEARY, ELECTED TRUSTEE
JEFFREY M. PEGG, ELECTED TRUSTEE
PAUL STEWART, ELECTED TRUSTEE

DAVE BING, EX/OFFICIO TRUSTEE
BARBARA-ROSE COLLINS, EX/OFFICIO TRUSTEE
SETH DOYLE, III, EX/OFFICIO TRUSTEE
WARREN EVANS, EX/OFFICIO TRUSTEE
RALPH GODBEE, EX/OFFICIO TRUSTEE
CHERYL JOHNSON, EX/OFFICIO TRUSTEE
KIRK LEWIS, EX/OFFICIO TRUSTEE
TIMOTHY NGARE, EX/OFFICIO TRUSTEE

Yeas – Trustees Bandemer, Best, Doyle, Godbee, Johnson,
Moore, Neary, Stewart and Chairman Pegg – 9

Nays – None

JUNE 30, 2009 EMPLOYER CONTRIBUTIONS DUE THE PFRS

BY MR. STEWART – SUPPORTED BY MR. BEST

RESOLVED, THAT THE BOARD'S MOTION REGARDING JUNE 30, 2009 EMPLOYER CONTRIBUTIONS DUE THE PFRS, WHICH WAS TABLED AUGUST 20, 2009, BE REMOVED FROM THE TABLE:

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

Yeas – Trustees Bandemer, Best, Doyle, Godbee, Johnson, Moore, Neary, Stewart and Chairman Pegg – 9

Nays – None

FOLLOWING IS THE BOARD'S AUGUST 20, 2009 MOTION REGARDING JUNE 30, 2009 EMPLOYER CONTRIBUTIONS DUE THE PFRS:

JUNE 30, 2009 EMPLOYER CONTRIBUTIONS DUE THE PFRS

BY MS. JOHNSON – SUPPORTED BY MR. MOORE

WHEREAS, THE CITY OF DETROIT'S CONTRIBUTION TO THE RETIREMENT SYSTEM FOR THE 2008-2009 FISCAL YEAR WAS DUE ON JUNE 30, 2009, AND

WHEREAS, THE RETIREMENT SYSTEM TRUSTEES HAVE A FIDUCIARY DUTY TO ENSURE THAT THE ANNUAL CONTRIBUTIONS REQUIRED BY THE MICHIGAN CONSTITUTION, STATE LAW, THE CITY OF DETROIT CHARTER AND CITY OF DETROIT ORDINANCES ARE PAID TO THE RETIREMENT SYSTEM, AND

WHEREAS, ON JUNE 11, 2009 AND JUNE 25, 2009, THE RETIREMENT SYSTEM TRUSTEES PASSED RESOLUTIONS AUTHORIZING SPECIAL COUNSEL MARY ELLEN GUREWITZ TO FILE A LAWSUIT AGAINST THE APPROPRIATE PARTIES TO COLLECT THE REQUIRED EMPLOYER CONTRIBUTION IN THE EVENT THAT IT WAS NOT PAID WHEN DUE, AND

WHEREAS, THE CITY HAS FAILED TO PAY ANY PART OF THE 2008-2009 CONTRIBUTION DUE ON JUNE 30, 2009, AND

JUNE 30, 2009 EMPLOYER CONTRIBUTIONS DUE THE PFRS

WHEREAS, ON JULY 17, 2009, THE RETIREMENT SYSTEM FILED A COMPLAINT AGAINST THE CITY OF DETROIT, MAYOR DAVE BING AND OTHERS IN WAYNE COUNTY CIRCUIT COURT, POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT VERSUS CITY OF DETROIT, ET EL, CASE NO. 09-017512-AW, FOR THE UNPAID CONTRIBUTION, SEEKING A MANDAMUS ORDER AND A JUDGMENT FOR THE AMOUNT DUE PLUS INTEREST COMPUTED AT THE RATE OF 7.5%, AND

WHEREAS, ON AUGUST 3, 2009, WAYNE COUNTY CIRCUIT JUDGE GERSHWIN A. DRAIN ISSUED TWO ORDERS, A MANDAMUS ORDER, DIRECTING THE CITY OF DETROIT TO IMMEDIATELY PAY TO THE RETIREMENT SYSTEM THE CONTRIBUTION DUE ON JUNE 30, 2009, AND A JUDGMENT ORDERING AND ADJUDGING THE CITY OF DETROIT TO PAY TO THE RETIREMENT SYSTEM THE PRINCIPAL AMOUNT OF \$36,151,056.10, WITH INTEREST FROM JULY 1, 2009 AT THE ANNUAL RATE OF 7.5%, AND

WHEREAS, ON AUGUST 20, 2009, CITY OF DETROIT CHIEF FINANCIAL OFFICER NORMAN L. WHITE AND TIMOTHY NGARE MET WITH THE SYSTEM TRUSTEES AND PRESENTED AN ORAL PROPOSAL TO SATISFY THE JUDGMENT BY PAYING \$2.4 MILLION PER MONTH FOR FIVE (5) MONTHS, FOLLOWED BY PAYMENTS OF \$4.0 MILLION PER MONTH FOR SIX (6) MONTHS, WITH ALL REMAINING PRINCIPAL AND INTEREST THEN DUE ADDED TO THE FINAL \$4.0 MILLION PAYMENT, AND

WHEREAS, THE TRUSTEES ARE LIKELY TO FIND THE PAYMENT PLAN PROPOSED BY THE CITY OF DETROIT, THROUGH FINANCE DIRECTOR WHITE, ACCEPTABLE, AND UPON COMPLETION OF THE PAYMENTS, WILL FULLY SATISFY THE JUDGMENT, THEREFORE BE IT

RESOLVED, THAT UPON RECEIPT OF A WRITTEN PAYMENT PLAN CONSISTENT WITH THE ORAL PRESENTATION, THE TRUSTEES ACCEPT THE PROPOSED PAYMENT PLAN SUBJECT TO RECEIPT OF DOCUMENTATION EXECUTED BY THE MAYOR, CHIEF FINANCIAL OFFICER AND BY ACTION OF THE CITY COUNCIL OF THE CITY OF DETROIT AND SUBJECT TO SUCH OTHER CONDITIONS AS MAY BE RECOMMENDED BY THE

JUNE 30, 2009 EMPLOYER CONTRIBUTIONS DUE THE PFRS

RETIREMENT SYSTEM'S GENERAL COUNSEL AND SPECIAL COUNSEL, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO THE MAYOR, CHIEF FINANCIAL OFFICER, THE CITY COUNCIL AND SPECIAL COUNSEL:

**DAVE BING
HONORABLE MAYOR
MAYOR'S OFFICE
1126 COLEMAN A. YOUNG MUNICIPAL CENTER
DETROIT, MICHIGAN 48226**

**NORMAN L. WHITE
CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
1200 COLEMAN A. YOUNG MUNICIPAL CENTER
DETROIT, MICHIGAN 48226**

**HONORABLE CITY COUNCIL
1340 COLEMAN A. YOUNG MUNICIPAL CENTER
DETROIT, MICHIGAN 48226**

**MARY ELLEN GUREWITZ
SACHS WALDMAN PROFESSIONAL CORPORATION
1000 FARMER STREET
DETROIT, MICHIGAN 48226**

**Yeas – Trustees Bandemer, Best, Doyle, Godbee, Johnson,
Moore, Neary, Stewart and Chairman Pegg – 9**

Nays – None

LEGAL COUNSEL'S REPORTS

LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING BEAR STEARNS, INCOME, RESEARCH & MANAGEMENT, SUNWEST, THE AUGUST 26, 2009 FOIA REQUEST OF THE DETROIT FREE PRESS, AND THE BOARD'S POLICY REGARDING PRESENTATIONS TO THE BOARD REGARDING INVESTMENT PROPOSALS. COUNSEL

CONTINUATION OF LEGAL COUNSEL'S REPORTS

ZAJAC ALSO PROVIDED EACH BOARD AND ADMINISTRATIVE STAFF MEMBER WITH COPIES OF THE FOLLOWING DOCUMENTS:

APRIL 29, 1999 BOARD RESOLUTION REGARDING THE BOARD'S POLICY REGARDING PRESENTATIONS TO THE BOARD OF TRUSTEES REGARDING INVESTMENT PROPOSALS

MAY 29, 2008 BOARD RESOLUTION REGARDING THE BOARD'S POLICY REGARDING PRESENTATIONS TO THE BOARD OF TRUSTEES REGARDING INVESTMENT PROPOSALS

AUGUST 27, 2009 "DRAFT" RESOLUTION REGARDING THE BOARD'S RESPONSE TO THE DETROIT FREE PRESS EDITOR'S EDITORIAL DATED AUGUST 26, 2009, WHICH LEGAL COUNSEL REQUESTED THE BOARD CONSIDER ADOPTING. THE BOARD DECIDED AGAINST ADOPTING SAID RESOLUTION

EDITORIAL TITLED, "MUCH CORRUPTION; FEW ANSWERS"

**INCOME, RESEARCH & MANAGEMENT
LEHMAN BROTHERS HOLDINGS**

BY MR. BANDEMER – SUPPORTED BY MR. STEWART

WHEREAS, THE BOARD HAS BEEN REQUESTED TO EXECUTE A "PROOF OF CLAIM" FORM RELATIVE TO THE AFORESAID TRANSACTION, AND

WHEREAS, THE EXECUTION OF SAID DOCUMENT HAS BEEN RECOMMENDED BY

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

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

**INCOME, RESEARCH & MANAGEMENT
LEHMAN BROTHERS HOLDINGS**

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

RESOLVED, THAT RETIREMENT SYSTEM ACCOUNTING STAFF RETAIN A COPY OF SAID EXECUTED ORIGINAL DOCUMENT:

**YEAS – TRUSTEES BANDEMER, BEST, DOYLE, GODBEE,
JOHNSON, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9**

NAYS – NONE

**CLASS ACTION LITIGATION -
RE: A SUBSIDIARY OF BEAR STEARNS**

BY MR. DOYLE – SUPPORTED BY MR. BANDEMER

WHEREAS, SCOTT & SCOTT, LLP (THE "FIRM") HAS BEEN APPROVED BY THE BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT (THE "FUND" OR THE "BOARD") AS ONE OF THEIR SPECIALIZED LAW FIRMS TO PROVIDE SECURITIES LITIGATION AND PORTFOLIO MONITORING SERVICES SINCE 2007, AND

WHEREAS, THE FIRM RECENTLY ALERTED THE FUND, THROUGH ITS GENERAL COUNSEL, OF APPROXIMATELY \$3 MILLION OF POTENTIALLY RECOVERABLE LOSSES INCURRED BY THE FUND'S PURCHASE OF MORTGAGE PASS-THROUGH CERTIFICATES (THE "CERTIFICATES") OF STRUCTURED ASSET MORTGAGE INVESTMENTS II, INC., A SUBSIDIARY OF THE BEAR STEARNS COMPANIES, INC. (THE "COMPANY"), AND

WHEREAS, THERE IS PENDING LITIGATION AGAINST THE COMPANY WHICH SEEKS A RECOVERY ON BEHALF OF A CLASS OF INVESTORS IN CERTAIN OF THESE CERTIFICATES, AND

WHEREAS, THE FUND HAS EXPOSURE TO APPROXIMATELY \$1.5 MILLION OF THE ABOVE-REFERENCED LOSSES FROM ITS PURCHASES OF BEAR STEARNS ARM TRUST 2007-4

**CLASS ACTION LITIGATION -
RE: A SUBSIDIARY OF BEAR STEARNS**

CERTIFICATES WHICH ARE NOT IDENTIFIED IN OR COVERED BY THE PRESENTLY PENDING FILED COMPLAINTS, BUT WHICH THE FIRM HAS CONCLUDED THAT THE FUND ALSO HAS ACTIONABLE CLAIMS, AND

WHEREAS, THE FIRM IS AWARE OF THE GENERAL POLICIES OF THE BOARD GOVERNING THEIR DECISION TO INITIATE LITIGATION AND SEEK LEAD AND/OR CO-LEAD PLAINTIFF STATUS, AND

WHEREAS, THE BOARD HAS DISCUSSED THE FOREGOING, THEREFORE BE IT

RESOLVED, THAT AFTER CAREFUL CONSIDERATION OF THE FIRM'S RECOMMENDATION AND DISCUSSION WITH ITS GENERAL COUNSEL, THE BOARD AUTHORIZES THE FILING OF LITIGATION AGAINST THE COMPANY AND OTHERS, AND WILL, THROUGH THE FIRM, SEEK LEAD PLAINTIFF STATUS, RECOVER DAMAGES ON BEHALF OF THE ENTIRE CLASS OF PURCHASERS IN THE BEAR STEARNS MORTGAGE PASS-THROUGH CERTIFICATES, AND BE IT FURTHER

RESOLVED, THAT IN THE EVENT OTHER INSTITUTIONAL INVESTORS FILE MOTIONS FOR LEAD PLAINTIFF AGAINST THE COMPANY IN THIS LITIGATION WITH LARGER LOSSES, AND WHO OTHERWISE SATISFY THE LEAD PLAINTIFF PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT, THE BOARD MAY ELECT TO WITHDRAW THEIR MOTION FOR APPOINTMENT OF LEAD PLAINTIFF, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO SCOTT & SCOTT, ATTENTION: DON BROGGI, AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEM:

**Donald Broggi
Scott & Scott
600 B Street
Suite "1500"**

**CLASS ACTION LITIGATION -
RE: A SUBSIDIARY OF BEAR STEARNS**

San Diego, California 92101

**YEAS – TRUSTEES BANDEMER, BEST, DOYLE, GODBEE,
JOHNSON, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9**

NAYS – NONE

TRUSTEE LEWIS RE-JOINED THE MEETING.

SPECIAL LEGAL COUNSEL’S REPORTS

**SPECIAL LEGAL COUNSEL JOE TURNER ASKED THE BOARD TO
ENTER INTO CLOSED SESSION TO DISCUSS MATTERS
INVOLVING ATTORNEY/CLIENT PRIVILEGE.**

CLOSED SESSION

BY MR. BANDEMER – SUPPORTED BY MR. DOYLE

**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, DOYLE, GODBEE,
JOHNSON, LEWIS, MOORE, NEARY, STEWART AND
CHAIRMAN PEGG – 10**

NAYS – NONE

The Board entered into Closed Session at 1:18 P.M.

TRUSTEE DOYLE EXCUSED HIMSELF DURING CLOSED SESSION.

OPEN SESSION

BY MR. STEWART – SUPPORTED BY MR. BANDEMER

OPEN SESSION

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

**YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9**

NAYS – NONE

The Board returned to Open Session at 2:44 P.M.

MMA/SUNWEST

**THE BOARD DISCUSSED MMA’S SUNWEST PROPOSAL WITH
MICHAEL MURPHY (OF COURTLAND PARTNERS) VIA PHONE
CONFERENCE.**

CAPITAL CALLS/DRAWS

BY MR. BANDEMER – SUPPORTED BY MR. GODBEE

**Whereas, The Board has been presented with the capital
calls/draws which are referenced at the end of these
proceedings, 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:**

**YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9**

NAYS – NONE

BILL PAYMENT REQUESTS

BY MR. GODBEE – SUPPORTED BY MR. NEARY

WHEREAS, THE BOARD HAS BEEN PRESENTED WITH THE BILLINGS (FEES AND EXPENSES) WHICH ARE REFERENCED AT THE END OF THESE PROCEEDINGS 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 (FEES AND EXPENSES):

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9

NAYS – NONE

**JAMES E. MARTIN
REQUEST FOR NEW HEARING**

BY MR. BANDEMER – SUPPORTED BY MR. GODBEE

RESOLVED, THAT THE BOARD'S MOTION OF THIS DATE REGARDING JAMES MARTIN, WHICH WAS TABLED THIS DATE, BE REMOVED FORM THE TABLE:

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9

NAYS – NONE

FOLLOWING IS THE BOARD'S MOTION OF THIS DATE REGARDING JAMES MARTIN:

**JAMES E. MARTIN
(PENSION NUMBER 183952)
PETITION FOR NEW HEARING**

BY MR. STEWART – SUPPORTED BY MR. MOORE

WHEREAS, THE BOARD OF TRUSTEES IS IN RECEIPT OF A LETTER DATED AUGUST 4, 2009, WHICH WAS RECEIVED ON AUGUST 17, 2009, WHEREIN JAMES E. MARTIN REQUESTS A NEW HEARING WHEREBY HE SEEKS A DUTY DISABILITY RETIREMENT, AND

WHEREAS, THE BOARD OF TRUSTEES DENIED, PER JULY 13, 2006 RESOLUTION, MR. MARTIN'S PRIOR REQUEST FOR DUTY DISABILITY RETIREMENT AFTER CONSIDERING A JULY 10, 2006 ARBITRATION OPINION AND AWARD FROM ARBITRATOR MARK J. GLAZER, WHICH OPINION AND AWARD CONSIDERED THAT MR. MARTIN'S APPLICATION FOR DUTY DISABILITY SHOULD BE DENIED, AND

WHEREAS, THE BOARD OF TRUSTEES, PER RESOLUTION DATED JANUARY 11, 2007, REAFFIRMED ITS JULY 13, 2006 DENIAL OF DUTY DISABILITY BENEFITS, AND

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

RESOLVED, THAT MR. MARTIN'S PETITION FOR A NEW HEARING IS DENIED, AND BE IT FURTHER

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

JAMES E. MARTIN
21910 PARKLAWN
OAK PARK, MICHIGAN 48237

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9

NAYS – NONE

JOHNSTON INTERNATIONAL

BY MR. BEST – SUPPORTED BY MR. LEWIS

RESOLVED, THAT JOHNSTON INTERNATIONAL REPRESENTATIVES BE REQUESTED TO APPEAR BEFORE THE BOARD FOR PRESENTATION PURPOSES (INTERNATIONAL GROWTH INVESTING):

YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON, LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

REQUEST OF BANYAN REALTY ADVISORS, LLC

WASHINGTON PLAZA

BY MR. STEWART – SUPPORTED BY MR. BEST

WHEREAS, BANYAN REALTY ADVISORS, LLC HAS PRESENTED THE BOARD WITH AN AUGUST 27, 2009 COMMUNICATION WHEREIN BANYAN REQUESTS THE BOARD'S APPROVAL TO ALLOW BANYAN TO RESUME PROPERTY MANAGEMENT WITH A PENNSYLVANIA LLC WHOSE SOLE MEMBER IS BANYAN AFFILIATE AGPM, LLC, WHICH IS OWNED 50% BY LOU VOGT AND 50% BY SCOTT ZIMMERMAN, AS IT RELATES TO THE PROPERTY MANAGEMENT OF WASHINGTON PLAZA IN PITTSBURGH, PENNSYLVANIA AND

WHEREAS, THE BOARD HAS DISCUSSED THE REQUEST OF BANYAN REALTY ADVISORS, THEREFORE BE IT

RESOLVED, THAT BANYAN'S REQUEST BE SUBMITTED TO COURTLAND PARTNERS FOR REVIEW AND RECOMMENDATION, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO COURTLAND PARTNERS AND BANYAN REALTY ADVISORS, LLC:

WASHINGTON PLAZA

**MICHAEL MURPHY
COURTLAND PARTNERS
200 PUBLIC SQUARE
CLEVELAND, OHIO 44114**

**LOU VOGT
BANYAN REALTY ADVISORS
501 N. MAGNOLIA AVENUE
ORLANDO, FLORIDA 32801**

**YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9**

NAYS – NONE

MANAGER PERFORMANCE REPORTING

BY MR. STEWART – SUPPORTED BY MR. BANDEMER

**WHEREAS, THE BOARD’S CURRENT PERFORMANCE MONITOR,
SMITH BARNEY, RECEIVES PAYMENT IN THE FORM OF SOFT
DOLLAR COMMISSIONS FOR PROVIDING THE QUARTERLY
PERFORMANCE MEASUREMENT REPORT, AND**

**WHEREAS, BRUCE BALLARD OF SMITH BARNEY REPORTED TO
THE BOARD THAT SMITH BARNEY WILL NO LONGER ACCEPT
SOFT DOLLAR COMMISSIONS AS PAYMENT FOR THE
QUARTERLY REPORT, AND**

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

**RESOLVED, THAT THE APPROPRIATE RFP’S (REQUESTS FOR
PROPOSALS) BE IMMEDIATELY ISSUED TO OBTAIN BIDS FOR
PERFORMANCE MONITORING SERVICES:**

**YEAS – TRUSTEES BANDEMER, BEST, GODBEE, JOHNSON,
LEWIS, MOORE, NEARY, STEWART AND CHAIRMAN
PEGG – 9**

NAYS – NONE

PUBLIC FORUM

AT 3:07 P.M., CHAIRMAN PEGG 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 PEGG ADJOURNED THE MEETING AT 3:07 P.M. UNTIL THURSDAY, SEPTEMBER 3, 2009 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**