

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
SEPTEMBER 11, 2015**

A special meeting of the Board of Trustees was held on Friday, September 11, 2015 at the Retirement Office located at 2201 Auburn Road, Suite B, Auburn Hills, MI 48326. The meeting was called to order at 10:02 a.m.

TRUSTEES PRESENT

Jane Arndt
Koné Bowman, Vice Chair
Janice Gaffney
Robert Giddings
Walter Moore
Patrice Waterman

TRUSTEES ABSENT

Charlie Harrison, III, Chair (*excused*)
Nevrus Nazarko (*excused*)
Deirdre Waterman, Mayor (*excused*)
Kevin Williams (*excused*)
Shirley Barnett (*excused*)

OTHERS PRESENT

Cecelia M. Carter, Executive Director	Nancy Lange, ICMA
Cynthia Billings, Sullivan, Ward Asher & Patton	Billie Swazer, Retiree
Kathy Mahoney, ICMA	Linda Watson, Retiree

Vice Chairman Bowman opened the meeting at 10:02 a.m.

PUBLIC COMMENT

Retiree, Billie Swazer commented on the Council Meeting she attended on Thursday, September 10, 2015.

Retiree, Linda Watson questioned whether the TAB Board or the Transition Advisor has the authority to dissolve GERS.

Ms. Billings indicated that the State does not have the authority under Public Act 436 to move the System to MERS.

Trustee Giddings asked if the TAB Board can move the System if there are personal contributions in the Fund.

Ms. Billings indicated that would not affect the personal contributions.

Trustee Giddings also asked if pension benefits could be reduced.

Ms. Billings noted they could not reduce benefits as the law is written. The State Constitution protects pension benefits.

AGENDA CHANGES

Vice Chair Bowman reported that at the last meeting the Board voted on a BDC investment. He is rescinding his vote. He would like more information and clarity on this investment.

Trustees Arndt and Giddings concurred and indicated they would like to rescind their vote until they receive more clarity on the investment.

There was a lengthy discussion regarding the Trustees' request to rescind their votes. Robert Rules was reviewed to determine whether this had to be done at this meeting or could be done at the next regular Board meeting. It was determined that the Trustees could voice their concerns and call for a motion at the next regular Board meeting.

It was determined that the issue would be referred back to the Finance Subcommittee which is scheduled to meet on Wednesday, September 16, 2015. The Trustees were encouraged to forward their questions and concerns to the Executive Director.

The Board agreed to put a hold on any action taken on this investment and referred this matter and questions back to the Finance Committee.

RESOLUTION 15-073 By Gaffney, Supported by Arndt

Resolved, that the Board agreed to stop all execution of administrative actions on the BDC investment pending further review.

Yeas: 6 – Nays: 0

CONSENT AGENDA

NEW BUSINESS

Re: Presentation by ICMA (GERS Defined Contribution Plans' Third Party Administrator) Establishment of 401(a) Money Purchase Plan and Transfer of Employee Contributions

Ms. Mahoney and Ms. Lange reviewed their presentation materials with the Board with regard to the establishment of a 401(a) Defined Contribution Plan.

Trustee Moore questioned how this Plan compares with the City of Pontiac's Plan.

Ms. Mahoney indicated that this is the same Plan offered by the City. ICMA only provides plans for the public sector.

Vice Chair Bowman indicated that in the past new City employees could choose which retirement plan they wanted and most chose ICMA. The Board had to create another plan and chose ICMA to provide the defined contribution plan. This was due to the Emergency Manager closing the defined benefit plan to non-union employees.

There was discussion regarding how in the past the City was the employer but the Retirement System is now the employer as well as the Plan Sponsor for the defined contribution plan.

Ms. Billings explained the difference between a defined contribution plan and a defined benefit plan. As well as explaining why the Board offered Miss Carter a defined contribution plan.

Trustee Moore expressed his concern regarding the 10% employer contribution that was put in place for Miss Carter and that it would not necessarily be the Board's intention to offer the same terms for all new employees going forward.

Ms. Mahoney indicated that the System can amend the program and offer different employer contribution terms to other employees by changing the language in the plan documents.

The Board agreed that the 10% match was part of the overall compensation approved for Miss Carter.

Ms. Mahoney noted that the fee for the 401(a) plan for the Retirement System is \$500.00 annually. This is 50% less than they normally charge which is based on their relationship with the City.

Trustee Giddings questioned whether this is an ERISA Plan.

Ms. Mahoney indicated it is not an ERISA Plan but they do follow the spirit of ERISA laws.

Trustee Giddings confirmed there are no IRS filings.

Trustee Giddings confirmed that the Board is the Plan Administrator.

Trustee Giddings also asked if ICMA looks for resolutions before opening a plan.

Ms. Mahoney indicated that they do look for an approved resolution before opening a plan.

Trustee Gaffney asked if the Board can approve the plan with changes as well as have the ability to amend the language for future hires.

Trustee Giddings asked that the annual fee and the authority for the Chairman's signature to be included in the motion.

Trustee Moore questioned the language in the plan document allowing a retiree the ability to retire at age fifty-five. Ms. Mahoney indicated that is the standard IRS rule for 401(a) distributions.

RESOLUTION 15-074 By Giddings, Supported by Gaffney
Resolved, That the Board approve the establishment of the ICMA 401(a) Defined Contribution Plan with an annual employer fee of \$500.00 and to further authorize the Chairman to sign the offering documents which will include the ability to amend the Plan for future hires.

Yeas: 6 – Nays: 0

RESOLUTION 15-075 By Arndt, Supported by Gaffney
Resolved, That the Board adjourned the meeting at 10:59 a.m.

Yeas: 6 – Nays: 0

I certify that the foregoing are the true and correct minutes of the special meeting of the General Employees Retirement System held on September 11, 2015

As recorded by Jane Arndt