

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

A meeting of the Board of Trustees was held on Wednesday, March 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 10:00 a.m.

TRUSTEES PRESENT

Sheldon Albritton
Jane Arndt
Koné Bowman (*arrived @ 10:04 a.m.*)
Robert Giddings
Walter Moore, Chairman
Nevrus Nazarko, Secretary (*arrived @ 10:39 a.m.*)
Billie Swazer
Patrice Waterman, City Council
Kevin Williams, Vice-Chair

OTHERS PRESENT

Cynthia Billings-Dunn, Sullivan Ward
Deborah Munson, Executive Director
Phillip Moore, Finance Officer
Phil Brown, City Videographer
Kathi McNally, Hospital Retiree
Stacia Watkins, Deferred Retiree
Linda Watson, City Retiree

TRUSTEES ABSENT

Janice Gaffney (*excused*)
Deirdre Waterman, Mayor

Chairman Moore opened the meeting at 10:00 a.m.

PUBLIC COMMENT

Retiree, Linda Watkins thanked the staff for providing her with the retirement benefit paperwork she requested. She also stated that she doesn't recall being told about the Social Security Offset option at the time of her retirement and requested a copy of her benefit option election sheet which she signed at the time.

She also asked about the \$85,000.00 payment made to the City of Pontiac.

Miss Munson explained that the payment to the City is for the monies withheld from retiree paychecks to reimburse the City for their healthcare premiums. This is not an expense of the System is not normally – and should not – be reflected on the payables report.

AGENDA CHANGES

Miss Munson referenced the handout from Kennedy Capital regarding a change in leadership at the firm. She noted that the consultant is recommending that the firm be put on 'Watch' consistent with the provisions of the Investment Policy Statement. A resolution should be added under New Business. She noted that Don Cobin has been named the President and CEO of Kennedy Capital

and is also the portfolio manager for their small cap core product. The consultant has expressed their confidence in the change in leadership.

Trustee Bowman arrived at 10:04 a.m.

She also noted that Item C under New Business. The correction to the member's benefit amount was incorrectly recorded in the February minutes. The amount can be corrected as part of the Consent Agenda because the February minutes have not been approved.

APPROVAL OF CONSENT AGENDA

A. Approval of the Minutes of the Regular Board Meeting held February 28, 2018

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date: March 28, 2018

TOTAL PENSION PAYROLL **\$2,143,591.57**

Staff PPE Pay Date: March 1, 15 & 29, 2018

TOTAL STAFF PAYROLL **\$ 32,483.44**

C. Communications:

1. FOIA Request from/to Public Plan IQ – March 6, 2018
2. FOIA Request from/to Bloomberg Private Equity – March 13, 2018
3. MAPERS Spring Conference: May 19-22, 2018 (Mt. Pleasant, MI)
4. IFEBP Trustees and Administrators Institute: June 25-27, 2018 (Las Vegas, NV)
5. IFEBP Wharton Alternative Investment Strategies: July 30 – Aug 1 (San Francisco, CA)
6. SEC Investor Bulleting Re: Initial Coin Offerings

D. Financial Reports:

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

E. Private Equity Capital Calls & Distributions

1. Mesirov Fund IV Distribution – February 28, 2018 \$ 75,000.00
2. GrayCo Alternatives I Distribution: March 8, 2018 \$ 459,770.00
3. Intercontinental Distribution: March 23, 2018 \$ 5,105.46
4. Invesco Capital Call – April 1, 2018 \$7,500,000.00

G. Retirement Benefits

1. New Retirements

General Employees Retirement System
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Ret. No.	Member's Name	Amount	Effective
2838	Poplar, Andre		01/01/2018
2846	Mason-Cooper, Shirley		01/01/2018
2849	Hall, Deborah (FINAL)		01/01/2018
2852	Pennerman, Larry		01/01/2018
2853	Burkett, Timothy		01/01/2018
2854	Bowie, John		01/01/2018
2855	Brown, Andrew		01/01/2018
2856	Youngquist, Timothy		01/01/2018
2857	Goodman, Barbara		01/01/2018
2858	Mosley, Tony		01/01/2018
2859	McKnight, Raquel (SS Offset)		01/01/2018
2860	Simmons, Chanda (SS Offset)		01/01/2018
2862	Green-McCarty, Tamartha (Silverdome)		01/01/2018
2863	Breeze, Sharon		01/01/2018
2864	Gener, Myrna		01/01/2018
2865	Gener, Julito		01/01/2018
2866	Tademy, Tamara		01/01/2018
2867	Walker, James		01/01/2018
2868	Losee, Kathryn		01/01/2018
2869	Beardon, Yvonne		01/01/2018
2870	Rivera, Luis		01/01/2018
2871	Gomez, Daniel		01/01/2018
2872	Molett, Sandra		01/01/2018
2873	McDonald, Sandy Michael		01/01/2018
2874	Seay, Richard		01/01/2018
2875	Daniel, Tiwana		01/01/2018
2876	Bradley, Cynthia		01/01/2018
2877	Nelson, Monica		01/01/2018
2878	Owusu-Agyei, Vida		01/01/2018
2879	Wright, Andrea		01/01/2018
2880	Germany, Cheyla		01/01/2018
2881	Cantrell, Elizabeth		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
1323	Hilborn, Patricia	03/01/2018	

3. J&S Continued Retirements

Ret No.	Name	Date of Death	Survivor's Name	Amount
2798	Martinez, Magdalena	02/23/2018	Martinez, Alberto	

4. Recalculated Retirements

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Ret No.	Name	Effective Date	Reason For Change	New Amount

5. Disability Medical Re-Exams/Benefit Continuation

Ret No.	Name	Reason

6. Refunds of Employee Contributions

Ret No.	Name	Reason	Benefit Amount

Ms. Billings-Dunn explained that there was an overhaul to Public Act 314 a few years ago regarding member benefit information which was a step toward confidentiality. PA 314 makes the calculation of retirement benefits confidential – not the benefit amount.

Miss Munson requested that the Board approve her and Phillip Moore’s attendance at the Spring MAPERS Conference being held May 20-22, 2018 in Mt. Pleasant, Michigan.

RESOLUTION 18-040 By P. Waterman, Supported by Swazer

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

Yeas: 8 – Nays: 0

CONSULTANT

Re: Dahab Associates – Refer to Manager Review Meeting (March 27, 2018)

REPORTS

Re: Committees

Finance Committee

Miss Munson reported that the committee met on March 20, 2018.

Real Estate Investment (Value-Add and Debt)

The committee reviewed the potential value-add and debt real estate investment. The committee asked the consultant to narrow the selection to two managers. The finalists will be scheduled to interview with the finance committee who will then make a recommendation to the Board.

Chairman Moore indicated that the full Board would be involved in the final decision.

Trustee Arndt questioned whether the committee will be narrowing the choices for the Board.

Chairman Moore indicated that the committee will be narrowing down the managers but the full Board will make the final decision.

Miss Munson stated that an RFP was issued in 2016. The committee requested that the consultant refresh the list of respondents and there are currently three value-add managers and four debt fund managers. The committee requested that the consultant further narrow that list.

Trustee Albritton noted that the committee requested that the consultant narrow the list to two value-add managers and two debt fund managers.

Chairman Moore noted that the final decision rests with the full Board.

Monthly Investment Reports

Miss Munson reported that the committee reviewed the monthly investment report.

Business Owners Insurance Policy

Miss Munson reported that the committee reviewed the Business Owners' Insurance Policy issued through The Hartford. This policy renews April 1, 2018 and the committee is recommending that the Board should approve the policy renewal. She reminded the Board that the committee does intend to do a comprehensive review of all of the insurances this year

Auditor Engagement Letter

The committee is recommending that the Board approve the 2017 Audit Engagement Letter.

Hospital Deferred Retirees

Miss Munson explained that there are approximately sixty deferred Hospital members. The Ordinance provides that they are eligible to retire at age fifty-five as long as they have a total of 25 years of service which can include post-privatization service.

Due to the changes in ownership at the Hospital over the years, staff no longer has a contact at the Hospital able to verify members' post-privatization service. Trustee Giddings contacted a colleague at the Hospital and they are willing to allow someone in to review the documents and to verify and document that service. Mr. Nazarko has volunteered the City's HR Administrator.

Miss Munson noted that she hopes that a process can be put in place to gather the data on the remaining members simultaneously so as to avoid any challenges in the future.

Trustee Swazer questioned why the City's HR Department is being brought into the process.

Chairman Moore and Trustee Giddings concurred that this is the responsibility of the Plan Sponsor.

Trustee Patrice Waterman stated that it is preferable for the City to perform the review and confirm the service credit.

There was additional discussion

Insurable Interest

Miss Munson told the Board that the committee discussed and addressed Trustee Nazarko's concern with regard to insurable interest.

Re: Trustees

Chairman Moore recognized Trustee Giddings certificate of attendance at the One-Day MAPERS Conference.

Vice-Chair Williams indicated that there are two Trustees who are awaiting City Council reappointment. He thanked the Board for the opportunity and stated that it has been a pleasure serving on the Board.

Trustee Bowman echoed Vice-Chair Williams' sentiment and added that he hopes to continue serving as well.

Re: Chairman – None

EXECUTIVE DIRECTOR

Credit Cards

Miss Munson reported that the new credit cards should be delivered by Friday, April 6, 2018. She indicated that Trustees should continue to use their credit cards for any arrangements that are currently in process.

Workers' Compensation

Miss Munson reported that the Retirement System received an \$18.00 credit for the Workers' Compensation insurance.

MAPERS One-Day Conference Attendance Certificates

Miss Munson referenced the attendance certificates for the MAPERS One-Day Conference that she and Phillip Moore attended.

MAP Basic Fiduciary Examination Level 1

Miss Munson reported that Phillip Moore passed the MAP Level I after the One-Day.

Deferred Member Annual Reminder

The annual notice to deferred members was mailed on March 15, 2018.

Pop-Up Option Annual Reminder

The annual reminder to members who selected a pop-up option was mailed on March 16, 2018.

Social Security Offset Calculations Memo

Miss Munson reported that – at the Trustee Swazer’s request - a notice was sent to the two current retirees that selected the Social Security Offset option. They will also receive a notice again when they reach age sixty-four.

Early Retirement Benefit Update

Miss Munson reported that all of the deferred members who are eligible for the early retirement have been added to the payroll with one exception. The member lives out of state and staff is having difficulties verifying their service credit with MERS. MERS will not provide information over the telephone without the member being on the line at the same time. She received an email from the member this morning and he has provided some dates of availability for a conference call with MERS. She also noted that there was one additional member who was determined not to be eligible for the early retirement due to the fact that he signed a Release and Waiver of Seniority.

Miss Munson referenced the early retiree included in the Consent Agenda who has approximately 6 years of service. This member worked for the Silverdome prior to becoming a City employee. Miss Munson included in the agenda two prior legal opinions which both state that the Stadium is a reciprocal unit for Reciprocal Retirement Act purposes. Miss Munson wanted to bring this to the Trustees’ attention because it an unusual case.

Miss Munson referenced the Social Security Offset memo included in the agenda which had been emailed to the Trustees. Two of the early retirees requested to see the Social Security Offset calculations. Due to their age, the amount of their pensions and actuarial assumptions, the post-65 amount for these two members drops by close to 90%. Miss Munson briefly reviewed the memo and expressed to the Board how helpful the actuary was in explaining the calculations and how much of a learning process it was for the staff. She noted that staff would have been better able to advise the members had they had the additional understanding prior.

The finance committee is recommending that the Board approve the payment of the actuarial fees in these two cases only.

There was additional discussion regarding the Social Security Offset calculations.

Core Real Estate Investments

Miss Munson reported that core real estate manager UBS has indicated they will expect to call System’s committed capital at the beginning of the third quarter. This is one of the two original core-plus real estate investments. The System’s commitment is \$4 million.

Invesco Real Estate has scheduled a capital call for April 1, 2018. The call will be funded by a partial liquidation of the First Eagle account.

Disability Procedures Report – N/A

Asset Transition Update – N/A

UNFINISHED BUSINESS

NEW BUSINESS

Re: Resolution to Approve Audit Engagement Letter

RESOLUTION 18-041 By Arndt, Supported by P. Waterman

Resolved, That the Board authorizes the Chair's signature on the Plante & Moran Audit Engagement Letter for 2017. The estimate for 2017 is \$15,700.00 which is a \$510.00 increase from the 2016 actual cost.

Yeas: 8 – Nays: 0

Re: Resolution to Receive and File Consequent Response to Request for Withdrawal

RESOLUTION 18-042 By Swazer, Supported by P. Waterman

Resolved, That the Board hereby receives and files the response received from Alston & Bird regarding the Board's request for a withdrawal from the GrayCo Alternatives Fund I.

Yeas: 8 – Nays: 0

Re: Resolution to put Kennedy Capital on watch for two quarters based on the change of leadership at the firm.

Miss Munson reported that the investment consultant has recommended putting Kennedy Capital on watch for two quarters based on the sudden change of leadership at the firm. Don Cobin has been named CEO and President of the firm. Mr. Cobin is also the portfolio manager of their small cap core product.

Chairman Moore indicated that putting Kennedy Capital on watch is a formality. He also stated that the manager has done a good job for the System over the years.

Trustee Nazarko arrived at 10:49 a.m.

RESOLUTION 18-043 By Swazer, Supported by Bowman

Resolved, That the Board approves to put Kennedy Capital on watch for two quarters due to the sudden change in leadership at the firm as recommended by the investment consultant consistent with the Investment Policy Statement guidelines.

Yeas: 9 – Nays: 0

Re: Resolution to Approve Business Insurance Renewal

Trustee Giddings questioned why there is not a resolution approving the renewal of the business insurance and inquired of the cost of the insurance.

Miss Munson stated that the insurance renewal cost is approximately \$800.00.

Miss Munson explained that the declarations page for the insurance renewal was included in the finance committee agenda.

RESOLUTION 18-044 By P. Waterman, Supported by Swazer
Resolved, That the Board approves the renewal of the Retirement System’s Business Insurance for 2018 at a cost of approximately \$800.00 through The Hartford.

Yeas: 9 – Nays: 0

Re: Legal Report

First Eagle International Value Fund, LP

Ms. Billings-Dunn reported that she reviewed the contract for the First Eagle International Value Fund. The terms are the same as the Global Value Fund.

She noted that the international investments qualify under section 14 of PA 314 while the alternative investments qualify under the basket clause of Public Act 314. They also agreed to her changes including the Most Favored Nations clause, acknowledgment of their fiduciary status and elimination of the indemnification for loss caused by gross negligence.

Based on the changes she described the agreements are of a legally acceptable format.

Robbins Geller February 2018 Monitoring Report

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

Dell, Inc. Litigation

Ms. Billings-Dunn reported that the mediation in the Dell, Inc. litigation was held on March 5, 2018 in Boston, Massachusetts and was unsuccessful: the litigation is moving forward.

Ms. Billings-Dunn asked that the Board approve the closed session minutes for February 28, 2018.

RESOLUTION 18-045 By Swazer, Supported by Nazarko
Resolved, That the Board approve the closed session minutes for February 28, 2018.

Yeas: 9 – Nays: 0

SCHEDULING OF NEXT MEETING

General Employees Retirement System
Regular Meeting
March 28, 2018

Regular Meeting: Wednesday, April 25, 2018 @ 10:00 a.m. – Retirement Office

RESOLUTION 18-046 By P. Waterman, Supported by Williams

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 11:06 a.m.

Yeas: 9 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the General Employees Retirement System held on March 28, 2018

As recorded by Jane Arndt