

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

A meeting of the Board of Trustees was held on Wednesday, February 27, 2019 at the Pontiac General Employees' Retirement System, 2201 Auburn Road, Suite B, Auburn Hills, MI 48326. The meeting was called to order at 10:00 A.M.

**TRUSTEES PRESENT**

Sheldon Albritton, Vice Chair  
Chad Chandler (*arr. @ 10:20 a.m.*)  
Janice Gaffney (*arr. @ 10:15 a.m.*)  
Robert Giddings  
Walter Moore, Chairman (telephonically)  
Billie Swazer  
James Walker  
John White  
Patrice Waterman, City Council  
Deirdre Waterman, Mayor (*arr. @ 11:40 a.m.*)

**OTHERS PRESENT**

Cynthia Billings-Dunn, Sullivan, Ward, Asher & Patton  
Deborah Munson, Executive Director  
Kristy Neumann, Executive Assistant  
David Lee, Dahab & Associates  
Linda Watson, City Retiree

**TRUSTEES ABSENT**

None

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Chairman Moore opened the meeting at 10:00 a.m. and requested that Vice-Chair Albritton serve as the acting Chairman.

**PUBLIC COMMENT**

There were no comments.

**AGENDA CHANGES**

Miss Munson referenced the handout containing corrections to the minutes of the January 31, 2019 meeting. She requested that approval of the use of a rental car at the Legislative Conference be added to the Consent Agenda and noted that the brochure from that conference is included in the Reports section. She noted that the NASP conference dates conflict with the June Board meeting and suggested changing that date at the next meeting. She requested that Item A under Unfinished Business be tabled. She requested that two resolutions be added to New Business – one regarding the Member-Trustee candidate statement and one regarding audiotaping the meeting.

Trustee Giddings stated that he would like to address the minutes and referred to the penultimate paragraph on page 8 and requested that it be stricken. He asked the attorney whether she had reviewed the minutes.

Ms. Billings-Dunn confirmed that that she did review the minutes but that she does not redact much information.

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

Trustee Patrice Waterman reminded the Board that the attorney had previously been directed not to edit the minutes

*Trustee Gaffney arrived at 10:15 a.m.*

*Trustee Chandler arrived at 10:20 a.m.*

There was additional discussion regarding quiet periods during the selection process and the minutes.

Trustee Gaffney was agreeable to striking the paragraph.

Trustee Albritton suggested that the attorney be allowed to edit the minutes.

**Resolution 19-020** By P. Waterman, supported by Albritton Resolved, That the attorney shall edit the minutes.

Yeas: 9 – Nays: 0

**APPROVAL OF CONSENT AGENDA**

- A. Approval of the Minutes of the Regular Board Meeting held January 31, 2019
- B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date February 27, 2019 <b>TOTAL PENSION PAYROLL</b>	<b>\$2,074,488.04</b>
Staff Pay Date February 14 & 28, 2019 <b>TOTAL STAFF PAYROLL</b>	<b>\$21,687.01</b>

- C. Communications
  - Correspondence RE: FOIA Request from/to Public Funds IQ – February 6, 2019
  - Correspondence First Eagle RE: Management Fee Calculation
  - Correspondence from Kennedy Capital RE: Staff Change
  - NASP Pension & Financial Services Conference: June 24 – 26, 2019 (Baltimore, MD)
- D. Financial Reports
  - Accounts Payable: February 2019
  - Dahab Associates Preliminary Report: January 2019
  - Attucks Manager-of-Manager Summary: January 2019
  - Statement of Changes: January 2019
  - Unaudited Financial Statements and Budget Update: Q4 2018

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

E. Private Equity Capital Calls & Distributions

F. Retirement Benefits

1. New Retirements

<b>RETNO</b>	<b>Name</b>	<b>Amount</b>	<b>Effective</b>
2892	Fortune, Mary		1/1/2018
2893	Vaughn, Bryant		1/1/2018

**Bold type entry indicates Reciprocal service credit.**

2. Terminated Retirements

<b>RETNO</b>	<b>Name</b>	<b>Date of Death</b>	<b>Benefit Amount</b>
700956	Chesney, Annabell	1/18/2019	

3. J&S Continued Retirements

<b>RETNO</b>	<b>Retiree's Name</b>	<b>Date of Death</b>	<b>Survivor's Name</b>	<b>Amount</b>
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4. Re-calculated Retirements

<b>RETNO</b>	<b>Member's Name</b>	<b>Effective Date</b>	<b>Reason for Change</b>	<b>New Amount</b>
2802	Walker, Cynthia	1/1/2017	Final	
2809	Story, Michael	4/1/2017	Final	
2750	Smith-Ghant, Mary	2/1/2019	Pop-Up	
2866	Tademy, Tamara	1/1/2018	Final	
2858	Mosley, Toney	1/1/2018	Final	
2885	Arndt, Jane	10/1/2018	Final	
2886	Peet, Rolanda	11/1/2018	Final	
2882	McCaffery, Gregory	1/1/2018	Final	
2840	Lucio, Jesus	1/1/2018	Final	
2881	Cantrell, Elizabeth	1/1/2018	Final	
2880	Germany, Cheyla	1/1/2018	Final	
2879	Wright, Andrea	1/1/2018	Final	
2874	Seay, Richard	1/1/2018	Final	
2869	Bearden, Yvonne	1/1/2018	Final	

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

2873	McDonald, Sandy	1/1/2018	Final	
2878	Owusu-Agyei, Vida	1/1/2018	Final	
2860	Simmons, Chanda	1/1/2018	Final	
2857	Goodman, Barbara	1/1/2018	Final	

*Pop-Up Benefit: When beneficiary dies before retirant, monthly benefit “pops-up” to what would have been the monthly Regular benefit amount (plus applicable COLA).*

5. Disability Medical Re-Exams/Benefit Continuation

RETNO	Member’s Name	Reason
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6. Refunds of Employee Contributions

RETNO	Member’s Name	Reason	Amount
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**RESOLUTION 19-021** By P. Waterman, Supported by Albritton

Resolved, That the Board approves and ratifies actions described in the Consent Agenda as amended for February 27, 2019

Yeas: 9 – Nays: 0

**CONSULTANTS**

Performance Report: Q4 2018

Mr. Lee presented the Fourth Quarter 2018 Performance Report. He directed the Board to the Economic Statistics and Major Index Returns on page 4. He said that GDP stayed strong at around 3%, unemployment was still around 4%, the CPI was up slightly over 2%. He highlighted that the Fed Funds Rate went up by 25 basis points to 2.5%. What this means is that the Fed raised short-term interest rates four times last year which brings the total number of hikes to nine since nadir of the market. He continued to review the markets and geopolitical events of the fourth quarter.

Index Fund Education

Mr. Lee gave an example of the variety of nuances with Index Funds and explained the primary reason for Index Funds is to try to measure and/or capture a certain portion of a stock or bond market. He reviewed characteristics and schemes of the various indices. He reviewed how index funds are used as benchmarks and investments in the System’s portfolio. He provided examples of how to and the thought process to select an index fund. He said that there are multiple and sometimes complex ways to create index funds. For example, there is Market Capitalization Weighted (S&P 500) which are securities held in proportion to underlying company value. Price-weighted (Dow Jones Industrial Average) which are high priced stocks and equal-weighted (S&P Equal Weighted) which have just a greater representation of smaller companies. Overall, these benchmarks are similar in their performance over the long-term.

**CITY OF PONTIAC MICHIGAN**  
**GENERAL EMPLOYEES RETIREMENT SYSTEM**  
**Board of Trustees Meeting**  
**February 27, 2019**

Mr. Lee continued his report and reviewed why indices are used and explained that they are used as a fair comparison of active managers' performance. He summarized the difference between passive and active management. Passive investment funds generally mirror market returns; are more efficient and have lower fees.

**REPORTS**

**Personnel & Administrative Committee**

System Policies Review

Miss Munson reported that the committee is undertaking a review of all of the System's policies and selected the Ethics Policy and Related Parties Questionnaire first.

Early-Out Retirement Benefit

Miss Munson reported that both committees received the report that the last remaining member of the six who had been denied the early retirement because of the healthcare waivers which the Mayor approved in December has made application for her retirement benefit to begin.

Disability Annual Procedures Report

Miss Munson reported both committees have reviewed the monthly disability annual procedures report. The one member that was scheduled to be re-examined in December has been rescheduled for March and a second member is scheduled for March as well. The final re-examination for the year should take place in July.

Vacation Policy

Miss Munson reported that the committee reviewed the employee leave balances and that the committee is adding the Vacation Policy to its list for review in March.

Board Meeting Audiotape

Miss Munson reported that both committees discussed audiotaping the minutes. She explained that even the shorter version of the minutes takes four to five days to complete. The role of the Executive Assistant was expanded so every extra day not spent on the minutes would be a much more efficient use of her time.

**Finance Committee**

Rebalancing Next Steps Memo

Miss Munson reminded the Board of the rest of the steps that the consultant has outlined with respect to rebalancing the portfolio to the target allocation. She said that the committee will be addressing the open policy questions in the Emerging Manager Program and bringing suggested revisions to the Board.

Correspondence

**CITY OF PONTIAC MICHIGAN**  
**GENERAL EMPLOYEES RETIREMENT SYSTEM**  
**Board of Trustees Meeting**  
**February 27, 2019**

Miss Munson reported that the committee reviewed the correspondence from the managers included in the Consent Agenda.

Asset Transition Update

Miss Munson reported that there are no assets in transition.

Q4 Unaudited Financial Statements and Budget Update

Miss Munson reported the committee reviewed these updates. She noted that the expenses are over budget by approximately \$3M. This is mostly due to the fact that we do not budget for the four months of the \$400 increase paid for September through December each year. The committee is recommending that we include that in each year's budget going forward.

Trustee Albritton questioned what the timeframe is for concluding the process of value-add and debt real estate investment selection.

Ms. Billings-Dunn responded that she is finalizing the side agreements and that this is included in her legal report. She indicated that she fully expects that the side letters will be emailed to the managers by Friday. After that, she will negotiate back and forth and - once she has the best agreements that she feels she can get - she will bring them to the Board for approval.

Miss Munson added that there is a possibility a special meeting may be needed due to the timing.

There was additional discussion regarding the real estate investments, the timeframe and contract negotiations.

**Trustees**

There was discussion regarding email communications between Trustees and staff.

**EXECUTIVE DIRECTOR REPORT**

Final Benefit Calculations

Miss Munson reported that final benefit calculations had been processed for all of the early retirees who retired between January and March of last year. There are five remaining finals to be processed for members who retired in 2018.

MAPERS One-Day

Miss Munson reported that she will be reimbursing the System the \$60 registration fee for the MAPERS One-Day because she will not be able to attend. She explained that there were some issues with the member data software which were just recently resolved. This caused a delay in her preparation of the data for the 2018 valuation but that she expects to have that to the actuary no later than March 1, 2019.

**UNFINISHED BUSINESS**

General Employees' Retirement System  
Regular Meeting  
February 27, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

**RE: Resolution to Approve Increase for Executive Director - Tabled**

**NEW BUSINESS**

**RE: Resolution to Appoint the Canvasser for the Member-Trustee Election**

**RESOLUTION 19-022** By Gaffney, Supported by Swazer

Resolved, That the Board appoints Trustee Billie Swazer to serve as the Trustee Canvasser for the Member-Trustee Election being held on Monday, March 25, 2019.

Yeas: 9 – Nays: 0

**Re: Resolution to Appoint the Canvasser for the Active Member-Trustee Election**

Miss Munson stated that there was no need for the resolution because there was only one Candidate Statement was filed for the Active Member-Trustee and that the Board will certify John Balint as the winner at their March meeting.

**RE: Resolution RE: Minutes Correction – Smith**

**RESOLUTION 19-023** By P. Waterman, Supported by Gaffney

Resolved, That the Board hereby amends the August 29, 2018 minutes to reflect Danotiss Smith's final benefit amount of \$XX.XX.

Yeas: 9 – Nays: 0

*Trustee Deirdre Waterman arrived at 11:40 a.m.*

**RE: Resolution RE: Minutes Correction – Mahoney**

**RESOLUTION 19-024** By Gaffney, Supported by P. Waterman

Resolved, That the Board hereby amends the October 30, 2019 minutes to reflect Barbara Mahoney's benefit start date is October 1, 2018.

Yeas: 10 – Nays: 0

**RE: Resolution to Accept Candidate Statement Submission Deficiency**

Miss Munson referred the Trustees to the handouts of the email she sent to them. She explained that Mr. Scott did turn in a Candidate Statement for Member-Trustee but did not provide a description of his qualifications. She stated that – if there were no objections - she would be inclined to accept the petition

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

as is. Otherwise the Board could amend the election calendar in order to allow Mr. Scott an opportunity to submit his qualifications.

**RESOLUTION 19-025** By Swazer, Supported by P. Waterman  
Resolved, that the Board accept Mr. Scott’s Candidate Statement as it was submitted.

Yeas: 10 – Nays: 0

**RE: Resolution to Approve Board Meeting Audiotape**

**RESOLUTION 19-026** By Trustee D. Waterman, Supported by Gaffney  
Resolved, that the Board approves the audio recording of the meetings for just the purpose of taking minutes.

Roll Call:

Albritton – Yes	Swazer - No
Chandler – Yes	Walker - Yes
Gaffney – Yes	D. Waterman - Yes
Giddings – Yes	P. Waterman – Yes
Moore – Yes	White - Yes

Yeas: 9 – Nays: 1

**LEGAL REPORT**

Value-Add and Debt Real Estate Side Letters – See Finance Committee Report

Portfolio Monitoring Reports: Robbins Geller – January 2019

This is for the Trustees’ information.

Portfolio Monitoring Reports: Motley Rice – Q4 2018

This is for the Trustees’ information.

Sullivan Ward Securities Litigation Fees

Ms. Billings-Dunn reported that Sullivan Ward received from Robbins Geller in the Big Lots matter in the amount of \$511,000.

RE: Resolution to go into Closed Session

*The Board reserves the right to enter into closed session to review matters in accordance with Michigan Public Act 267 of 1976 (Open Meetings Act).*



**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

**RESOLUTION 19-027** By Gaffney, Supported by Walker

Resolved, that the Board approves to go into closed session to discuss the Camping World, Dow Inc., Equifax, McDermott and Walmart matters.

Roll Call:

Albritton – Yes	Swazer - Yes
Chandler – Yes	Walker - Yes
Gaffney – Yes	D. Waterman - Yes
Giddings – Yes	P. Waterman - Yes
Moore - Yes	White - Yes

The Board moved into closed session at 11:50 a.m.

The Board returned from closed session at 12:00 p.m.

**RESOLUTION 19-028** By Gaffney, Supported by Waterman

Resolved, Resolved, that the Chairman is hereby authorized to sign the Declaration of Walter Moore in Support of Settlement in the Walmart matter.

Yeas: 10 – Nays: 0

**RESOLUTION 19-029** By Moore, Supported by Albritton

Resolved, that the Board approves the minutes of closed session of January 31, 2019

Yeas: 10 – Nays: 0

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**SCHEDULING OF NEXT MEETING/ADJOURNMENT**

Special Meeting: Tuesday, March 26, 2019 8:00 a.m. – The Marriott Centerpoint

Regular Meeting: Wednesday, March 27, 2019 10:00 a.m. – Retirement Office

**RESOLUTION 19-030** By Gaffney, Supported by Albritton

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 12:00 p.m.

Yeas: 10 – Nays: 0

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

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
Board of Trustees Meeting  
February 27, 2019**

the General Employees Retirement  
System held on February 27, 2019

As recorded by Kristy Neumann,  
reviewed and edited by Legal Counsel  
and Executive Director