

**CITY OF PONTIAC, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM
DECEMBER 2, 2010**

A regular meeting of the Board of Trustees was held on Thursday, December 2, 2010 at the City Council Conference Room, Second Level, City Hall, Pontiac, Michigan. The meeting was called to order at 9:45 a.m.

Trustees Present

Brian Lee, Chairman
John Naglick, Secretary
Matthew Nye
Craig Storum

Trustees Absent

Leon Jukowski, Mayor

Others Present

Cynthia Billings, Sullivan, Ward, Asher & Patton
Stuart Tompkins, Sullivan, Ward, Asher & Patton
Chris Kuhn, Gray & Company
Ellen Zimmermann, Retirement Administrator
Jane Arndt, M-Administrative Assistant

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting: October 28, 2010
- B. Communications:
 - 1. Correspondence from PFRS to police Retirees Re: Update
 - 2. Correspondence from Hirayama Investments Re: Market Update
 - 3. Correspondence from Artio Global Re: CIO Letter Q4 2010
 - 4. Correspondence from Alliant Re: Fiduciary Insurance
 - 5. Correspondence from Metropolitan Real Estate Re: Investor Letter
 - 6. Correspondence from SWAP Re: JoJu Rimal lease
 - 7. Conference: 2011 Legislative Conference – NCPERS – Jan 30, 2011 – Feb 2, 2011
- C. Financial Reports:
 - 1. Financial Reports – October 2010
 - 2. Securities Lending – September & October 2010
 - 3. Accounts Payable – November 2010
 - 4. Due from City: Medicare Part B Reimbursement \$425,850.40 (still pending)
 - 5. Death Audit Results
 - 6. Capital Call Ratification:
 - a. Metropolitan Real Estate \$468,000.00
- D. Application for Service Retirement
 - 1. Darryl Cosby – PPSA 23 years, 1 month Age 50 (off deferred)

2. Jeffrey Hawkins – PFFU	22 years, 0 months	Age 45
3. Michael Lyons – PFFU	22 years, 1 month	Age 48 (early out)
4. David Agar – PFF&	22 years, 0 months	Age 48 (early out)
5. Matthew Fowlkes – PFFU	27 years, 3 months	Age 45
E. Final Benefit Calculations		
1. Michael Wells	#2532	\$5,937.89
2. David Burnett	#2536	3,545.18
F. Disability Re-examination		
1. Michael Dougherty		

Ms. Zimmermann indicated that on page two of the consent agenda there is an error. The Retirement Office took an application for retirement from Jeffrey Hawkins. However, it has now been determined that he only has twenty-one years of service credit versus the twenty-two years needed to be eligible for the early-out.

Chairman Storum suggested that the item be removed from the agenda.

Trustee Nye asked if the member has been contacted. Ms. Zimmermann said that both the member and Human Resources has been contacted. Mr. Hawkins may apply for a deferred retirement next month.

RESOLUTION 10-070 By Lee, Supported by Nye

Resolved, That the Board removed the application for service retirement for Jeffrey Hawkins from the consent agenda.

Yeas: 4 – Nays: 0

Chairman Storum pointed out that on page ten of the minutes the percentage cost split between the two Retirement Systems was indicated as 60%/40% instead of 70%/30%. The minutes will be corrected to reflect the change.

RESOLUTION 10-071 By Lee, Supported by Nye

Resolved, That the consent agenda be approved as amended.

Yeas: 4 - Nays: 0

There was discussion regarding the contributions currently owed to the Fund. The Board recommended that legal counsel send a letter to the Emergency Financial Manager regarding the contributions.

RESOLUTION 10-072 By Lee, Supported by Nye

Resolved, That the Board direct legal counsel to send a letter to the Emergency Financial Manager, Michael Stampfler regarding the member contributions owed to the Fund.

Yeas: 4 – Nays: 0

CONSULTANTS

Re: Sullivan, Ward, Asher & Patton - JoJu Rimal Update

Mr. Tompkins indicated that this is the last remaining mortgage from the investment with CAP Mortgage. The property is located on Baldwin Road and had been leased to the State of Michigan with a ninety-day out clause in their leasing contract. Sometime in July, 2010 or August, 2010 the State of Michigan, as tenant, opted out of the lease. The borrower has failed to make their August and September, 2010 lease payments.

A receiver has been appointed in accordance with the litigation that has been initiated against JoJu Rimal, LLC. Subsequent to the receiver being appointed, counsel was made aware that the State of Michigan made their August and September, 2010 payments to the borrower JoJu Rimal totaling approximately \$108,000.00 and did not remit any payments to the lender. The Court issued an Order that the Fund was allowed to recover the secured funds and froze the account. However, the individual responsible for the borrower (Fred Gordon) withdrew the money and moved it into another account not related to the borrower. The borrower has retained the law firm of Howard & Howard with respect to this litigation. As a result of the initial Order entered by the court in the foreclosure suit, the bank froze and secured the assets which now total \$97,236.86. The foreclosure case is presently pending at the Oakland County Circuit Court.

The borrower has proposed to resolve the case by voluntarily transferring the property to the lender, waiving its equity of redemption rights and allowing the Retirement System to keep the money presently in the bank. If the Retirement System agrees, then the suit would be dismissed including the case against Mr. Gordon for conversion.

He explained that if the Fund continues with the lawsuit and obtains the foreclosure clause it could be nine to twelve months before they could secure the property and the receiver CBRE could take over the property.

When JoJu Rimal renewed the lease with the State of Michigan there was a clause that the State would pay the utilities and maintenance on the building through the end of the year. The State is responsible through January 1, 2011.

If we dismiss the case, they will do a quit deed in lieu of foreclosure. The property and money would be in immediate control of the receiver.

He has discussed this with Larry Gray and has had a meeting with CBRE to determine the market value of the real estate. It was determined that the valuation of the building is \$400,000.00 to \$950,000.00 and the property valuation is \$150,000.00 to \$250,000.00. He advised the Board that it could take two to three years to dispose of the property.

Based on CBRE's estimate, it would cost approximately \$200,000.00 per year to take care of the property including taxes and maintenance. The faster the Fund gets the property the better. Larry Gray recommends that the Board gets rid of the property as soon as possible to get the best value. There are bottom feeders out there that would make offers for the property. It is

important that the Board secures a property manager which would cost approximately \$2,850.00 to \$3,500.00 per month.

Trustee Nye asked if the Board agrees to the settlement can they start the selling process right away.

Mr. Tompkins said if the Board elects to wait for a settlement it could take six months to a year to get a settlement.

Trustee Nye was concerned that if the Board takes over the property they would be responsible for the maintenance fees, the listing fees and the taxes which could cost another \$400,000.00 before the building is sold which is taking a big chance.

Mr. Tompkins said that JoJu Rimal is a single purpose LLC. The Board would be taking a bigger chance trying to recover the assets.

Trustee Nye said he is still quite concerned about spending the System's money on taxes, maintenance and listing fees.

Mr. Tompkins said that the largest cost is the taxes and he will look into seeking an appeal of the taxes based on the current value of the property.

Trustee Nye asked if the Board needs to make a decision at today's meeting.

Mr. Tompkins said that the Board needs to make a prompt decision.

Trustee Nye said that he is concerned about taking more losses and more risk by taking on the property.

Trustee Naglick said that he understands Trustee Nye's concerns about incurring more costs.

Mr. Tompkins said that doing nothing the System would be taking a \$2.2 million loss. Eventually everything sells.

Trustee Lee expressed concern that once people realize that the building is empty it will be stripped. Mr. Tompkins said that the management company will be responsible for the maintenance which would include keeping the snow shoveled and the grass cut. The security system is in place and to date the building is fine.

Chairman Storum said that based on \$200,000.00 per year in maintenance and tax costs, the Board has a couple of years to sell the building.

Ms. Billings reiterated that Mr. Tompkins plans to appeal the tax rate.

Chairman Storum said that it is important to get the building on the market to sell as soon as possible.

Mr. Tompkins said that the System needs to sell the building to reduce their losses.

Trustee Lee suggested that if the building has not sold within six months they could auction the building. It looks better if the Board is trying to do something to limit the loss.

Mr. Tompkins said that he wants to make sure that the Board understands the terms before they authorize the settlement agreement.

Trustee Lee asked what happened to the \$11,000.00 JoJu Rimal received from the State of Michigan. Mr. Tompkins said he was told that it was used toward the normal cost of maintaining the building.

There was a question whether JoJu Rimal has any other assets. Mr. Tompkins said he is quite confident that they are a Single Purpose LLC no other assets would be considered. He told the Board that JoJu Rimal is willing to assign their rights to a lawsuit they are filing against the State of Michigan but he further stated that it was his opinion that the suit had little if any merit.

If the Board agrees to dismiss the lawsuit they would get the \$98,000.00 and the property back.

Trustee Naglick asked if the Board would be willing to consider a middle ground. He feels as a Board they would not be doing their fiduciary duty if they just walked away. Perhaps the Board could take the offer and CBRE could do an immediate auction.

Trustee Nye said he would be more comfortable if they set a timeline.

Chairman Storum said that he would like to talk to CBRE but he does not want to postpone a decision.

Mr. Tompkins said he would rather the Board make a more informed decision. He will get the title work and bring a representative from CBRE to the meeting on January 27, 2011. He would like to defer this matter until the Board has more information.

He will send the Board the letter and supporting documents for their review.

RESOLUTION 10-073 By Nye, Supported by Lee

Resolved, That the Board adjourn making a decision on this issue until after it has had an opportunity to speak to the receiver's representatives at CBRE.

Yeas: 4 – Nays: 0

Mr. Tompkins left at 10:26 a.m.

Re: Gray & Company – 2010 Third Quarter Performance Report

Mr. Kuhn explained the risk on/risk off trade. Historically, investing in Europe and Asia and different market sectors like energy and technology has added diversity and performance to

portfolios. However, the last fifteen years cross border investing is not as good but there is still a noticeable upside.

During the credit crisis there has not been a benefit in global investing. During the recovery high yield and emerging market investments have done better. The market should see less risk on / risk off issues going forward. There could still be a chance that something could happen to cause all the stocks to push up versus single stocks.

He reviewed the cumulative returns of different asset classes during the credit crisis from November, 2007 thru February, 2009 which was a risk off period. It was risk on during the Recovery period from March, 2009 thru April, 2010; risk off during the Correction from May, 2010 thru June, 2010 and risk on during the Rebound from July, 2010 thru September, 2010. Currencies are continuing to push things up.

The inflation indicator for the three month period was 0.2% versus the commodity prices that posted relative gains at 11.6%; the one-year period was 1.1% versus 10.7%; the three-year period was 1.6% versus -6.6% and the five year period was 1.9% versus -2.2%. The Fed would like to see inflation at 2% to 3%. The Fed continues to keep interest rates low to fight deflation.

Commodity prices saw gold and oil as two of the weaker performers for the period with agricultural commodities like wheat, sugar and corn seeing performance at or above 40% for the quarter.

The Fed continues to maintain the Fed Funds Rate. They are looking at a second round of qualitative easing by printing money and purchasing \$600 billion in bonds to increase liquidity in the system and to maintain low interest rates. The yield curve continued its downward trend with spreads tightening between the two and ten-year treasuries. Since the announcement of “QE2”, the ten-year and thirty-year treasuries have moved up significantly.

The equity market realized double digit returns for the quarter with three-year performance still in the red. Financials are out of sync regarding risk on and risk off. Third quarter performance was 4.32%; one-year performance was -1.92%; three-year performance was -23.03% and five-year performance was -10.98%. There has been a huge amount of lost capital in financials.

The downward shift of the yield curve was good for fixed income.

Yields fell and spreads tightened during this period which provided good returns for ten-year treasuries and corporate bonds. Barclays Aggregate had returns for the period of 2.48% with Barclays Credit at 4.65%.

Mr. Kuhn reviewed the international equity market which rebounded significantly during the third quarter with emerging markets generating strong returns. The dollar declined more than 10% during the period which was beneficial for overseas investments.

He reviewed the 2010 third quarter Total Plan performance at 7.7% versus the policy index at 8.38%. This was not as high as the VEBA at 9% due to the conservative nature of this Fund. The policy index was also lower because it is also more conservative.

The equity managers are not keeping pace. The equity allocation is maintaining a slight overweight to growth at 13% which has been a benefit.

Munder struggled during the period at 12.12% versus the index at 13.12%. They did not keep pace during the recovery. Their one-year performance is 18.13% versus the index at 17.79%; with three-year performance at -4.97% versus -1.66% and five-year performance at 3.50% versus 3.77%.

Loomis continues to provide good performance for the Fund. Their performance for the period was 12.07% versus the index at 9.72%.

The international equity managers both did well and are ahead of the index year-to-date with Wentworth at 4.86% versus the index at 1.07% and Thornburg at 5.74% versus the index at 1.07%.

Fixed income manager TCP Global recently came on board and was funded in July, 2010.

High yield manager Artio had a good start at 6.85% for the period and matched the index year-to-date.

Stable value is doing what they were hired to do. Their performance last year was 3.13% which is interest only.

The Northern Trust Barclays Intermediate Government/Corporate Index Fund's one-year performance was 8.51% versus the benchmark at 7.76%. This performance will decline when interest rates increase. He reminded the Board that earlier in the year he suggested that they consider a replacement for the index fund. They feel that in a rising interest rate environment active management better protects the fixed income investment.

American Realty Advisor's performance was 4.57% versus the benchmark at 3.86%. These are good returns based on the benchmark which is unlevered.

Chairman Storum asked if the benchmark should be replaced with the ODCE index. Mr. Kuhn said he would have to check with the analysts.

There was discussion regarding the CAPROC receivables recorded at \$2.55 million versus the \$2.2 million listed in the loan. Mr. Kuhn explained that the amount included the \$340,000.00 in interest payments that were made. The cash was left in the account to pay taxes and/or expenses.

Mr. Kuhn distributed the market value update. As of November 29, 2010 the market value is up \$2 million to \$231.3 million from the end of the third quarter.

He asked the Board if he should plan the timber search for January. Gray & Company has looked at a few firms; they found one fund with international exposure.

Chairman Storum suggested that the Board look at other firms with an international component.

Mr. Kuhn said that there are more timber managers that are becoming institutional investors because a lot of the big paper companies in overseas markets are putting money into manufacturing facilities versus shipping trees which has made the market friendlier.

Ms. Zimmermann asked how many years of experience these firms have. Mr. Kuhn said that they have fifteen plus years of experience.

He also informed the Board that the Fund's asset allocation is close to its targets.

Chairman Storum confirmed that the consultant is looking for active management for the index fund.

Ms. Zimmermann questioned whether the timber search will be conducted at the January, 2011 meeting.

Mr. Kuhn said that he will bring the books with the search information for the Board's review to the January, 2011 meeting. He will also insure that they address the fiduciary and gross negligence issue with this group of managers before bringing them to the Board.

REPORTS

Re: Chairman – None

Re: Secretary - None

Re: Trustees

Re: Administrator

Cost of Living Adjustment Payout

Ms. Zimmermann reported that the COLA was paid out on November 10, 2010 totaling \$3.48 million up from \$3.24 million in 2009.

Reimbursement to City for Staff Cost

Ms. Zimmermann reported that this issue was discussed at the Police & Fire VEBA meeting.

Police & Fire Final Retirement Benefits

Ms. Zimmermann indicated that there have been continuing problems with the Gabriel, Roeder, Smith application, PAS Forms issues and getting the PAS Forms from Human Resources which has prohibited the processing of final retirement benefits for a number of retired members.

Police & Fire Regular Meeting
December 2, 2010

Currently, there are thirteen completed finals and thirteen more left from the members who retired in November, 2009.

She also noted that there are issues with the finals of approximately fifteen firefighters that retired in late 2009 and early 2010 who were affected by furlough days. There is nothing in the contract that speaks to including the furlough days in the Final Average Calculation.

There is also an issue with members who retired last year that are still not paying for a percentage of their healthcare. This is a problem that Human Resources and Payroll should address.

Chairman Storum said that he thought the furlough days only affected GERS members. Ms. Zimmermann said that initially she thought it only affected GERS and was not aware that it affected Police & Fire.

Chairman Storum asked if the Board can send an ordinance amendment to City Council to include furlough days in the FAC. Ms. Billings said that this has to be done through collective bargaining.

Meeting Break at 11:00 a.m.

Meeting Resumed at 11:10 a.m.

Re: Legal

Northern Trust

Ms. Billings reported that Northern Trust filed a Motion to Dismiss. The hearing on the Motion is set for January 27, 2011.

Almost Family, Inc. Securities Litigation

Ms. Billings reported that the Motion for Lead Plaintiff status has been withdrawn. The Court appointed another plaintiff with larger losses.

Fossil, Inc.

Ms. Billings reported that the parties are involved in mediation and are attempting to reach a settlement. They will continue to advise the Board with respect to this matter.

UBS/AG Securities Class Action

Ms. Billings reported that the Defendants' Motion to Dismiss is currently pending. They will continue to advise the Board with respect to this matter.

Airgas Securities Litigation

Ms. Billings reported that there is nothing new to report with respect to this matter. They will continue to update the Board with respect to this matter.

She also told the Board that this type of litigation can take months if not years for the legal process to get through the Courts.

IRS Application for Determination Letter

Ms. Billings reported that this matter is currently pending with the Internal Revenue Service.

House Bill 5323

Ms. Billings reported that House Bill 5323 which is an amendment to Public Act 314 passed the State House and is currently in the Senate. The amendment to Public Act 314 adds investment latitude including increasing the basket clause to 10%, increasing foreign equity investments to 10% and increasing the real estate investment 5%.

She said that MAPERS is requesting that Systems send a letter to their State Senator Michael Bishop urging him to vote in favor of this bill.

RESOLUTION 10-074 By Nye, Supported by Lee

Resolved, That the Board authorize legal counsel to send a letter to State Senator, Michael Bishop requesting his support of House Bile 5323.

Yeas: 4 – Nays: 0

Motley Rice Portfolio Monitoring Report third Quarter 2010

For the Trustees' information

Robbins Geller Portfolio Monitoring Report Second Quarter 2010

For the Trustees' information

New York Times October 17, 2010 – Banks Shared Clients' Profits but Not Losses

For the Trustees' information

Retiree Joel Felt

Ms. Billings recapped the Joel Felt issue. He is requesting a recalculation of his pension benefit with the dispatcher bonus included. In reviewing the Collective Bargaining Agreement for MAPE from 1991 thru 1996 it read that the FAC shall include the dispatcher bonus, holiday pay, etc. She also reported that there did not appear to be any documentation that would require the System to include the bonus even if it was not paid to the member.

It is her opinion that the Retirement System cannot include a benefit that was not paid and he will have to take this up with the City. It is also her opinion that the Board should deny his request. They cannot increase his benefit based on what he should or should not have been paid by the City.

It was recommended that Ms. Billings send a letter to Mr. Felt explaining that because he did not receive the dispatcher bonus, his pension benefit cannot be altered.

Trustee Lee said that he had misunderstood the issue.

Correspondence Regarding Pre-Tax Deductions for Retiree Health Care

Ms. Billings referred to correspondence sent to the Phyllis Long regarding the pre-tax deduction for qualified healthcare or long-term care insurance. There was an issue that pertained to the City's understanding that a pre-tax deduction would be taken. She explained that the deduction is taken when the individual files his income tax as a reduction to his taxable income per the Internal Revenue Service. She forwarded Ms. Long the excerpt from the IRS Form 1040 instructions.

Metropolitan Contracts

Ms. Billings stated that she has reviewed the Metropolitan Contract including the Amended and Restated limited Partnership Agreement; the Subscription Booklet and the Proposed Side Letter to the Limited Partnership Agreement. She has determined that they are acceptable. She told the Board that she reviewed the investment and confirmed that it falls under real estate based on Public Act 314.

She described the General Summary and Provisions of the Limited Partnership Agreement to the Board. The summary included General Partner liability and liability of Limited Partners according to Public Act 314. The GP shall use reasonable effort to minimize the avoidance of UBTI (Unrelated Business Taxable Income). The management fee will be equal to one percent per annum of each Limited Partners' capital commitment. The administration fee will be equal to 3.5% per annum for each Limited Partners' capital commitment. Books and records will be full and accurate and kept at the General Partner. Accounting Methods shall be in accordance with the U.S. GASB and acceptable accounting methods.

The Limited Partner agrees that the General Partner can pledge the assets of the Partnership as security for borrowing. Investment restrictions will limit aggregate capital commitments invested in any single underlying fund to 20%. Partnership expenses will include all costs and expenses related to the activities of the partnership plus organizational expenses up to \$250,000.00 for the whole Partnership. The capital call procedures shall be delivered five business days before the capital call date. Mr. Kuhn said that they keep enough money in the cash account to anticipate capital calls. Audited Financial Statements are required no later than six months after the end of each fiscal year. Tax Information; Exculpation;

The Partnership will indemnify up to the amount of the committed capital. There is a clause regarding the Partnership requiring the Limited Partners to re-contribute up to the aggregate distributions. Ms. Billings said that she has handled this issue in the Side Letter Agreement.

She explained the exclusive jurisdiction; the duration of the Partnership; there is no voluntary withdrawal by Limited Partners and the governing law stated in the Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

She provided an overview of the Side Letter Agreement. The General Partner acknowledges that the Investor is subject to the Freedom of Information Act. The GP also acknowledges their fiduciary responsibility to the Fund. They implied their contractual covenant of good faith and fair dealing. The GP acknowledges the State of Michigan's non-discrimination policy. The GP

acknowledges that the Partnership will not have to return any distributions. Except as noted, the Side Letter Agreement shall be construed in accordance with the laws of the State of Delaware. Further, the General Partner acknowledges that any conflicts will be resolved in Michigan Courts using Delaware Law.

She said Ms. Zimmermann recommended that going forward the Board should include a goal level in the contract to insure that the manager raises a certain amount of capital in their fund before the System invests capital. Mr. Kuhn said he confirmed that Metropolitan had already raised in excess of \$290 million.

Mr. Kuhn said that Ms. Billings should look into having Metropolitan waive the .35% fee which they have in the past. He also noted that GERS has invested in private equity funds where the manager was unable to raise the capital they intended for their fund which is why it was suggested setting a goal level prior to investing capital.

He also indicated that Metropolitan is trying to close this fund by December 15, 2010.

Re: Union Representatives - None

NEW BUSINESS

Re: December Check Message

Ms. Zimmermann reported that Human Resources asked that the Retirement Office place a message on the pension benefit checks letting the retirees know that effective immediately the window for service for Risk Management and Human Resources will be closed. In order to conduct any outside business the retiree will have to call the indicated number to schedule an appointment if needed.

RESOLUTION 10-075 By Lee, Supported by Naglick

Resolved, That the Board approved adding a message to the December pension benefit checks indicating that Human Resources has closed their service windows and retirees will need to schedule an appointment to conduct any outside business.

Yeas: 4 – Nays: 0

Re: Reimbursement to City for Retirement Payroll

Ms. Zimmermann requested that the Board approve the reimbursement to the City for the Retirement staff payroll. Trustee Lee asked what portion of the \$750,000.00 the Police & Fire Retirement System is responsible for. Ms. Zimmermann said that they are responsible for approximately \$300,000.00.

RESOLUTION 10-076 By Lee, Supported by Nye

Resolved, That the Board approved the reimbursement to the City for the Retirement staff payroll.

Yeas: 4 – Nays: 0

Re: Police VEBA Contributions

Trustee Lee said that the new police contract included VEBA contributions. The deductions did not start on time and they are taking double deductions until they are caught up. He said that he received a letter.

Ms. Billings said that a letter should be sent to the City to insure that these contributions are being remitted to the VEBA.

Trustee Lee said that he believes the deductions started with his first October check. They are now paying a larger portion of their retirement and their VEBA.

UNFINISHED BUSINESS

Re: HELPS Letter to Retirees

Ms. Zimmermann indicated that no one has signed up to date. The payment has to be a trustee to trustee payment and they are waiting for someone to act as a test case.

Chairman Storum asked if the City is taking money from retirees to pay for retiree healthcare. Ms. Zimmermann explained that there are currently thirty-five retirees who should be having healthcare deductions taken out of their checks whose deductions have not started.

Chairman Storum questioned the number of retirees affected by that contract and did not believe it was thirty-five because he is not required to pay a portion of his healthcare.

Ms. Zimmermann said that the issue is that no deductions are being withheld.

Trustee Naglick thought it was the responsibility of the Retirement System. Ms. Zimmermann said it is the responsibility of Human Resources to make sure that the deductions are being made.

Re: Disaster Recovery Plan/Actuarial Software Search

Chairman Storum asked for an update in reference to the actuarial software search. Ms. Zimmermann reported that the City needs to determine what they are doing system-wide before she can move forward. There is no reason to purchase new software when she does not know if it needs to interact with Banner or another payroll system. Trustee Naglick questioned whether it affects the process if the City uses ADP to process payroll.

Re: Retirement Office Payroll

There was discussion on whether the Retirement Office should process their payroll. This came about when Emergency Financial Manager, Michael Stampfler produced a list of action items including having the Retirement Office process their own payroll to alleviate that cash flow issue.

It was noted that some members of the General Employees Retirement System Board of Trustees cannot get past the idea that there may be a union issue.

Ms. Zimmermann explained that SAEA had sent a letter to the EFM expressing their concerns on this issue. They were assured that the employee would remain part of their union and an employee of the City; the only change would be that their payroll would be processed by the Retirement Office.

Trustee Naglick said that he would like to see a motion indicating this System is willing to see the Retirement Office take over their payroll.

RESOLUTION 10-077 By Lee, Supported by Nye

Resolved, That the Board is willing to agree to have the Retirement Office process their own payroll through ADP on the condition that PFRS pays 30% of the cost and GERS pays 70% pending resolution of any union issues.

Yeas: 4 – Nays: 0

SCHEDULING OF NEXT MEETING

Regular Meeting –Thursday, January 27, 2011 – City Council Conference Room, Second Level, City Hall @ 9:00 am

ADJOURNMENT

RESOLUTION 10-069 By Nye, Supported by Lee

Resolved, That the meeting be adjourned at 11:50 a.m.

Yeas: 4 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on December 2, 2010.

John Naglick, Secretary
As recorded by Jane Arndt