

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
FEBRUARY 24, 2016**

A regular meeting of the Board of Trustees was held on Wednesday, February 24, 2016 at the Pontiac General Employees' Retirement System Office located at 2201 Auburn Road, Suite B, Auburn Hills, Michigan 48326. The meeting was called to order at 10:03 a.m.

TRUSTEES PRESENT

Sheldon Albritton
Jane Arndt
Koné Bowman
Janice Gaffney
Robert Giddings, Chairman
Walter Moore, Vice Chair
Nevrus Nazarko
Deirdre Waterman
Patrice Waterman

TRUSTEES ABSENT

Shirley Barnett (*excused*)

OTHERS PRESENT

Cynthia Billings, Sullivan Ward Asher & Patton
Matt Henzi, Sullivan Ward Asher & Patton
Deborah Munson, Interim Executive Director
John Clark, Giarmarco, Mullins & Horton, P.C.
Clarissa Cayton-Grigsby
Mattie Lasseigne, Retiree
Larry Marshall, Retiree
Billie Swazer, Retiree
Linda Watson, Retiree

Chairman Giddings opened the meeting at 10:03 a.m.

Trustee Moore noted a letter before the Board dated October 2, 2014 was resent by Joseph Sobota the City Administrator on behalf of the City Council. The letter indicates Trustee Bowman is not eligible to sit on the Board.

Chairman Giddings stated the correspondence has been duly noted.

Trustee Deirdre Waterman stated Trustee Bowman is still a member of the Board and eligible to participate in the meeting.

Trustee Bowman read letters with regard to his Board participation as a Trustee. The first letter dated January 29, 2015 was from the Pontiac City Council President Patrice Waterman to the TAB Board confirming Trustee Bowman's position on the GERS Board. He also provided copies of the City Council's resolutions dated April 4, 2014 and December 4, 2014 approving the appointments of Trustees Bowman and Harrison to the GERS Board.

Trustee Moore asked if the TAB Board has reconfirmed the Trustee's position.

Trustee Bowman stated his position on the Board was reconfirmed based on the Council's letter and the two approved resolutions.

Trustee Moore indicated Trustee Bowman is not technically able to carry on as a Board Trustee. The City is still under State receivership. A ruling needs to be made since the City Council has made two other appointments.

Trustee Deirdre Waterman stated she is trying to understand the issue and confusion. There are two attorneys who could assist the Board in clarifying the issue. She also asked whether the letter was provided to the Board.

Chairman Giddings stated the letter was included in the October, 2014 agenda.

Trustee Deirdre Waterman questioned why Ms. Billings drafted the letter from the Council to the TAB Board. She would like to sort out why the Board's attorney authored the letter affirming the Council's appointments.

Chairman Giddings noted the letter was included in the October, 2014 Board agenda.

Ms. Billings stated the issue regarding the Trustee appointments started in June, 2014. The TAB Board had threatened to sue the GERS Board. As the Board's attorney she wrote a letter on behalf of the City Council affirming the Trustees' appointments.

Trustee Deirdre Waterman confirmed Ms. Billings wrote the letter.

The letter was based on her opinion at that time. There was never a situation when there was a vacancy on the Board. She is not able to provide an opinion on the issue today. No vacancy has occurred except for Trustee Harrison's position.

Mr. Henzi discussed the Trustee reappointments and whether this would affect the voting rights of the Trustee. He noted the issue was not relevant for today's meeting. The Retirement Ordinance Section 92-6 describes the vacancy issue.

Trustee Moore asked if there is an issue with regard to Public Act 314.

Mr. Henzi noted for the Board there is no formal document to revoke the appointment.

Trustee Moore asked how it applies to Public Act 436. The Board cannot have it both ways. He also asked why cameras are not used during the TAB Board meetings.

Trustee Bowman questioned the issue regarding his sitting on the Board. He indicated his term does not end until 2018.

There was more discussion regarding this issue.

Trustee Bowman asked that the meeting move forward.

Chairman Giddings duly noted the issue regarding Trustee appointments.

Trustee Deirdre Waterman commented that the Council and the Mayor have spent a lot of time with regard to this issue. She would like to accept Mr. Moore's suggestion to look into the issue. She also questioned at what point this become an issue. She also asked if Trustee Bowman has been sworn in. This could cause serious considerations on Board resolutions. She understands the challenge and questions. At this time the new appointments have not been confirmed.

Ms. Billings stated that this could be an issue with regard to resolutions from 2014 forward.

Mr. Henzi addressed the vacancy issue in the Retirement Ordinance.

Trustee Patrice Waterman indicated she does not want to belabor this issue. She would like to get opinions from the attorneys to resolve this matter.

Trustee Bowman agreed with Trustee Patrice Waterman. He is in receipt of the letters and the Board does not have the authority to appoint or reappoint. He disagrees on whether he can be replaced on the Board based on the Retirement Ordinance and Municipal Code.

Trustee Albritton asked if the Board authorized the use of cameras for the meeting. He also asked if there is a cost for the cameras. He felt the Board should have voted on this issue.

Chairman Giddings asked that the Board move forward with the agenda.

Trustee Moore asked how the Board can move forward with unresolved issues.

Chairman Giddings indicated the Board will move forward based on Trustee Patrice Waterman's suggestion to let legal counsel resolve the issue.

Trustee Deirdre Waterman felt the challenge had been noted. The attorneys should draft an opinion. The City has the capability to use cameras with no cost to the System. She also stated the City does not have the authority to use cameras at TAB Board meetings.

Trustee Moore stated Ms. Billings is the attorney that represents the Board. He would like to refer the question to the Board's Attorney to determine the comfort level to allow Trustee Bowman to sit. He referred to a past opinion received that the TAB Board rules.

RESOLUTION 16-022 By Moore, Supported by Gaffney

Resolved, That the Board direct the Attorney to prepare an opinion on the issue of Board Trustee appointments.

Yeas: 8 – Nays: 1 (Bowman)

Trustee Bowman asked whether the Attorney General can make the appointment.

Trustee Patrice Waterman suggested getting an independent legal opinion.

Trustee Deirdre Waterman expressed it is always appropriate to have the Board's Attorney provide an opinion. She would like the City's Attorney to provide an opinion based on the City's involvement in the Retirement System.

Trustee Bowman stated he will also provide an opinion from his attorney.

PUBLIC COMMENT

Retiree, Linda Watson indicated she is upset by the use of cameras. She also felt the last meeting was out of hand and ridiculous.

She stated that she felt that Trustee Arndt had done nothing wrong. The Board simply needed clarification on the issues. She believes that Trustee Gaffney keeps the peace at the meetings.

She stated that the Mayor is never on time for meetings until there are cameras in use.

She questioned why the City's Attorney is present and stated the GERS Attorney has done an excellent job.

She feels the Mayor's purpose is to disrupt the Board and take back the City's power on the backs of the retirees. Trustee Nazarko is only looking out for the best interests of the City and that Trustee Patrice Waterman is doing a good job. Trustee Albritton is fairly new to the Board.

She stated that she would want Trustee Moore on her side in a dispute. However, he can also become a disruption at meetings. She does not feel that Trustee Bowman is working for the best interests of the System. She believes that he is working with Chairman Giddings.

She went on to say that Chairman Giddings used the Attorney for a training session and is letting the Mayor run the meetings.

Retiree, Billie Swazer stated she wants to keep the Retirement System intact. The Mayor has an issue letting the TAB run things. She told the Board that she goes to all the meetings.

Ms. Carter was the Executive Director, she resigned and is gone. The Board should work with Ms. Munson to put the proper checks and balances in place. She does not want the System to go to a Third Party Administrator or to MERS.

It seems the Retirement System has balanced the budget for the City. The citizens of Pontiac are paying for the cameras and John Clark. Based on the letter from the TAB the Retirement Board should move on with new appointments.

Trustee Moore asked what attorney represents the TAB.

Mr. Clark indicated he does not know who represents the TAB.

DISCLOSURE OF CONFLICT OF INTEREST

Chairman Giddings disclosed that he owns shares of the Peritus ETF. He also owns Invesco growth fund shares. He purchased the Invesco shares prior to the System's investment with Invesco and that these investments do not impact his role on the Board.

Trustee Deirdre Waterman questioned if there are any conflict of interests with regard to Attorney issues. She questioned the GERS Attorney's involvement sitting in on the mediation and whether a waiver should be signed.

Trustee Moore asked why Disclosure of Conflict of Interest was added to the agenda.

Chairman Giddings stated he felt it was important for the Board to disclose any conflict of interests which is why he reported his investments.

Ms. Billings indicated there is no conflict with regard to the letter she prepared for City Council.

Trustee Gaffney noted the System has a long-standing policy with regard to conflict of interests with its vendors.

Mr. Henzi stated that as the Board's Attorneys and based on Michigan law they are duly and ethically bound to report any conflicts and to provide and seek consent of Board.

Trustee Moore stated the decision was made by the Chairman to put this item on the agenda.

Chairman Giddings stated he added this agenda item due to the issues with regard to requested legal bills.

AGENDA CHANGES

APPROVAL OF CONSENT AGENDA

A. Approval of the Minutes of the Regular Board Meeting held January 27, 2016

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date: February 24, 2016	
TOTAL PENSION PAYROLL	\$1,966,229.32
Staff PPE February 4 th and 18th	
TOTAL STAFF PAYROLL	\$ 22,086.00

C. Communications:

1. Invesco Notice of Organizational Changes to Operating Platform, February 2016
2. FOIA Request and Response Linda Hassan, February 2016
3. Charlie Harrison Board Resignation Notice, December, 2015
4. Correspondence to/from Survivor of Wanda Barnett
5. Correspondence from Former Executive Director January 27, 2016

D. Financial Reports:

1. Gray & Company SEC Update February 17, 2016 & AUA as of January 31, 2016
2. Accounts Payables – December, 2016
3. Accounts Payables – January, 2016
4. Accounts Payables – February, 2016
5. Attucks Asset Management, Manager of Manager Report – Emerging Manager & Michigan LCV – January 31 2016
6. Statement of Changes – January, 2016

E. Private Equity / Capital Calls & Distributions

1. Mesirow Financial Fund VI – Capital Call - \$90,000.00 – February 16, 2016

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

1. New Retirements

Ret No.	Name	Years/Months of Service	Union	Age	Retirement Option	Monthly Benefit*	Effective Date
2784	Schmidt, Charmaine	2 – 6	Hospital	65	Option II	\$138.68	10.01.2015
2787	Mendoza, Mario	11 – 11	PMEA	60	Option IV	\$334.04	03.01.2016
2788	Smith, Carol	13 – 1	PMEA	60	Regular	\$446.86	03.01.2016

**Emergency Manager Order S-307 as amended July 2015: Retiree is eligible for the temporary \$400.00 per month supplemental benefit until sunset date of September 1, 2016.*

Bold type entry indicates Reciprocal Service Credit with another eligible agency or municipality.

2. Terminated Retirements (Deaths)

Ret No.	Name	Date of Death	If Beneficiary Member Name	Benefit Amount	Union or Dept.

3. J&S Continued Retirements

Ret No.	Name	Date of Death	Survivor's Name	J&S Option	Benefit Amount	Union or Dept.

4. Pop-Up Continued Retirements

Ret No.	Beneficiary's Name	Date of Death	Retiree's Name	J&S Option	Benefit Amount	Union or Dept.

--	--	--	--	--	--	--

When beneficiary precedes Retirant in death, the monthly benefit “pops up” to what would have been the monthly Regular benefit amount (plus applicable COLA).

5. Recalculated Retirements

Ret No.	Name	EffectiveDate	Reason For Change	New Amount

6. Disability Medical Re-Exams/Benefit Continuation

Ret No.	Name	Reason	Benefit Amount	Union or Dept.

7. Refunds of Employee Contributions

Trustee Nazarko requested that agenda item numbers G2, 5 and 6 be pulled from the agenda for further discussion. Trustee Moore requested that the minutes from the special meeting held February 1, 2016 be pulled from the agenda as well.

RESOLUTION 16-023 By Gaffney, Supported by P. Waterman
 Resolved, That the Board approves and ratifies actions described in the Consent Agenda for February 24, 2016 as amended.

Yeas: 9 – Nays: 0

February 1, 2016 Special Meeting Minutes

Trustee Moore asked if the special meeting was a duly constituted meeting based on Trustee Arndt’s participation. He asked the attorney whether Trustee Arndt could be involved.

Ms. Billings stated Trustee Arndt should not have voted to appoint Ms. Munson as the Interim Executive Direction. She recommended the action be ratified by six Board members excluding Trustee Arndt.

Trustee Moore asked about the resolutions.

Ms. Billings stated Trustee Arndt should not have voted on any motions. It is best for the Board to ratify the resolutions.

Mr. Henzi indicated this is an adverse employee issue. Ms. Carter had already terminated employment. He recommended the Board let the issue lye.

Trustee Moore asked if there was a meeting.

Trustee Nazarko stated the Employee Trustee cannot vote on issues of fiduciary self-dealing. The resolution accepting the resignation and providing compensation through March 11, 2016 did not include fiduciary self-dealing. He noted Ms. Carter already had another job lined up.

Trustee Moore stated that based on that meeting nothing was officially done. The actions need to be ratified.

Trustee Bowman stated a legal meeting was held. The only issue is to ratify Ms. Munson's appointment as Interim Executive Director. He suggested following the attorney's recommendations.

Trustee Moore again asked for clarification and whether Trustee Arndt should have participated in the meeting.

RESOLUTION 16-024 By Waterman, Supported by Gaffney
Resolved, that the Board approve the minutes for the February 1, 2016 special meeting.

Yeas: 5 – Nays: 1 (Moore)
Abs: 3 (Albritton, Gaffney, P. Waterman)

Terminated Retirements/Recalculated Retirements/Disability Medical Re-Exams/Benefit Continuation

Trustee Nazarko questioned the format of the terminated retirements and the recalculated pension benefits. He asked that going forward that terminated retirements only include the name of the beneficiary if there is a not a continuing benefit. He also asked that recalculated benefits include the old benefit amount. The Board agreed upon an acceptable format for reporting deceased retiree and recalculated benefit information.

Terminated Retirements (Deaths)

Ret No.	Name	Date of Death	If Beneficiary Member Name	Benefit Amount	Union or Dept.
700828	Whisman, Helen	02.01.2016	Whisman, Marvin	\$369.66	SAEA
701047	Murphy, Dianne	01.29.2016	Murphy, Una	\$638.78	PMEA
700798	Saiter, Dorothy	01.19.2016	Saiter, Delwyn	1292.19	SAEA
943	Weston, Doris	02.14.2016		\$350.55	Hospital

Recalculated Retirements

Ret No.	Name	EffectiveDate	Reason For Change	New Amount
1319	Rouser, Arnold	01.25.2016	Duty Disability Age 65 Conversion	\$1,751.46

Disability Medical Re-Exams/Benefit Continuation

Ret No.	Name	Reason	Benefit Amount	Union or Dept.
1722	Major, Curtiss	Medical Re-Exam	\$1,316.62	Local 2002

RESOLUTION 16-025 By Nazarko, Supported by Moore
Resolved, That the Board approve the terminated retirements; recalculated retirements and the disability medical re-exam benefit continuation as noted.

CONSULTANT

Re: Gray & Company – Refer to February 23, 2016 Manager Review Agenda and Reports

The Consultant presented the 2015 fourth quarter performance report at the Manager Review Meeting held on February 23, 2016. Copies of the performance report are available.

COMMITTEE REPORTS

Re: Chairman

Chairman Giddings agreed that additions to the agenda should be handled under agenda changes.

He reported that the signature authority needs to be updated with the Chairman's, Vice Chairman's and Interim Executive Director's signatures and that he does not believe that there should be blanket signature authorities.

He asked the Trustees to disclose any meetings with service providers or managers outside of the Retirement Office. This specifically applies to private meetings with people the System is not currently in business with.

He described the System's education policy and noted that Trustees should have a certain level of education. He has read a number of articles that indicate fiduciaries are responsible to be educated in the role of fiduciary, investments, audits, etc. and have a level of understanding on the issues for which they are responsible.

Trustee education is required by some Systems. He also noted that Trustees should be mandated to obtain certificates for conferences that provide certificates for attendance. If a Trustee does not obtain a certificate they should be obligated to reimburse the System for their travel and registration.

He told the Board about the MAP Program provided through the MAPERS organization. Trustees can take the test on Sundays during the Fall and Spring Conferences. Sample questions can be found on the MAPERS website. It is a good idea for Trustees to obtain their MAP certification.

He believes investments and investment recommendations should come to the Board from the Investment Consultant. It should not be up to the Board Chairman, or any Trustee or the Executive Director to decide what investment or manager the Board considers. If there are suggestions or recommendations from Trustees they should be brought to the Board and forwarded to the Consultant for review.

He indicated there was a real estate proposal that was presented to the Finance Subcommittee in September, 2015. He has asked that the information be updated and referred back to the Finance

Subcommittee. He is not recommending that the System should invest in real estate. But the Trustees require the necessary information in order to vote on investments.

As fiduciaries on the Retirement Board we are not expected to have all the knowledge needed to vote on all of the issues the Board addresses. We are expected to have enough information to make the appropriate decisions. The responsibility to provide the necessary information has been delegated by the Board. Going forward the appropriate level of information will be provided to the Board before we are expected to vote.

Personnel Subcommittee

Trustee Bowman indicated the original and a revised copy of the Investment Consultant RFP is included in the agenda. The RFP is on a timetable and Trustee Gaffney and the Ad Hoc Committee did a great job pulling all the information together.

The Retiree Trustee and Member Trustee elections are on schedule.

The Committee discussed the point of contact for the System. Communications would go through the Chairman, Executive Director and/or Secretary.

They are also looking at streamlining the communication process between the Board and Staff.

The Committee recommended that the Staff email would be setup and on file in the Retirement Office for Trustees to review.

There was discussion regarding the Board's interaction with its legal counsel. They recommend two or three people be in attendance including one of the following: Chairman; Executive Director or Secretary when a Board member meets with legal counsel.

The requested VISA information was provided to the Trustees.

The Committee reviewed the administration of the System. To insure the proper checks and balances are in place the Interim Executive Director is asking to hire a temporary Accounting Clerk.

The Committee reviewed and is recommending a temporary increase for the Retirement Staff.

The Committee reviewed correspondence to and from Ms. Carter with regard to access to the System's systems. He assured the Board there was no outside access of System resources. The Committee is working with legal to obtain a few outstanding Retirement System files.

The Committee is recommending the final payout to the former Executive Director through March 11, 2016 which is the date indicated in her resignation letter. He explained that healthcare benefits are provided on a monthly basis and they are recommending that healthcare benefits be provided through March 31, 2016.

A few months ago the Retirement Office experienced server issues due to a virus. The System's IT service provider has recommended putting a more robust virus protection in place. The updated virus protection would cost \$6.50 per computer per month. The Committee is recommending the Board approve the updated virus protection.

Retirement service credit based on reciprocal time was tabled for further discussion.

Recoupment of overpayments to retirees was tabled for further discussion.

Finance Subcommittee

Chairman Giddings reported the signature authority needs to be updated for Northern Trust and the Credit Union including Chairman Giddings, Vice Chair Moore and Interim Executive Director Munson.

The Auditors Engagement Letter was reviewed.

The Committee is recommending a temporary salary increase for Staff with a resolution included in the agenda.

The original agreement signed with Brandywine provided for them to deduct their management fees directly out of the account at Northern Trust. The System does not allow such an arrangement for any vendor. Brandywine agreed to revise their fee payment process.

The Committee reviewed the semi-annual rebalancing to pay for benefits and other expenses. A resolution is included in the agenda.

The Committee will be looking at real estate investments for the System.

Revisions were made to the Summary Annual Report which was approved at the last meeting. There is a resolution included in the agenda for the Board's approval.

A revised version of the Investment Consultant RFP is included in the agenda packet. Trustee Moore the Chairman of the Ad Hoc Committee did not feel that a meeting was needed based on the revisions. A resolution is included in the agenda.

The Committee reviewed the issue regarding the acceptance of cash by Staff for member and Trustee reimbursements. It was determined the Staff cannot accept cash. A resolution is included in the agenda.

The Investment Policy Statement was revised to change the target asset mix in the asset allocation for cash from 1% to 0% for a total of 100%. A resolution is included in the agenda.

EXECUTIVE DIRECTOR

Miss Munson reported that the auditor will soon begin work on the 2015 Audit Report. She discussed the management letter included with the 2014 audit and wanted to make the Board aware

that those things had not been fully addressed during 2015 and could appear again in their management letter with this year's audit. But, she is confident in the accounting and numbers reported for 2015.

UNFINISHED BUSINESS

Re: Account Establishment with Transworld Systems (Tabled)

1. Overpayment to Retiree – Carolyn Freeman

Re: Adoption of Board Charters (Tabled – Refer to Committees)

Trustee Moore indicated the Charters should be reviewed by both the Finance and Personnel Subcommittees.

Re: Adoption of 2016 Expense Budget for Pontiac GERS (Tabled)

Re: General Investment Consultant – Request for Proposals

1. Approve either original or revised RFP for posting and distribution
 - a. See Important Changes Memo

Miss Munson reported the RFP for the Investment Consultant has been revised. She forwarded a copy of the RFP to Larry Gray for his review and insight into regulatory or other industry-specific updates.

She reviewed the revisions included in the memo with the Board.

She reported that the cost to publicize the RFP in Pensions & Investments Magazine is \$4,000.00 for two issues for a period of four weeks. The RFP will also be advertised on the MAPERS website, the System's website and the City's website. NCPERS and the IFEBP do not offer that service.

There was discussion regarding the minimal requirements for assets under management. The revised RFP noted \$5 billion in assets under management.

Trustee Gaffney stated the Committee wanted to leave the requirement for assets under management out to allow for smaller boutique firms.

There was discussion regarding lowering or eliminating the requirement for assets under management.

Ms. Billings indicated that lesser amounts of assets under management would mean the Retirement System would be a large percentage of the firm's assets.

Trustee Nazarko indicated he would prefer that the assets under management be in the range of \$5 billion to \$25 billion. He also wanted to ensure that the RFP noted the support of manager of manager portfolios and small firms.

Trustee Gaffney stated she would support leaving the assets under management requirement out.

RESOLUTION 16-026 By Nazarko, Supported by D. Waterman

Resolved, That the Board authorize the issuance of revised Request for Proposal for General Consulting Services to be posted to the System's, the City's and MAPERS' websites and publicized in Pension & Investments with incorporated changes.

Yeas: 9 – Nays: 0

Chairman Giddings indicated that the RFP's will be forwarded and reviewed by the Committee as they come in.

Re: 2016 Audit Engagement Letter

Ms. Billings indicated this is the first time she has reviewed an audit engagement letter. She questioned whether the letter should be addressed to the name of the Chairman or to the title.

Trustee Moore felt the point person should be the Executive Director and not the Chairman.

Chairman Giddings noted that the Executive Director is not a fiduciary of the System.

Trustee Gaffney also added the audit process audits the staff.

There was discussion regarding the Audit Engagement Letter and whether it is standard language and who should sign on behalf of the Board.

Chairman Giddings also indicated he would like Plante Moran to prepare a draft copy of the audit for the Board. Plante Moran could have the option of coming to a special meeting to present and provide an in-depth analysis of the information.

Ms. Billings indicated she is concerned about the language referring to the Group Auditor.

Chairman Giddings stated the language refers to the audit reporting groups which would be the Retirement System and the City.

Trustee Deirdre Waterman questioned whether the Board has a process in place.

Chairman Giddings stated in the past the engagement letter was signed by the Chairman without Board interaction. He felt that he should bring the letter to the Board

RESOLUTION 16-027 By Gaffney, Supported by Moore

Resolved, That the Board ratify the Chairman's signature on the 2016 Audit Engagement Letter.

Yeas: 9 – Nays: 0

NEW BUSINESS

Re: 2016 Trustee Election Timeline – Retiree Seat (Janice Gaffney)

Miss Munson reported that the Member Trustee position on the Board will terminate effective March 31, 2016. The election information for the Member Trustee has not been brought to the Board. She has provided a copy of the election timeline and procedures.

RESOLUTION 16-028 By Moore, Supported by K. Bowman

Resolved, That the Board adopt the proposed 2016 Trustee Election Process Timeline for the seat of Member-Trustee Representative.

Yeas: 9 – Nays: 0

Miss Munson notified the Board that the deadline for candidate statements had passed and that no candidates came forward to challenge Trustee Gaffney for the Member Trustee position. Trustee Gaffney will be reappointed as the Member Trustee.

Re: Temporary Signature Authority

RESOLUTION 16-029 By Moore, Supported by P. Waterman

Whereas, the Board of Trustees has various responsibilities associated with administering the business of the Retirement System and for making effective the provisions thereof;

Now, Therefore, Be it Resolved that the Board wishes to remove Charlie Harrison and Koné Bowman as signers from MHSCU/Affinity Group bank account and to add as signers Chairman Robert J. Giddings and Vice-Chair Walter Moore;

Further Resolved, That the Northern Trust Authorized Parties Document will be updated by removing Cecelia Carter and Charlie Harrison and adding Chairman Robert J. Giddings and Vice Chair Walter Moore;

Further Resolved, That the Northern Trust Web Cash Movement Individual User Authorization will be updated by removing Cecelia Carter and Charlie Harrison and adding Chairman Robert J. Giddings and Vice-Chair Walter Moore;

Further Resolved, That the Northern Trust Client Communication Callback Process will be updated by removing Cecelia Carter and Charlie Harrison and adding Chairman Robert J. Giddings and Vice-Chair Walter Moore;

Further Resolved, That the Northern Trust Trade Order – Access Form will be updated by removing Cecelia Carter and Charlie Harrison and adding Chairman Robert J. Giddings and Vice-Chair Walter Moore;

Further Resolved, That the Retirement Office Disbursements Process be updated to allow Jane Arndt to initiate and enter transactions on the Northern Trust website (with access limited to “enter only”); Deborah Munson to approve transactions for payment on Northern Trust website; and, Chairman Robert J. Giddings and Vice Chair Walter Moore to review and sign off on a nightly transaction report that would detail vendor name, payment type, amount and total number of transactions. When appropriate, the transaction report would be accompanied by either a payroll reconciliation or capital call notice or such other additional information as may be appropriate to describe the payment. Both Trustees would be required to attest that they have reviewed the payments and have no additional questions.

Yeas: 9 – Nays: 0

Re: Revised 2014 Summary Annual Report – Approve for Distribution

Miss Munson reviewed the corrections to the 2014 Summary Annual Report and requested that the Board approve it for distribution.

RESOLUTION 16-030 By Gaffney, Supported by P. Waterman

Resolved, That the Board authorizes the issuance of the revised 2014 Summary Annual Report

Yeas: 9 – Nays: 0

Re: Brandywine Schedule A

Miss Munson requested that the Board ratify the Chairman’s signature on the revised Brandywine Schedule A.

RESOLUTION 16-031 By Moore, Supported by Gaffney

Resolved, That the Board ratify the Chairman’s signature on the revised Brandywine Schedule A.

Yeas: 9 – Nays: 0

Re: Request for Copies of Two Years of Legal Invoices (Removed)

Trustee Albritton left at 12:53 p.m.

Re: Nyhart Memo Regarding Group Annuity Mortality Table for 2015 Valuation (Moved to March, 2016 Meeting)

Miss Munson reported a letter was received from Nyhart with regard to revising the mortality table for the 2015 valuation. This will likely impact the System’s funding level but it is critical to have accurate numbers.

Re: Cash Receipt Policy Resolution

Miss Munson recommended that the Board approve the Cash Receipt Policy.

RESOLUTION 16-032 By Moore, Supported by Gaffney

Resolved, That the Board's policy concerning the acceptance of cash by staff for any System business is that the practice is prohibited.

Yeas: 8 – Nays: 0

Re: Computer System/Server Update – Server and Virus Software Updates

Miss Munson requested that the Board approve the server and virus software updates recommended by Ark Technologies.

RESOLUTION 16-033 By Gaffney, Supported by Nazarko

Resolved, That the Board ratifies Ark Technologies' provision of the recommended server and virus updates.

Yeas: 8 – Nays: 0

Re: Investment Policy Asset Allocation Correction

Miss Munson requested that the Board approved the revised asset allocation correction in the Investment Policy Statement.

RESOLUTION 16-034 By Moore , Supported by Arndt

Resolved, That the Board approves the correction of the cash target to 0% in the Investment Policy Statement dated August 26, 2015.

Yeas: 8 – Nays: 0

Trustee Nazarko left at 12:56 a.m.

Re: Semi-Annual Rebalancing (Ratify Transfers/Request for First Eagle Withdrawal)

Miss Munson requested that the Board ratify the transfers from investment managers Sawgrass; Kennedy Capital; Victory Capital and WCM and for the withdrawal from investment manager First Eagle to raise cash for benefits and expenses.

Miss Munson explained that the rebalancing had already been completed because cash was needed to cover February 2016 benefit payments and other expenses.

RESOLUTION 16-035 By Gaffney, Supported by Moore

Resolved, That the Board ratify the transfer of \$4,000,000 from Sawgrass Asset Management large cap growth account; \$1,000,000 from Kennedy Capital small cap growth account; \$1,000,000 from Kennedy Capital small cap core account; \$2,000,000 from WCM international equity account; \$2,000,000 from First Eagle international equity account and \$2,000,000 from Victory Capital fixed income account to provide for benefits and operating expenses for the next six months.

Yeas: 7 – Nays: 0

Re: Final Benefits for Former Executive Director

General Employees Retirement System
Regular Meeting
February 24, 2016

Miss Munson asked that the Board approve the final benefit payout to the former Executive Director including health, life and long-term disability benefits through March 31, 2016; the payout of vacation and sick accrued through March 11, 2016 with the final check and distribution of 457 plan assets subsequent to final contribution and upon request.

RESOLUTION 16-036 By P. Waterman, Supported by Bowman

Resolved, That the Board approve payment of the following benefits to the former Executive Director: health, life and long-term disability benefits through March 31, 2016; the payout of vacation and sick accrued through March 11, 2016 with final check and distribution of 457 plan assets subsequent to final contribution and upon request.

Yeas: 6 – Nays: 0
Abs: 1 (Arndt)

Re: Temporary Salary Increase for Staff

The Board was asked to approve the temporary salary increase for the Interim Executive Director to the current pay level for Executive Director effective February 1, 2016

RESOLUTION 16-037 By P. Waterman, Supported by D. Waterman

Resolved, That the Board approve the temporary salary increase for the Interim Executive Director to the current pay level for Executive Director effective February 1, 2016

Yeas: 6 – Nays: 0
Abs: 1 (Arndt)

The Board was asked to approve a temporary increase of 5% of salary for the Executive Assistant effective February 1, 2016

Trustee Gaffney felt that as a Trustee being compensated for attending meetings as provided under PA 492 she could not vote for an increase in Ms. Arndt's salary.

There was discussion regarding Trustees who receive compensation for attending meetings based on Public Act 492 voting to increase their compensation.

Ms. Billings recommended that motion would require six trustees not receiving compensation based on Public Act 492.

Trustee Albritton returned at 1:01 p.m.

Re: Request for Temporary Employee (Accounting Clerk)

Miss Munson requested that the Board approve the hiring of a temporary accounting clerk for up to thirty hours per week beginning February 29, 2016.

RESOLUTION 16-038 By P. Waterman, Supported by D. Waterman

Resolved, That the Board authorizes the hiring of a temporary accounting clerk by the Retirement Office for up to thirty hours per week beginning February 29, 2016

Yeas: 7 – Nays: 0
Abs: 1 (Arndt)

Legal Report

Political Contribution Disclosure Statement/Fee Disclosure Statements

Ms. Billings referred to the disclosure statements in her legal report and told the Board that the System's investment managers and vendors are required to provide the disclosure statements annually.

Nyhart Agreement

Ms. Billings reported that Nyhart has accepted her requested changes to the Actuarial Valuation Contract. The contract is for a one-year term which will terminate effective December 31, 2016.

Attucks Correspondence (Moved to Closed Session)

House Bill No. 5260

Ms. Billings reported this Bill would repeal the Emergency Manager Law.

House Bill No. 5253

Ms. Billings reported this Bill would modify the Emergency Manager Law to allow for the removal of an emergency manager by a two-thirds vote of the local governmental body after the emergency manager has served for a period of eighteen months.

Portfolio Monitoring Reports

Ms. Billings reported this is for the Trustees' information.

- Motley Rice 4th Quarter 2015
- Robbins Geller January 2016

The Board reserves the right to enter into closed session to review matters in accordance with Michigan Public Act 267 of 1976 Open Meetings Act).

RESOLUTION 16-039 By Gaffney, Supported by P. Waterman

Resolved, That the Board ratify the Chairman's signature and the \$85.00 filing fee for Form 8802

Yeas: 8 – Nays: 0

RESOLUTION 16-040 By Gaffney, Supported by P. Waterman

Resolved, That the Board approve the request to review and the expenditure to electronically obtain staff email for 2015 and 2016.

Yeas: 8 – Nays: 0

RESOLUTION 16-041 By Gaffney, Supported by P. Waterman
Resolved, That the Board move to closed session to review pending litigation

Roll Call:

Trustee Albritton – yea	Chairman Giddings – yea
Trustee Arndt – yea	Trustee Moore - yea
Trustee Bowman - yea	Trustee Deirdre Waterman - yea
Trustee Gaffney - yea	Trustee Patrice Waterman - yea

*The Board moved to closed session at 1:12 p.m.
The Board returned from closed session at 1:36 p.m.*

RESOLUTION 16-042 By Moore, Supported by Gaffney
Resolved, That the Board approve the closed session minutes for December 2, 2015 and January 27, 2016.

Yeas: 8 – Nays: 0

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, March 30, 2016 @ 10:00 a.m. – Retirement Office

RESOLUTION 16-043 By Gaffney, Supported by Moore
Resolved, That the meeting of the Board of Trustees of the City of Pontiac General Employees' Retirement System be adjourned at 1:38 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 February 24, 2016

As recorded by Jane Arndt