

MEETING NUMBER 2788

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



PROCEEDINGS HELD THURSDAY, JUNE 3, 2010
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
Ralph Godbee	Ex/Officio Trustee
Cheryl R. Johnson	Ex/Officio Trustee/Treasurer
Brenda Jones	Ex/Officio Trustee/Council Member
James Mack	Ex/Officio Trustee/Fire Commissioner
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

Gregory Best	Elected Trustee
Kirk Lewis	Ex/Officio Trustee

ABSENT

None

CHAIRPERSON

Jeffrey Pegg

VICE CHAIRPERSON

James Moore

ROLL CALL WAS TAKEN AT 9:12 A.M. BY THE BOARD'S RECORDING SECRETARY AND THE MEETING WAS CALLED TO ORDER.

COUZENS LANSKY

DON WAGNER AND AN ASSOCIATE DISCUSSED GVC AT LENGTH.

SPECIAL LEGAL COUNSEL JOE TURNER ENTERED THE MEETING DURING MR. WAGNER'S DISCUSSION, AS DID TRUSTEES BRENDA JONES AND JAMES MACK.

CLARK HILL

LUCIUS VASSAR APPEARED BEFORE THE BOARD TO DISCUSS MATTERS INVOLVING ATTORNEY/CLIENT PRIVILEGE AND ASKED THAT THE BOARD ENTER INTO CLOSED SESSION.

CLOSED SESSION

BY MS. JOHNSON – SUPPORTED BY MS. JONES

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, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

CLOSED SESSION - CONTINUED

The Board entered into Closed Session at 10:12 A.M.

OPEN SESSION

BY MR. STEWART – SUPPORTED BY MR. NEARY

Resolved, That the Board return to Open Session:

A Roll Call Vote was taken as follows:

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

The Board returned to Open Session at 11:36 A.M.

DURING CLOSED SESSION, MR. VASSAR DISCUSSED HOUSE BILL 4917.

NEW ENGLAND PENSION CONSULTANTS (NEPC)

PAUL KENNY, SEAN GILL AND DION STEVENS DISCUSSED NEPC'S
INVESTMENT CONSULTING SERVICES.

COGENT

BILL FARRELL DISCUSSED COGENT'S INVESTMENT CONSULTING SERVICES.

RETIREMENTS

BY MR. BANDEMER – SUPPORTED BY MR. NEARY

RESOLVED, THAT THE SERVICE RETIREMENT AND DUTY DISABILITY
RETIREMENT CONVERSION APPLICATIONS WHICH ARE OUTLINED BELOW BE
APPROVED:

NAME, TITLE, DEPARTMENT: ARTHUR COLEMAN – FIRE FIGHTER/DRIVER
- F
RETIREMENT TYPE, PLAN: SERVICE - NEW
SERVICE CR./EFFECTIVE DATE: 25 00 00

RETIREMENTS - CONTINUED

NAME, TITLE, DEPARTMENT: HERBERT MORELAND – DEPUTY POLICE
CHIEF - P
RETIREMENT TYPE, PLAN: SERVICE - NEW
SERVICE CR./EFFECTIVE DATE: 37 05 22 – 04 24 10

NAME, TITLE, DEPARTMENT: LUCRECIA TURNER – SERGEANT - P
RETIREMENT TYPE, PLAN: SERVICE - NEW
SERVICE CR./EFFECTIVE DATE: 30 00 02 – 07 01 10

NAME, TITLE, DEPARTMENT: RUBE WILLIAMS, JR. – OFFICER - P
RETIREMENT TYPE, PLAN: DUTY DISABILITY RETIREMENT
CONVERSION - NEW
SERVICE CR./EFFECTIVE DATE: 29 05 03 – 01 06 01

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

DROP RETIREMENTS

BY MR. BANDEMER – SUPPORTED BY MR. MOORE

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

NAME, TITLE, DEPARTMENT: FLORA CORDLE-MILLS – INVESTIGATOR - P
RETIREMENT TYPE, PLAN: DROP - NEW
SERVICE CR./EFFECTIVE DATE: 27 04 25 – 05 20 10

NAME, TITLE, DEPARTMENT: DARRELL MCCLENDON – SERGEANT - P
RETIREMENT TYPE, PLAN: DROP - NEW
SERVICE CR./EFFECTIVE DATE: 29 10 17 – 03 03 10

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

CONFIRMATIONS

BY MR. NEARY – SUPPORTED BY MR. BANDEMER

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

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

REFUNDS OF ACCUMULATED CONTRIBUTIONS

BY MR. MOORE – SUPPORTED BY MR. GODBEE

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: 3357 – REFUND AMOUNT: \$287,724.27

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

MINUTES OF MAY 13, 2010

BY MR. MOORE – SUPPORTED BY MR. NEARY

RESOLVED, THAT THE MINUTES OF THE MEETING HELD THURSDAY, MAY 13, 2010, BE APPROVED AS RECORDED AND SUBMITTED BY THE BOARD'S RECORDING SECRETARY:

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

Police and Fire Retirement System of the City of Detroit
Pre-Employment Military Service Credit

By Mr. Bandemer – Supported by Mr. Moore

Whereas, The individual whose name is designated below has applied to this Board for Pre-Employment Military Service Credit and has 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 individual and the number of months eligible active duty be credited him as membership service credit subject to the conditions and limitations of the authorizing Ordinance Provisions as amended by Board resolution of February 3, 1983:

Name: Curtis Yancey
Pension Number: 230082
Address: Post Office Box 241098, Detroit, Michigan 48224

Yeas – Trustees Bandemer, Godbee, Johnson, Jones, Mack, Moore, Neary,
Stewart and Chairman Pegg – 9

Nays – None

Trustee Stewart temporarily excused himself.

Behringer Harvard REIT

By Mr. Moore – Supported by Mr. Godbee

WHEREAS, the Board invested in the Behringer Harvard REIT (Company),
and

WHEREAS, the Board received the proxy and annual meeting notice from
the Company, and

WHEREAS, the Board referred the proxy to Courtland Partners, the Board's
real estate consultant, for a recommendation as to how to vote the proxy,
therefore be it

Behringer Harvard REIT - Continued

RESOLVED, that staff be instructed to vote the proxy in accordance with Courtland's recommendation:

Yeas – Trustees Bandemer, Godbee, Johnson, Jones, Mack, Moore, Neary
and Chairman Pegg – 8

Nays – None

REQUEST OF THE DETROIT POLICE OFFICERS' ASSOCIATION

BY MR. BANDEMER – SUPPORTED BY MR. MOORE

WHEREAS, THE BOARD IS IN RECEIPT OF A MAY 20, 2010 REQUEST FROM THE DETROIT POLICE OFFICERS' ASSOCIATION WHEREIN THE ASSOCIATION REQUESTS TO WORK WITH RETIREMENT SYSTEM IT PERSONNEL TO OBTAIN COMPUTER-GENERATED INFORMATION AS IT RELATES TO THE ASSOCIATION'S RENEWING OF THEIR VOLUNTARY PAYROLL DEDUCTION TERM LIFE INSURANCE PLAN, AND

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

RESOLVED, THAT THE BOARD HEREBY APPROVES THE REQUEST OF THE DPOA, AND BE IT FURTHER

RESOLVED, THAT THE SYSTEM'S IT PERSONNEL ASSIST THE ASSOCIATION IN OBTAINING THE FOLLOWING COMPUTER-GENERATED INFORMATION:

REQUESTED INFORMATION

MEMBER OFFICER'S NAME (ACTIVE/RETIRES)

GENDER

DATE OF BIRTH

CLASSIFICATION

SENIORITY DATES

BENEFIT AMOUNT

PAYROLL DEDUCTION AMOUNT

REQUEST OF THE DETROIT POLICE OFFICERS' ASSOCIATION - CONTINUED

AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO THE DPOA,
ATTENTION: DONNA LATOUF; AND IT STAFF MEMBER MICHAEL POWNING:

Yeas – Trustees Bandemer, Godbee, Johnson, Jones, Mack, Moore, Neary
and Chairman Pegg – 8

Nays – None

FIDELITY INVESTMENTS

CHAIRMAN PEGG DIRECTED THAT A MAY 24, 2010 COMMUNICATION
FROM FIDELITY INVESTMENTS, WHEREIN FIDELITY REPORTS THAT FIDELITY REAL
ESTATE GROWTH FUND, L.P. FULLY LIQUIDATED ITS FINAL INVESTMENT IN
MARCH, 2010 AND MADE ITS FINAL DISTRIBUTION TO INVESTORS IN APRIL,
2010, BE MADE A MATTER OF RECORD.

OHIO HIGHWAY PATROL RETIREMENT SYSTEM

BY MR. MOORE – SUPPORTED BY MR. MACK

WHEREAS, the Board has invested in one of Fidelity's real estate funds, and

WHEREAS, this fund recently made a distribution, and

WHEREAS, the Ohio Highway Patrol Retirement System is an investor in the
same fund, and

WHEREAS, the Board is in receipt of a written request from the Ohio
Highway Patrol Retirement System to obtain a copy of the letter
accompanying the recent distribution, and

WHEREAS, the Board has discussed this matter with staff on this date,
therefore be it

RESOLVED, that staff provide a copy of the letter requested by the Ohio
Highway Patrol Retirement System:

CHUCK REDIFER, CPA
OHIO HIGHWAY PATROL RETIREMENT SYSTEM

OHIO HIGHWAY PATROL RETIREMENT SYSTEM

6161 BUSCH BOULEVARD
SUITE "119"
COLUMBUS, OHIO 43229-2553

Yeas – Trustees Bandemer, Godbee, Johnson, Jones, Mack, Moore, Neary
and Chairman Pegg – 8

Nays – None

PREQIN

CHAIRMAN PEGG DIRECTED THAT AN FOIA REQUEST (RELATING TO THE SYSTEM'S PRIVATE EQUITY/VENTURE CAPITAL INVESTMENTS) FROM MARK O'HARE OF PREQIN BE FORWARDED TO GENERAL COUNSEL FOR REVIEW AND RECOMMENDATION.

TRUSTEE STEWART RE-JOINED THE MEETING.

GRAY & COMPANY

LAWRENCE GRAY, CHRIS KUHN AND THOMAS ZIMMERMAN DISCUSSED GRAY & COMPANY'S INVESTMENT CONSULTING SERVICES.

TRUSTEE JOHNSON TEMPORARILY EXCUSED HERSELF.

LEGAL COUNSEL'S REPORTS

LEGAL COUNSEL RONALD ZAJAC DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING PFRS YAMATO CORPORATION.

COUNSEL ZAJAC ALSO PROVIDED EACH BOARD AND ADMINISTRATIVE STAFF MEMBER WITH COPIES OF THE FOLLOWING ARTICLES AND INVITATION:

MAY 19-25, 2010 MICHIGAN CHRONICLE ARTICLE TITLED, "LET PENSION FUNDS STAY IN DETROIT – FOR NOW

UNDATED ARTICLE TITLED, "REFORM (BUT PLEASE DON'T GIVE IT AWAY)"

LEGAL COUNSEL'S REPORTS - CONTINUED

MAY 21, 2010 INVITATION FROM BERNSTEIN, LITOWITZ, BERGER & GROSSMANN, LLP - WEBCAST PRESENTATION (CUSTODIAL BANKS – HIDDEN RISKS IN YOUR MOST TRUSTED RELATIONSHIP), JUNE 8, 2010, 2:00 P.M.

SPECIAL LEGAL COUNSEL'S REPORTS

SPECIAL LEGAL COUNSEL JOE TURNER DISCUSSED VARIOUS MATTERS WITH THE BOARD, INCLUDING EDS, ONYX CAPITAL ADVISORS AND PITG/RIVERS CASINO.

PFRS YAMATO CORPORATION

BY MR. MOORE – SUPPORTED BY MR. STEWART

Whereas, The Board is the sole shareholder of the Corporation, and

Whereas, The Board has been requested to approve the execution of a resolution confirming the authority of Mayfield Gentry Realty Advisors, LLC to execute documents in connection with the operation of the Yamato Office Building Project; and an Affidavit of Authority dated June 3, 2010 by an officer of the Corporation, and

Whereas, The execution of said documents has been recommended by the Board's real estate advisor, Mayfield Gentry Realty Advisors, LLC, and the Board's Special Legal Counsel, F. Logan Davidson, P.C., and

Whereas, The execution of said documents has been reviewed and approved as to form by the Board's Legal 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 the appropriate corporate officer(s) on behalf of the Corporation and forwarded to the appropriate party, and be it further

Resolved, That the Accounting Division of the Retirement System retain copies of said executed original documents, and be it further

Resolved, That a copy of this resolution be forwarded to Mayfield Gentry Realty Advisors, LLC; Special Legal Counsel, F. Logan Davidson; and the Accounting Division of the Retirement System:

Yeas – Trustees Bandemer, Godbee, Jones, Mack, Moore, Neary, Stewart
and Chairman Pegg – 8

Nays – None

LEHMAN BROTHERS MORTGAGED-BACKED SECURITIES

BY MR. MOORE – SUPPORTED BY MR. GODBEE

WHEREAS, THE RETIREMENT SYSTEM IS IN RECEIPT OF A LETTER FROM ZWERLING, SCHACHTER & ZWERLING, LLP (“ZSZ, LLP”) DATED MAY 18, 2010 PROVIDING CERTAIN INFORMATION REGARDING THE RETIREMENT SYSTEM’S PURCHASE OF INTERESTS IN RE: LEHMAN BROTHERS MORTGAGE-BACKED SECURITIES, RE: STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST 2006-4 WHICH HAS RESULTED IN LOSSES BY THE RETIREMENT SYSTEM, AND

WHEREAS, LOSSES MAY BE DUE TO CERTAIN WRONGDOING BY THE ISSUERS OR OTHERS RELATED TO THE MORTGAGE-BACKED SECURITIES, AND

WHEREAS, ZSZ, LLP REQUESTS APPROVAL TO INVOLVE THE RETIREMENT SYSTEM AS CLASS ACTION PLAINTIFF OR OTHER APPROPRIATE ACTION REGARDING THIS MATTER, WITH ZSZ, LLP AS LEAD PLAINTIFF SECURITIES LEGAL COUNSEL REGARDING THIS MATTER, THEREFORE BE IT

RESOLVED, THAT ZSZ, LLP’S FOREGOING REQUEST, RE: LEHMAN BROTHERS MORTGAGE-BACKED SECURITIES, RE: STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST 2006-4, IS APPROVED, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO ZSZ, LLP, ATTENTION: JEFFREY C. ZWERLING; AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEM:

Yeas – Trustees Bandemer, Godbee, Jones, Mack, Moore, Neary, Stewart
and Chairman Pegg – 8

Nays – None

CAPITAL CALLS

BY MR. STEWART – SUPPORTED BY MR. MOORE

WHEREAS, THE BOARD HAS BEEN PRESENTED WITH THE CAPITAL CALLS WHICH ARE REFERENCED AT THE END OF THESE PROCEEDINGS, AND

WHEREAS, THE BOARD HAS BEEN REQUESTED TO APPROVE FUNDING OF SAID CAPITAL CALLS, THEREFORE BE IT

RESOLVED, THAT SUBJECT TO FINAL APPROVAL OF ALL TRANSACTION DOCUMENTS BY THE BOARD'S LEGAL COUNSEL AND SUBJECT TO STAFF AUDIT, THE BOARD APPROVES FUNDING OF SAID CAPITAL CALLS:

Yeas – Trustees Bandemer, Godbee, Jones, Mack, Moore, Neary, Stewart and Chairman Pegg – 8

Nays – None

FEES AND EXPENSES

BY MR. MACK – SUPPORTED BY MR. BANDEMER

WHEREAS, THE BOARD HAS BEEN PRESENTED WITH THE SUMMARY OF 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 APPROVAL BY LEGAL COUNSEL AND SUBJECT TO STAFF AUDIT, THE BOARD APPROVES PAYMENT OF SAID FEES AND EXPENSES:

Yeas – Trustees Bandemer, Godbee, Jones, Mack, Moore, Neary, Stewart and Chairman Pegg – 8

Nays – None

TRUSTEE JOHNSON RE-JOINED THE MEETING.

JUNE 30, 2009 SIXTY-EIGHTH (68TH)
ANNUAL ACTUARIAL VALUATION
2010-2011 INTEREST RATE FOR ANNUITIES

BY MR. STEWART – SUPPORTED BY MR. MOORE

WHEREAS, THE BOARD'S ACTUARY, GABRIEL, ROEDER, SMITH AND COMPANY, HAS PRESENTED THE BOARD WITH THE SYSTEM'S **JUNE 30, 2009 SIXTY-EIGHTH (68TH)** ANNUAL ACTUARIAL VALUATION, AND

WHEREAS, THE BOARD APPROVED THE SYSTEM'S SIXTY-EIGHTH (68TH) ANNUAL ACTUARIAL VALUATION, AS PRESENTED BY ITS ACTUARY, GABRIEL, ROEDER, SMITH AND COMPANY, THEREFORE BE IT

RESOLVED, THAT CONSISTENT WITH PRIOR ACTION OF THE BOARD, THE DEFINED CONTRIBUTION PLAN AMOUNTS, EFFECTIVE **JULY 1, 2010**, BE CREDITED WITH **0%**, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO THE BOARD'S ACTUARY, GABRIEL, ROEDER, SMITH AND COMPANY, AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEM:

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE, NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

EMPLOYER CONTRIBUTIONS DUE JUNE 30, 2010

BY MR. STEWART – SUPPORTED BY MR. MOORE

Whereas, Article IX, Section 24 of the State of Michigan Constitution, the City Charter, Retirement System provisions and collective bargaining agreements require Employer Contributions to be made in the required amount (as determined by the System's actuarial report and approved by the Board of Trustees) and paid timely, i.e., no later than the last day of the applicable fiscal year, and

Whereas, Per Board resolution of this date, the Board of Trustees approved the System's 68th Actuarial Valuation Report and Employer Normal Cost, and

Whereas, The Board of Trustees estimates the required Employer Contributions due June 30, 2010 to be approximately \$40,000,000.00, therefore be it

Resolved, That the Budget Director, Finance Director, Treasurer, Mayor and City Council are hereby requested to take action to assure that the Employer will be able to make full payment of the required Employer Contributions for the fiscal year July 1, 2009 through June 30, 2010, due June 30, 2010, and be it further

Resolved, That copies of this resolution be forwarded to the Budget Director, Finance Director, Treasurer, Mayor, City Council, four uniform collective bargaining associations, and the Accounting Division of the Retirement System:

YEAS – TRUSTEES BANDEMER, GODBEE, JOHNSON, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN PEGG – 9

NAYS – NONE

EMPLOYER CONTRIBUTIONS DUE JUNE 30, 2010

BY MR. STEWART – SUPPORTED BY MR. MOORE

WHEREAS, APPROXIMATELY \$40,000,000.00 IS DUE TO BE PAID ON JUNE 30, 2010 AS REQUIRED BY THE STATE CONSTITUTION, CITY CHARTER, COLLECTIVE BARGAINING AGREEMENTS, BOARD RESOLUTIONS AND APPLICABLE LAW, THEREFORE BE IT

RESOLVED, THAT IN THE EVENT THE AMOUNTS DUE THE RETIREMENT SYSTEM ARE NOT PAID BY JUNE 30, 2010, MARY ELLEN GUREWITZ FILE A LAWSUIT AGAINST THE APPROPRIATE PARTIES CONSISTENT WITH PAST LAWSUITS TO COLLECT THE REQUIRED EMPLOYER CONTRIBUTIONS DUE THE RETIREMENT SYSTEM, AND BE IT FURTHER

RESOLVED, THAT A COPY OF THIS RESOLUTION BE FORWARDED TO THE MAYOR, CHIEF FINANCIAL OFFICER/FINANCE DIRECTOR, BUDGET DIRECTOR, TREASURER, CITY COUNCIL, MARY ELLEN GUREWITZ, AND THE ACCOUNTING DIVISION OF THE RETIREMENT SYSTEM:

YEAS – TRUSTEES BANDEMER, GODBEE, JONES, MACK, MOORE,
NEARY, STEWART AND CHAIRMAN
PEGG – 8

NAYS – NONE

ABSTAIN – TRUSTEE JOHNSON – 1

GVC NETWORKS, INC.
WINSTAR COMMUNICATIONS, LLC
WINSTAR GOVERNMENT SOLUTIONS, LLC \$10,000,000.00 (ORIGINAL INVESTMENT)

By Mr. Neary – Supported by Ms. Johnson

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

WHEREAS, said Investment is in default, and

WHEREAS, PFRS 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 Original Investment, and

WHEREAS, the collateral included in this Original Investment included certain Competitive Local Exchange Carrier ("CLEC") licenses which licenses allow telecommunications businesses to provide services including local, long distance and wireless communications ("Licenses"), and

WHEREAS, PFRS has previously been advised that it has received the assistance of Scott Birdwell, and various entities in which he owns an interest (collectively the "Potential Joint Venture Participant"), and

WHEREAS, the Potential Joint Venture Participant had expressed an interest in creating an entity to be owned by the PFRS, General Retirement System of the City of Detroit, and Potential Joint Venture Participant to acquire the Licenses, and

WHEREAS, PFRS previously approved and executed Articles of Incorporation, SS-4 Form, By-Laws and Stock Certificate(s) for the formation of Michigan corporations respectively known as Winstar-RSCD, Inc. ("Newco") and Winstar-RSCD Holding, Inc. ("Holding Co.") ("collectively the "Joint Venture Entities"), and

WHEREAS, PFRS has been advised by Special Counsel that the Licenses have been acquired by Newco, and

WHEREAS, PFRS has previously approved the engagement by Special Counsel of Franklin Advisors as Due Diligence Advisor with respect to the Potential Joint Venture Participant and Joint Venture Entities, and

WHEREAS, PFRS has been advised by the Due Diligence Advisor in accordance with Phase 1, Phase 2 and Phase 3 that it recommends pursuing, together with Special Counsel, final projections, structure, required capital investment (anticipated to be approximately \$1,500,000.00) and other business, financial,

GVC NETWORKS, INC.
WINSTAR COMMUNICATIONS, LLC
WINSTAR GOVERNMENT SOLUTIONS, LLC \$10,000,000.00 (-ORIGINAL INVESTMENT-)

due diligence and legal matters in connection with the acquisition by the Joint Venture Participant, directly and/or indirectly, of 50% of the stock Holding Co. ("Phase 4"), and

WHEREAS, in connection with Phase 4, the Due Diligence Advisor and Special Counsel have provided and recommended approval of a Term Sheet setting forth the essential, but not all, terms of the joint venture, and recommended and a Phase 5 authorizing the Due Diligence Advisor and Special Counsel to proceed with final negotiations and documents subject to the General Counsel's and Boards' approval, Therefore be it

RESOLVED, that the Board approves Phase 5 for the Due Diligence Advisor and Special Counsel, and be it further

RESOLVED, that Special Counsel and the Due Diligence Advisor are authorized to proceed with Phase 5 and present their recommendations in final form to PFRS, and be it further

RESOLVED, that a copy of this resolution be forwarded to the Board's Special Counsel, Due Diligence Advisor, Board of Trustees of the General Retirement System, and the Accounting Division of the Retirement System:

Yeas – Trustees Bandemer, Godbee, Johnson, Jones, Mack, Moore, Neary, Stewart and Chairman Pegg – 9

Nays – None

PUBLIC FORUM

AT 2:24 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 2:28 P.M. UNTIL THURSDAY, JUNE 10, 2010 AT 9:00 A.M., IN ROOM 910 OF THE COLEMAN A. YOUNG MUNICIPAL CENTER, DETROIT, MICHIGAN 48226.

ADJOURNMENT

RESPECTFULLY SUBMITTED,

CYNTHIA A. THOMAS
ASSISTANT EXECUTIVE SECRETARY