

**CITY OF PONTIAC, MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
JANUARY 29, 2014**

A regular meeting of the Board of Trustees was held on Wednesday, January 29, 2014 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 10:01 a.m.

**TRUSTEES PRESENT**

Jane Arndt  
Koné Bowman, Vice Chair  
Janice Gaffney  
Robert Giddings  
Charlie Harrison, Chairman  
Walter Moore (*By Phone*)  
Nevrus Nazarko  
Patrice Waterman  
Kevin Williams

**OTHERS PRESENT**

Cynthia Billings, Sullivan, Ward, Asher & Patton  
Chris Kuhn, Gray & Company  
Deborah Munson, Interim Executive Director  
  
Dustin Blitchok, Oakland Press  
Larry Marshall, Retiree  
Billie Swazer, Retiree  
Linda Watson, Retiree

**TRUSTEES ABSENT**

Shirley Barnett (*excused*)  
Deirdre Holloway-Waterman, Mayor (*absent*)

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**PUBLIC DISCUSSION/UNION REPS**

Chairman Harrison opened the meeting to public discussion.

Retiree, Linda Watson questioned whether an update on Ambassador would be provided.

Chairman Harrison indicated the update for Ambassador Capital will be covered during the Consultant's Report.

Retiree, Larry Marshall stated that his concerns were addressed between meetings.

Chairman Harrison gave kudos to the Retirement Office Staff for their hard work. He noted that they have been doing an excellent job.

**AGENDA CHANGES**

Chairman Harrison asked that the agenda be changed to move up the Employee Trustee Election.

Ms. Billings provided her legal opinion to the Board.

She explained that at the meeting held on November 19, 2013 there was discussion regarding whether an employee of the Retirement System can simultaneously serve as a Trustee on the Board.

For the reasons set forth in her written legal opinion, it is permissible for Ms. Arndt to sit as a Trustee on the Board and serve as the Executive Assistant in the Retirement Office. There was discussion as to how this applied to the Marc Seay City Council issue and the Redmond School Board issue.

Ms. Billings stated that she would update her legal memo to include the Marc Seay matter.

Chairman Harrison stated that the Board can now move on from this issue.

Ms. Billings advised the Board that Ms. Arndt has been sworn in and with the election certified she can participate as a Trustee going forward.

Trustee Moore asked if the elected retired Trustees will receive retroactive compensation back to the date of the Active Trustee election.

Ms. Billings stated that Ms. Arndt did not previously have action authority and that it was her opinion that the resolution should go into effect today.

Trustee Waterman asked if the compensation rate is based on the time of the meeting.

Trustee Williams stated that this is nothing new except that the compensation is being reinstated based on the Active Trustee position being filled.

Trustee Gaffney stated that she asked that she be allowed to refuse the compensation and was told she cannot based on State Law.

Trustee Nazarko stated that the issue was addressed in the November 2013 agenda and that the compensation is not just based on the hourly rate but on the gross compensation rate.

Ms. Billings stated that the State Law is very clear that the rate is based on the Active Trustee's gross compensation.

**RESOLUTION 14-004** By Moore, Supported by Gaffney  
Resolved, That the Board certify the election of the Active Trustee.

Yeas: 8 – Nays: 0

Chairman Harrison welcomed Ms. Arndt aboard.

#### **APPROVAL OF CONSENT AGENDA**

A. Approval of Minutes of Regular Meeting: November 19, 2013

- B. Approval of Minutes of Special Meeting: January 15, 2014
- C. Communications:
  - 1. Correspondence from Ambassador Re: December 2013 Update
  - 2. Correspondence from Ambassador Re: January 2014 Update
  - 3. Correspondence from AMBS Re: December 2013 Newsletter
  - 4. Correspondence from AMBS Re: January 2014 Newsletter
  - 5. Correspondence from First Eagle Re: November 2013 Client Statement
  - 6. Correspondence from First Eagle Re: December 2013 Client Statement
  - 7. Correspondence from Munder Capital Re: Geoff Wilson Retirement
  - 8. Correspondence from NCPERS Re: The Monitor December 2013 Newsletter
  - 9. Conferences:
- D. Financial Reports:
  - 1. Statements of Changes: November 2013
  - 2. Statement of Changes: December 2013
  - 3. Accounts Payable: December 2013
  - 4. Accounts Payable: January 2014
  - 5. Northern Trust Securities Litigation Proceeds - 2013
  - 6. Ratification of Capital Calls:
    - a. Invesco PE Distribution \$90,817
    - b. Mesirow PE Distribution \$25,000
- E. Applications for Retirement, Final Calculations, Refunds, Re-examinations
  - 1. Remove from the Rolls:
    - a. Katherine Aldrich (deceased 12/19/13): survivor bnft to Daniel Aldrich
    - b. Diane Alexander (deceased 12/11/13)
    - c. Richard Gall (deceased 11/4/13) : survivor bnft to Bobbie Jean Gall
    - d. Gladys Keebaugh (deceased 10/22/13): Vernon Keebaugh benefit pop-up
    - e. Barbara Lifshay (deceased (1/6/14)
    - f. Arthur McClellan (deceased 12/3/13
    - g. Loretta McCowen (deceased 11/28/13)
    - h. Ralph Smith (deceased 11/17/13)
    - i. Stewart Sovey (deceased 12/23/13)
    - j. James Turner (deceased 12/11/13): Joyce Turner benefit pop-up
    - k. Eric Walker (deceased 12/27/13): survivor benft to Karen Walker
  - 2. Applications for Service Retirement:
 

|                                      |                     |                       |
|--------------------------------------|---------------------|-----------------------|
| a. Juanita Boykins-Moody – Teamsters | 13 years, 11 months | Age 60 (Off Deferred) |
| b. Carol A. McCrary – Hospital       | 12 years, 7 months  | Age 60 (Off Deferred) |
| c. Eugene Perazzo – Local 2002       | 11 years, 3 months  | Age 62 (Off Deferred) |
| d. Jihad K. Slim – PMEA              | 5 years, 11 months  | Age 60 (Off Deferred) |
| e. Mary Smith-Ghant – Non-Union      | 7 years, 9 months   | Age 60 (Off Deferred) |
  - 3. Final Benefit Calculations:
 

|                          |       |
|--------------------------|-------|
| a. Juanita Boykins-Moody | #2749 |
| b. Eugene Perazzo        | #2746 |
| c. Mary Smith-Ghant      | #2750 |
| d. Taveo Whittaker       | #2743 |

Trustee Nazarko asked that the correspondence from Ambassador Capital be pulled from the agenda.

Mr. Kuhn explained that this is a market update provided each month by Ambassador. It does not contain information with regard to the SEC investigation.

Trustee Nazarko retracted his request regarding the Ambassador Capital communication.

He also asked that the item E(1)(j) pertaining to a pop-up benefit for member Joyce Turner be pulled from the agenda.

**RESOLUTION 14-005** By Nazarko, Supported by Bowman  
Resolved, That the Board approve the consent agenda for January 29, 2014 with the exception of item E(1)(j).

Yeas: 9 – Nays: 0

Trustee Nazarko questioned why a member would receive an increase in their benefit based on the death of their beneficiary.

Miss Munson explained that the member, Joyce Turner, elected a pop-up option at the time of her retirement. A pop-up benefit allows a member to leave a benefit to their beneficiary, but – if their beneficiary dies prior to the member – the member’s benefit ‘pops up’ to the regular amount. There is a corresponding actuarial reduction to the member’s regular benefit amount to compensate the System for this option. The member took a reduced benefit at the time of her retirement.

Trustee Nazarko asked if this provision is included in the Retirement Ordinance.

Ms. Billings indicated that the provision is included under Section 18.1 of the Retirement Ordinance.

**RESOLUTION 14-006** By Nazarko, Supported by Gaffney  
Resolved, That the Board approve the Option IV Pop-Up Benefit for Joyce Turner effective January 1, 2014.

Yeas: 9 – Nays: 0

*Trustee Waterman left at 10:39 a.m.*

## **CONSULTANTS**

**Re: Gray & Company**

Ambassador Capital

Mr. Kuhn reported on the Ambassador Capital issue. The SEC filed a complaint against Ambassador Capital the day before Thanksgiving.

Ms. Billings reported that on November 26, 2013 the SEC filed a fraud complaint against Ambassador Capital and Portfolio Manager, Derek Ogleby for deceiving the trustees of their money market fund and failing to comply with rules that limit risk in a money market fund's portfolio.

The hearing with regard to this matter has to be held no less than thirty days and no more than sixty days from the date of the complaint. However, the SEC's attorneys have postponed the hearing to May 4, 2014. The ALJ has to submit his written opinion within three hundred days of the filing with a proposed settlement.

Ambassador Capital has indicated that they disagree with the allegations in the complaint; however they have submitted a proposed settlement.

Trustee Nazarko asked if there has been any disclosure with regard to the proposed settlement.

Mr. Kuhn told the Board that the System has \$40 million invested with Ambassador Capital. The money market fund in question has been closed since the end of 2012. Those invested in that fund did not lose any money. The SEC is slapping Ambassador pretty hard on the wrist. He explained that the mutual fund had a Board of Trustees and it is being asserted that when Mr. Ogleby met with the Board he indicated that the investments in the fund were safe and that he misled them because they were doing risky things with the fund. It seems that the SEC is going after them hard. But the SEC let Bernie Madoff off. The punishment is not matching up.

He reported that Gray & Company has put the manager on watch. He recommended that the Board also put Ambassador Capital on watch. He indicated that the System did not have any assets invested in the Ambassador Capital Money Market Fund. The assets that are invested in Ambassador Capital are held at Northern Trust.

Trustee Bowman confirmed that the Consultant is recommending that the Board put the manager on watch.

Mr. Kuhn stated that by putting the manager on watch the Board is demonstrating its fiduciary responsibility to the System by monitoring the manager.

Ms. Billings asked if Ambassador will supply any additional reports due to being put on watch.

Mr. Kuhn stated that the only requirement is that Ambassador continues to supply their monthly reports.

Trustee Moore questioned whether the Board should bring the manager in.

Trustee Moore stated that the Board should accept the Consultant's recommendation.

Mr. Kuhn told the Board that Cheryl Hua at Gray & Company's Chicago Office is monitoring the manager and can provide information to the Board.

Mr. Kuhn suggested that Ambassador Capital come to the special education session on derivatives and negative duration strategies being held for the Trustees.

The Board agreed to bring Ambassador Capital in to the special education session.

Chairman Harrison called a vote to put investment manager Ambassador Capital on watch.

**RESOLUTION 14-007** By Gaffney, Supported by Bowman  
Resolved, That the Board approve to put intermediate fixed income manager Ambassador Capital on watch.

Yeas: 8 – Nays: 0

Munder Capital Mid Cap Manager Geoff Wilson's Retirement

Mr. Kuhn told the Board that Geoff Wilson of Munder Capital is planning to retire. Chairman Harrison noted that Mr. Wilson is planning to stay through 2014, but in a reduced role.

Mr. Kuhn stated that he will be monitoring the management transition of Munder's mid cap investment. This is a non-event.

Trustee Nazarko asked why there was a drastic drop in Munder Capital's investment from November 2013 to December 2013.

Miss Munson indicated that the Fund was rebalanced which reduced the assets invested in Munder's mid cap strategy.

Mr. Kuhn explained that the Fund rebalances twice per year to pay for benefits and expenses. The Fund was rebalanced in November 2013 to bring the fund's asset allocation into alignment with PA 314. At that time \$3 million was taken from the Munder mid cap strategy.

Mr. Kuhn provided an overview of the flash report as of December 31, 2013. He noted that 2013 was a great year for performance. The Fund's year-to-date performance was 22.5%; with five-year performance of 14.69%; ten-year performance of 7.77% and since inception 8.64% well above the actuarial rate of return. The total Plan value as of December 31, 2013 was \$490.1 million. However, the market has given some of that performance back with total Fund value as of January 27, 2014 at \$476.4 million.

Trustee Moore asked how much would be available for a 420 transfer.

Ms. Billings stated that the actuary would have to do the calculations based on IRS actuarial assumptions. The amount available would also depend on the Attorney General's opinion which would determine what percentage of the assets would be eligible.

Trustee Moore indicated that the former Mayor made statements that were not true during his campaign regarding the 420 transfer.

Ms. Billings explained that the Mayor stated that it would not be clear whether Fund assets would be available every year.

Chairman Harrison stated that a number cannot be provided at today's meeting. Everything is in process

Ms. Billings indicated that the IRS approved the 420 transfer which allows for assets to be transferred for up to ten years. She stated that the Board is still waiting for the Attorney General's opinion.

Chairman Harrison told the Board that public hearings will be held once the Board has the information. Everything is still unfolding. The point will come when the Board will have to make a determination. However, the Board can anticipate and be prepared to move forward.

Mr. Kuhn stated that - based on the markets giving back performance in 2014 - rebalancing in November 2013 was a good time to transfer assets. He indicated he would work with Miss Munson to monitor the Fund's liquidity and advised holding off on the February semi-annual rebalancing.

## **REPORTS**

### **Re: Chairman**

Chairman Harrison stated that the Board is moving toward using committees including standing and ad hoc committees. The Board is growing in new ways of handling responsibilities since the separation from the City. The enactment of the Finance, Personnel and Ad Hoc Committees should streamline these full Board meetings. The committees will do the homework and streamline the process.

Chairman Harrison also asked why the Finance Director has always acted as the Secretary for the Board. He questioned what the Secretary reports on and whether there is a need for a Secretary.

Trustee Nazarko agreed with the Chair; however, he does have something he would like to include under the Secretary's report.

Ms. Billings told the Board that the Executive Director can be instructed to remove the Secretary from the agenda.

Chairman Harrison directed the Executive Director to remove the Secretary's Report from the agenda.

**Re: Secretary**

Trustee Nazarko indicated that he wanted to bring an issue to the Board's attention. While looking at the books for the City he discovered a large receivable for \$190,000.00 due from the System for FYE 2012. He has spoken to Miss Munson about the issue.

He explained that GERS reimbursed the City for staff payroll. Miss Munson told him that part of the receivable was for administrative costs that were contested by the Board. He does not want to have a \$190,000.00 receivable on the City's books.

Miss Munson explained to the Board that she has been working with Plante & Moran for about a year to get the detail of how the administrative expenses were allocated to the System. The City charged the System administrative costs for IT, Treasury, Accounts Payable and other administrative expenses for all City buildings. She explained to the Board that previously, the City would use the budget allocation process to bill the System for staff expenses as well as a share of the City's overhead. In years when the City went over budget, they would allocate the excess to all Departments, including the System. In the past, Plante & Moran would provide Miss Munson a copy of the System's budget as well as a calculation of the allocation of the costs and overages. She has requested these documents for 2012, but has not received either. She suggested that the System could proceed forward with paying the payroll-related expenses immediately. She, Mr. Nazarko and Plante & Moran will continue to work together so that the System has proper documentation for justification of the other charges. The Board should require backup before paying the administrative charges.

**Re: Trustees/Committees**

Personnel Committee

Trustee Gaffney stated that the Committee is looking to address the primary function of filling the vacancy due to Ms. Zimmermann's death. While they are working on the search process there has to be someone in charge of the day to day operations. The Committee is recommending that Miss Munson be appointed as the Interim Executive Director in order for the Retirement Office to continue to conduct business. Because Miss Munson and Ms. Arndt are taking on additional responsibilities they are also recommending that they receive out-of-class pay and the hiring of a temporary employee.

They are looking at a two prong search to determine how the administrative functions of the Board will be carried out in the future. The Committee will post the job of Executive Director as well as go through the RFP process to find a Third Party Administrator.

Trustee Williams stated that Miss Munson has been appointed the Interim Director, however in order to protect the System and Miss Munson he questioned whether she should be put under contract with the System for a period certain.

Chairman Harrison noted that Miss Munson is doing other duties as well as those of the Interim Executive Director.



Trustee Giddings noted that employee contracts would not obligate Miss Munson (or anyone) to stay. Employment is still 'at-will'.

Trustee Williams stated that he does not want the employees feeling like they are being taken advantage of.

Trustee Nazarko stated that the Staff are at-will employees.

Trustee Williams questioned whether Miss Munson has been considered for the position. He indicated that the Board appreciates the work she is doing.

Chairman Harrison indicated that he will allow for public discussion regarding this issue. However, going forward public discussion will only be allowed at the beginning of the meeting subsequent to how it is done at City Council meetings.

Retiree, Billie Swazer stated that Miss Munson should receive the base pay for the Executive Director's position under a one-year contract.

**RESOLUTION 14-008** By Bowman, Supported by Nazarko  
Resolved, That the Board approve the appointment of Deborah Munson as the Interim Executive Director of the General Employees' Retirement System.

Yeas: 8 – Nays: 0

#### Finance Committee

Trustee Moore reported that the Finance Committee met and discussed a number of topics.

The Committee sees the need for a formal budget process. They would like to look at the entire reporting mechanism as well as the input mechanism.

There should be a formal ongoing education program for the Trustees.

The Committee is also suggesting that in lieu of members attending formal Board meetings, a meeting should be setup where the consultant, auditor, actuary and attorney can present information to the members in order to create an atmosphere that ensures the members are being informed.

The Committee is working on the succession plan and whether a third party administrator is the right choice for the System. TPA could mean something different to everyone. The Board could determine that they want both a third party administrator and its own staff. The final decision will be made by the Board.

Chairman Harrison asked if the Board was going to approve the salary increases.

A motion was made to approve a 10% out-of-class increase over the current salary which includes a sunset. Table any further increase until a full pay plan is available.

Miss Munson stated that she was under the impression that as the Interim Executive Director she would be receiving Ms. Zimmermann's rate of pay including a 10% out-of-class increase.

Trustee Williams told the Board that they need to ensure that the staff is compensated. The System cannot afford to take a chance that they will lose their staff.

Chairman Harrison stated that there seems to have been a difference of opinion during the meeting based on Miss Munson's and Ms. Swazer's comments. He does not feel that it is appropriate to vote based on take it or leave it.

Chairman Harrison indicated that in light of the questions this issue has come to an impasse.

Chairman Harrison stated that the Board is doing what they should do. He noted that Ms. Arndt's salary was increased to \$50,000.00.

Trustee Williams stated that the Board has to vote in order to be fair and to protect the System. Ms. Zimmermann was lost due to the will of God and act of nature.

Trustee Moore stated that the Board can still operate the System.

Trustee Williams stated that the truth is that the Board cannot run the operations of the Retirement Office.

Trustee Bowman stated that the Board should not have the discussion at this table. The Board seems to be in agreement with the 10% out-of-class pay increase. It is time to move forward because they will not settle the agreement today. This conversation should not be in front of the Staff. The Board is the employer and they came up with what was fair and equitable. It should go back to the Personnel and Finance Committees.

**RESOLUTION 14-009** By Williams, Supported by Bowman  
Resolved, That the Board approve a 10% out-of-class increase based on the current salary.

Yeas: 7 – Nays: 0

Abs: Trustee Arndt

#### Ad Hoc Committee

Trustee Bowman reported that the Ad Hoc Committee worked on the consultant search in an effort to find a consultant to oversee the investments in GrayCo Alts and the Emerging Manager and Michigan-Centric Large Cap portfolios. The Request for Proposals were sent out to ten firms. However, they received only two responses to the RFPs.

One proposal asked for \$100,000.00 and the other \$125,000.00 to oversee these investments. Northern Trust indicated that they could oversee the investments for \$15,000.00 per year. Ms. Billings noted that the Committee reached out to Beth Bialy of Plante & Moran to review the methodology. The Committee will not move forward without the Auditor's approval.

**RESOLUTION 14-010** By Gaffney, Supported by Arndt

Resolved, That the Board approve to hire Northern Trust to provide the oversight for the investments in GrayCo Alts, the Large Cap Emerging Manager Fund and the Michigan-Centric Large Cap Fund contingent on the final approval by the Auditor Plante & Moran.

Yeas: 8 – Nays: 0

**Re: Executive Director**

Miss Munson asked to read a statement of thanks to the Board and System members for their support to be included in the minutes.

“On behalf of Jane and myself, I'd like to say ‘thank you.’

Thank you Board of Trustees. When Ellen passed away you immediately called a special meeting, carefully considered your options and the plan presented to you and gave us the tools we needed to maintain normal office operations. Your leadership and support during this time has been invaluable.

Jane I would also like to say ‘thank you’ to all of the members. Some of you called, some of you emailed and some of you came into the office to offer your sympathies and support. We had three members, a former member and Trustee Waterman who offered to come in and file and answer the phones. It is no exaggeration to say that Jane and I were overwhelmed by your kindness, sincerity and genuine concern for us. It will not soon be forgotten.

Ellen often likened the Retirement System - the members, the Board and the Staff – to a family with all of its attendant individual personalities. I could not be more proud of or more humbled by the way everyone has come together in a spirit of cooperation partly out of love and respect for her. No family figurative or literal could have handled this matter better.

We continue to mourn Ellen's death. She was our boss, a good friend and a true champion for the retirement security of all public workers. The work of this Board will go forward and our dedication to the service of our members will continue refreshed with an abundance of goodwill.

Again, Jane and I say thank you and God bless you.”

### Credit Union Signature Authority

Miss Munson reported that the Credit Union Signature Authority has been updated and a new System VISA card has been issued. The old System card along with the old Mayor and Finance Director were terminated. She is working with the Credit Union to have new cards issued for Trustees Nazarko and Mayor Waterman.

### Northern Trust Key FOB

The contacts and signature authority at Northern Trust has been updated and that Ms. Arndt had received her Passport Web Cash Movement security fob the prior week. She plans to begin Ms. Arndt's training this Thursday and hopes to have a temporary employee in place by the end of next week.

### Retirement Staff Insurance

Miss Munson reported that the medical insurance with United Healthcare was renewed. The healthcare inflation went up 19% but overall premiums went down 27% based on the number of employees on the plan.

Reliance provides life and disability insurance. That premium went down 51% due to the number of employees on the plan.

The premium for workman's compensation insurance through the Hartford Insurance Company decreased 5%.

She also reported that the Ordinance is in-process of codification. Ms. Billings has been working with the City Clerk to finalize this.

### Public Act 492 Trustee Compensation

Miss Munson informed the Board that the compensation that elected retiree trustees receive according to PA 492 is reportable to the IRS if it is in excess of \$600.00 annually. She handed Trustee Gaffney her 1099Misc and indicated to Mr. Moore that she would mail his that afternoon.

### Service Providers Fee Disclosure

Miss Munson reported that the Service Providers Fee Disclosure and Contribution Disclosure forms for 2013 were sent to providers.

### iPads

Miss Munson reported that the iPads for all Trustees have been setup and are in the process of being distributed to the Trustees.

### Electronic Agendas

Miss Munson reported that once the iPads have been fully distributed the electronic agendas will be provided to all the Trustees. Hard copies will be available upon request by the Trustee.

### 1099R's

Miss Munson reported that the 1099R's were mailed to the members on January 16, 2014.

### IRS Form 945

Miss Munson reported that the IRS Form 945 Annual Return of Withheld Federal Income Tax was mailed to the IRS on January 27, 2014.

### Actuarial Report

Miss Munson reported that the data for the preliminary questionnaire was sent to the actuary on January 27, 2014. The City sent their data in an Excel spreadsheet for active employee payroll but not as in years' prior. The new format requires much more manual manipulation. Her goal remains to have all data to actuary by February 28, 2014.

### Funeral Flowers

Miss Munson reported that Ms. Arndt put the flowers for Ellen Zimmermann's funeral on her personal VISA card because the Board's VISA had been cancelled due to a fraudulent charge.

Trustee Nazarko stated that the City cannot use assets for these purposes. He questioned whether it is permissible under the Retirement Ordinance.

After discussion it was determined that System assets cannot be used for this type of expense.

### 2012 Income Verification

Miss Munson reported that the 2012 income verifications are almost completed. To date there have been no members who are out of compliance.

### 2014 Disability Re-Exams

Miss Munson reported that there are six disability retirees are required to go for re-examination during 2014.

### Trustee Handbooks

Miss Munson reported that the Trustee Handbooks are in the process of being updated.

*Trustee Nazarko left at 12:26 p.m.*

### **Re: Legal**

#### IRS Letter of Determination Submission for an IRC Section 420 Transfer

Ms. Billings reported that as a government Plan the System is required to have an IRS Letter of Determination which cycles every five years. This year the IRS combined the IRC Section 420 Transfer with the request for qualification under IRC Section 401(a).

After reviewing the Letter of Determination she found an error and she requested that the IRS correct the Letter.

She received a message on Friday, January 24, 2014 that a new Letter is being issued.

Request for Attorney General Opinion

Ms. Billings reported that she is still waiting for the Attorney General's opinion.

Trustee Moore told the Board that he spoke with State Representative Tim Greimel regarding the Attorney General's opinion. Representative Greimel indicated that he will make a special attempt to get this resolved.

Trustee Moore asked if this is the City's responsibility to pay for the actuarial report.

Ms. Billings noted that she will have to confirm whether this is a settlor or a fiduciary function.

Lewis Proposed Domestic Relations Order

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

IRS Notice 2013-80 Setting Forth 2014 Standard Mileage Rates at \$0.56 per Mile

Ms. Billings reported that the updated 2014 standard mileage rate is \$0.56 per mile.

Trustee Giddings also noted that the elected retired Trustees have the option of deducting \$0.14 per mile on their income tax as volunteer mileage.

Robbins Geller December 27, 2013 Domestic and International Portfolio Monitoring Report

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

Motley Rice Fourth Quarter 2013 Portfolio Monitoring Report

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

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**UNFINISHED BUSINESS**

**Re: Section 420 Transfer – Retiree Healthcare** – Refer to Legal Report

**Re: Electronic Agendas** – Refer to Executive Director's Report

**Re: Personnel Policies** – Refer to Personnel Committee

**Re: Employee Trustee Election** – Moved to the top of the Agenda

**Re: Owusu-Agyei (Twum)/Brown Service Credit Issue**

Miss Munson reported that the cost study for Arthur Brown and Vida Owusu-Agyei (Twum) was received and approved by the Board at the May 2013 Board meeting. However there is no indication that the cost study was forwarded to City Council for their approval. The cost study must be presented to the City Council seven days prior to implementation.

The Board directed Miss Munson to forward the cost study to Patrice Waterman for presentation to the City Council.

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## **NEW BUSINESS**

### **Re: Cost Study - Third Party Payor**

Ms. Munson handed the Trustees a copy of a request for a cost study received from a third party. The request is based on the City Council's Resolution #13-286, but excludes the retro amount of benefit originally included in the resolution. The City Council's resolution was not approved by the City's Transition Advisory Board. The Attorney said that she finds no legal issue with a third party paying for the study. However, the Board should reach out to Rodwan indicating that the work is being requested by and will be paid by the third party.

Trustee Moore indicated that the Board should receive a copy of the cost study.

Miss Munson asked if the cost study should come through the Retirement Office.

Ms. Billings noted that supplemental valuations are required by law to be provided to the Board.

### **RESOLUTION 14-011** By Gaffney, Supported by Moore

Resolved, That the Board approves to forward a request to the Actuary for a cost study based on City Council Resolution #13-286 to be paid by a third party payor.

Yeas: 7 – Nays: 0

### **Re: Reappointment of Citizen Trustees**

Miss Munson requested that the Board approve two resolutions recommending to City Council that Chairman Harrison and Trustee Bowman be reappointed as Citizen Trustees on the Board effective April 1, 2014.

### **RESOLUTION 14-012** By Gaffney, Supported by Giddings

Whereas, Charlie Harrison, III is serving as Citizen Trustee on the General Employees Retirement System Board of Trustees with a term expiring on March 31, 2014; and

Whereas, Mr. Harrison has indicated the desire to continue serving on this Retirement Board; and

Whereas, Mr. Harrison has faithfully attended Retirement Board meetings and has served the Retirement System and its members very capably;

Therefore, Be It Resolved, that the General Employees' Retirement System Board of Trustees by unanimous vote does hereby recommend Charlie Harrison, III be reappointed as Citizen Trustee

to the General Employees' Retirement System for a four-year term beginning April 1, 2014 and expiring on March 31, 2018.

Yeas: 7 – Nays: 0

**RESOLUTION 14-013** By Gaffney, Supported by Giddings

Whereas, Koné Bowman is serving as Citizen Trustee on the General Employees Retirement System Board of Trustees with a term expiring on March 31, 2014; and

Whereas, Mr. Bowman has indicated the desire to continue serving on this Retirement Board; and

Whereas, Mr. Bowman has faithfully attended Retirement Board meetings and has served the Retirement System and its members very capably;

Therefore, Be It Resolved, that the General Employees' Retirement System Board of Trustees by unanimous vote does hereby recommend Koné Bowman be reappointed as Citizen Trustee to the General Employees' Retirement System for a four-year term beginning April 1, 2014 and expiring on March 31, 2018.

Yeas: 7 – Nays: 0

**RESOLUTION 14-014** By Bowman, Supported by Arndt

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

**Roll Call:**

Trustee Arndt – yea

Trustee Giddings - yea

Vice Chair Bowman – yea

Chairman Harrison – yea

Trustee Gaffney – yea

Trustee Williams - yea

*The Board moved to closed session at 1:01p.m.*

*Trustee Moore, Mr. Kuhn, Mr. Marshall, Ms. Swazer and Ms. .Watson left at 12:57 p.m.*

*The Board returned from closed session at 1:04 p.m.*

**RESOLUTION 014-015** By Gaffney, Supported by Bowman

Resolved, That the Board approve the closed session minutes for November 19, 2013.

Yeas: 6 – Nays: 0

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**SCHEDULING OF NEXT MEETING**

Special Meeting: February 25, 2014 @ 8:00 a.m. – Marriott Centerpointe, Pontiac

Regular Meeting: Wednesday, February 26, 2014 @ 10:00 a.m. – Retirement Office



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**ADJOURNMENT**

**RESOLUTION 14-016** By Gaffney, Supported by Bowman  
Resolved, That the meeting be adjourned at 1:05 p.m.

Yeas: 6 – 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 29, 2014

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Recording Secretary, Jane Arndt