

**CITY OF PONTIAC, MICHIGAN
GENERAL EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
July 25, 2018**

A meeting of the Board of Trustees was held on Wednesday, July 25, 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 10:02 a.m.

TRUSTEES PRESENT

Sheldon Albritton
Jane Arndt
Janice Gaffney
Robert Giddings
Walter Moore, Chairman (via Zoom)
Billie Swazer
Patrice Waterman, City Council (*arrived @ 10:19 a.m.*)
James Walker
Deirdre Waterman, Mayor (*arrived @ 10:55 a.m.*)
Kevin Williams, Vice-Chair

OTHERS PRESENT

Cynthia Billings-Dunn, Sullivan Ward
David Lee, Dahab & Associates
Steven Roth, Dahab & Associates
Deborah Munson, Executive Director
Phil Brown, City Videographer
Kathi McNally, Hospital Retiree
Stacia Watkins, City Retiree
Linda Watson, City Retiree

TRUSTEES ABSENT

Vice-Chair Williams opened the meeting at 10:02 a.m.

PUBLIC COMMENT

Retiree, Linda Watson told the Board that it was a pleasure to work with Trustee Nazarko and indicated that she is sorry he is no longer with the City. She believes that he was a good Trustee and a good person to work with. She noted his leaving is a loss to both the City and Retirement Board.

She also asked if the Board could explain why Attucks is still managing managers and why Dahab could not oversee the managers

Miss Munson explained that as part of the rebalancing to the target allocation, the Board will be reviewing all of the investment managers and this would include Attucks. She noted that Attucks manages investment managers in the domestic equity space and this portion of the portfolio has not gone through the review process.

Ms. Watson stated that the response did not answer her question. She said that Attucks is the manager over the managers and that that was supposed to be a temporary measure. She said that it has been on the table for quite a while and again questioned why they are still over the rest of the managers in the program.

General Employees Retirement System
Regular Meeting
July 25, 2018

Miss Munson confirmed that Attucks was hired in 2015 as a temporary measure to replace Gray & Company. The Board will review them as part of the rebalancing process but has not yet come to that asset class.

Chairman Moore indicated that it is his understanding that the Board determined that it was necessary at that time to have a manager-of-managers to oversee the emerging and Michigan-based managers. It was a policy decision and that decision has not changed to date. There have been discussions at both the Board and committee levels but a decision has not been made as to whether that policy decision will remain the same or whether the program will be administered differently.

Ms. Watson stated that her question has not been answered. She questioned whether this is a function that Dahab could handle.

Chairman Moore responded in the affirmative but noted that it is a policy decision that the Board will need to make.

Retiree, Stacia Watkins stated that she wanted to put a matter on the table of which the Trustees may be unaware. She reminded the Board of the members who the City determined to be ineligible for the early retirement due to disability waivers they had signed. She noted that the early retirement benefit was granted pursuant to a City Council Ordinance and not any lawsuits against the City. She wanted to make the Board aware that there could be something coming down the line.

AGENDA CHANGES - None

APPROVAL OF CONSENT AGENDA

- A. Approval of the Minutes of the Special Board Meeting held June 15, 2018
- B. Approval of the Minutes of the Regular Board Meeting held on June 27, 2018
- C. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date: July 25, 2018
TOTAL PENSION PAYROLL **\$2,066,397.46**

Staff PPE Pay Date: July 13 & 27, 2018
TOTAL STAFF PAYROLL **\$ 21,305.44**

D. Communications:

- 1. Correspondence from Consequent Capital Re: New CEO
- 2. Correspondence from Invesco Re: Amit Tiwari Separation
- 3. Correspondence from WCM Re: Natixis Distribution Partnership
- 4. Correspondence from Dahab Re: Systematic Portfolio Manager
- 5. Invesco Real Estate Client Conference: November 6-8 (LaJolla, CA)
- 6. NCPERS Public Pension Funding Forum: September 16-18 (Cambridge, MA)
- 7. Value Edge Advisors' Public Funds Forum: Sept 4-6 (Laguna Beach, CA)

D. Financial Reports:

1. Accounts Payables – July 2018
2. Dahab Associates Preliminary Report: June 2018
3. Attucks Manager of Manager Summary: June 2018
4. Statement of Changes: June 2018

E. Private Equity Capital Calls & Distributions

1. Mesirow Fund IV Distribution: June 29, 2018 - \$150,000
2. Mesirow Fund VI Distribution: June 29, 2018 - \$59,972.

F. Retirement Benefits

1. New Retirements

Ret. No.	Member's Name	Amount	Effective

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

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
2825	Brown, Arthur	01/01/2018	Final	
2816	Cayton, Clarissa	7/21/2017	Final	
2828	Jackson, David	01/01/2018	Final	
2813	Russel, Joyce	07/01/2017	Final	

5. Disability Medical Re-Exams/Benefit Continuation

Ret No.	Name	Reason

6. Refunds of Employee Contributions

Ret No.	Name	Reason	Benefit Amount

Miss Munson requested that the Board include in the Consent Agenda approval of Chairman Moore, Trustee Albritton and herself to attend the Value Edge Advisors' Public Funds Forum: September 4-6, 2018 in Laguna Beach, California.

She also requested that the Board include in the Consent Agenda approval of her attendance at Fall MAPERS being held in Acme, Michigan September 23-25, 2018.

RESOLUTION 18-081 By Gaffney, Supported by Arndt

Resolved, That the Board approves and ratifies the actions in the Consent Agenda for July 25, 2018 as amended.

Yeas: 8 – Nays: 0

CONSULTANTS

Re: Dahab Associates

Preliminary Performance Review

Mr. Roth provided an overview of the Fund’s preliminary performance. As of June 30, 2018 the second quarter returns were 1.8% gross-of-fees. They will have a full performance book at next month’s meeting showing the net-of-fee returns. The total Plan value as of July 23, 2018 was \$506.6 million. Year-to-date performance was 1.5% with the first quarter seeing modest growth but was relatively flat with the second quarter. The current quarter is working harder and is up a little bit. Long-term it has been a good year for equities with one-year performance of 10.1%; three-year performance of 7.2%; five-year performance of 8.9%; ten-year performance of 8.0% and since inception performance of 8.3% all gross-of-fees.

Mr. Roth explained that the market has chugged along well. The S&P went from 27X to 26X which is outside of the normal range. The earning season is ongoing with a mixture of positive and negative returns. He stated that import costs on U.S. companies selling abroad could have an impact as well as tariffs on growth. They feel that the NAFTA issue will resolve itself. They will provide more detailed analysis at next month’s meeting.

Chairman Moore asked what is the current value of the Fund.

Mr. Roth indicated that as of July 23, 2018 the total Fund value is \$506.6 million up from \$499.8 million as of June 30, 2018.

Periodic Rebalancing

Mr. Roth explained that the \$6 million needed to pay for benefits and expenses will be raised from large cap equity to pay for benefit and expenses. The domestic markets have done well and large cap equity continues to be over-allocated. Last period the cash was raised out of the Attucks portfolio and this period the cash will come from the Sawgrass portfolio.

Mr. Roth noted that the emerging markets investments were approved at last month’s meeting. The Board approved a \$12 million allocation to Wellington Management and an \$8 million allocation to Northern Trust Index Fund. The \$20 million to fund these investments will be taken out of international equity.

Mr. Roth directed the Trustees to the fixed income portion of the portfolio which has a target allocation of 25%. It is currently under-allocated. Dahab is recommending that \$10M (\$5 million each from First Eagle and WCM) be transferred to the fixed income managers to bring that portion of the portfolio closer to the target allocation.

RESOLUTION 18-082 By Gaffney, Supported by Walker

Resolved, That the Board approves the Investment Consultant's recommendation to rebalance the portfolio by transferring \$6 million from Sawgrass Asset Management to the cash manager to pay for benefits and expenses.

Yeas: 8 – Nays: 0

RESOLUTION 18-083 By Gaffney, Supported by Moore

Resolved, That the Board approves the Investment Consultant's recommendation to rebalance the portfolio by transferring \$5 million each from First Eagle and WCM Asset Management to Robinson Capital (\$5 million) and Victory Capital (\$5 million) to increase the System's allocation to fixed income toward the target allocation.

Yeas: 8 – Nays: 0

Mr. Roth reviewed the updated Q4 2017 performance report which includes the private equity performance data.

Trustee Albritton asked about the target allocations for private equity and real estate. He noted the target allocations and asked what the process is to get to the target. He asked whether the System is ever going to go into value-add real estate and – if so – will that get us to the 10% target.

Mr. Lee responded that the Board has made a \$5M commitment to the UBS core real estate investment and that capital has not been called. The Board has been discussing this and the asset allocation is not set in stone. At the April meeting, the Board decided to put further discussion on real estate on hold.

Trustee Albritton asked what the percentage of the allocation to real estate is left after accounting for the allocation to UBS.

Mr. Lee responded that after the UBS commitment has been funded, the real estate allocation will be around 7.5% which would leave an additional 2.5% that could be allocated to real estate.

Chairman Moore noted that the finance committee had a discussion regarding value-add real estate. The Board had put the value-add real estate investment on hold until there was a majority of the Board that wanted to revisit it. He confirmed with Miss Munson that this is included in the finance committee report.

Trustee Gaffney stated that when the Board discussed this in April, the investment consultant told them that an additional \$12 million allocated to real estate would not move the needle in terms of

performance. She still feels very strongly that the Board should take some time with the core- and core-plus real estate investments – which is new – before bringing the value-add investment back to the table.

Mr. Lee stated that the Board has taken a huge step: the System was at 0% and is now at 7.5%.

Trustee Swazer suggested that the finance committee agenda be reported now while the consultants are available

REPORTS

Finance Sub-Committee

Emerging Markets Update/Legal Analysis of Subscription Documents

Miss Munson reiterated that the allocation to emerging markets is \$20 million. The Northern Trust and Wellington Management subscription documents were forwarded to the attorney for review. After discussing the matter with the Chair, they thought it would be prudent to go back to the process that was in place prior to hiring the current attorney. The attorney has been asked to provide a comprehensive legal analysis of the current - as well as future - subscription documents

Chairman Moore noted that he believes it is prudent to have a comprehensive analysis of all proposed investments instead of just the review for form currently requested. He solicited comments from the other Trustees.

Trustee P. Waterman arrived at 10:19 a.m.

Miss Munson noted that – prior to hiring Sullivan, Ward – comprehensive analyses were performed. However – since that time – the investment documents have only been reviewed for form. She noted that a deeper analysis would go into the merits of the investment itself and that – to her knowledge – Sullivan, Ward has never been asked to provide that type of analysis

Ms. Billings-Dunn noted that she reviews investment documents, she negotiates terms to help protect the Board. She will review prior opinions to ensure that she is providing the Board with the information they are requesting.

Consent Agenda Correspondence

Miss Munson referenced the correspondence from Consequent Capital announcing their new CEO, John C. Robinson, the correspondence from Invesco regarding Mr. Tiwari and the correspondence from WCM regarding Natixis partnership.

Miss Munson referenced the correspondence from Dahab regarding Systematic. She reminded the Trustees that the portfolio manager had taken a brief leave of absence. The correspondence confirms that the portfolio manager returned to work as scheduled and Dahab is not recommending any action with respect to this matter.

Supplemental Actuarial Analysis

Miss Munson reported that both committees had reviewed the supplemental actuarial analysis regarding the continuation of the \$400.00 supplemental payment. She noted that there is an item under New Business for the Board to receive and file this report as required by law.

Disability Annual Procedures Report

Miss Munson reported that both committees had reviewed the disability procedures report. All disability retirees have returned the Form 4506T and are in compliance with the annual income verification process. All of the forms have been faxed to the IRS.

Letter Opposing PEPTA Legislation

Miss Munson reported that both committees had reviewed the draft letter opposing the PEPTA legislation and are recommending its approval. She referred to the handout which indicates a couple of prominent academics will be testifying before Congress on this matter and there may be an attempt to include this legislation in a larger tax reform bill later this fall.

Trustee Contact with Advisors Legal Opinion

Miss Munson reported that both committees reviewed the legal opinion regarding Trustee contact with investment managers regarding Pontiac non-profit organizations. This will be discussed under the Legal Report.

Value-Add and Debt Real Estate

Miss Munson noted that the Chair requested that she bring copies of the April Board resolution wherein the Board directed that the finance committee table the value-add real estate discussion which she distributed to the Trustees. She summarized Trustee Gaffney's comments that the Board had agreed to take some time to evaluate the core- and core-plus real estate and directed that the finance committee table the value-add discussion until further directed. The perspective of some of the committee members is that they would bring the matter back before the Board as is their prerogative as individual Trustees and not as a recommendation of the finance committee.

Chairman Moore stated that there are two main points in the resolution. First, we are not to deal with this unless there are six Trustees that feel that this is something that is worth moving forward on. If that is the case, it seems to him that that would be the first order of business – to determine if, in fact, there are six Trustees that wish to discuss this. If not, we would be in violation of this resolution which is the way he interprets it. If there is someone who interprets it differently, that should be shared.

Trustee Albritton asked for clarification of whether the Chair is calling for a vote to discuss the matter.

Chairman Moore confirmed that that is his interpretation of the resolution. He paraphrased the resolution for the Board and solicited differing interpretations from the other Trustees.

Trustee Albritton stated that he votes that we should. From his perspective, the Board never received enough information to decide to vote yea or nay and he doesn't see why we want to squash

something that hasn't been adequately understood. He reiterated that we now need five votes. He thinks we should move forward and discuss it.

Trustee Swazer asked whether the Board has enough information to make the decision to invest in value-add real estate.

Trustee Albritton stated that he thinks it is a good avenue and that – sitting in the Board meeting – there wasn't enough adequate information. In his opinion, you can never have enough information to make an educated decision. Furthermore, the consultant should provide some hard performance numbers for the Board. He feels that we are doing the Fund a disservice if we do not get the higher return that an additional allocation to real estate could add.

Trustee Gaffney said that the flip side of that is that the investment could go bad and we could lose that money. She stated that this is not about not being willing to look at this value-add real estate in the future. She has stated repeatedly that she would like to spend more time reviewing the core- and core-plus investments before moving into the riskier types. She doesn't see a detriment to a half billion dollar fund to taking a wait-and-see approach. She used Trustee Albritton's hypothetical annual gain of \$700K and noted that that is not a large enough gain to make her comfortable to invest in an asset class in which she is not ready to invest. We can continue to discuss it but her decision is unlikely to change until we have more data on the core- and core-plus investments.

Vice-Chair Williams requested that Trustee Albritton clarify whether his request is to make an investment or to just have the discussion.

Trustee Albritton responded that the Board should have all of the information to make the decision. He noted that emerging markets are a new asset class to the fund and the Board went into it quickly. So, that principal should be applied to all asset types.

Trustee Arndt noted that the emerging markets investments are liquid investments and value-add real estate is an illiquid investment. So, it is not an apples-to-apples comparison.

Trustee Giddings disagreed and thinks that the investment in value-add is more conservative than the investment in emerging markets.

Trustee Swazer stated that we should consider the performance returns of all of the investments as well as value-add.

Trustee Walker stated that the Board has been having this discussion for months and there are Trustees who are not comfortable with the investment. He questioned when the discussion would come back before the Board for reconsideration and what more information would be needed.

Trustee Gaffney stated that – for her – she needs to be more comfortable with the core- and core-plus real estate investments. She needs more time to evaluate those investments before she would be more comfortable making the additional investment. She reiterated that she is just not ready to

do it but – if everyone else is – then there is nothing that she can do except make her position clear. She wants everyone to know how she feels about it. She acknowledges that the past is the past.

Trustee Walker reiterated his question about the timeframe to revisit this matter.

Trustee Gaffney responded that it would be when we have had more time with the current investments.

Trustees Swazer and Walker asked how many quarters Trustee Gaffney would like to monitor the real estate investments.

Trustee Gaffney responded that she would like to monitor the investments for at least two quarters before considering moving forward.

Trustee Giddings questioned whether not reaching the target allocations affects the correlation of the asset allocation model.

Trustee Gaffney stated that this is not about reaching the target allocation. The Board could always commit additional funds to core- and core-plus real estate to reach the 10%.

Vice-Chair Williams asked if the Board is looking at the exploration stage or the investment stage.

Chairman Moore stated that he could go either way. He suggested not cutting off debate at this time due to the interest in gathering additional information: if a vote were taken we would know for sure. He again referenced the April resolution and concurred with Trustee Walker that we do not want people to feel they have not been given a fair hearing. He would like this investment discussion to be referred to the finance committee in order to get more information.

Chairman Moore moved to refer the value-add real estate investment discussion back to the finance committee to obtain more information that will be provided to the Board.

Vice-Chair Williams asked Chairman Moore to confirm that what he is asking for is a vote to begin the discussion and send this matter back to the finance committee for fact-finding.

Chairman Moore confirmed this interpretation.

Trustee Albritton stated that he would like to see the value-add managers brought in before the Board so that all of the Trustees receive the information at the same time and the Board could decide from there. You can never have too much information.

Trustee Gaffney stated that the Board is not at that point. If you are talking about education, having some managers come in and make a sales pitch is not education, it is a sales pitch. She is not ready to hear a sales pitch.

Trustee Albritton reiterated that he would like to see the managers come in and then we could decide as a Board whether to move forward with an investment. He confirmed that the current allocation is approximately 7.5%. He questioned why the consultant recommended 10% if it is going to take us two to five years to get there. He asked why it was important to set the target allocation at 10% if we are now going to reduce it to 5%.

Chairman Moore stated that he understands Trustee Albritton's position. However, there is a resolution on the floor which was properly debated until it was removed. This is one of the reasons there is a committee structure because it helps to vet and air out different issues so that when it is brought before the Board, it is substantive. He questioned how we would determine which managers are brought if we were to take Trustee Albritton's approach or would we bring in everyone who responded to the RFP. That is his reason for saying that – if we are going to take a further look at this – we need to start in committee. Anything that comes to the committee would have to come to the full Board. But, it would come after it has been fully vetted and there would have to be some justification to present it to the Board. That is his feeling. This matter is not on the agenda and we do have a full agenda before us. He believes it is unfair to add it other than to give further direction to the finance committee.

Vice-Chair Williams questioned whether Trustee Albritton is suggesting a modification to Chairman Moore's resolution or voting on the current resolution.

Trustee Albritton stated that he would like to get the consultant's responses before the vote.

Mr. Lee stated they asset allocation study that Dahab performed about a year and a half ago was designed to get the System to a less risky portfolio. To do that, they suggested adding real estate to the portfolio since it was an asset class in which the System was not invested. He noted that it was the consensus of all of the 2016 consultant finalists that real estate should be added to the portfolio. There has been a fair amount of education about real estate and the different flavors of real estate because it was a new asset class. A 10% allocation is a relatively sizeable one, especially given that it is a new asset class, and we wanted to get as close to that as possible. From the discussions, the majority of the Board was comfortable with the core- and core-plus real estate. That wasn't the case with going further out on the risk spectrum (i.e. value-add) . So the asset allocation isn't set in stone. Dahab is content to get to the 7.5% - the last 2.5% is not going to move the needle. As we are looking at the target allocation, the question is the same – where are we over-allocated. We are over-allocated to stocks and under-allocated to bonds. So – all things being equal – the money in the stock market has been better than the money in the bond market.

Mr. Lee continued that the other piece that hasn't been discussed is private equity. The System has a target allocation of 10% and is currently at 2.5%. Ideally, we would want to either move that allocation down or somehow get closer to it. All this comes back to there is an ideal allocation that Dahab created for the System which the Board agreed to with the understanding that it doesn't have to be exact – there can be some flexibility to it. He believes where the Board is now is progressing towards the target asset allocation and it is just taking a little time. New asset classes take time. In real estate, the Board has actually done a lot of work. The pace that the Board is moving toward the

target allocation is not unusual. It takes time to get up to speed learning about some of these investments.

Trustee Albritton questioned whether the asset allocation is like a moving train and whether the Board should continually revisit it every six months or year. He also asked whether the System would have been better off had we gotten to the target allocation in a year. He asked whether we should continue to pull this train or evaluate and change the allocation every year - is the target allocation still the goal and is that goal proper.

Mr. Lee responded that what we are discussing today is strategic allocation which is more static and does not change dramatically from year-to-year. What Trustee Albritton is discussing is more tactical, which we are doing all the time. That is why we are trimming back the asset classes that have too much money – stocks primarily. And that is why we made a big step today by moving money from international equities to bonds. We all know bonds are doing particularly well but we are trying to get to the target allocation. Based on the conversations the Board has had, he doesn't believe we can get to 10% in private equity. If we reduce that allocation, we would need to rebalance the targets of all of the asset classes.

Miss Munson noted that the finance committee had directed that she work with Dahab to provide a summary write-up up the next steps of the rebalancing by August 10, 2018.

Trustee Deirdre Waterman arrived at 10:55 a.m.

Trustee Giddings asked the consultant if they are comfortable with the 7.5% allocation to real estate and whether the Fund would have done better if the allocation was at 10%.

Mr. Lee responded that this is the 'art' of asset allocation. It is not an exact science and it is not going to be perfect. We are not at target but he is comfortable with where we are.

Chairman Moore made the analogy that the consultant can take us to the water but the Board has to drink it. There is only so much information they can provide and – once they do – the Board has to make a decision. This is not an exact science. Trustees have to take the information that has been given and vote their consciences. He believes that is where we are with this issue. Dahab has brought various options as it relates to real estate and they broke it into various types. But they cannot tell the Trustees to invest in value-add – that is a determination Trustees themselves have to make. He reiterated that this is not on the agenda.

Trustee Patrice Waterman called for the vote.

Trustee Deirdre Waterman asked that the resolution be restated.

RESOLUTION 18-084 By Moore, Supported by Swazer

Resolved, That the Board approves to refer the value-add and debt real estate investment matter back to the finance subcommittee to gather additional information.

Roll Call:

Albritton – Yea
Arndt – Nay
Gaffney – Nay
Giddings – Yea
Moore – Yea

Swazer - Yea
Walker - Yea
D. Waterman – Nay
P. Waterman – Yea
Williams - Yea

Motion Passed

Trustee Swazer requested that the investment consultant provide the previous target allocation as well as the movements of assets and timeframe of the movements to the new targets since adoption.

Mr. Lee and Mr. Roth left at 11:03 a.m.

Personnel Sub-committee

Trustee Gaffney requested that Trustees submit their Executive Director evaluations to her at their earliest convenience.

Trustee Walker stated that he does not feel he has been on the Board long enough to submit an evaluation.

Hospital Deferred Members

Miss Munson reported that there are two Hospital deferred members that continued to work for the Hospital post-privatization and have indicated they are eligible to begin collecting their retirement benefits. The System is willing to assist the City in verifying their service credit. She noted that letters had been sent to the two affected members.

Trustee Deirdre Waterman questioned why the City has to participate in the process.

Miss Munson responded that it is the City as Plan Sponsor who is required to certify that members meet eligibility requirements to collect a pension.

Trustee Gaffney stated that the information that had been collected previously was inconclusive.

Trustee Giddings also stated that he, Trustee Arndt and Kathi McNally are willing to assist in the process.

Chairman Moore noted that Trustee Nazarko had agreed to assign someone from the City to go along. However, no one from the City has been assigned. The System has been communicating with the City and will continue to do so until the matter is resolved.

Trustee Deirdre Waterman told the Board that with the recent departures the City is short-handed. They do have a proposal in their finance committee to get some people in to fill those positions.

Retiree, Kathi McNally told the Board that she worked in management at the Hospital. She also noted that the Hospital used four different management hour codes and that she knows how to read the cards and retirement classifications. Once the information for those deferred members is found it should not take long.

Trustee Deirdre Waterman asked that Miss Munson contact her on Friday to discuss the issue.

There was additional discussion.

Employee Evaluations

Miss Munson reported that she provided verbal staff evaluation reports to the committees.

Trustee Contact with Advisors Legal Opinion

Miss Munson reported that both committees reviewed the legal opinion regarding Trustee contact with investment managers regarding Pontiac non-profit organizations. This will be discussed under the Legal Report. A formal policy will be forthcoming.

Relocation Subcommittee

Miss Munson reported that the relocation committee met on July 19, 2018. The committee has decided to reach out to Bloomfield Village again regarding office space. The committee had reached out last year but the developer was unable to offer floor plans or projected move-in dates at that time. The Chair of the committee will do additional follow-up regarding the Bethune property.

Re: Trustees Report - None

Re: Chairman Report - None

EXECUTIVE DIRECTOR

Disability Procedures Report – Refer to Committee Reports

Phillip Moore MAP Level II

Miss Munson reported that Phillip Moore has passed MAP Level II.

Audio/Video Equipment

Miss Munson reported that the Retirement Office is beta testing audio and video equipment.

Jane Arndt Retirement

Miss Munson reported that Trustee Arndt will be retiring effective October 1, 2018. Her last work day will be September 28, 2018. She referenced the revised job specifications under New Business. Miss Munson said that she discussed with the committee having Trustee Arndt's replacement in place two to three weeks prior to her departure for training purposes.

Trustee Giddings questioned whether Trustee Arndt's position on the Board would be vacated.

Miss Munson responded that Ordinance provides that elected and appointed Trustees continue to serve until their successor is elected or appointed. In Trustee Arndt's case, an election would be scheduled to be held in December and the new Trustee's term would begin in January.

Chairman Moore asked how much time after Trustee Arndt's departure is required before members are notified.

Miss Munson explained that the Ordinance requires that a vacancy be filled within ninety days of the vacancy. She noted that the Board will have to approve the election calendar which she will have available for the August Board meeting. The process will begin October 1, 2018.

Chairman Moore questioned whether Trustee Arndt could continue to be a Trustee since she would no longer be an employee.

Miss Munson responded that the Ordinance provides that elected and appointed Trustees continue to serve until their successor is elected or appointed.

There was continued discussion regarding Trustee Arndt no longer being an employee, the Trustee vacancy and election timeframe.

Summary Annual Report/Annual Option II Notice

Miss Munson reported that the SAR was mailed to the retirees on July 20, 2018. It was sent to the State of Michigan Treasury Department and mailed to the active members – along with the annual Option II Notice - on July 24, 2018.

UNFINISHED BUSINESS

Re: Resolution to Approve Letter Opposing PEPTA

RESOLUTION 18-085 By Swazer, Supported by P. Waterman

Resolved, That the Board directs the Executive Director to distribute the Letter opposing the draft Public Employee Pension Transparency Act to Representative Nunes, the City Council and other elected officials and organizations as discussed.

Yeas: 10 – Nays: 0

NEW BUSINESS

Re: Resolution to Receive and File Supplemental Actuarial Analysis

Miss Munson reported that the supplemental actuarial analysis was required pursuant to PA 314 in order to determine the additional liability of continuing the \$400.00 temporary supplemental pension payment through August 31, 2019. She noted that the report must be presented to both the Board and the City Council seven days prior to implementation.

RESOLUTION 18-086 By Gaffney, Supported by Swazer

Resolved, That the Board hereby receives and files the June 28, 2018 supplemental actuarial analysis to determine the cost of continuing to provide the \$400.00 supplemental pension payment through August 31, 2019.

Yeas: 10 – Nays: 0

Re: Resolution to Post Executive Assistant Position

RESOLUTION 18-087 By Moore, Supported by P. Waterman

Resolved, That the Board approves the posting of the Executive Assistant position, as revised.

Yeas: 10 – Nays: 0

Re: Legal Report

Robbins Geller June 2018 Portfolio Monitoring Report

Ms. Billings-Dunn reported that the monitoring report is for those securities litigation cases filed during June 2018. This is for the Trustees' information.

Stakeholders Propose Ideas for Expanding the Determination Letter Program

Ms. Billings-Dunn reported that the Internal Revenue Services is proposing ideas for expanding the Determination Letter Program. Currently, the IRS only provides determination letters for initial plan qualifications or terminations. They are now looking to open the program up to issue letters for special circumstances that would warrant IRS review.

Summary of Public Employee Pension Transparency Act

Ms. Billings-Dunn reported that the Bill was introduced in the House in March 2016.

Trustee Contact with Advisors

Ms. Billings-Dunn reviewed her legal memorandum regarding Trustee contact with investment advisors. She stated that there is no prohibition against that kind of contact but that the Trustees had to be very careful that they do not benefit from it. She reviewed the examples and stated that Trustees cannot do anything that appears to be self-dealing. The Trustees have a fiduciary responsibility to the System.

Fees Received by Sullivan Ward from Securities Litigation Matters

Ms. Billings-Dunn indicated that there were no fees reported for the current period.

RESOLUTION 18-088 By Gaffney, Supported by P. Waterman

Resolved, That the Board approved to move to closed session to discuss pending litigation matters including Big Lots, Dell, Inc., Super Micro Computer, Walmart Stores, Camping World Holdings, Equifax, Qualcomm and a written legal opinion regarding GrayCo Alternative Partners/Consequent.

Roll Call:

General Employees Retirement System
Regular Meeting
July 25, 2018

Albritton - Yea
Arndt - Yea
Gaffney - Yea
Giddings - Yea
Moore - Yea

Swazer - Yea
Walker - Yea
D. Waterman - Yea
P. Waterman - Yea
Williams - Yea

*The Board moved to closed session at 11:35 a.m.
Mr. Brown, Ms. McNally, Ms. Watkins and Ms. Watson left at 11:35 a.m.
The Board returned from closed session at 12:31 p.m.*

RESOLUTION 18-089 By Moore, Supported by Gaffney
Resolved, That the Board approves to authorize Robbins Geller to recommence settlement discussions as outlined and discussed in closed session.

Yeas: 10 – Nays: 0

RESOLUTION 18-090 By D. Waterman, Supported by J Gaffney
Resolved, That the Board resolves to follow the recommendation of legal counsel and authorize Robbins Geller to dismiss the Super Micro Computer matter.

Yeas: 10 – Nays: 0

RESOLUTION 18-091 By Gaffney, Supported by Albritton
Resolved, That the Board approves to receive and file the legal counsel’s opinion regarding the GrayCo Alternatives Partners Fund I, LP/Consequent Capital and to continue to monitor the investment.

Yeas: 10 – Nays: 0

RESOLUTION 18-092 By, D. Waterman, Supported by Gaffney
Resolved, That the Board has considered and declines to seek appointment as lead plaintiff in the QualComm Securities Fraud Class Action litigation.

Yeas: 10 – Nays: 0

SCHEDULING OF NEXT MEETING

Regular Meeting: Wednesday, August 29, 2018 at 10:00 a.m. – Retirement Office

RESOLUTION 18-093 By Moore, Supported by Swazer
Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees’ Retirement System be adjourned at 12:33 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 July 25, 2018

As recorded by Jane Arndt