

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

A meeting of the Board of Trustees was held on Wednesday, March 27, 2019 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, Vice Chair
Janice Gaffney
Robert Giddings
Walter Moore, Chairman
Billie Swazer
James Walker
Deirdre Waterman, Mayor (*arr. @ 10:44 A.M.*)
Patrice Waterman, City Council (*arr. @ 10:06 A.M.*)
John White

OTHERS PRESENT

Cynthia Billings-Dunn, Sullivan, Ward, Asher & Patton
Deborah Munson, Executive Director
Kristy Neumann, Executive Assistant
John Balint, Active-Member Trustee Elect
Linda Watson, Retiree
Debra Woods, Retiree

TRUSTEES ABSENT

Chad Chandler

PUBLIC COMMENT

Ms. Woods addressed the Board concerning the Member-Trustee election.

Ms. Watson stated that she enjoyed the Investment Manager Review meeting. She thought it was very informative and went very well. She also commented on the Member-Trustee election.

AGENDA CHANGES

Miss Munson referred the Trustees to the handouts of corrections to the February 27, 2019 Board meeting minutes. She noted that the correspondence under the Executive Director section of the agenda was authored by the Deputy Mayor. The finance committee is recommending that that the Directed Brokerage List of Participating Firms be updated. A resolution to amend the list would need to be added.

Trustee Giddings requested an additional correction to clarify his request for striking the penultimate paragraph on page 8 of the February 27, 2019 Board meeting minutes. Specifically, he had requested that the paragraph be stricken because the way it was worded, it was not an accurate statement.

APPROVAL OF CONSENT AGENDA

- A. Approval of the Minutes of the Regular Board Meeting held February 27, 2019
- B. Ratification of Retiree Payroll & Staff

Retiree Pay Date March 27, 2019

TOTAL PENSION PAYROLL

\$2,074,488.04

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Staff Pay Date March 14 & 18, 2019

TOTAL STAFF PAYROLL **\$21,477.72**

C. Communications

- Correspondence RE: FOIA Request from/to Strategic Insight – February 27, 2019
- Correspondence RE: FOIA Request from/to Public Funds IQ – March 4, 2019
- Correspondence from Loomis, Sayles RE: Board of Directors
- Correspondence from Robinson Capital RE: Staff Update
- MAPERS Spring Conference: May 18 - 21, 2019 (Bellaire, MI)
- Public Funds Summit East: July 22 – 24, 2019 (Newport, RI)
- IFEBP Annual Conference: October 20 – 23, 2019 (San Diego, CA)

D. Financial Reports

- Accounts Payable: March 2019
- Dahab Associates Preliminary Report: February 2019
- Attucks Manager-of-Manager Summary: February 2019
- Statement of Changes: February 2019

E. Private Equity Capital Calls & Distributions

- Invesco Fund V Distribution: March 20, 2019 - \$94,903
- Mesirow Fund VI Capital Call: March 18, 2019 - \$100,000
- UBS Trumbull Property Growth & Income Fund Capital Call: April 1, 2019 - \$5,000,000

F. Retirement Benefits

1. New Retirements

RETNO	NAME	Amount	Effective
2861	Foley, Brian		1/1/2018
2894	Duncan, Jeanette		4/1/2019
2895	Taylor, Gregory		6/1/2019

Bold type entry indicates Reciprocal service credit.

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
1557	Smith, Kenneth	3/1/2019	
961	Heitsch, Verna	2/23/2019	
1603	McNeill, Patsy	3/17/2019	
1343	Davidson, Sidney	2/4/2019	

3. J&S Continued Retirements

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RETNO	Retiree's Name	Date of Death	Survivor's Name	Amount
1943	Steed, Dorothy	2/16/2019	Steed, Lee	

4. Re-calculated Retirements

RETNO	Member's Name	Effective Date	Reason for Change	New Amount
2894	Duncan, Jeanette	4/1/2019	Final	
2861	Foley, Brian	1/1/2018	Final	
2839	Ledwell, Billy	1/1/2018	Final	
2895	Taylor, Gregory	6/1/2019	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

6. Refunds of Employee Contributions

RETNO	Member's Name	Reason	Amount

RESOLUTION 19-031 By Gaffney, Supported by Walker

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

Yeas: 8 – Nays: 0

CONSULTANTS

Miss Munson reminded the Trustees that the Board had approved a \$5M commitment to the UBS Trumbull Property & Growth core plus fund in 2017. UBS has called the full amount which is due April 1, 2019. The consultant's recommendation is to continue the rebalancing process by reallocating assets away from the over-allocated asset classes – large cap and international equities.

RE: Resolution to Approve Periodic Rebalancing for the UBS Realty Capital Call

RESOLUTION 19-032 By Gaffney, Supported by P. Waterman

Resolved, That the Board ratifies the consultant's recommendation to rebalance the portfolio by transferring \$2.5M from Sawgrass and \$2.5M from WCM Asset Management to fund the UBS Realty Trumbull Property Growth & Income Fund April 1, 2019 capital call.

REPORTS

Personnel & Administration Committee

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Ethics Policy

Miss Munson reported that the committee continued its review of the Ethics Policy and Related Parties Questionnaire.

Proposed Ordinance Language Clean-Up

Miss Munson reported that both committees reviewed suggested revisions to clean-up some of the language in the Ordinance. She reminded the Board that they have had a number of discussions in the past few years about some of the language which should be updated or corrected. The City's attorney has indicated their willingness to review and potentially incorporate this new language as part of the new GERS Ordinance for the IRS filing being made in connection with the CPREA settlement. She and legal counsel will work together to compile a final draft of the recommended changes for Board review and approval.

Monthly Disability Annual Procedures Report Update

Miss Munson reported that both committees reviewed the monthly disability annual procedures report. One member was re-examined in March and another had to be re-scheduled. She noted the resolution under New Business which would allow staff to work with another qualified Medical Director to re-examine the other member.

Workers' Compensation Premium Audit

Miss Munson reported that the System had undergone their annual audit and that the annual premium had increased by \$145.00. The increase was the result of the staff increasing from two people to three.

\$400.00 Temporary Supplemental Benefit Eligibility

Miss Munson reported that there are two new retirees who receive a pension from both the PFRS and the GERS. The City notified the System that both are eligible to receive the \$400.00 temporary supplemental benefit.

Finance Committee

Debt and Value-Add Real Estate

Miss Munson reported that the committee discussed the proposed debt and value-add real estate investments and that the Side Letters would be discussed under the Legal Report.

Portfolio Rebalancing Next Steps Memo

Miss Munson reported that the committee is addressing some policy questions in the Emerging Manager Program policy as the next step in the rebalancing process.

Directed Brokerage and Commission Recapture Participating Firms List

Miss Munson reported that the committee reviewed the Directed Brokerage and Commission Recapture Policy Participating Firms list. She referred the Trustees to the handout of the revised list which includes seven additional firms. She noted that the consultant had provided data on how the Participating Firms fared 12 months prior and subsequent to adoption of the DBCRP Policy. Overall, there has been an increase in the use of the directed brokers since the policy was adopted in 2017.

RE: Resolution to Update the Directed Brokerage and Commission Recapture List

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RESOLUTION 19-033 By Giddings, Supported by Gaffney

Resolved, That the Board hereby amends the Directed Brokerage and Commission Recapture Policy Participating Firms list to include the seven additional firms.

Yeas: 8 – Nays: 0

Funding Policy

Miss Munson reported that the committee reviewed the proposed Funding Policy which was drafted last year on the recommendation of the Actuary. As the City moves forward in their preparation of the IRS filing, this is one of the items which has been requested.

Chairman Moore requested that Miss Munson forward an electronic copy to the full Board.

Trustees

Trustee Patrice Waterman stated that the IRS filing will require a lot of in-depth research and the City will be requesting a lot of information. She will diligently stay abreast of this matter.

Trustee Albritton shared updates about the high school program. He informed the Board that Northpointe will be hosting a golf outing on August 5, 2019 and they have invited the Board to attend.

Trustee Dierdre Waterman arrived at 10:44 a.m.

Trustee Albritton said that Sawgrass Asset Management had sent him an email regarding international stock after the manager review meeting.

Trustee White stated that he really liked the Manager Review meeting and felt that it was very informative.

Chairman

Chairman Moore opened a discussion regarding the election process and suggestions were made to improve the process for future elections.

The Trustees received and reviewed the correspondence from deferred member Devin Scott regarding the election.

Miss Munson announced the results of the election:

Walter Moore –	176 votes
James Miriani –	102 votes
Devin Scott -	16 votes
Invalid Ballots -	17 votes
Total Ballots -	311 votes

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Trustee Patrice Waterman requested that the attorney reiterate her opinion in this matter.

Ms. Billings-Dunn stated that the Board had resolved at their February 27, 2019 meeting to accept Mr. Scott's Candidate Statement as it had been submitted. Subsequent discussion during the meeting about the matter did not rise to the level of amending the resolution.

Trustee Albritton left at 11:15 p.m.

RE: Resolution to Direct Attorney to Send Response to Deferred Member Devin Scott

RESOLUTION 19-034 By Swazer, Supported by White

Resolved, that the Board directs the attorney to provide a written response to deferred member Devin Scott.

Roll Call:

Gaffney – Abs	Walker – No
Giddings – No	D. Waterman – No
Moore – No	P. Waterman – No
Swazer – Yes	White – Yes

Motion Failed

RE: Resolution to Direct Executive Director to Send Response to Deferred Member Devin Scott

RESOLUTION 19-035 By D. Waterman, Supported by Walker

Resolved, that the Board directs the Executive Director to provide a written response to deferred member Devin Scott.

Roll Call:

Gaffney – Abs	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Moore – Yes	P. Waterman – Yes
Swazer – No	White – Yes

EXECUTIVE DIRECTOR

City Request for Information

Miss Munson reported that the documents requested by the Deputy Mayor had been provided for GERS. She noted that the PFRS and PFRS VEBA will need to provide their documents to the City as well.

Miss Munson referred the Trustees to the email handout which was sent from the attorney at Miller Canfield. These are questions that the City's attorney has related to the IRS filing which were sent to the actuary.

2018 Valuation Data

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Miss Munson reported that the data for the 2018 annual valuation was sent to the actuary on March 1, 2019.

Annual Pop-Up Notices

Miss Munson reported that the annual notices to members who have selected a 'Pop-Up' benefit were mailed on March 8, 2019.

Memo RE: Sawgrass Portfolio International Security Notice

Miss Munson reviewed the memo with the Trustees.

NEW BUSINESS

RE: Resolution to Certify Member Trustee Election Results: Walter Moore 2019 – 2023

RESOLUTION 19-036 By P. Waterman, Supported by Walker

WHEREAS, the members of the General Employees Retirement System on March 25, 2019 did elect a Member Trustee for a term beginning April 1, 2019 and ending March 31, 2023; and

WHEREAS, by its own adopted rules and regulations, the Board of Trustees is required to canvass and certify the results of all Trustee elections; and

WHEREAS, three candidates timely filed and were nominated for the Member-Trustee position for an election held on March 25, 2019; and

WHEREAS, Trustee Billie Swazer has furnished a statement canvassing the returns of March 25, 2019 at which Walter Moore was elected to the position of Member Trustee; now, therefore be it

RESOLVED, that the Board of Trustees hereby certifies that the candidate listed below, having received the highest number of votes, was elected Member Trustee for the term beginning April 1, 2019 and ending March 31, 2023:

Certified Elected Member-Trustee
WALTER MOORE

Chairman Moore thanked everyone for their support in the election.

Yeas: 8 – Nays: 0

RE: Resolution to Certify Declare Active-Member Trustee Elected: John Balint 2019 - 2023

RESOLUTION 19-037 By Gaffney, Supported by Walker

Whereas, a vacancy will occur on the General Employees' Retirement System Board of Trustees when the Active Member-Trustee term currently held by Chad Chandler expires on March 31, 2019; and

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Whereas, all active members of the System have been given the opportunity to file Candidate Statements for the vacant Trustee term; and

Whereas, only one Candidate Statement has been filed for this vacancy; now, therefore be it

Resolved that the Board of Trustees hereby declares that John Balint, an active employee of the City of Pontiac, having met all requirements to serve as Active Member-Trustee, is automatically elected to the office of Active Member-Trustee for a term beginning on April 1, 2019 and expiring on March 31, 2023

Certified Elected Active Member-Trustee

John Balint

Resolved, that this declaration on March 27, 2019 for the General Employees' Retirement System Active-Member Trustee position was achieved in accordance with election rules and regulations adopted by the Board.

Yeas: 8 – Nays: 0

The Trustees congratulated Mr. Balint and welcomed him to the Board.

RE: Resolution to Approve Request for Access to System Actuary

RESOLUTION 19-038 By P. Waterman, Supported by Walker

Resolved, That the Board approves to allow the City attorney's request to speak to the System's actuary regarding the CPREA settlement IRS filing, provided that the Executive Director shall be included in the conference call.

Yeas: 8 – Nays: 0

Trustee Swazer confirmed that a summary of the conference call would be provided by Miss Munson as well as the actuary.

RE: Resolution to Reschedule June Meeting

RESOLUTION 19-039 By Gaffney, Supported by P. Waterman

Resolved, That the Board hereby amends the 2019 Board meeting calendar to reflect that the Regular Board meeting shall be rescheduled from June 26, 2019 to June 19, 2019 and directs that public notices be updated to reflect this change.

Yeas: 8 – Nays: 0

RE: Resolution to Approve Engagement of Auditor – 2018 Audit

Ms. Billings-Dunn reviewed the revised Engagement Letter.

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RESOLUTION 19-040 By Gaffney, Supported by Walker

Resolved, That the Board ratifies the Chair's signature on the Plante & Moran Audit Engagement letter for 2018. The quoted fee for the 2018 audit is \$16,170.00.

Yeas: 8 – Nays: 0

RE: Resolution to Approve Search for Medical Director

RESOLUTION 19-041 By Gaffney, Supported by White

Resolved, That the Board approves the Personnel & Administration committee's recommendation to conduct a search for Medical Director and, further,

Resolved, That the Executive Director is authorized to use the services of another provider to conduct the re-examinations required for 2019.

Yeas: 8 – Nays: 0

RE: Resolution to Put Robinson Capital on Watch

RESOLUTION 19-042 By Gaffney, Supported by Walker

Resolved, That the Board accepts the Consultant's recommendation to put Robinson Capital on watch for two quarters.

Yeas: 8 – Nays: 0

LEGAL REPORT

Proposed Side Letter Agreements with Bloomfield Capital, American Realty and TerraCap

Ms. Billings-Dunn reported that the letters are almost finalized. She does have follow-up questions for Bloomfield Capital. She said that she would forward the final draft of the proposed Side Letters as well as the red-lined versions to the Executive Director for distribution to the Trustees. The consultants confirmed that this matter can be addressed at the April meeting.

Correspondence Regarding Plante Moran Audit Engagement Letter 2018 – See New Business

Membership Status of Former MAPE Member

Ms. Billings-Dunn reviewed her correspondence regarding the member who was hired as a MAPE employee who subsequently transferred to a non-union position. The Ordinance is clear that this employee does remain a member of the System.

Robbins Geller February 2019 Portfolio Monitoring Report

This is for the Trustees' information.

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Fees Received b Sullivan, Ward from Securities Litigation Matters

There have been no changes since the February report.

Ms. Billings-Dunn requested a Closed Session to discuss the Weight Watchers and Innogen securities litigation matters.

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).

RESOLUTION 19-043 By P. Waterman, Supported by Walker

Resolved, That the Board move to closed session to discuss the Weight Watchers and Innogen securities litigation matters.

Roll Call:

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

The Board moved to closed session at 11:45 a.m.

Ms. Neumann, Mr. Balint and Ms. Watson left at 11:45 a.m.

The Board returned from closed session at 11:50 a.m.

RESOLUTION 19-044 By Gaffney, Supported by Walker

Resolved, that the Board authorizes Robbins Geller to file for lead plaintiff on the System’s behalf in the Inogen matter.

Yeas: 8 – Nays: 0

RE: Resolution to Approve Closed Session Minutes: February 27, 2019

RESOLUTION 19-045 By Gaffney, Supported by Walker

Resolved, that the Board approves the minutes of Closed Session of February 27, 2019

Yeas: 8 – Nays: 0

Miss Munson requested approval to attend the Spring MAPERS Conference and for Phillip Moore to attend the Fall MAPERS Conference

Yeas: 8 – Nays: 0

RESOLUTION 19-046 BY D. Waterman, Supported by Gaffney

Resolved, That the Board approves Miss Munson’s attendance at the Spring MAPERS conference and Phillip Moore’s attendance at the Fall MAPPERS conference.

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Yeas: 8 – Nays: 0

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, April 24, 2019 10:00 a.m. – Retirement Office

RESOLUTION 19-047 By Gaffney, Supported by P. Waterman

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 12:08 a.m.

Yeas: 8 – 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 27, 2019

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