

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
February 28, 2018**

A meeting of the Board of Trustees was held on Wednesday, February 28, 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
Janice Gaffney
Robert Giddings
Walter Moore, Chairman (by telephone)
Nevrus Nazarko, Secretary
Billie Swazer
Deirdre Waterman, Mayor (*arrived. @ 10:13 a.m.*)
Kevin Williams, Vice-Chair

OTHERS PRESENT

Cynthia Billings-Dunn, Sullivan Ward
David Lee, Dahab Associates
Deborah Munson, Executive Director
Phillip Moore, Finance Officer
Phil Brown, Videographer
Twila Setla, Hospital Retiree
Stacia Watkins, Deferred Retiree
Linda Watson, City Retiree

TRUSTEES ABSENT

Patrice Waterman, City Council (*excused*)

Vice-Chair Williams opened the meeting at 10:06 a.m.

PUBLIC COMMENT - None

AGENDA CHANGES

Miss Munson noted that there is a resolution under Unfinished Business to correct the January 2018 meeting minutes. That resolution is unnecessary because those minutes have not been approved and the correction to the Healthcare Option can be corrected as part of the Consent Agenda. She also noted the correction to page 14 of the January minutes that is included in the Trustee handouts.

Miss Munson referenced the two notices in the handouts from Invesco. The first notice would amend the Invesco Fund V Limited Partnership Agreement deeming new Approved Executives of the Partnership following the announcement of the retirement of Phil Shaw the Chairman of the Investment Committee. The second notice requested that the Board approve the Invesco Real Estate US Ratification of Advisory Committee Members. The Chairman's signature will need to be ratified for both documents.

APPROVAL OF CONSENT AGENDA

General Employees Retirement System
Regular Meeting
February 28, 2018

A. Approval of the Minutes of the Regular Board Meeting held January 31, 2018

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date: February 28, 2018

TOTAL PENSION PAYROLL

\$2,013,676.94

Staff PPE Pay Date: February 1 & 15, 2018

TOTAL STAFF PAYROLL

\$ 21,291.67

D. Communications:

1. FOIA Request from/to Keon Walker
2. Attucks/Piedmont Correspondence Re: Soft Dollar Rebate
3. Attucks/Seizert Correspondence Re: Gerald Seizert
4. Sawgrass Asset Management Correspondence Re: Third Party Manager
5. Kennedy Capital Correspondence Re: Staff Changes
6. Northern Trust Correspondence Re: Permanent Relationship Manager
7. Plan Sponsor National Conference: June 13-15, 2018 (Washington, D.C.)

E. Financial Reports:

1. Accounts Payables – February 2018
2. Dahab Associates Preliminary Report: January 2018
3. Attucks Manager of Manager Summary: January 2018
4. Statement of Changes: January 2018
5. Unaudited Financial Statements & Budget Update

F. Private Equity Capital Calls & Distributions

G. Retirement Benefits

1. New Retirements

Ret. No.	Member's Name	Amount	Effective
2829	Luster, Dwayne		01/01/2018
2830	Sumner, Stephanie		01/01/2018
2831	White, Johnny		01/01/2018
2832	Smith, Danotiss		01/01/2018
2833	Geeter, Sammie		01/01/2018
2834	Baugh, Ralph		01/01/2018
2835	Watkins, Stacia		01/01/2018
2836	Miller, Gloria		01/01/2018
2837	Smothers, James		01/01/2018
2839	Ledwell, Billy		01/01/2018
2840	Lucio, Jesus		01/01/2018
2841	Allison, William		01/01/2018
2842	Thompson, Jerlisa		01/01/2018

2843	Thomas, Anthony		01/01/2018
2844	McNeary, Michelle		01/01/2018
2845	Kilburn, Tracy		01/01/2018
2847	Adams, Donice		01/01/2018
2848	Fugate, Gary		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
1297	Haynes, Eula	01/26/2018	
1282	Seibert, Rose	01/03/2018	

3. J&S Continued Retirements

Ret No.	Name	Date of Death	Survivor's Name	Amount
1197	Gell, James	02/02/2018	Gell, Sallie	

4. Recalculated Retirements

Ret No.	Name	Effective Date	Reason For Change	New Amount
2306	Mitchell, Arthur	02/01/2018	DRO #2	
612306	Mitchell, Nilda	02/01/2018	Alternate Payee	
1200	Bridges, Russell	03/01/2018	Pop-Up	

5. Disability Medical Re-Exams/Benefit Continuation

Ret No.	Name	Reason

6. Refunds of Employee Contributions

Ret No.	Name	Reason	Benefit Amount

Trustee Swazer asked if the check issued to Cedella Reed under Accounts Payables is for a temporary employee in the Retirement Office.

Miss Munson explained that Ms. Reed is a retiree whose recent benefit statements were being returned to the Retirement Office due to an incorrect address. Her pension benefit check was suspended. Ms. Reed came into the Office and completed an Affidavit and a manual check was issued to her.

RESOLUTION 18-023 By Gaffney, Supported by Bowman

Resolved, That the Board approves and ratifies the actions in the Consent Agenda for February 28, 2018 as amended.

Yeas: 9 – Nays: 0

CONSULTANT

General Employees Retirement System
 Regular Meeting
 February 28, 2018

Re: Dahab Associates

Periodic Rebalancing

Mr. Roth reported that Dahab is recommending taking \$6 million from large cap manager Sawgrass Asset Management to pay for benefits and operating expenses. Large cap stocks is one of the areas where the System is heavily over-allocated and the System has only two large cap managers – Sawgrass and Attucks. Cash was raised in the previous round by liquidating the PNC account which was one of the managers under Attucks.

Chairman Moore asked about the rebalancing process and the transferring of assets.

Miss Munson stated that the manager is notified once the Board has approved the rebalancing recommended by the consultant. All of the current managers have been through the process before and are familiar with it. Trading is generally T-2 but she normally gives the manager a week or two to raise the cash.

Chairman Moore confirmed that Miss Munson waits until transfers are approved by the Board before contacting the managers.

Target Asset Allocation: Emerging Markets/International Equity

Mr. Roth referred the Trustees to the handout regarding International Equity and Emerging Markets. He explained that the System is currently invested in First Eagle's Global Value fund. The System's new asset allocation no longer includes an allocation to global equities. The target allocation contains 5% allocations to both international and emerging markets equity. He and Mr. Lee explained the difference between global and international equities.

Trustee Giddings noted that First Eagle's Global Value fund can invest in the same stocks as the System's large and mid-cap managers.

Mr. Roth confirmed that Dahab is recommending that the System transfer the assets in the First Eagle Global fund to the First Eagle International fund to bring the allocation in line with the target. He also noted that the fees and performance are similar to the Global fund.

Trustee Gaffney noted that she would question why we were not considering a new manager altogether if the performance wasn't similar.

Mr. Roth indicated that First Eagle's style is an attractive complement to the System's more aggressive international manager – WCM. WCM is a more focused, more growth oriented manager.

Trustee Deirdre Waterman arrived at 10:13 a.m.

Mr. Roth continued that the System still does not have an allocation to the emerging markets. He explained that the emerging markets are in countries that are lower on the economic development scale and include countries such as Russia, China, Brazil and India. Generally speaking, emerging

markets are going to have better returns than developed countries because they are growing and they are growing faster. The con is there is a little more volatility which is why they are only recommending a 5% allocation. Over the long term, that volatility should smooth out and he expects a return enhancement relative to developed countries.

Chairman Moore asked what causes the volatility in these markets.

Mr. Roth responded that these are smaller countries, they are less liquid and are more prone to fits and starts in their economies – including from politics, natural disasters, etc...

Mr. Lee added that emerging market countries have less debt than their industrial peers. So - on a valuation basis – emerging markets look very attractive.

There was additional discussion.

Mr. Roth reviewed their recommendation. The first recommendation is to transfer the First Eagle Global assets to the First Eagle International fund. Approximately \$25.3 million or 5% of the portfolio would be allocated to emerging markets and would be funded using assets from both international managers – First Eagle and WCM. This would bring the System in line with the target asset allocation. Dahab will post a public search looking for passive, active and emerging managers to handle the emerging markets mandate.

WCM Investment Management Request Re: IPS Limit

Miss Munson explained WCM is requesting permission to exceed one of the limits in the Investment Policy Statement. The IPS limits investment in any one company to not more than 5% of the portfolio. WCM has been managing the portfolio since inception with an exception to this limit – they are allowed to invest up to 10% in one company. She noted that it is important that the Board acknowledge the practice and approve to continue it. PA 314 prohibits retirement systems from investing more than 5% of the system's assets in the stock of any one corporation. This exception does not run afoul of PA 314.

Mr. Roth told the Board that WCM pairs well with First Eagle which is a more conservative manager and WCM is more aggressive. WCM has never allocated 10% of the portfolio to any one company and the highest allocation they have had was 6.3%. Generally they are around 5%. Dahab is comfortable with that and WCM had done well managing the portfolio. He would recommend that the Board approve the request from WCM.

Trustee Nazarko indicated that the finance committee did not feel that this was a desirable move because we just approved a revised Investment Policy Statement. The committee feels that instead of approving WCM's request the Board should amend the IPS.

Mr. Lee stated that they had this discussion with Miss Munson pointing out that some managers have more concentrated portfolios. He believes that it would be better to give exceptions as they come up instead of giving a blanket exception.

Ms. Billings-Dunn suggested amending the IPS to allow for exceptions only with the Board's express written consent.

It was determined that the language in the IPS would be changed noting that no investment manager can invest a single security which exceeds 5% of the portfolio without the Board's express written consent.

RESOLUTION 18-024 By Nazarko, Supported by Gaffney

Resolved, That the Board would revise the language in the Investment Policy Statement for each appropriate asset class to read "Diversification. No individual portfolio shall hold more than 5% of its assets or 1.25 times the index's weight, whichever is greater, in the securities of any single entity without the express written consent of the Board."

Yeas: 10 – Nays: 0

Trustee Giddings recommended changing the wording of the WCM resolution to indicate "their" portfolio versus "the" portfolio.

RESOLUTION 18-025 By D. Waterman, Supported by Gaffney

Resolved, That the Board approves the consultant's recommendation to continue to allow the WCM Investment Management request to invest up to 10% of their portfolio in one company.

Yeas: 10 – Nays: 0

RESOLUTION 18-026 By D. Waterman, Supported by Bowman

Resolved, That the Board approves to move New Business Resolutions B and C up on the agenda.

Yeas: 10 – Nays: 0

Re: Resolution to Approve Issuing RFP for Emerging Markets Manager

RESOLUTION 18-027 By D. Waterman, Supported by Nazarko

Resolved, That the Board approves the issuance by the Consultant of an RFP for passive and active Emerging Markets Investment Managers.

Yeas: 10 – Nays: 0

Re: Resolution to Approve Transfer to First Eagle International Value Fund

RESOLUTION 18-028 By D. Waterman, Supported by Bowman

Resolved, That the Board approves the transfer of the assets currently held in the First Eagle Global Value Fund to the First Eagle International Value Fund and, further,

Resolved, that the Chair, the Secretary and the Executive Director are authorized to sign such documents as are necessary to effectuate this transfer.

Yeas: 10 – Nays: 0

Mr. Roth reminded the Board that the manager review meeting will be held on March 27, 2018. He confirmed that the real estate managers will be invited to attend the September review.

REPORTS

Re: Committees

Miss Munson reported that the Relocation and Personnel and Administration committees did not meet this month.

Finance Committee

Emerging Markets/International Rebalancing

Miss Munson reported that the committee reviewed and recommended the approval of Dahab's recommendations for repositioning the portfolio.

Directed Brokerage

Miss Munson reported that the committee reviewed the list of directed brokerage program firms but decided to revisit the matter in March when more data is available. She noted that the new policy has only been in place approximately three and a half months.

WCM Request

Miss Munson stated that the committee reviewed the consultant's recommendation to approve the request from WCM.

Monthly Reports

Miss Munson reported that the committee reviewed the monthly reports.

Value-Add Real Estate

Miss Munson told the Board that the committee reviewed a presentation on value-add real estate. It is the committee's position that they will continue to look into this and have directed the consultant to recommend a short list of 3 value-add managers and three debt fund managers.

Investment Manager Fees & Rebalancing

Miss Munson reported that the committee is reviewing the investment manager fees in light of the rebalancing of the portfolio to the target allocation.

Legal Opinions Re: Retiree Healthcare Waiver

Miss Munson referenced the information in the agenda and noted that it had been previously emailed to all of the Trustees.

Social Security Offset Actuary Fees

Miss Munson referenced the email from the actuary and noted that the fee to calculate the Social Security Offset Option amounts is \$410.00. She explained that the actuary had previously provided these calculations at no cost

Trustee Swazer asked whether any members chose the social security offset option.

Miss Munson explained that no one in the last 10 years had selected the option and only two current retirees still have it. Miss Munson further explained that under normal conditions, an employee comes in a month or two in advance to discuss their retirement options at which time they are told about the social security offset option. The early retirement members were different. They were informed about this option at the time they came in to sign their retirement paperwork. If they wanted to have the calculations done, it could have delayed by a month when they were set up on the payroll. No one so far has opted to have the calculations done.

Trustee Swazer confirmed that Gabriel, Roeder, Smith will be able to update the software so that this option is included in the member's paperwork.

There was discussion regarding whether the System should pay for the option calculation or it should be the member's responsibility.

Trustee Giddings suggested that if a member requests the actuarial calculations and selects the social security offset option, the System would pay the cost: but, if the member did not select the social security offset option, the member would pay the cost.

Trustee Deirdre Waterman requested a copy of the minutes from the committee meetings.

Trustee Albritton indicated that the Board must first decide whether notes should be taken at the committee meeting.

Trustee Deirdre Waterman indicated that she would submit a written request to the Board that minutes from committee meetings be available.

There was additional discussion regarding the recent retirees as well as the retirement process and age 65 reduction notices.

Miss Munson confirmed that the office will notify members of the upcoming offset this year, the year the member turns 64 in addition to the one that is currently sent at the beginning of the year in which they turn 65.

FOIA Request

Miss Munson reported that the committee reviewed the FOIA request from deferred member Keon Walker.

Temporary Office Position

Miss Munson reported that Mary Ferrara got a full time job and her last day will be March 9, 2018. The Retirement Office will not require replacing the temporary employee. She noted that she would like to get all of the early retirees added to payroll and make preparations for the annual audit. After that, the next big project will be getting the final benefit calculations done which will require Phillip being trained on that process. This will require the records retention project being put on hold. She noted that – with Mary’s assistance – all of the boxes that were in the file room have been scanned and returned to storage. She thanked Mary for her help.

Northern Trust Senior Relationship Manager

Miss Munson reported that Larry Fumarolo had been made the permanent relationship manager.

Board Member Terms

Miss Munson reported that the committees decided that a notice would be sent to the City Council regarding the two citizen appointments instead of a Board resolution. The notice will indicate the two Trustees whose terms will end on March 31, 2018 and remind them that the Ordinance gives them the authority to appoint the citizen Trustees.

Miss Munson stated that Trustees Bowman and Williams’ terms are ending.

Re: Trustees

Trustee Albritton requested approval to attend the IFEBP Washington Legislative Conference being held May 21, 2018 through May 22, 2018 in Washington, D.C.

RESOLUTION 18-029 By Swazer, Supported by Nazarko

Resolved, That the Board approves Trustee Albritton’s attendance at the IFEBP Washington Legislative Conference being held May 21, 2018 through May 22, 2018 in Washington, D.C.

Yeas: 10 – Nays: 0

Chairman Moore also requested that he be able to attend the IFEBP Washington Legislative Conference.

RESOLUTION 18-030 By Albritton, Supported by Gaffney

Resolved, That the Board approves Chairman Moore’s attendance at the IFEBP Washington Legislative Conference being held May 21, 2018 through May 22, 2018 in Washington, D.C.

Yeas: 10 – Nays: 0

Trustee Bowman asked to attend the Trustee Educational Seminar held in conjunction with the NCPERS Conference being held May 12 - 13, 2018 in New York, New York if he is reappointed to the Board. He is not asking to attend the NCPERS Conference.

RESOLUTION 18-031 By Nazarko, Supported by D. Waterman

Resolved, That the Board approves Trustee Bowman's request to attend the NCPERS Trustee Educational Seminar being held May 12, 2018 through May 13, 2018 in New York, New York, pending reappoint to the Board.

Yeas: 10 – Nays: 0

Re: Chairman

EXECUTIVE DIRECTOR

Asset Transition Update

Miss Munson reminded the Board that Invesco will call its \$7.5M additional allocation on April 1, 2018 which will be funded by a partial liquidation of the First Eagle investment.

2017 Valuation

Miss Munson reported that the member data and preliminary financial statements for 2017 were sent to the actuary on February 12, 2018. She noted that the updated finals will also be sent in early April.

Workers' Compensation Audit/Premium Adjustment

Miss Munson reported that due to the annual audit, the 2018 Workers' Compensation premium is being reduced from \$561.00 to \$543.00.

Open Meetings Act Handbook

Miss Munson stated that she provided a copy of the Open Meetings Act Handbook for the Board's convenience.

Manager Notice of Acceptance Forms

Miss Munson reported that the manager acceptance forms were submitted by all the managers. This included the acceptance of the revised IPS and acknowledgement of the managers' fiduciary status.

First Eagle, Invesco and Principal asked to amend the acceptance forms and their amendments were approved by legal counsel.

First Eagle Signature Authority

Miss Munson reported that First Eagle has accepted the Board's request to require two signatures for all transactions.

Supplemental Valuation - \$400.00 Temporary Increase

Miss Munson reminded the Board that the City will need to request a supplemental actuarial analysis to continue the \$400.00 temporary increase beyond August 31, 2018.

Deferred Member Early Retirement Update

Miss Munson reported that all of the members who were originally scheduled to sign their documents in February did have their retirement interviews and were added to the payroll in

February. All the remaining members are scheduled to come into the office to sign their paperwork on or before March 31, 2018. The paperwork has been mailed to the four out-of-state members. She expects that staff will accomplish its goal of having all of the eligible members on the payroll by the end of March.

Legal Opinion from City Re: Healthcare Waiver

Trustee Swazer asked about the authorship of the opinion from the City.

FOIA Request RE: Early Retirements

Trustee Gaffney asked about Keon Walker's FOIA request.

Miss Munson explained that the response to Mr. Walker's FOIA request included every early retirement since March 2013. The FOIA included a request for everyone who received an early retirement.

Trustee Swazer questioned whether someone could retire early without ten years of service credit.

Miss Munson indicated that there were some members who were eligible to retire without having ten years of service credit due to the partial plan termination.

Trustee Swazer confirmed that David Jackson was eligible to retire due to the partial plan termination.

Legal Opinion from City Re: Healthcare Waiver (Continued)

Trustee Deirdre Waterman explained that the letter in question was written by attorney Richard Warren.

A letter was sent from the Mayor's Office regarding the City Council's resolution. The resolution stated that in order to be eligible for the early retirement, the deferred member would need to sign the waiver.

Since the letter went out there have been those members coming in indicated that if they sign the waiver they will not receive the \$400.00 temporary increase. She wanted to state for the record that the rumor is not true. She has always stated since the beginning of her first term that she would always protect the \$400.00 enhanced pension benefit for all retiree but – as Mayor – she is required to follow any resolutions passed by the City Council.

Trustee Albritton asked what the purpose is of the waiver.

Trustee Nazarko stated that the purpose of the waiver is to ensure that one or more of these early retirees does not come back in the future suing for something more than what has been promised which is retiree healthcare at age 60 subject to the CPREA settlement. The deferred members are included in the CPREA settlement. The waiver is to protect the City from future litigation. The City Council passed the resolution by a great majority and it is to protect the City.

Chairman Moore noted that the healthcare waiver is a City issue and there is nothing that the Retirement System can do in the matter.

Trustee Gaffney emphasized that future healthcare benefits for any members are not the purview of this Board.

Trustee Nazarko added that the purpose of the discussion is to dispel any rumors and provide the correct information regarding the healthcare waiver.

There was additional discussion.

UNFINISHED BUSINESS

Re: Resolution to Approve Emerging Manager Program Policy

Miss Munson requested that the Board approve the Emerging Manager Program Policy. She stated that the policy was presented at the January 2018 meeting. The policy provides the framework behind what the System is already doing and doesn't change anything as it is currently. She noted that as the Board continues the rebalancing of the portfolio to the target asset allocation all of the investment managers will need to be reviewed. This policy just documents what the Trustees hope to accomplish with the Emerging Manager Program.

Trustee Albritton asked if the responsibility or roles of the Executive Director or Consultant will change based on the policy. He questioned whether the manager-of-managers would still have autonomy for the emerging manager program.

Miss Munson responded that the roles will not change and noted that the language in the policy describing the roles of the Executive Director and the Consultant mirrors the language include in the Investment Policy Statement. The current manager-of-managers is described in the policy as an 'Other Program Advisor'. The current manager-of-managers' role does not change as a result of the policy.

Trustee Albritton confirmed that the manager-of-managers is still responsible for picking the underlying investment managers and that the policy will not change how they manage the portfolio.

Trustee Bowman stated that there is some misinformation in the community and that many people believe that the Trustees have access to System assets.

Miss Munson stated that the individual Trustees do not have access to System assets. Only the Executive Director the Chair and the Finance Director are authorized to execute transactions or move assets.

Mr. Lee stated that it is the Consultant's responsibility to provide information to the Board. They assist the Board in properly allocating and investing the assets of the Fund. They are part of the investment process and do not push any agendas. They work in concert with the Board as fiduciaries.

Mr. Roth added that all the RFP's for managers are publicly posted.

Trustee Swazer asked if the policy is an attempt to get rid of Attucks.

Miss Munson responded that the Board is committed to providing opportunities for emerging managers and a policy was required in order to have a framework of how the Board operates.

Chairman Moore told the Board that he began asking questions about the System's emerging manager program sometime last summer. He was surprised to find out that the System did not have a written policy or other documentation governing the emerging manager program. He believes very strongly that having written policies and procedures in place will ensure a consistent and transparent environment wherein the Board can operate to the mutual benefit of the members and the service providers.

This policy has been in committee for some time now and he would like to see it move forward.

Miss Munson added that the current manager-of-managers - Attucks Asset Management - was invited to comment and assist in the drafting of the policy.

Chairman Moore noted that there are still be some policy questions that must be addressed by the Board including whether and how the System maintains the program.

Miss Munson reminded the Board that as the rebalancing process continues, the Board will need to reduce its' equity allocation from 70% down to 55% of the total. She noted that the current emerging managers are all in large cap domestic equities which is the most efficient asset class and – consequently – has produced some of the lowest returns in the portfolio. She suggested that this is a good opportunity to open up the other asset classes to emerging managers in order to give them a better chance of providing excess returns to the Fund.

RESOLUTION 18-032 By Nazarko, Supported by Bowman
Resolved, That the Board hereby adopts the Emerging Manager Program Policy.

Yeas: 10 – Nays: 0

Re: Resolution to Approve Credit Card Agreement

Miss Munson requested that the Board approve the credit card agreement with The First National Bank of Omaha. She noted that the credit card bills are paid in full every month so there will be no interest charges. The attorney has reviewed the agreement.

Ms. Billings-Dunn stated that she reviewed the agreement and there are no fees other than those that would be incurred on past due amounts and that the System will receive rebates.

RESOLUTION 18-033 By Gaffney, Supported by Bowman

Resolved, That the Board approves The First National Bank of Omaha Commercial Credit Card Agreement and all respective schedules, addenda, and exhibits (“Agreement”) and, further

Resolved, That the Chair, Secretary and the Executive Director (the “Authorized Officials”) being duly qualified and designated by the Organization and its governing body, and holding the titles shown, are authorized and directed to (a) borrow money on behalf and in the name of the Organization as well as any notes, drafts, agreements and other documents and instruments, pledge and encumber property of the Organization (including without limitation, bank accounts), and (c) name and appoint the individuals who shall be authorized to instruct FNBO to issue credit cards under the Agreement and perform all other duties identified in the Agreement on behalf of the Organization.

Yeas: 10 – Nays: 0

NEW BUSINESS

Re: Resolution to Approve Periodic Rebalancing

Miss Munson requested that the Board approve the consultant’s recommendation to rebalance the portfolio by transferring \$6 million from Sawgrass Asset management to the cash manager to provide for benefits and operating expenses.

RESOLUTION 18-034 By D. Waterman, Supported by Albritton

Resolved, That the Board approves the consultant’s recommendation to rebalance the portfolio by transferring \$6 million from Sawgrass Asset management to the cash manager to provide for benefits and operating expenses

Yeas: 10 – Nays: 0

Re: Resolution to Approve Amendment to the Invesco Limited Partnership Agreement

Miss Munson requested that the Board approve the amendment of the Invesco Limited Partnership Agreement replacing Mary Kelly and Phil Shaw with Amit Tiwari, Evan Darr, Kelvin Liu and Theresa Boyd deeming them as the new Approved Executives of the Partnerships.

RESOLUTION 18-035 By Gaffney, Supported by Albritton

Resolved, That the Board approves the Chair’s signature on the amendment to the Limited Partnership Agreement of Invesco Fund V, LP deeming the new Approved Executives of the Partnerships.

Yeas: 10 – Nays: 0

Re: Resolution to Ratify Chairman’s Signature on Invesco Advisory Committee

Miss Munson requested that the Board ratify the Chairman’s signature on the selection of the Invesco Advisory Committee.

RESOLUTION 18-036 By Bowman, Supported by Gaffney
Resolved, That the Board ratifies the Chairman's signature on the Invesco Core Real Estate USA, LP Ratification of Advisory Committee Members for 2018.

Yeas: 10 – Nays: 0

Re: Legal Report

Legal Opinion Regarding Waiver and Release Agreement

Miss Billings-Dunn reported that she previously emailed the opinion to the Trustees. This is for their information.

Robbins Geller January 2018 Portfolio Monitoring Report

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

Acceptance Notice - Investment Policy Statement for Principal, First Eagle and Invesco

Ms. Billings-Dunn explained the requested changes to the acceptance notice from Principal, First Eagle and Invesco with regard to the Investment Policy Statement.

Ms. Billings-Dunn stated that commingled funds have their own guidelines which is acknowledged in the system's IPS.

She stated that while First Eagle did submit a revised Acceptance Notice, they still acknowledged their fiduciary status. She shared the revised notice with the consultant and neither she nor Mr. Roth had issue with First Eagle's revised notice.

Ms. Billings-Dunn advised the Trustees that the System has two investments with Invesco including in their private equity Fund V and in one of their real estate funds. She noted that for the real estate fund, Invesco affirmed the standard of care under the Investment Advisors Act of 1940 and affirmed the standard of care set forth in Section 9.1(a) of the amended and restated Limited Partnership Agreement in the Invesco Core Real Estate I, both of which are fiduciary standards of care. However, they would not affirm a fiduciary standard of care for the private equity investment because it is not required in the agreement.

She did note that in the past she tried to negotiate a contract for the System when they were looking to invest in Invesco's Private Equity Fund VI. At that time they would not acknowledge their fiduciary standard of care and – as a result – the Trustees voted against the investment.

Trustee Albritton asked how much of the System's assets are currently in Invesco's Fund V.

Miss Munson noted that approximately \$2 million of the System's assets are still allocated to Fund V. The Fund is in its wind down stage and making distributions.

Northern Trust Securities Lending

General Employees Retirement System
Regular Meeting
February 28, 2018

Ms. Billings-Dunn explained that at the last meeting she was asked about the settlement in the Northern Trust Securities Lending litigation. In April 2013 the Board authorized Bernstein Litowitz with settlement authority of no less than a \$75 million settlement for a mediation scheduled in May 2013. The mediation was not successful.

She stated that she spoke with the attorney who handled the case and was advised that the mediation was a global mediation in an attempt to settle the Core case, which is the one involving the System; the Indirect case and the ERISA case. The core case settled for approximately \$4.25 million. Northern Trust ended up settling all of the cases for somewhere between \$75M and \$100M.

RESOLUTION 18-037 By Gaffney, Supported by Bowman
Resolved, That the Board move to closed session to discuss pending litigation.

Roll Call:

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

The Board moved to closed session at 12:09 p.m.

Ms. Setla, Ms. Watkins, Ms. Watson, Mr. Brown, Mr. Lee and Mr. Roth left at 12:09 p.m.

The Board returned from closed session at 12:16 p.m.

RESOLUTION 18-038 By Gaffney, Supported by Bowman
Resolved, That the Board approve the closed session minutes for January 31, 2018.

Yeas: 10 – Nays: 0

New Retiree Beneficiary Designations

Trustee Nazarko noted that a number of the new retirees have designated their young children as beneficiaries and requested that the Board revisit the beneficiary designation issue.

Trustee Arndt stated that the Board recently approved and instituted an Insurable Interest Policy which defines how the Board will determine insurable interest for beneficiary designations. She disagrees with Trustee Nazarko that the matter should be revisited and believes that a member should be able to designate any family member they choose as long as they meet the definition of insurable interest as outlined in the policy. She also pointed out that the designation of any beneficiary is cost neutral to the System.

Trustee Gaffney agreed and confirmed that the Board has already approved the policy with respect to this matter. She concurred with Trustee Arndt’s statement regarding the penalty in the form of a reduced pension for electing to nominate a beneficiary.

Chairman Moore suggested that this matter be referred back to the finance committee for further discussion.

Trustee Reappointments

Vice-Chair Williams and Trustee Bowman both expressed their desire to continue to serve as Trustees and requested that their desire to continue to serve be included in the Executive Director's notice to the City Council.

SCHEDULING OF NEXT MEETING

Special Meeting: Tuesday, March 27, 2018 @ 8:00 a.m. – Marriott @ Centerpoint

Regular Meeting: Wednesday, March 28, 2018 @ 10:00 a.m. – Retirement Office

RESOLUTION 18-039 By Moore, Supported by Swazer

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 12:29 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 February 28, 2018

As recorded by Jane Arndt