

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
January 31, 2018**

A meeting of the Board of Trustees was held on Wednesday, January 31, 2018 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 10:06 a.m.

TRUSTEES PRESENT

Sheldon Albritton
Jane Arndt
Koné Bowman (*via telephone*)
Janice Gaffney
Robert Giddings
Walter Moore, Chairman
Nevrus Nazarko, Secretary
Billie Swazer
Deirdre Waterman, Mayor (*arrived. @ 10:17 a.m.*)
Patrice Waterman, City Council
Kevin Williams, Vice-Chair

OTHERS PRESENT

Cynthia Billings-Dunn, Sullivan Ward
David Lee, Dahab Associates
Deborah Munson, Executive Director
Phillip Moore, Finance Officer
Arthur Brown, City Retiree (*arrvd. @10:30 a.m.*)
Mary Brower, Hospital Retiree
Kathi McNally, Hospital Retiree
Stacia Watkins, Deferred Retiree
Linda Watson, City Retiree

Chairman Moore opened the meeting at 10:06 a.m.

PUBLIC COMMENT

Deferred retiree, Stacia Watkins asked a question regarding the healthcare waiver and the early pension benefits for the sixty-seven members.

Chairman Moore responded that the Retirement Board takes their direction from the City Council and that the Board will continue to operate based on the Ordinance as amended.

AGENDA CHANGES

APPROVAL OF CONSENT AGENDA

- A. Approval of the Minutes of the Regular Board Meeting held November 29, 2017
- B. Approval of the Minutes of the Special Board Meeting held December 18, 2017
- C. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date: December 12, 2017

TOTAL PENSION PAYROLL

\$1,945,470.25

General Employees Retirement System
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Retiree Pay Date: December 12, 2017
TOTAL PENSION PAYROLL **\$1,963,464.47**

Staff PPE Pay Date: January 4 & 18, 2018
TOTAL STAFF PAYROLL **\$ 21,291.67**

D. Communications:

1. FOIA Request from/to The Seattle Times
2. FOIA Request from/to Public Plan IQ
3. Principal Real Estate Q4 2017 Flash Report
4. Invesco Real Estate Q4 2017 Flash Report
5. Correspondence from Northern Trust Re: Relationship Manager
6. PNC Liquidation Trade Report
7. SEC Investor Bulletin Re: Initial Coin Offerings
8. MAPERS One Day Seminar: March 2, 2018 (Troy, Michigan)
9. IFEBP Investments Institute: April 9 – 11, 2018 (Naples, Florida)
10. GFOA Annual Conference: May 6 – 9, 2018 (St. Louis, Missouri)

E. Financial Reports:

1. Accounts Payables – December 2017 & January 2018
2. Dahab Associates Preliminary Report: November & December 2017
3. Attucks Manager of Manager Summary: November & December 2017
4. Statement of Changes: November & December 2017

F. Private Equity Capital Calls & Distributions

- | | |
|--|----------------|
| 1. Invesco Fund V Distribution – September 28, 2017 | \$204,339.00 |
| 2. Mesirow Fund IV Distribution – September 28, 2017 | \$100,000.00 |
| 3. Mesirow Fund IV Distribution – November 30, 2017 | \$148,898.00 |
| 4. Mesirow Fund VI Capital Call – December 12, 2017 | \$150,000.00 |
| 5. Invesco Fund V Distribution – December 28, 2017 | \$181,635.00 |
| 6. Mesirow Fund IV Distribution – December 29, 2017 | \$150,000.00 |
| 7. Intercontinental Capital Call – January 5, 2018 | \$4,120,214.09 |
| 8. Principal Capital Call – January 16, 2018 | \$7,500,000.00 |

G. Retirement Benefits

1. New Retirements

Ret. No.	Member's Name	Amount	Effective
2826	Brady, Rochelle		01/01/2018
2825	Brown, Arthur		01/01/2018
2827	Brown, Worthen		01/01/2018
2828	Jackson, David		01/01/2018
2822	Rodgers, David		01/01/2018
2824	Toney, Helena		01/01/2018
2820	Wilcox, Pamela		01/01/2018

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

2. Terminated Retirements (Deaths)

Ret No.	Member's Name	Date of Death	Benefit Amount
1718	Carpenter, Carolyn	01/05/2018	
2205	Gracey, Belinda	11/27/2017	
1634	Hudolin, Mildred	01/06/2018	
1387	Kuck, Karl	12/18/2017	

3. J&S Continued Retirements

Ret No.	Name	Date of Death	Survivor's Name	Amount

4. Recalculated Retirements

Ret No.	Name	Effective Date	Reason For Change	New Amount
2815	Fagan, Josephine	09/01/2017	Final Benefit	
2822	Rodgers, David	01/01/2018	Final Benefit	

5. Disability Medical Re-Exams/Benefit Continuation

Ret No.	Name	Reason
2457	Hudson, Gary	Periodic Re-examination

6. Refunds of Employee Contributions

Ret No.	Name	Reason	Benefit Amount
818061	Ryan, Dawn	Rollover	

Trustee Swazer noted a typo on page eleven changing the word for to the word from with regard to the 2017 COLA calculation review report. She also noted she voted nay on Resolution 17-144 and asked that the minutes be corrected to reflect the change.

Miss Munson requested that the Board approver her and Phillip Moore's attendance at the MAPERS One-Day Conference on March 2, 2018. She also requested that Trustee Nazarko be approved to attend the GFOA Annual Conference in St. Louis, Missouri from May 6 – 9, 2018.

Trustee Swazer questioned why Trustee Nazarko is allowed to attend the conference since he is not the CFO of the Retirement System.

Trustee Nazarko responded that his is a member of the GFOA and that the conference provides information that is relevant to his position as a Trustee.

Miss Munson confirmed that the System is a member of the GFOA. The number of memberships included in the annual fee is based on the size of the System and ours is only allowed one free membership which is in her name.

Trustee Gaffney believes there is a benefit to Trustee Nazarko attending the conference and she doesn't see a problem with him incidentally picking up information that is beneficial to his job as Finance Director. He should share the information with the rest of the Board.

Trustee Giddings noted that this is the only conference Trustee Nazarko attends.

RESOLUTION 18-001 By Gaffney, Supported by P. Waterman

Resolved, That the Board approves and ratifies the actions in the Consent Agenda for January 31, 2018 as amended.

Yeas: 11 – Nays: 0

CONSULTANT

Re: Dahab Associates

Mr. Lee told the Board that it has been an incredible year with the stock market year providing incredible performance returns. He distributed copies of the December 2017 preliminary performance report. The market value of the Fund was ~\$507M. The returns gross of fees for the month, quarter and year were 0.8%, 4.5%, 16.1%, respectively.

Chairman Moore asked if the consultant has the System's percentile ranking.

Mr. Lee indicated that he does not have the percentile rankings yet. He said that it has been a good performance month; however, the stock market was down on January 29th and 30th. The total Fund value was ~\$515M as of January 29, 2018.

Trustee Bowman asked about legal counsel's opinion with regard to Public Act 314 and the System purchasing a property to relocate the Retirement System Office. He asked the consultant what is their recommendation in light of the opinion. He noted that the opinion did not provide any parameters or guidance and stated that he would like recommendations and would like the record to reflect recommendations.

Chairman Moore explained that the relocation matter is still in committee and that they are exploring a number of options.

Trustee Albritton stated that the legal opinion was requested for informational purposes

Trustee Giddings confirmed that Gray & Company went back and used ten-year performance numbers when reporting the System's performance.

Mr. Lee stated that they calculate the last five years for new clients and then tie in the prior consultant's performance numbers.

Mr. Lee left at 10:37 a.m.

REPORTS

Re: Committees

Relocation Committee

Trustee Albritton reported that at the last meeting the Board requested a legal opinion regarding the relocation of the Retirement Office. He felt that legal counsel should have been at their last meeting.

Ms. Billings-Dunn indicated she did not have a clear understanding that she was to be in attendance at the meeting.

Miss Munson noted that at the last meeting the Board determined not to incur legal costs and Trustee Gaffney concurred.

Trustee Swazer asked what Trustee Albritton should do for the next committee meeting.

Chairman Moore noted that it is sometimes difficult to get a quorum for the relocation committee meetings and that we should resolve those issues before we begin incurring expenses.

Trustee Albritton concurred. He wanted to go on record and say that it is amazing that we penny-pinch on every little thing. The last time that he was in the personnel meeting, we made allocations for additional office help. We have an attorney and he doesn't know her hourly rate. He is not saying that we need to spend money unnecessarily but it seems like we pick and choose where it is ok to spend money. He has never seen where you have an attorney and don't utilize her. He doesn't think that everything should be about dollars and cents. He's not saying we should misappropriate any funds but he thinks we get carried away a lot of times. He believes it is more engaging to have all of the members and the attorney at the meeting.

Trustee Deirdre Waterman indicated that it is the responsibility of the Board to spend System assets wisely. If a Trustee or committee feels that an issue requires the attorney, the Board would not prevent the use of the services of the attorney; however, a lot of the committee meetings do not require an attorney. She continued that she doesn't believe it is penny-pinching to require that a Trustee or committee justify incurring the costs of the attorney. She noted that there are only certain people who are authorized to incur legal fees.

Trustee Giddings indicated that the full Board has to approve legal counsel or opinions.

Chairman Moore concurred with Trustee Albritton and Trustee Deidre Waterman. He stated that – if necessary - the Board should look at putting a procedure in place for when there is a need for legal services by a committee. He noted that with respect to committees incurring expenses he believes that the Board should come up with a policy that all can agree on. He said the Trustees could discuss this further in a committee meeting and that additional policy language could be drafted, if necessary. He noted that the attorney has other clients and could be somewhere other than where she doesn't need to be.

Ms. Billings-Dunn concurred but noted that she will always be available to the Board whenever her presence is requested.

Trustee Bowman indicated that he thought there was already a policy with regard to this issue.

Chairman Moore concurred and noted that is why he felt the need to review the current policy.

Personnel and Administration Committee

Advisor and Consultant Reviews Policy

Miss Munson reported that both committees reviewed the Advisor and Consultant Reviews policy. The information technology administrator has been working for the Retirement System for almost five years and IT is a critical service. The current policy was written prior to the System having its own IT provider. Both committees believe that it is prudent to amend the Advisor and Consultant Reviews policy to include the IT Administrator along with the other major services providers on a regular basis and that we issue an RFP for IT Administrator this year.

Credit Card Issuer

Miss Munson reported that both committees are recommending changing the credit card issuer to Chemical Bank.

Election Rules

Miss Munson reported that both committees have agreed that there should be one set of Election Rules for all elections. The question that was being considered in committee is whether beneficiaries should be excluded from voting. Both committees are recommending the revisions that include allowing everyone in pay status to vote in Trustee elections.

Officer Elections

Miss Munson reported that the Board adopted a policy in 1994 which provides that if the Chairman or Vice-Chairman is reelected or reappointed then the Board would hold new elections for that office. Both committees felt that the policy is outdated and unnecessary and are recommending that the policy be rescinded.

Temporary Employee

Miss Munson reported that both committees approved extending the term for the temporary employee through the end of March 2018.

UnitedHealthcare Insurance

Miss Munson reported that the Chairman and the Chair of the Personnel and Administration Committee approved the renewal of the staff health insurance for 2018. The information was emailed to the Board in December.

Memberships

Miss Munson indicated that the committees are recommending for approval the memberships in the GFOA and MGFOA for Finance Office Phillip Moore.

iPad Cover Purchase Request

Miss Munson noted that she is requesting approval to purchase the keyboard cover to the old iPad that she purchased.

Northern Trust

Miss Munson referenced the announcement in the Consent Agenda regarding the new relationship manager at Northern Trust.

M&K Market Update

Miss Munson reported that the M&K Market issue will be discussed during the legal report.

GrayCo/Consequent Capital Update

Miss Munson reported that the Consequent Capital update will be discussed during the legal report.

Securities Lending Settlement

Miss Munson reported that the System received a check for ~\$6K representing its' share of the settlement of the Northern Trust Securities Lending litigation.

Trustee Giddings confirmed that the total settlement was \$4.2 million. He recalled there being a prior settlement amount higher than this one.

Miss Munson responded that a potential settlement of \$75M was presented to the Board a couple of years ago and the Board directed the attorneys in the case to settle.

Ms. Billings-Dunn stated that she did not remember that at all and that she would need to go back and look.

Miss Munson told the Board she would provide them with the information.

Re: Finance Committee

Emerging Manager Policy

Miss Munson told the Board that there were no changes to the Emerging Manager Policy. The committee is recommending the policy for approval.

Trustee Patrice Waterman questioned the System's GFOA membership and asked whether the membership in Miss Munson's name or is transferred to Mr. Moore.

Miss Munson responded that she and Mr. Moore would have separate memberships.

Trustee Swazer asked whether another membership is required for Trustee Nazarko.

Miss Munson noted that his membership in GFOA is through the City.

Albany Molecular Research, Inc. Litigation

Miss Munson stated that after the last meeting she signed documents related to Albany Molecular. The plaintiff has dismissed the litigation so there is no need for the Board to ratify her signature.

Worker's Compensation Insurance

Miss Munson reported that the System received the invoice for the renewal for the Workers' Compensation insurance through The Hartford. She noted that there will probably be a slight adjustment up in the premium due to the new employees.

EXECUTIVE DIRECTOR

Miss Munson congratulated Trustee Patrice Waterman on her reappointment to the Board by the City Council.

She also congratulated Trustee Deirdre Waterman for being named one of the Newsmakers of the Year for 2017 by Crain's Detroit.

IRS Mileage Rate 2018

Miss Munson referenced the announcement in the agenda regarding the 2018 IRS mileage rate.

Training/Conference Calendar

Miss Munson referenced the conference calendar handout and noted that it would be updated every month.

Administrative Law Judges

Miss Munson referred to an article regarding the appointments SEC administrative law judges. She noted that the prior consultant had brought a similar suit against the SEC and that this matter is back before the Supreme Court.

SEC Diversity Policies

Miss Munson referenced the email regarding the SEC's request to regulated advisors that they voluntarily submit a self-assessment of their diversity policy and practices.

Trustee Handbooks

The Trustee Handbooks have been updated and returned to Trustees. Included in the handouts is a copy of PA 314 because it was updated on January 8, 2018 to include legislation passed in December.

Retirement Staff W-2's

Miss Munson reported that the W-2's were provided to the Retirement Staff on January 16, 2018.

Retiree 1099R's

Miss Munson reported that the 1099R's were mailed to the retirees on January 22, 2018.

1099-M's

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Miss Munson reported that the 1099M's were filed on January 26, 2018.

Trustee Giddings asked if it is possible to get the social security numbers truncated on the 1099R's.

Miss Munson responded that the payroll company has indicated they cannot truncate the numbers.

Scanned Minutes

Miss Munson reported that the minutes from 1946 through 2000 have been scanned and the hard copies have been sent to the warehouse.

Deferred Member Early Retirement Update

Miss Munson reported that all of the eligible deferred members submitted their Notices of Intent by the deadline. Approximately 20 estimates have been mailed and four of these members were added to payroll in January 2018. The goal is to have everyone added to the payroll by the end of March.

Trustee Gaffney added that members are being scheduled for their retirement appointments in the order they submitted their Notice of Intent.

Disability Procedures Report – No Report

Asset Transition Update

Miss Munson reported that \$7.5 million additional allocation to Invesco Real Estate is expected to be called at the end of Q1 2018.

The Principal Real Estate \$7.5M additional allocation was called on January 16, 2018 and funded with a partial liquidation of WCM.

Intercontinental called the remaining \$4.12M on January 5, 2018 which was funded by a partial liquidation of Brandywine.

The PNC account was fully liquidated in December 2017 and the proceeds were transferred to the cash account and used to pay for benefits and expenses.

Manager Review Meeting

Miss Munson told the Board that the agenda for the March 2018 manager review was sent to the investment managers.

Manager Acceptance Form

Miss Munson reported that the revised IPS has been sent to the investment managers and the Manager Acceptance forms are due February 2, 2018.

First Eagle Signature Authority

Miss Munson reported that there is a resolution in the agenda which requests Board approval of adding the Chair and herself as authorized signers for the First Eagle account. Currently Trustee Nazarko is the only one who is authorized to effect transactions.

2018 Production Calendar

Miss Munson reported that the 2018 Production Calendar has been added to the back of the agenda books.

Ratify Action Taken at Special Meeting

Miss Munson stated that the Board will need to ratify the action taken at the special meeting approving Trustee Arndt's request to attend the IFEBP Conference.

Miss Munson concluded her report.

Trustee Deirdre Waterman told the Board that last Thursday the City Council passed the resolution approving the healthcare waiver for the sixty-seven retirees that was not originally passed. She explained that she vetoed the original early retirement resolution due to the potential vulnerability and liability of the City. She questioned whether staff had required the four members who began collecting their pension to sign the wavier.

Miss Munson responded the Retirement System is not responsible for the wavier. The System is working from the December Council Ordinance which granted the early retirement benefit.

Trustee Deidre Waterman confirmed that it is Miss Munson's understanding the City is responsible for administering the waiver.

Chairman Moore concurred and added that the waiver relates to healthcare which is not the responsibility of the System.

Trustee Gaffney reminded the Board to be conscientious about responding to all Trustees when by email. She said that it has been a while since the Board was reminded of the provisions of the Open Meetings Act.

Trustee Deirdre Waterman stated that she just wanted everything to be clear. What the Council's action did was to create a special class for the sixty-seven which is not related to the collective bargaining agreements. Others could potentially come forward and ask for special status. She wanted to provide a better perspective with regard to this issue and keep the other issue with the Federal government separate and to stay on track. She will forward the City's pension attorney's opinion when it is available.

There was additional discussion regarding the administration of the healthcare waiver.

Ms. Billings-Dunn asked if she is providing an opinion after the City attorney's opinion.

Chairman Moore stated that the Board will consult legal counsel if needed.

Trustee Nazarko mentioned that another member who was not included in the supplemental analysis has come forward requesting to participate in the early retirement benefit.

Re: Chairman

Trustee Gaffney confirmed that rescinding the Chairman/Vice-Chairman Reappointment or Reelection policy will not affect the requirement in the Ordinance that elections for these offices are held annually.

RESOLUTION 18-002 By P. Waterman, Supported by Albritton
Resolved, That the Board hereby rescinds the Chairman/Vice-Chairman Re-Election Policy.

Yeas: 11 – Nays: 0

UNFINISHED BUSINESS

Re: Resolution to Approve Trustee Election Rules Revisions

Miss Munson reported that there were no changes to the Trustee Election Rules revisions since they were presented in November. The only change was in the last sentence of the second paragraph which defines the word ‘retiree’ for the purpose of the Election Rules.

RESOLUTION 18-003 By Gaffney, Supported by Swazer
Resolved, That the Board approves the revisions to the System’s Trustee Election Rules

Yeas: 11 – Nays: 0

Re: Resolution to Ratify Action Taken At Special Meeting

RESOLUTION 18-004 By Giddings, Supported by P. Waterman
Resolved, That the Board ratifies the action taken at the special meeting in Resolution #17-155 approving Trustee Arndt’s request to attend the IFEBP Investment Institute in Naples, FL from April 9 – 11, 2018.

Yeas: 11 – Nays: 0

Vacation Payout Request

Trustee Giddings questioned whether the Executive Director’s vacation payout required Board approval.

Miss Munson indicated that only the Chair’s signature is required according to the System’s policy. She also noted that the request was submitted to both sub-committees.

NEW BUSINESS

Re: Resolution to Approve Worker’s Compensation Insurance Renewal

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Miss Munson requested that the Board approve the worker's compensation insurance renewal.

RESOLUTION 18-005 By Gaffney, Supported by Swazer

Resolved, That the Board approves to renew the Workers' Compensation insurance policy offered through The Hartford for the period February 1, 2018 – February 1, 2019 at the annual rate of approximately \$600.00.

Yeas: 11 – Nays: 0

Re: Resolution to Ratify Chairman's Signature on Invesco Real Estate Subscription

RESOLUTION 18-006 By Williams, Supported by Swazer

Resolved, That the Board approves Chairman Moore's signature on the subscription agreement for the additional \$7.5 million allocation to Invesco Real Estate.

Yeas: 11 – Nays: 0

Re: Resolution to Receive and File Supplemental Analysis Regarding the Re-opening of the Defined Benefit Plan

Miss Munson noted that the supplemental analysis had been sent to the Board in December. At this point it is just a report and no action has been taken by the City related to it.

Trustee Patrice Waterman asked why the cost study was requested and when the City plans to bring the cost study to the City Council.

Trustee Nazarko indicated that the issue regarding re-opening the Defined Benefit Plan has been discussed in the Council finance sub-committee. The City has a difficult time finding and retaining qualified employees. Some of that is due to the level of benefits the City offers. He believes that this benefit would be beneficial in attracting quality employees to the City.

Chairman Moore stated that he wants to make sure that the process was followed based on the policy. Anyone has the right to request a cost study, but they have to make the request to the Board. The Executive Director will forward the request to the actuary and the completed cost study will be forwarded to the Board and the requesting party. The process was not properly followed but everyone was notified.

Trustee Gaffney expressed her concern about re-opening the Plan with respect to the System's IRC qualification.

Trustee Patrice Waterman requested clarification of the System's attorney's recommendation regarding the supplemental analysis for MAPE.

Trustee Bowman asked how many employees were included in the supplemental analysis to re-open the System.

Miss Munson stated that it includes twenty-five current employees as well as future employees.

Miss Munson explained that the MAPE CBA covers most District Court employees. The most recent CBA negotiated in 2016 lowers the retirement multiplier for any employees hired after July 1, 2016 from 2% to 1.5%. Public Act 314 requires that a supplemental analysis be performed when there is a change in the retirement benefit regardless of whether it is an increase or a decrease. The analysis must then be presented to this Board and the Council at least 7 days prior to implementation. The City did not obtain the supplemental analysis until 2017 and the System's attorney advised that the Council re-approve the pension section of the CBA.

Trustee Deidre Waterman indicated that the City disagrees with the opinion of the System's attorney.

Trustee Albritton left at 11:46 a.m.

RESOLUTION 18-007 By Gaffney, Supported by Nazarko

Resolved, That the Board approves to receive and file the supplemental actuarial analysis dated January 17, 2018.

Yeas: 10 – Nays: 0

Re: Resolution to Approve iPad Cover Purchase

Miss Munson requested that the Board approve her request to purchase her iPad cover.

Trustee Albritton returned at 11:49 a.m.

RESOLUTION 18-008 By Gaffney, Supported by P. Waterman

Resolved, That the Board approves the purchase by the Executive Director of the iPad keyboard cover.

Yeas: 11 – Nays: 0

Re: Resolution to Correct May 2017 Minutes

Miss Munson requested that the Board approve the corrections to the May 2017 minutes as noted.

Trustee Giddings asked that the vote tally on page nine be confirmed to determine whether it goes with Resolution 17-071.

RESOLUTION 18-009 By Gaffney, Supported by Swazer

Resolved, That the Board approves the corrections to the May 2017 minutes as noted.

Yeas: 11 – Nays: 0

Re: Resolution to Approve New Credit Card Issuer

Miss Munson requested that the Board approve the request for the new credit card issuer.

RESOLUTION 18-010 By P. Waterman, Supported by Swazer

Resolved, That the Board approves to obtain Trustee credit cards from Chemical Bank, and, General Employees Retirement System

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Resolved, That the Board authorizes the Executive Director to execute all documents required to obtain new and cancel old Trustee credit cards.

Yeas: 11 – Nays: 0

Trustee Bowman left at 11:51 a.m.

Re: Resolution to Approve Finance Officer Membership Fees

RESOLUTION 18-011 By Gaffney, Supported by D. Waterman

Resolved, That the Board approves the payment of the following membership fees for the Finance Officer: GFOA - \$150.00; MGFOA - \$120.00.

Yeas: 10 – Nays: 0

Re: Resolution to Correct Cost of Trustee Tablets

Miss Munson requested that the Board approve a resolution to correct the cost of the tablets purchased for the Board and staff.

RESOLUTION 18-012 By Gaffney, Supported by Albritton

Resolved, That the Board approves the purchase of Trustee and staff tablets as recommended by Ark Technologies at a cost of \$7,275.22.

Yeas: 10 – Nays: 0

Trustee Bowman returned at 11:54 a.m.

Re: Resolution to Receive and File Notice Regarding CPREA Settlement

RESOLUTION 18-013 By Gaffney, Supported by Swazer

Resolved, That the Board approves to receive and file the notice from Racine & Associates regarding the CPREA proposed settlement.

Yeas: 11 – Nays: 0

Re: Resolution to Approve United Healthcare Insurance Renewal

RESOLUTION 18-014 By P. Waterman, Supported by Williams

Resolved, That the Board approves the election of the Option B Health Plan through United Healthcare beginning February 1, 2018.

Yeas: 11 – Nays: 0

Re: Resolution to Approve Wall Street Journal Subscription Renewal

Miss Munson requested that the Board approve the subscription renewal to the Wall Street Journal. She explained that the System had a subscription but the cost had gone up progressively each year to the point that she cancelled the subscription. The annual price of \$194.00 is very reasonable.

Trustee Patrice Waterman questioned whether the subscription price will jump back up.

Miss Munson responded that the price will increase annually but she will notify the Board and she will cancel the subscription if it becomes unreasonable again.

Trustee Bowman asked about process of procuring insurance.

Chairman Moore noted that this is a subject in front of the committees.

RESOLUTION 18-015 By Swazer, Supported by Gaffney

Resolved, That the Board approves the renewal of the subscription to the Wall Street Journal.

Yeas: 11 – Nays: 0

Re: Resolution to Approve Signature Authority with First Eagle

Chairman Moore explained the signature authority.

Trustee Nazarko felt that a dual signature should be required on the account.

Trustee Giddings stated that the Board still has to approve and ratify the signature.

Trustee Gaffney agreed that a two signature process is good practice in general.

Vice-Chair Williams asked what First Eagle requires noting that all transactions are approved by the Board. Vice-Chair Williams indicated that the Board could make that a requirement but the manager may not accept a dual signature.

Miss Munson suggested adding language to the signature document indicating that all transactions require two signatures and the Trustees concurred.

RESOLUTION 18-016 By Gaffney, Supported by Bowman

Resolved, That the Board approves the First Eagle signature authority letter authorizing the Chair, Secretary and Executive Director to execute documents requiring two signatures on behalf of the Retirement System.

Yeas: 10 – Nays: 1 (Trustee Swazer)

Trustee Bowman left at 12:15 p.m.

Re: Resolution to Amend the Advisor and Consultant Reviews Policy

RESOLUTION 18-017 By Gaffney, Supported by Swazer

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Resolved, That the Board hereby amends the Advisor and Consultant Reviews Policy to include the IT Administrator.

Yeas: 10 – Nays: 0

Re: Resolution to Issue an RFP for IT Administrator

Trustee Nazarko asked if the City’s IT Administrator could submit an RFP if it makes sense in order to save money.

Trustee Gaffney indicated that anyone can submit a proposal and cited out an example of Local 2002 submitting an RFP on a City project.

RESOLUTION 18-018 By Gaffney, Supported by Swazer

Whereas, the Board is vested with the general administration, management and operation of the System, and,

Whereas, the Board retains professionals to assist in the administration of the System and has a policy by which it engages in a systematic review of these professionals, and,

Whereas, the IT Administrator has been engaged for a sufficient period of time as to warrant review, now, therefore be it

Resolved, that the Board hereby approves the issuance of an RFP for IT Administrator as recommended by the Finance and Personnel and Administration Committees.

Yeas: 10 – Nays: 0

Re: Emerging Manager Program Policy

There was discussion that some Trustees require more time to review the policy before approval. It was determined that the Board would table the approval to the next meeting.

RESOLUTION 18-019 By Gaffney, Supported by Albritton

Resolved, That the Board approves to table the Emerging Manager Program Policy.

Yeas: 10 – Nays: 0

Re: Legal Report

Request to Withdrawal from GrayCo Alternative Partners I, LLP/Consequent Multi-Strategy Alternatives Fund I, LLP

Ms. Billings-Dunn referred to the letter she sent to Consequent Capital on December 20, 2017. She has received no response to her letter to date.

Trustee Albritton asked when the System can get out of the investment.

Miss Munson explained that according that Limited Partnership Agreement which allows the General Partner to extend the agreement for as long as they want by justifying that they are maximizing the value of the assets and not selling off the assets in a fire sale.

Ms. Billings-Dunn indicated that Consequent still has to be held to a fiduciary standard.

Trustee Albritton questioned whether the manager can keep the System's money forever.

Miss Munson stated that all the other private equity investments agreements have a specified wind-down period: Consequent's agreement does not.

Trustee Albritton confirmed that the Consequent investment is the only one that is open-ended.

Chairman Moore asked when the System entered into the investment.

Miss Munson responded that they entered into the investment in March 2012.

Ms. Billings-Dunn explained the alternative investments and the LPA's indicating that the assets are tied up for an average of ten years.

Miss Munson told the Board that she would provide the specific pages from all the private equity LPA's with regard to the length of the investment and wind down periods.

Chairman Moore asked if there are other options the Board has with regard to the Consequent investment.

The Board directed the attorney to provide an opinion of what other options over and above what has been previously done with regard to withdrawing the System's assets from Consequent Capital.

RESOLUTION 18-020 By Swazer, Supported by P. Waterman

Resolved, That the Board directs legal counsel to provide an opinion of what further could be done with respect to GrayCo Alternatives.

Yeas: 10 – Nays: 0

Trustee Deirdre Waterman requested a history of the GrayCo Alternatives valuations since inception.

IRS 2018 Standard Mileage Rate

Ms. Billings-Dunn reported that the IRS standard mileage rate went from \$.535 to \$.545 for 2018.

Senate Bill 686 – Protecting Local Government Retirement and Benefits Act

Ms. Billings-Dunn explained Senate Bill 686 as it was codified under PA 202.

The bill applies to both pension as well as retiree healthcare benefits.

The bill would require the normal cost of retirement health benefits to be funded for all employees hired after June 30, 2018 in addition to retiree healthcare premiums.

Local units would be required to file an annual report electronically to the State and the local unit's governing body. The City would use their GASB statements for reporting purposes. The State is trying to determine the underfunded status of retiree pension and healthcare plans.

Other requirements include an actuarial experience study every five years and every eight years a peer actuarial audit. There are also requirements that indicate a system would have to replace their actuary every eight years. It was not determined if this only applied to healthcare. At this point more clarification is needed. She noted that Public Act 314 governs the System.

Chairman Moore asked if there is anything the Board should do.

Ms. Billings-Dunn stated the required reporting is the City's responsibility.

Public Act 314 Legal Requirements Concerning the Relocation of the Retirement System Offices

Ms. Billings provided an overview of her legal opinion regarding the System's relocation of the Retirement Office.

There are two sections of Public Act 314 that are relevant to this issue, Section 13(5) and Section 19.

Section 13(5) states that "...an investment fiduciary may use a portion of the System's income to defray costs of investing, managing and protecting the assets of the System; may retain investment and all other goods and services necessary for the conduct of the affairs of the System..." Section 19 governs real estate investments and limits them to 10% of the assets of the System.

Miss Munson stated that when the committee considers a budget for the relocation, it will need to determine whether the investment will defray future costs or if the System would be spending more.

Ms. Billings-Dunn indicated that the Board would have to qualify if they are looking to solely house the Retirement Office or include space to lease to other tenants to generate income and that it is done in a prudent, cost-effective manner relative to other leasing options available to the System. Her conclusion is that it may be wise to comply with both Sections 13 and 19 of PA 314 and that this recommendations should not have a negative impact on the System.

Trustee Gaffney repeated emphatically that the investment must be in the best interest of the System and its members.

Trustee Albritton indicated that a budget would have to be set.

Trustee Deirdre Waterman stated that the legal opinion does help to determine what the Board can do including the part about looking at a building for an investment. It would also have to satisfy the requirements of the IPS and be a good fit for the System.

She would like the committee to define the criteria and methodology for the search and share with the Board.

Trustee Albritton indicated that the committee needs to know how much space the Board thinks is required.

Portfolio Monitoring Reports

- Robbins Geller November and December 2017
- MotleyRice Fourth Quarter 2017

Ms. Billings-Dunn reported that this is for the Trustee’s information.

RESOLUTION 18-021 By Gaffney, Supported by Albritton
Resolved, That the Board move to closed session to discuss pending litigation.

Roll Call:

Albritton – Yea	Nazarko – Yea
Arndt – Yea	Swazer – Yea
Gaffney – Yea	D. Waterman – Yea
Giddings – Yea	P. Waterman – Yea
Moore – Yea	Williams - Yea

The Board moved to closed session at 1:03 p.m.
The Board returned from closed session at 1:08 p.m.

SCHEDULING OF NEXT MEETING

Regular Meeting: Wednesday, February 28, 2017 @ 10:00 a.m. – Retirement Office

RESOLUTION 18-022 By Nazarko, Supported by Williams
Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees’ Retirement System be adjourned at 1:11 p.m.

Yeas: 10 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the General

Employees Retirement System held on January
31, 2018

As recorded by Jane Arndt