

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
SEPTEMBER 22, 2010**

A regular meeting of the Board of Trustees was held on Wednesday, September 22, 2010 at the Shrine Room, Main Floor, City Hall, 47450 Woodward Avenue, Pontiac, Michigan 48342. The meeting was called to order at 1:35 p.m.

TRUSTEES PRESENT

| | |
|----------------------------|------------------|
| Shirley Barnett | Devin Scott |
| Koné Bowman | Patrice Waterman |
| Charlie Harrison, Chairman | Kevin Williams |
| Leon Jukowski, Mayor | Debra Woods |
| John Naglick, Secretary | Andrea Wright |

OTHERS PRESENT

| | |
|--|---|
| Cynthia Billings, Sullivan, Ward, Asher & Patton, P.C. | Members of the public in attendance available in the Retirement Office. |
| Chris Kuhn, Gray & Company | |
| Ellen Zimmermann, Retirement Accountant | |
| Jane Arndt, M-Administrative Assistant | |
| Michael Stampfler, Emergency Financial Manager | |

Chairman Harrison thanked those attending the meeting. He wanted to mention that at last month's meeting there was a lot of public discussion and the Board was unable to conduct their regular business because the meeting was treated like a town hall meeting. Since this is the Board's regular meeting he wants to make sure that they can take care of their monthly business. He thanked everyone for their participation and understands they have concerns and opinions they want to raise. He noted that one trustee needs to leave at 2:30 p.m., so they need to have time to get the monthly business conducted. He noted that this is not a town hall meeting.

Ms. Billings also indicated that the Board will have to go into closed session at some point during the meeting.

Trustee Bowman stated that he has to leave by 2:45 p.m.

Chairman Harrison acknowledged that there are elected officials at the meeting including four City Council members including Randy Carter, Kermit Williams, George Williams and Mary Pietila.

PUBLIC DISCUSSION

Ms. Watson asked if the Board will be bringing up the issue or will there be discussion on the taking of pension assets.

Trustee Jukowski said that he will be asking the Board whether they are in favor of getting an opinion from the Attorney General with regard to a 420 Transfer. He is not asking to transfer the money today. He is only asking for the opinion. The Attorney General may come back and say it is not legal to transfer the assets. However, he feels it is important to know going forward. Asking for the assets to be transferred is not what he is asking the Board to consider.

Chairman Harrison said that there will not be back and forth discussions and there will be no discussion during agenda items similar to a City Council meeting.

Ms. Watson said that there has been a lot of discussion but she has not heard any specific amount or whether it will be to pay for healthcare costs incurred from July, 2010 through June, 2011.

Trustee Jukowski said that they are talking about costs from the end of the 2009 fiscal year. They were led to believe that the deficit for this fiscal year was \$5.4 million going into fiscal year 2010-2011 if we did everything according to what Fred Leeb put into the budget. At this time there is no money coming out of GERS and General Motors is in the process of tax appeals. The projected deficit at the end of fiscal year 2010 – 2011 is \$11 million to \$12 million.

Ms. Watson asked how much is for healthcare. Trustee Jukowski said that approximately \$7 million is for retiree healthcare with \$4 million for GERS retirees and \$2.5 million for Police & Fire retirees.

Ms. Watson asked if the City receives \$6.2 million from the General VEBA and received \$3.2 million from Blue Cross why are they asking for an additional \$3.5 million.

Trustee Naglick said that, as the Mayor pointed out, after taking a closer look the former EFM's budget, it did not consider a deficit of \$8.8 million. The General VEBA Board just determined that they will reimburse the City for retiree healthcare with proper invoicing. The deficit is currently \$6.5 million which includes \$2.2 million coming from the General VEBA. This money will help to offset the new EFM's projections. However, projections for fiscal years 2012 and 2013 are getting worse with declining property and income taxes and state revenue sources will be reduced seeing revenues further decline.

The General VEBA funds are a one year solution. If the Attorney General's opinion states that the GERS money can be used it would help to reduce the deficit for the year. However, the forecast continues to get worse.

Ms. Watson asked if they have received the \$6 million from the General VEBA. Trustee Naglick said that they have received a portion of the funds but there are some self insured claims that are taking longer.

Ms. Watson said that if the total deficit is \$8.8 million and healthcare is approximately \$7 million the deficit contains other costs that are not retiree healthcare related. She asked if the

monies have to be paid back to the VEBA. She is concerned that the City wants the retirees to pay all the City's debts. The Retirement Ordinance says that the Fund is setup for the benefit of retirees not the City's debt. She asked if the Retirement Board has received anything from the City in writing with the actual costs. She feels they need this document before even considering the City's request. The Board's job is to be a fiduciary of the System and take care of the retirees not the City.

Ms. Billings stated that the invoices were thoroughly reviewed and tested for accuracy for eligible members. The Board voted to reimburse approximately \$2.3 million for healthcare costs.

Trustee Jukowski said that if the 420 Transfer was approved the assets would only be used for retiree healthcare costs. The healthcare costs would be taken out of the pension system versus the general fund.

If the Attorney General's Opinion states that the 420 Transfer is legal then the Board would get an actuarial valuation. He does not feel they should pay for the study if it is not legal to use the assets. If legal, the Board would vote on whether it is prudent to take the money out.

Chairman Harrison said that he hopes this answer a lot of questions. The Board will deal with the agenda item. This does not obligate the Board in anyway. He indicated that this does not mean that the Board is giving the money up.

City Council Member Kermit Williams said that he is not here to influence the Board. Trustee Naglick accurately displayed the City's deficit. He feels that everyone has a right to their pension money. He appealed to the Board to find out the legality of the issue by getting an opinion so the issue can move forward. He asked that the Board put the motion on the agenda and vote it up.

City Council Member George Williams introduced himself and indicated that he is George Williams not Kermit Williams.

Trustee Bowman stated that his major concern is that the issue has been voted down by the Board which was an indication that it should not be put on the agenda. He then asked why it was not put on the agenda in advance.

Chairman Harrison agreed with Trustee Bowman. He stated that obtaining an opinion from the Attorney General has not been an agenda item since the special meeting was held. He has tried to get in touch with the trustees to determine whether they want it on the agenda. There has been no discussion regarding this issue between himself and the Administrator.

Trustee Bowman said he would feel more comfortable if the item was on the agenda in advance. It would provide an opportunity to review before the meeting.

Chairman Harrison said there is the possibility that the Board's discussion could lead them to put this on the agenda.

Ms. Britton asked if the meeting agenda is available online. She said it would be a benefit to retirees to be able to see it in advance.

Chairman Harrison duly noted Ms. Britton's request.

Retiree Wayne Belback said that before Fred Leeb was appointed, the State indicated that the structural deficit needed to be fixed. He questioned why the Retirement Board would ask for an opinion. In 1987 the fund lost 30% of its value and in 2008 lost 30% of its value. If money is taken out of the System it could drop below the funding level and the City would have to put money back in. He suggested that GERS put an agreement in place with the City that if the funding level drops the City will put the money back in.

Ms. Billings noted that the funding level has to be maintained at 120% or 125% depending on the structure.

Mr. Belback said that if the City uses these funds and continues to look for money for medical costs they will start looking for employee contributions. He asked if the Police & Fire VEBA has been asked to reimburse costs.

Ms. Zimmermann stated that the Police & Fire VEBA currently reimburses the City for its healthcare costs. The City has not asked the Police & Fire Retirement System because that System falls below the funding requirement.

Mr. Belback asked if all retiree healthcare costs are coming out of the Police & Fire VEBA. Ms. Zimmerman said that reimbursements are coming out for retirees who retired on or after a specified date established in the plan document.

Ms. Billings noted that there are four different Retirement Funds. All four are separate legal entities. All operate within their trust documents. The Police & Fire VEBA only reimburses for certain retirees defined in the Trust. The General VEBA covers all general retirees except hospital retirees.

The 420 Transfer can only be done if a system is over 120% funded and only excess assets could be used for members of that system. The Police & Fire Retirement System does not meet that requirement. The 420 Transfer limits the amount of assets that can be used for retiree healthcare.

Councilperson Kermit Williams said that if you are going to make comments about the structural deficit of the City you should state your name especially if you are a person who contributed to the structural deficit.

Retiree Claudia Filler questioned whether asking for an Attorney General Opinion insures that the City will payback assets if the funding level drops. How solid is the City's obligation?

Ms. Billings said that the Federal Statute states that trustees would make a demand to the City that it is mandatory to pay back assets. The Board would file a lawsuit and if they won the judgment it would go on the tax levy rolls. The money would be collected from the citizens.

Ms. Filler asked what would happen if the City goes bankrupt.

Trustee Jukowski said that is a murky area but it is his opinion that it would be a tax roll judgment.

Retiree Carol Czechowski asked if money is taken out for retiree healthcare whether the hospital contributions would be taken out first. The hospital retirees put a lot of their own money into the System.

Ms. Billings said that employee contributions would be carved out of the System per the State statute and could not be considered. In order to determine the funding level a whole new actuarial study would have to be done with different assumptions specific to the federal (IRS) statute.

Chairman Harrison said that the actuary uses a five-year smoothing method to determine the funding level. He is unclear as to whether the actual funding formula would change.

City Council President Lee Jones stated that hospital retirees do not get healthcare. The General VEBA cannot pay for all retiree healthcare. Some union contracts could see healthcare benefits go away.

Ms. Billings said that healthcare is a negotiated benefit. Retiree healthcare benefits are not a protected benefit under the Michigan Constitution like the pension benefits are.

Trustee Jukowski said that in light of the City's financial status that could result in layoffs or cutting services he asked that the Board consider requesting an opinion from the Attorney General under the current Michigan Law.

Ms. Billings said that a motion needs to be made to amend the agenda under Roberts Rules. Chairman Harrison confirmed the wording of the resolution.

RESOLUTION 10-081 By Jukowski, Supported by Scott

Resolved, That the Board approve the amendment to the agenda asking to obtain an opinion from the Attorney General regarding the transfer of pension assets to pay for retiree healthcare.

Trustee Barnett stated that this motion has been voted down before. She asked how long the Board will be harassed. As a fiduciary she has pledged to protect the pension assets.

Roll Call:

Trustee Barnett – Nay

Trustee Bowman – Nay

Chairman Harrison – Yea

Trustee Scott – Yea

Trustee Waterman – Yea

Trustee Williams – Nay

Trustee Jukowski – Yea
Trustee Naglick – Yea

Trustee Woods – Nay
Trustee Wright - Nay

Motion Failed

Chairman Harrison asked how many times this motion can be brought back. If the Board does not request an opinion the City will get their own opinion but it will not include the Board's legal counsel's opinion. Ms. Billings said that if the City gets their own opinion they would take it to the Court so their opinion is reviewed.

Trustee Woods said that she would like to proceed with the actuarial study in order to determine whether the System's funding status is 159% before going forward.

Trustee Jukowski said that if the Board obtains an opinion from the Attorney General it can be determined if an actuarial valuation is even needed.

Trustee Woods said that with or without an opinion, the layoffs will occur. The structural deficit is not only about healthcare. She does not want to hurt the Fund.

Trustee Jukowski said that it might not stop all of them if and when we get this opinion.

Ms. Zimmermann stated that the actuarial study was already requested by Fred Leeb and is being continued by Mr. Stampfler.

Trustee Bowman said that they have been looking at this since last year. He asked when the study was ordered and for how long. Ms. Zimmermann said she does not have the actual date of the request. It is a priority on the actuary's list but she is not sure when it will be completed.

Trustee Scott asked about the City taking the over funding and confirmed that the City's attorneys were looking at the interest.

Ms. Zimmermann said that the City's attorneys were looking at \$60 million in investment earnings but that was the increase in market value on that date. These are not realized gains. A realized gain happens only upon the sale of an asset.

She confirmed that for the purpose of next month's agenda this item should be listed.

Trustee Jukowski asked if the request for an opinion from the Attorney General could be listed on next month's agenda.

Trustee Wright asked why the City cannot pursue their own opinion.

Chairman Harrison said that the difference is whether it will contain our attorney's research and opinion. If the Board makes the request it will include this information.

Trustee Jukowski said that there would be more specifics and it could be a joint effort.

Trustee Wright said that the Board's attorney has already said it is not legal. The City's Attorney is only requesting how this applies to the State Statute.

Trustee Jukowski said that in order to transfer assets both statutes have to be met. There are requirements that have to be met under the federal statute. The state statute would determine what the earnings on contributions would be. Ms. Billings believes that these earnings only apply to those within the last year. The EFM's attorney believes it is from the earnings on employer contributions since the beginning. He disagrees with Ms. Billing's opinion from last year.

Ms. Billings stated that requirements of both statutes have to be met.

Ms. Zimmermann indicated that if a 420 Transfer occurs the City cannot reduce benefits for five years.

Trustee Jukowski said that there is urgency because the City could run out of cash before the end of the year.

City Council President Lee Jones asked if retirees have a vote. They have been voting on their benefits for years. Trustee Woods said that active members vote for their benefits and retirees' benefits are set at the date of retirement.

Chairman Harrison said that this agenda item is now closed for this meeting.

City Council Member Randy Carter asked as a representative of the citizens what their fiscal responsibility is.

Trustee Scott informed the Board that the defined benefit plan has been closed out to all new hires.

APPROVAL OF CONSENT AGENDA

A. Minutes of Special Meeting: August 24, 2010

B. Minutes of Regular Meeting: August 25, 2010

C. Communications

1. Correspondence from Labaton Sucharow Re: Portfolio Monitoring
2. Correspondence from Systematic Financial Re: Not Subject of SEC Complaint
3. Correspondence from NCPERS Re: September 2010 Newsletter
4. Correspondence from AMBS Re: Monthly Newsletter September 2010
5. Correspondence from Munder Capital Re: New CIO
6. Correspondence from Mesirow Private Equity Re: Client Conference – Oct. 14, 2010

D. Financial Reports

1. Financial Reports – August 2010

2. Commission Recapture – August 2010
3. Securities Lending – July 2010
4. Capital Call Ratification: None
5. Accounts Payable
 - a. ADP \$2,880.32
 - b. Coffee Break 27.83
 - c. Discovery Health Records Solutions 82.79
 - d. GE Capital Information (copier) 116.42
 - e. Gray & Co. 8,104.17
 - f. Rodwan Consulting 1,400.00
 - g. Stevens Record Management 99.02
 - h. Sullivan, Ward, Asher & Patton 11,084.50
 - i. VISA 4,883.50
 - j. Q3 Due to / Due From (273.79)
- E. Retirements, Refunds, Final Calculations, Re-Examinations
 1. Remove from the Rolls:
 - a. George Flagg (deceased 08-26-10): \$699.19/mo. to beneficiary Alice Flagg
 - b. Joy Franklin (deceased 05-18-10)
 - c. Forrest Freeland (deceased 07-10-10)
 2. Pop-up Effective:
 - a. John Harden (benef deceased 08-15-10); benefit from \$459.38 to 538.93
 3. Change of Retirement Effective
 - a. Charles Anthony
 4. Applications for Service Retirement:

| | | |
|----------------------------------|--------------------|-------------------------------|
| a. Nancy Bigler – NOMC | 8 years, 9 months | Age 60 |
| b. Linda Cedillo – Teamsters 214 | 23 years, 3 months | Age 60 (early out/settlement) |
| c. Ann Jantz – NOMC | 3 years, 5 months | Age 60 |
 5. Final Benefit Calculations:

| | | |
|-----------------|-------|----------|
| a. Nancy Bigler | #2585 | \$118.46 |
| b. Ann Jantz | #2592 | 250.51 |

Trustee Barnett stated that on page eight of the regular meeting minutes the name Phil Harris needs to be changed to *Bill Harris*.

RESOLUTION 10-082 By Woods, Supported by Waterman
 Resolved, That the Board approve the consent agenda for September 22, 2010 as amended.

Yeas: 10 – Nays: 0

Trustee Scott left at 2:39 p.m.

CONSULTANTS

Re: Sullivan, Ward, Asher & Patton

Ms. Billings requested that the Board move to closed session to discuss pending litigation.

RESOLUTION 10-083 By Woods, Supported by Barnett
Resolved, That the Board move to closed session to discuss pending litigation.

Roll Call:

| | |
|-------------------------|--|
| Trustee Barnett – Yes | Trustee Scott - (temporarily left meeting) |
| Trustee Bowman – Yes | Trustee Waterman – Yes |
| Chairman Harrison – Yes | Trustee Williams – Yes |
| Trustee Jukowski – Yes | Trustee Woods – Yes |
| Trustee Naglick – Yes | Trustee Wright - Yes |

The Board moved to closed session at 2:41 p.m.
Trustee Scott returned at 2:46 p.m.
The Board returned from closed session at 3:20 p.m.
Trustee Woods and Trustee Bowman left at 3:20 p.m.
Meeting Break at 3:20 p.m.
Meeting Resumed at 3:33 p.m.

RESOLUTION 10-084 By Barnett, Supported by Waterman
Resolved, That the Board authorize payments up to an additional \$10,000.00 to the Sargent Consulting Group for forensic accounting work relating to the Onyx case.

Yeas: 7 – Nays: 0

RESOLUTION 10-085 By Naglick, Supported by Williams
Resolved, That the Board ratify the Chairman’s signature on the Amedisys Certification.

Yeas: 7 – Nays: 0

RESOLUTION 10-086 By Waterman, Supported by Williams
Resolved, That the Board authorize the Chairman to sign the Amedisys Retainer Agreement.

Yeas: 7 – Nays: 0

Trustee Scott returned at 3:35 p.m.

RESOLUTION 10-087 By Waterman, Supported by Scott
Resolved, That the Board approve the closed session minutes from the August 25, 2010 meeting.

Yeas: 8 – Nays: 0

Ms. Zimmermann asked if the Board needs to authorize payment for the copying service.

RESOLUTION 10-088 By Waterman, Supported by Scott
Resolved, That the Board approve payment of the copying services in the Onyx matter pending receipt of proper invoices.

Yeas: 8 – Nays: 0

Re: Gray & Company

Real Estate Overview

There was discussion whether Mr. Kuhn should present the real estate overview. Mr. Gray was prepared to present the overview at the last meeting but it was tabled. It was determined that this item would be tabled to the next meeting.

Market Value Updates

Mr. Kuhn distributed the updated market values as of September 21, 2010. He told the Board that equity market performance was strong in July, terrible in August and has been up in September. It looks like the Fund will be up \$20 million for the quarter at \$394.5 million.

In August the Fund rebalanced and pulled money into the cash account. The allocation is still underweight to private equity and real estate.

Chairman Harrison said that 2.9% in the cash account is quite large. Ms. Zimmermann said that the assets were pulled into the cash account to pay for monthly retirement benefits of \$1.6 million and November Cost of Living Adjustment payments which are significant. The costs are always higher the second half of the year.

Mr. Kuhn added that some of the money in the cash account is forecasted for private equity and real estate allocations.

Peritus Asset Management

Mr. Kuhn stated that high yield manager Peritus purchased a bond at the end of May that they structured themselves. They took the bond to the market and put it in their portfolio. The bond was trading at \$90.00 but dropped down into the \$60.00 to \$70.00 range. It has come back up. Gray & Company is doing additional research on this issue because it appears that Peritus is collecting fees on a bond it manages. Because the System is paying twice Peritus is going to provide a rebate and recalculate the fee.

Trustee Wright asked if Mr. Kuhn was aware of this last month and why it was not addressed at the last meeting. Mr. Kuhn said that they normally do not conduct that type of business at the manager review meeting.

Trustee Wright said that it seems to be the same as Gray & Company getting a fee as the Consultant and Manager of Managers. Mr. Kuhn stated that Gray & Company is providing two different services.

Trustee Wright said that it seems the same as Peritus. She asked if the bond is something that should be in the portfolio.

Mr. Kuhn said that the bond is something that falls well within their strategy.

Trustee Barnett asked if this is a conflict of interest.

Mr. Kuhn said that he does not feel it is a conflict of interest and the bond they are holding is very diversified similar to getting a portfolio of twenty-five high yield bonds. They are taking a closer look.

Ms. Zimmermann said there are criteria in the Investment Policy Statement for domestic bond managers but there is none for high yield bond managers. She is not comfortable with what they did and the lack of transparency. She feels the Board should update the IPS stating that this is not acceptable.

Mr. Kuhn told the Board that Gray & Company was aware of this issue.

Chairman Harrison informed the Board that he was just made aware when he received a call from Mr. Kuhn just prior to the meeting.

Ms. Zimmermann explained that Ms. Munson discovered this bond in the Peritus portfolio. She is very thorough.

Trustee Barnett asked what is the next step with Peritus.

Mr. Kuhn said that they will get the fee cleaned up and it will be on the next invoice.

Chairman Harrison indicated that they did not vote on this versus the manager of managers.

Nexos Update

Ms. Zimmermann asked if there is an update with Nexos.

Mr. Kuhn reported that Larry Gray was just at the Nexos office on Monday. A report will be provided to the Board at the next meeting.

REPORTS

Re: Chairman

Chairman Harrison asked if Ms. Zimmermann has an update on disaster recovery. Ms. Zimmermann said that she has been working on a lot of other issues and has not had a lot of time to address this matter.

Re: Secretary - None

Re: Trustees/Committees - None

Re: Administrator

Peritus Asset Management

Ms. Zimmermann said that she was originally going to recommend that the Board put Peritus on watch.

Chairman Harrison said that the Board should leave this to the consultant's discretion with or without a report. They will wait for the consultant's report.

Signature Authority

Ms. Zimmermann indicated that the Signature Authority needs to be signed. Chairman Harrison confirmed that the Chairman, Vice Chair and Administrator have signature authority for the Board.

Re: Legal

Airgas Securities Litigation

Ms. Billings reported that the litigation is proceeding through discovery. She will keep the Board apprised with respect to this matter.

The Schweitzer – Mauduit International Securities Litigation

Ms. Billings reported that on August 26, 2010 the court appointed the System and the Western Washington Laborers-Employers Pension Trust lead plaintiff. She will keep the Board apprised with respect to this matter.

Almost Family, Inc.

Ms. Billings indicated that this is new securities litigation. The Police & Fire Retirement System has filed a Motion for Lead Plaintiff. She recommended that the System join Police & Fire in this litigation.

Almost Family is a leading regional provider of home health nursing services. There was an article in the Wall Street Journal that their Medicare reimbursement practices are under separate investigations by the United States Senate Finance Committee and the Securities Exchange Commission.

On July 1, 2010 the company issued a press release announcing that they are now the subject of an SEC investigation and that the SEC has issued a civil subpoena requiring them to produce its Medicare reimbursement data.

Prior to this announcement Almost Family's CFO sold 20,000 shares of his stock making more than \$840,000.00 in insider trading proceeds.

This System had losses of approximately \$28,000.00 and the Police & Fire System had losses of approximately \$20,000.00.

RESOLUTION 10-089 By Jukowski, Supported by Waterman

Resolved, That the Board authorize the Chairman to sign the retainer agreement in the Almost Family Securities Litigation.

Yeas: 8 – Nays: 0

Amedisys Securities Litigation – Under Closed Session

IRS Determination Letter

Ms. Billings reported that this matter is still pending with the IRS.

Social Security Number Privacy Policy

Ms. Billings reported that the Board is currently operating under the City's Social Security Number Privacy Policy. She recommended that the System adopt their own Social Security Number Privacy Policy. The Retirement Office has been abiding under the City's policy.

RESOLUTION 10-090 By Barnett, Supported by Jukowski

Resolved, That the Board adopt the Social Security Number Privacy Policy provided by legal counsel.

Yeas: 8 – Nays: 0

Miscellaneous Correspondence from Attorney Eric Goldstein

Ms. Billings reported that she received a letter from Attorney Eric Goldstein regarding working out the negotiated settlement agreement for Marquette Dudley. He indicated that the actuarial request has to go through the Plan Administrator. He requested that the actuarial process be expedited. The actuarial study was delayed because the details for the calculation had not been provided by Mr. Goldstein.

Morgan FOIA/Response

Ms. Billings reported that this is for the Trustees Information. Ms. Morgan's records were released per her signed authorization.

Acting Finance Director Opinion

Ms. Billings referred to a separate hand out regarding her opinion on the Acting Finance Director.

The question was raised that the EFM did not follow the normal process when appointing the finance director and the possible impact this would have on his appointment to the Board of Trustees. She explained that, under State law, the EFM has the authority to appoint department heads. There is nothing in the Retirement Ordinance or the City Charter that would prohibit the finance director from being a temporary or a full time employee. The Retirement System Ordinance appoints to finance director to the Board of Trustees by virtue of his position, and as such, Mr. Naglick is a trustee for the Retirement System and has the authority and liability that goes with that position.

Re: Union Representatives – None

UNFINISHED BUSINESS

Re: Actuarial Studies Update

Ms. Zimmermann said that this is for the trustees' information. It is a list of what the actuary is working on and a best estimate of the completion date.

Re: Disaster Recovery Plan – Software Survey – Refer to Chairman

NEW BUSINESS

Re: Retirement Office Payroll

Ms. Zimmermann indicated that EFM, Michael Stampfler posted an amended financial plan with a list of action items. One of the items listed was removing retirement system employees from the City's payroll. She sent Mr. Stampfler a memorandum regarding this issue. She heard from Mr. Stampfler's Attorney stating that they want to schedule a meeting to discuss this.

Trustee Naglick said that there were a lot of different action items on the list that had a resolution date of September 20, 2010. He said that currently retirement system employees are paid on the City's payroll and the City bills the System for reimbursement.

Ms. Zimmermann indicated that the Retirement System reimburses the City for all costs. This is a cash flow issue for the City.

Trustee Wright asked if these employees would still be under the City.

Chairman Harrison said that this is just about cash flow.

Trustee Naglick asked if this would affect the employees' benefits and whether it is an administrative issue. Ms. Zimmermann said that she thought it was just a change in who paid the Retirement Office payroll to help the City's cash flow.

Trustee Scott said that there is a possible labor issue. Approximately six months ago there was talk of union clarification with Ms. Arndt's and Ms. Munson's positions with regard to moving them under Teamsters and PPMA, respectively.

Ms. Zimmermann said that she had not been made aware of this and would appreciate if Trustee Scott would provide the information.

SCHEDULING OF NEXT MEETING

Regular Meeting: September 22, 2010 @ 1:30 p.m. – Shrine Room, Main Level, City Hall

ADJOURNMENT

General Employees Retirement System
Regular Meeting,
September 22, 2010

RESOLUTION 10-091 By **Barnett**, Supported by Waterman
Resolved, That the meeting be adjourned at 4:14 p.m.

Yeas: 8 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the General Employees Retirement System held on September 22, 2010

Secretary, John Naglick
As recorded by Jane Arndt