

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
DECEMBER 10, 2014**

A regular meeting of the Board of Trustees was held on Wednesday, December 10, 2014 at the Pontiac General Employees' Retirement System Office located at 2201 Auburn Road, Suite B, Auburn Hills, Michigan 48326. The Chairman called the meeting to order at 10:04 a.m.

TRUSTEES PRESENT

Jane Arndt
Shirley Barnett
Koné Bowman
Janice Gaffney
Robert Giddings
Charlie Harrison, Chairman
Walter Moore
Nevrus Nazarko
Deirdre Holloway-Waterman (*arrived at 10:28 a.m.*)
Patrice Waterman
Kevin Williams

OTHERS PRESENT

Cynthia Billings, Sullivan, Ward, Asher & Patton
Laurance O. Gray, Gray & Company
Cecelia M. Carter, Executive Director
Deborah Munson, Finance Officer
Larry Marshall, Retiree
Billie Swazer, Retiree
Linda Watson, Retiree

Chairman Harrison welcomed Executive Director, Cecelia Carter. Miss Carter brings a wealth of knowledge and experience to the table. It was a lengthy process but the Board feels good about selecting Miss Carter as the Executive Director. He noted that Miss Carter will have time on the agenda to respond later during the meeting.

PUBLIC DISCUSSION/UNION REPS

Retiree, Billie Swazer told the Board that as a retiree and former City employee she supports the System's Retirement Board and does not want the System's money going to Lansing. She also noted that there were a number of things reported in the newspaper regarding the Retirement Board including Lou Schimmel stating that the System is running a travel agency as well as Ms. Billings' salary.

She also stated that if the System was moved to MERS the members' comments would not be tolerated in Lansing. City of Pontiac employees are not respected by those in Lansing or on the TAB Board.

Retiree, Larry Marshall asked about the upcoming election and which Trustee positions were up for re-election.

Miss Carter indicated that the Trustee positions expire in March, 2015 but the election process needs to be started.

Mr. Marshall stated that he was not told that he has to come to the Board to get approval for a cost study even if he is paying for the study.

Miss Munson stated that the process indicated that in order to request a cost study the member or entity has to come to the Board through the Executive Director to start the process. Members cannot go directly to the System's actuary for a cost study.

Mr. Marshall asked if the process is in writing.

Miss Munson indicated that the details of the process can be found in the minutes.

Chairman Harrison stated that the Board has to grant Mr. Marshall's request but he needs to adhere to the process by going through the Executive Director and Board to obtain a cost study.

Trustee Moore stated that the Board needs to receive a copy of the request prior to the cost study being processed. He indicated that this process should be handled administratively. Once the study is completed a copy of the cost study should be forwarded to the Retirement Office.

AGENDA CHANGES - None

APPROVAL OF CONSENT AGENDA

A. Approval of Minutes of Special Meeting: October 10, 2014

B. Approval of Minutes of Regular Meeting: October 29, 2014

C. Communications:

1. Correspondence from First Eagle Re: October 2014 Statement
2. Correspondence from Gray & Company Re: September 30, 2014 Status Update
3. Correspondence to Patricia Gusman Re: Annual Meeting/Retiree Healthcare
4. Correspondence from Invesco Re: Risk Mitigation and Management for Private Equity
5. Correspondence from Kennedy Capital Re: Trading Costs Reimbursement
6. Correspondence from Robinson Capital Re: November 2014 Newsletter
7. Correspondence from Munder Capital Re: Victory Capital Acquisition
8. Correspondence from Victory Capital Re: Market Street Advisors
9. Correspondence from Victory Capital Re: Smart Beta Acquisition

D. Financial Reports:

1. Statements of Changes: October 2014
2. Accounts Payable: November 2014
3. Northern Trust Gray & Company Performance Reports – October 2014
4. Commission Recapture Report: October 2014
5. Ratification of Private Equity Capital Calls:

E. Applications for Retirement, Final Calculations, Refunds, Re-examinations

1. Remove from the Rolls:
 - a. Barbara Labarge (deceased 11/30/14)
 - b. Rebecca Shelton (deceased 10/26/14)

2. Applications for Service Retirement:
 - a. Lynn Asker – N.U. Agreemt Holder 11 Years 0 Mos. Off Deferred – Age 60
 - b. Hugo Aleman – Teamsters 214 20 Years 3 Mos. Off Deferred – Age 60
 - c. Wendy Cowser – Hospital 14 Years 4 Mos. Off Deferred – Age 55
 - d. James Parker – Local 2002 16 Years 7 Mos. Off Deferred – Age 60
3. Final Benefit Calculations:
 - a. Hugo Aleman #2764 Regular Option (+\$400.00 Temp Increase)
 - b. Wendy Cowser #2766 Regular Option (+\$400.00 Temp Increase)
 - c. James Parker #2765 Regular Option (+\$400.00 Temp Increase)
4. Application for Refund of Contributions
 - a. Wendy Lemere – Hospital
6. Disability Conversion to Age & Service
 - a. Donald Chancy #1407 (+\$400.00 Temp Increase)
 - b. Rosa Coney #1534 (+\$400.00 Temp Increase)
 - c. William Felice #1155 (+\$400.00 Temp Increase)
 - d. Floyd Golden #741 (+\$400.00 Temp Increase)
 - e. Samuel Hariskens #1758 (+\$400.00 Temp Increase)
 - f. Edith Johnson #1379 (+\$400.00 Temp Increase)
 - g. Barbara Morgan #1169 (+\$400.00 Temp Increase)
 - h. Thomas Monte #1810 (+\$400.00 Temp Increase)
 - i. Bernadine Neal #1652 (+\$400.00 Temp Increase)
 - j. Gary Thorne #1871 (+\$400.00 Temp Increase)
 - k. Larry Trehwitt #1415 (+\$400.00 Temp Increase)

Executive Director, Cecelia Carter noted that there was an omission on page eleven of the October 29, 2014 minutes. The sentence “Ms. Billings also explained that even though the 420 language is in the Ordinance it does mean a 420 Transfer will or can occur” should have read “Ms. Billings also explained that even though the 420 language is in the Ordinance it does *not* mean a 420 Transfer will or can occur.”

The minutes dated October 29, 2014 will be amended to reflect the requested change.

RESOLUTION 14-113 By Gaffney, Supported by Williams

Resolved, That the Board approve the consent agenda for December 10, 2014 as amended.

Yeas: 10 – Nays: 0

CONSULTANTS

Re: Gray & Company

Larry Gray reviewed the capital markets for the third quarter of 2014. He indicated that the U.S. dollar appreciated versus all other major currencies and the valuations played an important role in the capital markets for the quarter. Geopolitical crises also impacted the capital markets during the third quarter.

Mr. Gray reviewed the total Fund performance for the period ending September 30, 2014. The market value for the Plan was \$488.0 million versus June 30, 2014 at \$503.0 million. It has been a somewhat volatile market. As of December 12, 2014 the total Plan value was \$489.515 million.

The Fund's performance for the month of November is 2.01% versus the policy index at 2.04%; year-to-date performance was 5.94% versus 6.38% and one-year performance was 9.90% versus 10.03%.

He indicated that some members have asked why the performance is measured against the policy index. He noted his consultant firm would rather focus more on the Fund's actuarial rate of return. This is especially applicable to a closed fund such as Pontiac GERS.

He reviewed the individual managers. He told the Board that the emerging manager program was designed to assist these managers and give them the opportunity to succeed. However, large cap is so efficient it is extremely difficult to outperform in this asset class. Mr. Gray suggested the Board review ancillary ideas his firm will present which may result in lower management fees for comparable performance.

They are also planning to address the Michigan Large Cap Value Manager portfolio.

Mr. Gray reviewed the large cap growth manager Sawgrass noting it performed well for the quarter with performance of 3.05% versus the benchmark at 2.64% and one-year performance of 17.09% versus 17.11%.

Mid cap value manager Systematic did not perform well for the quarter with performance of 1.52% versus the index at 2.25%. Long-term small cap managers Loomis Sayles and Kennedy Capital have performed very well. Loomis Sayles current month performance is 7.04% versus its benchmark at 6.99% and Kennedy Capital's performance is 5.58% versus 6.59%. He told the Board that the System is in the process of moving assets into Kennedy's new small cap growth strategy.

The international equity managers overall performance for the quarter outperformed the benchmark at 0.36% versus the benchmark at -1.45% and one-year performance of 4.82% versus -0.60%.

WCM Investments outperformed the benchmark 1.35% versus -1.45% for the quarter with one-year performance of 5.09% versus -0.60%.

International equity manager First Eagle's performance was down for the quarter at -0.59% versus the index at 0.70%. He noted that First Eagle has a portion of their portfolio allocated to gold.

Fixed income managers Munder Capital and Ambassador were in line with the benchmark and have performed well over the last year. Munder Capital's year-to-date performance was 5.32% versus the index at 5.12% and Ambassador's performance was 4.00% versus 2.94%.

High yield manager Peritus Asset Management has not performed well with year-to-date performance of -0.30% versus the benchmark at 4.79%. Although Peritus came before the Finance Sub-Committee earlier in the month to explain their change in philosophy; Gray & Company is looking at other managers for this mandate as so instructed by the Finance Sub-Committee to permit the Board to evaluate against peers. He provided an overview of the private equity managers.

GrayCo Alternative Partners had virtually no J curve with year-to-date performance of 13.11%.

Private equity manager Mesirow's Funds IV and Fund VI have performed well with year-to-date performance of 8.90% and 8.44% respectively.

Invesco private equity fund of funds continues to perform well with year-to-date performance of 8.17%. He explained that WL Ross & Company LLC manages Invesco's private equity funds.

He noted that they will actively address the large cap manager of manager's mandate. Given the efficiencies of the large cap asset class, it is becoming more and more difficult for managers to provide more than beta results. Mr. Gray expressed that he intends to provide alternatives in this asset class to the Board; manager strategies that should produce beta results with much lower fee expenses.

Chairman Harrison confirmed that the proposed investment mandate changes would be brought through the Finance Subcommittee before coming to the Board.

Mr. Gray also stated that they are planning to reach out to the fixed income managers to loosen constraints due to the anticipated rising interest rate environment.

Trustee Moore asked about the Fund's current asset allocation.

Mr. Gray referred to the performance report indicating the breakdown of the System's portfolio. He also referred to the individual manager's percentage of directed brokerage commissions. He stated that some managers are users of the program. He felt that there had been a miscommunication of the policy and the consultant's role in managing the program.

Miss Carter stated she will be meeting with Mr. Gray to start setting schedules and discuss some of the manager administrative matters.

REPORTS

Re: Chairman – None

Re: Trustees/Committees

Trustee Moore reported that he felt that the committees have produced good results especially the Personnel Committee.

Chairman Harrison stated that given the separation of powers from the City of Pontiac, the System needed working committees. He acknowledged Trustees Gaffney and Moore for their efforts on heading the two committees.

Personnel Subcommittee

Trustee Gaffney reported that the Personnel Committee has determined that based on the arrival of the System's new Executive Director the 10% out of class pay for Miss Munson and Ms. Arndt be discontinued.

RESOLUTION 14-114 By Gaffney, Supported by Waterman

Resolved, That the Board approved to discontinue the 10% out of class pay for Miss Munson and Ms. Arndt due to the filling of the Executive Director position and that such rate of pay return to January 2014 rates respectively.

Yeas: 9 - Nays: 0
Abs: Trustee Arndt

Retirement Office Holiday Schedule

Trustee Giddings questioned whether the Personnel Subcommittee was aware of the holiday office schedule.

There was Board discussion regarding the Retirement Office holiday schedule. Trustee Nazarko indicated he believed the Executive Director should determine office staffing and closures around Board approved holidays. The Board determined the office would be closed December 24, 2014 through December 26, 2014 and December 31, 2014 through January 1, 2015.

Miss Carter told the Board that there will be policies in place to address this issue next year.

Ms. Billings indicated that this should be an administrative function. The Board can make the motion to designate the holidays but staff time-off is an administrative function which should be handled by the Executive Director.

Finance Subcommittee

Trustee Moore requested that Miss Munson read the Finance Sub-Committee report.

Peritus Asset Management

Miss Munson reported that Peritus Asset Management is currently on watch.

Tim Gramatovich and Dave Desmond from Peritus met with the Finance Committee to present information regarding the equity allocation in their portfolio. They asked that the Committee consider amending the Investment Policy Statement to permit the 10% equity allocation in the Peritus portfolio or be given discretion to sell it off in a prudent manner.

Trustee Bowman asked Mr. Gray for his recommendation.

Mr. Gray told the Board that he does not recommend amending the manager's guidelines and Peritus should stay on watch. He recommended the Board notify the manager of its decision not to alter the current investment guidelines to accommodate their deference from the contract guidelines and further they are to manage the existing equity assets accordingly so as not to cause financial hardship or loss to the Pontiac GERS.

Trustee Bowman confirmed that the manager will be left on watch.

Mr. Gray stated that he would draft a memorandum and forward it to Ms. Carter.

Trustee Moore asked how this affects the System's asset allocation.

There was discussion amongst the Board, staff and counsel whether the equity allocation in the high yield portfolio violates the overall equity allocation in the System's portfolio in violation of the PA 314 limit.

Trustee Moore also questioned why there is no real estate allocation in the portfolio.

RESOLUTION 14-115 By Gaffney, Supported by Bowman

Resolved, That the Board direct the Executive Director to send correspondence to high yield manager Peritus Asset Management indicating that no new equity positions can be added to the portfolio. The manager is given discretion to sell off the positions at their discretion.

Yeas: 11 – Nays: 0

Ambassador Transition

Miss Munson reported that the transition from Ambassador Capital to Robinson Capital has been completed.

Piedmont Investment Advisors Replacement

Miss Munson reported that the Consultant has not made any recommendations with regard to replacing large cap core manager Piedmont Investment Advisors in the Gray Emerging Manager Large Cap Portfolio. The Consultant will continue to monitor the manager.

First Eagle Asset Management

Miss Munson reminded the Board that First Eagle had received a notice of investigation from the SEC with respect to their mutual fund practices. She indicated that First Eagle manages an international equity portfolio for the System and that the System is not invested in their money market fund. The Finance Sub-Committee has recommended putting First Eagle Asset Management on watch.

RESOLUTION 14-116 By Gaffney, Supported by Barnett

Resolved, That the Board direct the Investment Consultant to put First Eagle Asset Management on watch due to the notice of investigation received from the Securities Exchange Commission.

Yeas: 11 – Nays: 0

Cross Trading/Directed Brokerage Commissions/Soft Dollars

The Consultant has agreed to provide a report on cross trading activity portfolio-wide and would have a report prepared for the Committee's January meeting. She noted that a directed brokerage report is now being included in the performance report and that the Committee will continue to work with the Consultant to monitor the directed brokerage program and soft dollar expenditures. Miss Munson told the Board that the Committee will be working to put together a soft dollar policy.

Kennedy Capital Transition

Miss Munson reported that the transition of \$10 million from Kennedy Small Cap Core to Kennedy Small Cap Growth had been completed and that the manager had reimbursed the System \$8,052.75 in transaction costs.

Annual Manager Disclosures

The IPS requires that managers periodically attest that they are in compliance with the IPS and the Directed Brokerage program. The Ethics Policy requires that the managers disclose any material relationships.

In the past, Chris Kuhn had been directed to send a reminder to all of the managers. The results were mixed with some managers fully complying, some partially and some not at all. Miss Munson reported the Committee and Executive Director work to coordinate this project in a more efficient manner to ensure more compliance by the managers.

Private Equity Returns Included in the Performance Report

The Board was reminded that performance reporting on private equity investments are generally reported with a one quarter lag. However, the last quarterly report from Gray & Co omitted the current quarter's returns from the private equity portfolios. The Committee requested that private equity returns be included in the performance report with the understanding (and footnote) that the reported performance returns are one quarter in arrears.

Janie Payne COLA Overpayment

Miss Munson reported that years back, several people were set up with the wrong Cost of Living Adjustment amount or eligibility. This resulted in three members overpaid. Standard letters were sent to the three members offering them options for repayment. Two have returned the letter and the recoupments will begin in January 2015.

Janie Payne wrote a letter to the Board requesting the repayment of her overpayment be waived. The Committee discussed her case and their fiduciary obligation to recoup overpayments and is

recommending that the Board recoup payment from her in the same manner as those similarly situated.

RESOLUTION 14-117 By Gaffney, Supported by Barnett

Resolved, That the Board denied Ms. Janie Payne's request to waive the repayment of the COLA overpayment.

Yeas: 11 – Nays: 0

Duty Disability Age/Service Recalculations at Age Sixty-Five

Miss Munson explained the duty disability retiree pension calculation. The Ordinance requires that if the annualized workman's compensation amount is greater than the member's age and service pension the member is allowed to receive a pension based on the higher amount until attaining age sixty-five. At age sixty-five the member is converted to a pension based on his age & adjusted service credit.

It was discovered there are eight retirees who were not converted to an age and service pension when they attained age sixty-five. The Board determined that as fiduciaries they are bound to recoup the System's assets. The Board request Miss Carter to develop an equitable process to recoup the overpayments and bring a proposed process to the Finance Sub-Committee.

Adecco Staffing

It was noted the hourly rate for the temporary employee through Adecco Staffing will increase by 2% from \$18.60 per hour to \$18.97 per hour effective January 1, 2015 – an increase of \$0.37 per hour. It was also noted, the temporary employee currently works 5 hours per day / 5 days per week.

Rebalancing Plan

The Finance Subcommittee agreed to recommend that the Board approve the semi-annual rebalancing recommended by the Consultant to pay for pension benefits and administrative costs.

iPad

Mr. Moore has turned in his iPad to be reconfigured for use by Miss Carter.

Chubb Fiduciary Liability Insurance/Dishonesty Insurance

The Committee reviewed the quote from Chubb for the fiduciary liability insurance. The policy is effective through December 1, 2015, has a limit of liability of \$2.0 million and a \$50,000 deductible. The annual premium increased from \$36,000 in 2013 to \$37,353 in 2014, for the period effective December 2, 2014 through December 1, 2015.

The Committee also reviewed a quote from Chubb for the Crime Insurance. The policy will be effective January 1, 2015, has a limit of liability of \$1.0 million and a \$10,000.00 deductible. The annual premium is \$1,500.00.

The Committee is recommending approval of both policies.

Service Provider Review

The Committee reviewed the Service Provider Review policy and is in the process of setting a schedule to start the annual reviews of service providers. The Committee has selected the Medical Director as the first provider to be reviewed.

IPS Legal Section

The Committee discussed whether a Legal section should be added to the Investment Policy Statement. The Board generally reviews the entire IPS every twelve to eighteen months. The Committee agreed that this issue should be done in conjunction with their review of the asset allocation as part of a total IPS review.

Miss Carter and Mr. Gray both noted to the Board they intend to review the IPS and make recommendations to the Committee and Board early in 2015.

EDRO Legal Fees

Miss Munson told the Board that the Committee discussed whether to recoup the legal fees for the processing of EDROs by the actuary. A report with the historical costs will be provided to the Committee for their consideration.

Interest on Contributions

The Committee discussed that deferred members currently earn 4% interest on their employee contributions to the System. The Ordinance provides that the Board periodically reviews the amount of interest to be paid (not less than 2%). At this time the Committee will continue to monitor this issue.

Actuarial Valuation Assumptions

The Committee reviewed the recommended actuarial assumptions received from Rodwan Consulting. The actuary is recommending that the System use the 2014 GMAT mortality table versus the 1983 table, that the percent of members who retire at retirement age be changed to 100% and that a lower salary rate of increase be used.

Allowable Earnings for Disability Retirees

Miss Munson explained that during the Committee meeting she outlined that disability members cannot have income (when combined with their pensions) that exceeds either the annual earnings the retiree was making at the time of their retirement or the amount of wages of someone who currently holds that position at the City. Miss Munson has suggested some other way of increasing the amount of allowable earnings, for example using the Consumer Price Index. However, this would require an Ordinance amendment. The Committee may revisit this in the future.

VISA Cards

Because of some recent service issues, the Committee would like to look at other issuer for the VISA cards. There have been issues with fraud alerts and a limit on the number of VISA cards the Credit Union will issue. Miss Munson was directed to move forward on securing another issuer.

Annual Meeting

The Committee discussed the September Annual Meeting held for System members and discussed issuing a member survey covering all aspects of the System operations sometime in 2015.

Members Who Do Not Retire At Voluntary Retirement Age

The Committee discussed members who have not yet applied to receive their retirement benefit. These members are not due retroactive payments or increased amounts at the time they begin collecting. Ms. Billings indicated that the System may have to remit a portion of the benefit to the IRS due to any member who has reached age 70 ½ that has not started to collect their benefit.

Miss Munson reported that there are approximately ten members who are eligible but have not yet applied to retire. The Committee discussed whether there are better ways to try to find the members who have not applied for their retirement benefit. At the Committee meeting Miss Carter indicated she would look into this and have suggestions for the January Committee meeting.

Actuarial Audit/Experience Study

The Committee was reminded that Gabriel, Roeder, Smith was the System's actuary from inception through 2006. Rodwan Consulting has been the System's actuary since 2007. There was discussion that the System have an actuarial audit performed. Additionally, the data and work products need to be audited since the GRS database is used to calculate the benefits.

There was discussion on the benefits of having an experience study done since it has been a few years since the last one was processed.

GERS Board Ordinance Amendment Authority/Ordinance Corrections

Miss Munson discussed a provision in the Retirement Ordinance that may give the Board the authority to amend the Ordinance to maintain the Plan's qualified status.

Miss Munson reviewed her suggestions for changes to the Retirement Ordinance.

GRS Report Creation

Miss Munson told the Board that she requested a quote from GRS to allow for more in depth report creation capabilities for the actuarial software.

Re: Trustees

Trustee Nazarko stated that he is concerned about changing the mortality table and other assumptions that could affect the funding ratio of the System. He also questioned whether these changes can be made by the Board.

Ms. Billings indicated that setting the actuarial assumptions are the authority of the Board.

Miss Munson explained that the actuary indicated that using the 2014 mortality table would change the funding ratio from 141% to 140%.

Re: Executive Director

Miss Carter thanked the Board and the Personnel Subcommittee for the opportunity and their support. She also thanked Ms. Arndt for her flawless handling of her travel arrangements.

Miss Munson gave an overview of recent activity for the period she served as Interim Executive Directors:

2014 COLA Payments

The COLA payments for 2014 totaled \$2.609 million.

Summary Annual Report

The Summary Annual Report was mailed to the members on November 24, 2014.

Disability Retiree Income Verification Issues

Miss Carter indicated that there are two disability retirees who have not complied with the income verification process.

There was Board discussion regarding whether there is a policy in place or whether one needs to be developed.

Trustee Arndt indicated that these two members had made multiple attempts to comply but both the members and the System are experiencing difficulty obtaining information from the IRS.

Trustee Giddings indicated that he would rather not have the identity of the members going forward when discussing this type of issue and asked if the members will be penalized. It was confirmed the members will be repaid once they are in compliance.

Trustee Gaffney stated that even though the members are trying to comply the Board has to follow the policy guidelines.

RESOLUTION 14-118 By Gaffney, Supported by Barnett

Resolved, That the Board suspend the disability retirement payments to Gary Hudson and Mavis Herring effective January, 2015 for not complying with the disability income verification process outlined in the Retirement Ordinance.

Yeas: 9 – Nays: 0
Abs: Trustees Arndt and Waterman

UNFINISHED BUSINESS

Re: Personnel Policies (Referred to Personnel Committee) – Pending

Re: Board 2015 Meeting Schedule Calendar

The Board reviewed the 2015 Meeting Schedule Calendar.

RESOLUTION 14-119 By Moore, Supported by Waterman
Resolved, That the Board approve the 2015 Meeting Schedule Calendar as proposed.

Yeas: 10 – Nays: 0

NEW BUSINESS

Re: Semi-Annual Rebalancing

Gray & Company recommended a \$20 million rebalancing to pay for pension benefits and for the first part of 2015.

RESOLUTION 14-120 By Gaffney, Supported by Giddings

Resolved, that the Board approve the transfer of \$4,000,000 from Sawgrass Large Cap Growth account; \$4,000,000 from the Systematic Mid Cap account; \$4,000,000 from the Munder Mid Cap account; \$4,000,000 from the Gray Large Cap Value (Michigan) account and \$4,000,000 from the Gray Large Cap Core (Emerging) account as recommended by the Consultant for the semi-annual cash flow rebalancing plan.

Yeas: 10 – Nays: 0

Re: Executive Director Signature Authority

Miss Munson requested that the Board update the signature authority now that the System has hired Miss Carter as the Executive Director.

RESOLUTION 14-121 By Gaffney, Supported by Waterman

Resolved, That the Board authorize that the Northern Trust Authorized Parties Document will be updated by removing Vice Chair Koné Bowman and adding Cecelia M. Carter;

Further Resolved, That the Northern Trust Web Cash Movement Individual User Authorization will be updated by removing Vice Chair Koné Bowman and adding Cecelia M. Carter;

Further Resolved, That the Northern Trust Client Communication Callback Process will be updated adding Cecelia M. Carter;

Further Resolved, That the Northern Trust Trade Order Access Form will be updated by adding Cecelia M. Carter;

Further Resolved, That the Retirement Office Disbursements Process be updated to allow Cecelia M. Carter to enter and approve transactions for payment on the Northern Trust website; and, to no longer require that Chairman Charlie Harrison III and Vice Chair Koné Bowman to review and sign off on a nightly transaction report.

Yeas: 10 – Nays: 0

Re: 2015 Election Calendar – Member and Active Employee Trustees

Miss Carter requested that the Board approve the election calendar for the Member Trustee and the Active Employee Trustee for the terms ending March 31, 2015.

RESOLUTION 14-122 By Gaffney, Supported by Waterman

Resolved, That the Board approve the 2015 Election Calendar for the Member Trustee and Active Employee Trustee for the terms ending March 31, 2015.

Yeas: 10 – Nays: 0

Re: Janie Payne Overpayment – Refer to Finance Subcommittee Report

Re: Hudson Disability Re-Exam (Closed Session)

Re: Marshall Request for Cost Study – Refer to Public Discussion

Trustee Nazarko left at 12:36 p.m.

Re: Legal

Correspondence to Attorney John Clark at Giarmarco Mullins & Horton Re: Council Appointments to the Retirement Board

Ms. Billings reported that On November 3, 2014, she replied to Mr. Clark as directed by the Board indicating that the Board does not have the legal authority to appoint or unappoint members of the Board. She also asked that he clarify who he is representing in this matter and referred to the correspondence from the President of City Council contradicting Attorney Clark's position.

Trustee Holloway-Waterman stated that she is sensing that this issue will be difficult to resolve. The Board should work with the TAB Board and Treasury.

She stated that Treasury felt that the letter was facetious, which is another reason they came down on the Board. She thought that the Board was going to provide information to defend the concerns of the TAB Board.

Trustee Waterman stated that the City Council received the letter from John Clark indicating that Chairman Harrison and Vice Chair Bowman are in compliance. The City Council feels this is a moot point, so they reappointed Chairman Harrison and Vice Chair Bowman to the Board.

Correspondence Regarding Mr. Tommy Goodman's Request for an Immediate Retirement Benefit

Ms. Billings reviewed her correspondence to the Board regarding Tommy Goodman's pension benefit request.

Miss Carter indicated that she would follow up with Mr. Goodman to determine if he has any documentation or whether he can go back to his former employer to help resolve the issue.

Sample Correspondence Provided to all Applicants for the Executive Director/TPA Position

Ms. Billings referred to the sample correspondence that was provided to all applicants that applied for the Executive Director or Third Party Administrator positions.

Settlement and Release Re: Nancy Sahyoun

Ms. Billings reported that Nancy Sahyoun is the surviving spouse of deceased retiree Naim Sahyoun. Mr. Sahyoun's beneficiary was incorrectly identified as Joseph Sahyoun, his son. Mrs. Sahyoun has acknowledged the error and has agreed to sign a settlement and release agreement waiving the recoupment of the payments made to her son. Mrs. Sahyoun will receive the survivor benefits going forward.

Transcript of IRS Phone Message Re: Qualified Status of Plan

Ms. Billings described the voice mail left by Ruth Chen of the Internal Revenue Service.

Ms. Chen indicated that she cannot participate in a conference call because the case has been closed.

When the System reapplies in five years to qualify the status of the Plan the System will be required to forward the current Letter of Determination to the IRS.

Robbins Geller October 2014 Portfolio Monitoring Report

Ms. Billings indicated that this is for the Trustees' information.

RESOLUTION 14-123 By Giddings, Supported by Barnett

Resolved, That the Board move to closed session to discuss pending litigation.

Roll Call:

Trustee Arndt – yea	Trustee Moore - yea
Trustee Barnett – yea	Trustee Deirdre Waterman - yea
Trustee Gaffney - yea	Trustee Patrice Waterman - yea
Trustee Giddings - yea	Trustee Williams - yea
Chairman Harrison - yea	

The Board moved to closed session at 12:56 p.m.

Ms. Swazer and Ms. Watson left at 12:56 p.m.

The Board returned from closed session at 1:30 p.m.

Trustee Waterman left at 1:30 p.m.

RESOLUTION 14-124 By Gaffney, Supported by Barnett

Resolved, That the Board approved the Healthways, Inc. Settlement Agreement.

Yeas: 8 – Nays: 0

RESOLUTION 14-125 By Gaffney, Supported by Moore
Resolved, That the Board approve to file for lead plaintiff status and ratify the Chairman's signature on the Certification and Retainer Letter in the Hangar Securities Litigation.

Yeas: 8 – Nays: 0

RESOLUTION 14-126 By Barnett, Supported by Moore
Resolved, That the Board approve to terminate the disability retirement benefit for Gary Hudson based on the Medical Director's disability determination indicating that the member is no longer disabled.

Yeas: 8 – Nays: 0

RESOLUTION 14-127 By Gaffney, Supported by Moore
Resolved, That the Board approve the closed sessions minutes for October 29, 2014.

Yeas: 8 – Nays: 0

Trustee Waterman returned at 1:33 p.m.

SCHEDULING OF NEXT MEETING

Regular Meeting: Wednesday, January 28, 2015 @ 10:00 a.m. – Retirement Office

ADJOURNMENT

RESOLUTION 14-128 By Waterman, Supported by Moore
Resolved, That the meeting be adjourned at 1:34 p.m.

Yeas: 9 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the General Employees Retirement System held on December 10, 2014

As recorded by Jane Arndt