

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

A regular meeting has been scheduled for Wednesday, October 30, 2019, 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  
Robert Giddings  
James Miriani  
Walter Moore, Chair (*video conference*)  
Billie Swazer  
James Walker  
Deirdre Waterman, Mayor (*arr. @ 10:15 a.m.*)  
Patrice Waterman, City Council  
John White

**OTHERS PRESENT**

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

**TRUSTEES ABSENT**

John Balint – Excused

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

**PUBLIC COMMENT**

Mr. Jackson introduced himself and distributed information on his firm.

Linda Watson requested clarification on two of the accounts payable items.

**AGENDA CHANGES**

Miss Munson requested that the Consent Agenda be amended to include a resolution to approve a waiver to the Training and Education Policy for luggage for the Chairman at the Public Funds Forum; that the Consultants section be amended to include the handout regarding the notice from Northpointe; to amend the Reports section to include Trustees Swazer's MAPERS Certificate of Attendance; to add the additional information in the handouts to the New Business item Fiduciary Liability Insurance and to amend New Business to include a resolution regarding the manager review process for 2020.

**APPROVAL OF CONSENT AGENDA**

- A. Approval of the Minutes of the Regular Board Meeting held September 25, 2019
- B. Approval of the Minutes of the Special Board Meeting held September 26, 2019
  
- C. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date October 30, 2019

General Employees' Retirement System  
Regular Meeting  
October 30, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

<b>TOTAL PENSION PAYROLL</b>	<b>\$TO BE PROVIDED</b>
Staff Pay Date October 10 & 24, 2019	
<b>TOTAL STAFF PAYROLL</b>	<b>\$21,477.72</b>

D. Communications

- FOIA Request From/To Public Plans IQ: September 30, 2019
- FOIA Request From/To Zack Cziryak: September 26, 2019
- Correspondence from First Eagle RE: Board Chair Update
- Correspondence from Piedmont RE: Form ADV Part 2B Update
- Correspondence from SEC RE: Gray Financial
- Pensions & Investments Article RE: Consequent Capital

E. Financial Reports

- Accounts Payable: October 2019
- Dahab Associates Preliminary Report: September 2019
- Attucks Manager-of-Managers Summary: September 2019
- Statement of Changes: September 2019

F. Private Equity and Real Estate Capital Calls & Distributions

- Invesco Fund V Distribution: October 9, 2019 \$62,568.00
- Mesirow Fund IV Distribution: September 25, 2019 \$75,000.00
- Mesirow Fund VI Distribution: September 26, 2019 \$30,000.00 Net

G. Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	Amount

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

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
1070	Hardesty, Ferne	10/18/2019	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
1380	Clapham, June	Clapham, Robert	09/16/2019	
1841	Fairbrother, Louis	Fairbrother, Barbara	09/13/2019	

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

2787	Mendoza, Mario	Mendoza, Christopher	09/2/2019	
1704	Poston, Marvin	Poston, Venettie	10/01/2019	
2814	Rollinson, Delores	Rollinson Jr, Jerry	10/01/2019	

4. Re-calculated Retirements

RETNO	Member's Name	Reason for Change	Effective Date	New Amount
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*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 19-128** By Moore, Supported by P. Waterman

Resolved, that the Board approves and ratifies actions described in the Consent Agenda as amended for October 30, 2019.

Trustee Giddings noted that the September 26, 2019 minutes reflect that the meeting was called to order, however in his experience, if there is not a quorum, there is only a record of meeting and not a set of minutes for a meeting.

Ms. Billings-Dunn suggested a correction to the September 26, 2019 minutes to reflect that the meeting was immediately adjourned for lack of quorum.

Chairman Moore rescinded his initial motion to amend it as advised by the attorney.

**RESOLUTION 19 – 129** By Moore, Supported by Albritton

Resolved, that the Board approves and ratifies actions described in the Consent Agenda as amended for October 30, 2019 and amends the September 26, 2019 minutes to reflect that the meeting was immediately adjourned due to lack of quorum.

Yeas: 8 – Nays: 0

**RE: Training and Education Policy Waiver**

**RESOLUTION 19 – 130** By Swazer, Supported by Albritton

General Employees' Retirement System  
Regular Meeting  
October 30, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

**Resolved**, that the Board approves to waive the Training and Education requirements to provide receipts for luggage reimbursement for Chairman Moore's attendance at the Public Fund Conference.

Yeas: 8 – Nays: 0

**CONSULTANTS**

Preliminary Performance Report – September 2019

Mr. Roth provided an overview of a Preliminary Performance Report for the quarter ending September 30, 2019. The quarter was relatively flat, YTD the fund is up 13.5% net of fees.

*Trustee Deirdre Waterman arrived at 10:15 a.m.*

Vice-Chair Albritton requested that Mr. Lee discuss the closure of NorthPointe Capital and where the Board should go from here.

Mr. Lee responded that - at the time the Board graduated Northpointe from the Emerging Manager Program – he was not aware that Northpointe would be closing shop. The primary portfolio manager is leaving the firm and it had not been communicated to him previously. The firm will be closing at the end of November and Dahab's recommendation is to transition the assets to an index fund until the Board has an opportunity to evaluate their options. Northern Trust has confirmed that they can move the majority of the assets in-kind into its Russell 1000 Value Index Fund. The fee for the index fund is 4 bps points which is 1/10<sup>th</sup> of what the System is currently paying.

Trustee White asked why Northern Trust is being recommended.

Mr. Lee explained that it is because Northern Trust is the custodian, they have a large cap value index fund with very modest fees and it is the ease of the transition. He noted that the Board could always do a search but that would lengthen the process.

Mr. Roth added that most index funds are mostly the same – they all fully replicate the benchmark they are tracking and there are not a lot of differences in the returns. He said the Board already has two index funds with Northern Trust and the Board would just need to amend that agreement instead of going through the contract review process with a new fund. Again, it is the ease of the transition since we need to move the assets before the end of November.

**RESOLUTION 19 – 131 By D. Waterman, Supported by Moore**

Resolved, that the Board approves to transition the Northpointe portfolio into the Northern Trust Russell 1000 Value Index Fund and, further

Resolved, that the Board authorizes the Chair's signature on all requisite documents.

Yeas: 9 – Nays: 0

General Employees' Retirement System  
Regular Meeting  
October 30, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

Manager Review Meetings

David Lee reported that the finance committee discussed a new format for reviewing the managers. The proposed format is to see a few managers on a monthly basis instead of bringing in large groups semi-annually. He explained that the managers would attend the finance committee meetings which would be open to the other Board members. The managers could attend the meetings via conference call or Zoom.

**RESOLUTION 19 – 132** By Giddings, Supported P. Waterman

Resolved, that the Board approves to hold monthly manager review meetings that will be open to the public to coincide with the finance committee meetings beginning January 2020 in lieu of the semi-annual manager review meetings.

Yeas: 9 – Nays: 0

**REPORTS**

**Personnel & Administration Committee**

Annual Employee Evaluations

Miss Munson reported that the Personnel committee reviewed her proposed salary increases for the other staff members.

There was additional discussion. Trustee Swazer, Chair of the Evaluation Committee, requested that the evaluation data be provided to the full Board and another meeting will be scheduled.

UnitedHealthcare Insurance Premium Rebate – 2018

Miss Munson reported that both committees reviewed the information regarding the rebate received from UnitedHealthcare.

**RE: Resolution to Approve 2018 Medical Loss Ratio Premium Reduction**

**RESOLUTION 19 – 133** By D. Waterman, Supported by Swazer

Resolved, That the Board approves the refund of 20% of the 2018 premium rebate to employees effective January 1, 2020.

Yeas: 9 – Nays: 0

Policy Review and Revision: Disability Reexamination and Appeal Procedure

Miss Munson reported that the committee extensively revised the Disability Reexamination Policy and the Appeal Procedures. The two policies are being combined into one and a final draft will be presented to the Board for approval.

Employee Evaluation Policy Draft

Miss Munson reported that the committee reviewed and revised the draft Employee Evaluation Policy and a final draft will be presented to the Board.

General Employees' Retirement System  
Regular Meeting  
October 30, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

Disability Retiree Reexamination Updates

Miss Munson reported that both committees were updated on the status of both disability members who were scheduled for reexamination this year. She requested a closed session so that she could provide a full report.

**Finance Committee**

Recommendation to Remove Robinson Capital from Watch

Miss Munson reported that the committee discussed this matter and are recommending that the Board approve to remove Robinson Capital from Watch.

**RE: Resolution to Remove Robinson Capital from Watch**

**RESOLUTION 19 – 134** By Albritton, Supported by Giddings

Resolved, That the Board approves the Consultant's recommendation to remove Robinson Capital from watch for satisfactory performance consistent with the Investment Policy Statement guidelines

Yeas: 9 – Nays: 0

Asset Transition Update

Miss Munson reported the restructuring of the Attucks manager-of-managers portfolio had been completed in October. The portfolio was transitioned from a large cap mandate to an all-cap mandate, Ativo was terminated and two new managers were hired and funded.

Correspondence from GrayCo Alternatives I

Miss Munson reported that the committee reviewed correspondence that was received from Consequent regarding GrayCo Alternatives I. She noted that this information had been requested by the Trustees during the September Manager Review meeting.

Recommendation to put Consequent Capital on Watch

Miss Munson reported the finance committee is recommending that Consequent Capital be put on watch due to the departure of the Chief Compliance Officer.

Northern Trust Fee Schedule

Miss Munson referenced the memo in the agenda and reminded the Board that when they requested in 2018 that investment managers lower their investment management fees, three of the investment managers agreed. As part of this request, Northern Trust also agreed to lower their transaction fee from \$10 to \$7 per trade. There had been some issues with the Q3 and Q4 2018 invoices which had to be revised and this reduction had not been previously reported to the Board. The committee requested to know the amount of the savings.

Fiduciary Liability Insurance Quotes

General Employees' Retirement System  
Regular Meeting  
October 30, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

Miss Munson reported the committee reviewed quotes for the fiduciary liability insurance. She referenced the memo in the agenda. The committee has directed that she contact the current agent to see if he could provide a more competitive quote. The request was sent to the agent yesterday.

Funding Policy Overview and Draft

Miss Munson reported the committee reviewed the draft Funding Policy and did not make any revisions. The draft will be forwarded to the Board for review.

Lynch Beneficiary Benefit Amount

Miss Munson reported that a member has been overpaid. The member retired in 1999 and selected Option IV Joint & 100% Survivor with Pop-Up. However, he was set up on payroll with the Option III Joint & 50% Survivor. The attorney has determined that the beneficiary should receive the Option IV benefit amount and that the Board will need to determine whether to recoup the overpayment from the beneficiary. The data has been sent to the actuary for a determination of how much the benefit amount will be should the Board decide to recoup the overpayment. The committee has recommended tabling this matter until the report is received from the actuary.

Trustee Swazer recommended performing a benefits payments audit.

Miss Munson agreed that a benefits payments audit is a good idea.

There was additional discussion regarding the beneficiary's payment amount and internal controls surrounding benefits payments.

*Trustee Walker left 11:10 a.m.*

**Trustees**

Trustee Deirdre Waterman provided an update on the status of CPREA settlement agreement.

**Chairman**

Chairman Moore asked that the Board consider next year a timeframe for a retreat, especially given the many new trustees.

**EXECUTIVE DIRECTOR REPORT**

Michigan Uniform Chart of Accounts Update

This is for informational purposes only.

MAPERS Certificate of Attendance: Phillip Moore

This is for informational purposes only.

Examination for Disability Retiree

Miss Munson referenced the copy of the CV and fee schedule of the physician who was selected as the third doctor to serve on the Medical Board of Review.

General Employees' Retirement System  
Regular Meeting  
October 30, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

**UNFINISHED BUSINESS**

**RE: Resolution to Remove Robinson Capital from Watch (CONFIDENTIAL CORRESPONDENCE) – See Finance Committee report**

**NEW BUSINESS**

**RE: Resolution to put Consequent Capital Management on Watch**

**RESOLUTION 19 – 135** By Moore, Supported by Miriani

Resolved, that the Board accepts the Consultant's recommendation to put Consequent Capital Management on watch for two quarters due to the loss of their Chief Compliance Officer.

Yeas: 8 – Nays: 0

**RE: Resolution to Adopt Funding Policy**

**RE: Resolution to Purchase Fiduciary Liability Insurance**

**RESOLUTION 19 – 136** By P. Waterman, Supported by Swazer

**Resolved**, that the Board approves to table the Funding Policy and Fiduciary Liability Insurance matters.

Yeas: 8 – Nays: 0

**RE: Resolution to Approve 2018 Medical Loss Ratio Premium Reduction – See Personnel & Administration Committee report**

**LEGAL REPORT**

Attucks Asset Management

Ms. Billings-Dunn reported she has updated the contract with the requested changes and forwarded it to Attucks.

*Trustee Deirdre Waterman left 11:35 a.m.*

Retiree Louise Ingram Withheld Pension

Ms. Billings-Dunn provided a brief overview of the POA submitted on behalf of this retiree.

Robbins Geller September 2019 Portfolio Monitoring Report

This is for the Trustees' information.

General Employees' Retirement System  
Regular Meeting  
October 30, 2019



**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

Fees received by Sullivan Ward from Securities Litigation Matters

There are no changes to this report.

Trustee Education

Ms. Billings-Dunn offered to schedule another meeting for the new Trustees.

Sullivan, Ward, Asher & Patton, P.C. Firm Split

Ms. Billings-Dunn announced that effective December 1, 2019, Sullivan, Ward, Asher & Patton will be splitting into two firms. She stated that the Medical Malpractice Defense team wants to relocate but the Benefits team does not. She stated that the split is amicable and that nothing will change that will impact their clients. The new name of the firm will be The Asher Law Firm, P.C. She said that the separation will be effective December 1, 2019 and she will bring a new retainer containing the same terms as the current one to the December meeting.

*Trustee Deirdre Waterman returned 11:44 a.m.*

**RE: Resolution to go into Closed Session**

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

**RESOLUTION 19 – 137** By Moore, Supported by Swazer

**Resolved**, That the Board approves to go into closed session to discuss duty disability retirees' status and Consequent, Camping World Holdings and Venator litigation matters.

Albritton - Yes	Swazer – Yes
Giddings – Yes	D. Waterman – Yes
Mirani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

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

*The Board returned from closed session at 12:05 p.m.*

**RE: Resolution to Correct Motion to go into September 25, 2019 Closed Session**

**RESOLUTION 19 – 138** By P. Waterman, Supported by Swazer

**Resolved**, that the Board shall re-enact Resolution 19-123, pursuant to Michigan's Open Meetings Act, MCL 15.270(5), in order to ensure that Resolution 19-123 made at the Board's September 25, 2019 meeting conforms to all requirements of the Open Meetings Act.

Albritton - Yes	Swazer – Yes
Giddings – Yes	D. Waterman – Abstain
Mirani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

General Employees' Retirement System  
Regular Meeting  
October 30, 2019

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
OCTOBER 30, 2019**

**RE: Resolution to Approve Closed Session Minutes: September 25, 2019**

**RESOLUTION 19 – 139** By Swazer, Supported by P. Waterman

**Resolved**, that the Board approves the minutes of closed session of September 25, 2019

Yeas: 8 – Nays: 0

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**SCHEDULING OF NEXT MEETING/ADJOURNMENT**

Annual Meeting: Tuesday, December 3, 2019 9:30 a.m. - St. Joseph Franco Center Pontiac, MI

Regular Meeting: Wednesday, December 4, 2019 10:00 a.m. – Retirement Office

**RESOLUTION 19 – 140** By Swazer, Supported by P. Waterman

**Resolved**, that the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned 12:10 P.M.

Yeas: 8 – Nays: 0

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I certify that the forgoing are the true and correct minutes of the meeting of the General Employees Retirement System held on October 30, 2019  
As recorded by Kristy Neumann, reviewed and edited by Legal Counsel and Executive Director