

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

A regular meeting of the Board of Trustees was held on Wednesday, January 27, 2021 via remote conference. The meeting was called to order at 9:00 A.M.

TRUSTEES PRESENT

Sheldon Albritton, Chair – Auburn Hills, Oakland County, Michigan
Darin Carrington, Secretary (electronically) – Jackson, Hinds County, Mississippi
Robert Giddings, Vice-Chair – Auburn Hills, Oakland County, Michigan
James Miriani (electronically) – Oakland Township, Oakland County, Michigan
Walter Moore (electronically) – Lantana, Denton County, Texas
Samantha Powell (electronically) – Pontiac, Oakland County, Michigan
Billie Swazer (electronically) – Pontiac, Oakland County, Michigan
James Walker (electronically) – Pontiac, Oakland County, Michigan
Deirdre Waterman, Mayor (electronically) – Pontiac, Oakland County, Michigan
Patrice Waterman, City Council (electronically) – Pontiac, Oakland County, Michigan
John White (electronically) – Pontiac, Oakland County, Michigan

TRUSTEES ABSENT

OTHERS

Todd Fowler, American Realty Real Estate (electronically)
James Kelts, Victory/Incore Capital Fixed Income (electronically)
Andrea Leistra, Victory/Incore Capital Fixed Income (electronically)
Martha Shelley American Realty Real Estate (electronically)
Phillip Brown, City Videographer (electronically)
Cynthia Billings-Dunn, Asher Kelly (electronically)
David Lee, Dahab Associates (electronically)
Steven Roth, Dahab Associates (electronically)
Mizuki Kanno, Executive Assistant
Deborah Munson, Executive Director

PUBLIC COMMENT

Chairman Albritton wished a happy new year to everyone and stated that he is looking forward to successful year in 2021.

MANAGER PRESENTATIONS

American Realty Real Estate: Todd Fowler; Martha Shelley

Mr. Fowler introduced himself and Ms. Shelley to the Board and they discussed their firm, strategy, performance.

Victory/Incore Capital Fixed Income; James Kelts; Andrea Leistra

Ms. Leistra introduced herself and Mr. Kelts to the Board and they discussed their firm, strategy, and performance.

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

AGENDA CHANGES

Miss Munson requested that the rebalancing resolution under the Consultant's section be amended to include language related to the Matarin transition and that the finance committee is recommending that New Business be amended to add a resolution to reinstate the Directed Brokerage and Commission Recapture Policy.

RESOLUTION 21-001 By Giddings, Supported by Miriani
Resolved, That the Board approves to amend the Agenda for January 27, 2021.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

CONSENT AGENDA

A. Approval of the Minutes of the Regular Board Meeting held on December 2, 2020

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date December 9, 2020	\$1,968,669.06
Retiree Pay Date January 27, 2021	\$1,980,305.40
Staff Pay Dates December 3,17 & 31, 2020	\$32,494.24
Staff Pay Dates January 14 & 28, 2021	\$21,647.00

C. Communications

- FOIA Request from Evestment: November 8, 2020
- FOIA Request from Zack Cziryak: December 9, 2020
- FOIA Request from FundMap: December 11, 2020

D. Financial Reports

- Accounts Payable: December 2020 & January 2021
- Dahab Associates Preliminary Report & Asset Level: November & December 2020
- Attucks Manager-of-Managers Summary: November & December 2020
- Statement of Changes: November & December 2020

E. Private Equity and Real Estate Capital Calls & Distributions

- | | |
|---|-----------|
| • American Realty Capital Call: December 17, 2020 | \$600,000 |
| • Invesco Fund V Distribution: January 19, 2021 | \$85,804 |

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

- Mesriow Fund IV Distribution: December 24, 2020 \$190,000
- Mesriow Fund VI Distribution: December 29, 2020 \$105,000

F. Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	Amount
2912	Fowlkes Gross, Ronda	02/01/2021	
2914	Allen, Susan	02/01/2021	
2913	Ragland, Robert	02/01/2021	

Bold type entry indicates Reciprocal service credit.

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
2764	Aleman, Hugo	12/10/2020	
2580	Anthony, Charles	12/29/2020	
1706	Cook, Nancy	11/26/2020	
701066	Dyer, Charles	12/03/2020	
1799	Harris, William	12/08/2020	
1440	Herring, Mavis	01/10/2021	
1458	Johnson, Henry	11/28/2020	
1410	Mahone, Minnie	11/30/2020	
1427	Rintoul, Naomi	11/28/2020	
2022	Terrian, Johanna	12/06/2020	
1703	Reynolds, Kay	01/08/2021	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
2627	Kellar, William	Smades, Adrian	12/16/2020	
2402	Logronio, Andres	Logronio, Mirafe	12/16/2020	
1575	Stewart, Bruce	Stewart, Ruby	12/18/2020	

4. Re-calculated Retirements

RETNO	Member's Name	Reason for Change	Effective Date	New Amount
2134	Sabo, Becky	Pop-Up Benefit	01/01/2021	

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

2911	Walker, Keon	Final	12/01/2020	
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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 21-002 By P. Waterman, Supported by Walker

Resolved, That the Board approves and ratifies actions described in the Consent Agenda for January 27, 2021.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

CONSULTANTS

RE: Resolution to Rebalance the Portfolio

Mr. Roth explained Dahab’s recommendation to rebalance the fixed income back to target and to raise cash for benefits and expenses. He explained that Attucks has recommended terminating Matarin due to personnel changes and assets leaving the firm. Since the recommended rebalancing called for raising \$10M from the all-cap portfolio, the Matarin portfolio will be liquidated.

RESOLUTION 21-003 By P. Waterman, Supported by Swazer

Resolved, That the Board approves the Consultant’s recommendation to rebalance the portfolio by as follows:

- From Attucks Asset Management: \$10,000,000.00
- From Sawgrass Asset Management: \$ 3,000,000.00
- From Xponance: \$ 7,000,000.00
- From Kennedy Capital: \$ 2,000,000.00
- From Loomis, Sayles & Co: \$ 2,000,000.00
- From Northern Trust R2000 Index: \$ 2,000,000.00

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

- To Victory Capital/Incore: \$10,000,000.00
- To Robinson Capital: \$10,000,000.00
- To Cash Manager: \$6,000,000.00

and, further

Resolved, That the Board approves to amend the Transition Management Agreement with Northern Trust to include the Matarin transition.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

Preliminary Performance:

Mr. Roth reviewed the Q4 2020 Performance Report. As of December 30, 2020, the portfolio was valued at \$550M. The portfolio was valued at \$567M as of Monday, January 25, 2021.

RE: Resolution to Approve Terra Cap Fund V Investment

Mr. Lee explained that one of GERS' real estate investments, Terra Cap IV, is a value-add real estate manager with higher risk but potentially better returns. The System has only been involved with them for a couple of years, however - over that term - they have appreciated nicely with over 12% net IRR on an annualized basis which is quite a robust number for real estate. He stated that – based on current market values – the real estate allocation is currently at 8% and there is enough cushion to commit another \$5M, or roughly 1% of the fund. This will bring the real estate allocation to around 9% maintaining the 10% maximum threshold. Mr. Lee recommended that the Board commit \$5M to TerraCap's new Fund V. Fund V has already had its first close and the second close is scheduled at the end of March 2021.

Mr. Lee confirmed for Ms. Billings-Dunn that he would inquire if it were possible for the investment date to be April 1, 2021 so the investment could be made by the Reestablished GERS.

RESOLUTION 21-004 By P. Waterman, Supported by Moore

Resolved, That the Board approves the Consultant's recommendation to invest \$5M in Terra Cap Fund V.

ROLL CALL:

Albritton – Yes	
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

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

RE: Resolution to Reinstate the Directed Brokerage and Commission Recapture Program

Mr. Roth explained that brokerage is the commissions that the system pays for buying and selling stocks and that the commission is an asset of the System. The System utilizes this asset to help the community by asking active managers to direct some of their transactions to minority, women and disabled veteran-owned brokerage firms for execution. It is coupled with the Commission Recapture Program where the System gets some money back by directing transactions to these firms. He also explained that Northern Trust, who is the commission recapture agent, decided to change their program over the past summer. Therefore, it was prudent to take a step back and Dahab recommend not utilizing their new program and to determine whether there are other firms capable of managing the Commission Recapture Program. He suggested to bring in Loop Capital which is a minority firm out of Chicago who will present at the finance committee meeting in April.

RESOLUTION 21-005 By Moore, Supported by Miriani

Resolved, That the Board approves the Consultant's recommendation to reinstate the Directed Brokerage and Commission Recapture Policy.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman –
Miriani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

REPORTS

Personnel & Administration Committee

Pop-Up Benefit

Miss Munson reported that the committee reviewed the letter to the Silva estate which is included under the Executive Director's report. She explained that a member passed away and staff determined after the fact that his beneficiary had predeceased the member. The beneficiary passed away several years ago and – as a result – the estate is owed several years of the pop-up benefit. Staff has located the estate's executor and the lump sum benefit amount will be paid in February.

Staff Healthcare: Insurance Broker Commissions

Miss Munson reported that the committee had requested that she reach out to the insurance broker for the staff insurance to know the amount of her commissions as well as whether she could provide quotes from any other health insurance providers. The broker's commission on the staff health care policy is about 1% of the policy and her commission on the life and long-term disability policy is just under 5%. She is in the process of gathering alternate quotes.

Monthly Disability Annual Procedures Report

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

Miss Munson reported both committees reviewed this report. One member turned in his 2019 transcript which confirmed that he did not exceed the income limit for 2019. The only other member for whom we do not have a transcript called on January 11, 2021 confirming that he has not received it. He is in compliance with the System's policy and this matter will be monitored.

Executive Assistant Progress Report

Miss Munson reported that both committees reviewed this report. She reported that Ms. Kanno has far exceeded all performance expectations and the next report will be her formal evaluation.

Annual Advisor and Consultant Review

Miss Munson reported that both committees reviewed this matter which is an item under New Business. The System's policy requires the Board to annually review 1 of 8 major service providers. The last provider in this cycle is the custodian who has been employed by the System since January of 2007. Both committees are recommending that we move forward and select the custodian as the provider to review for the year. But – given the nature of the scope of the project – both committees are recommending that we defer until July the commencement of this review.

Benefits Payment Audit

Miss Munson reminded the Trustees that an audit of 272 retirees had been conducted last year and that no over or under payments were discovered as a result of the audit. Both committees reviewed Trustee Swazer's request to do an audit of all of the retirees and suggested that this matter can be revisited if there are any issues that come up in the future.

Electronic Retirement Benefit Statements: Date for Mandatory Conversion

Miss Munson reported that the personnel committee would like to move forward with the mandatory transition to E-statements. She stated that a legal opinion has been requested, staff will continue to do outreach with respect to voluntary transitioning to E-statements and the System will continue to move forward on transitioning to mandatory E-statements for all retirees.

Correspondence with the City

Miss Munson reported that both committees reviewed the correspondence to and from the City. There were three amendments to the current GERS Ordinance as well as the reestablished GERS which were in the Council's agenda last night.

Miss Munson also reported that the actuary has indicated that the Board will have the experience study in time for the February meeting.

Trustees

Relocation Committee

Trustee Deirdre Waterman mentioned the request for the tour of the Ottawa Towers as a candidate site for the Retirement Office. She noted that the Ottawa Towers sale has not closed and recommended to wait until the deal is closed to schedule the walk-through.

Chairman

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

Proposed Semi-Annual Meeting

Chairman Albritton stated that the Annual Meeting in December went well and he would like to make sure that we keep the retirees informed to the best of our ability and would like the Board to consider holding the meeting twice a year.

Trustee Retreat

Chairman Albritton suggested to have a Trustee retreat sometime in September or October of this year.

Relocation Committee

Chairman Albritton stated that other locations in the City of Pontiac will be looked at as possible future locations for the Retirement Office.

EXECUTIVE DIRECTOR REPORT

Small Cap Growth Search

Miss Munson reported that the finance committee reviewed this matter with the consultant at the meeting. She reminded the Trustees that Kennedy Capital lost a couple of their portfolio managers in December 2018 and the consultant advised that it would be prudent to move the money into an index fund. There is approximately \$24M in this fund and the committee believes that now is a good time to move forward with the search for an active manager. She stated that the small cap manager search books are available for distribution and the committee is prepared to move forward with this in February.

2020 Employee W-2

Miss Munson reported that the 2020 W-2 forms were issued on January 5, 2021.

2020 1099-R

Miss Munson reported that the 2020 1099-R forms were mailed on January 12, 2021.

2020 1099-M

Miss Munson reported that the 2020 1099-M forms were issued and filed with the IRS on January 25, 2021.

Annual Form 945

Miss Munson reported that the 2020 Form 945 was filed with the IRS on January 25, 2021.

Annual Social Security Offset Notices

Miss Munson reported that the annual Social Security Offset Notices were mailed on January 7, 2021.

IRS Mileage Rates 2021

This is for the Trustees' information.

Correspondence to City RE: IRS Filing

This is for the Trustees' information.

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

Silva Request for Legal Representative

This is for the Trustees' information.

Disability Annual Procedures Report

This is for the Trustees' information.

Asset Transition Update: No Report

NEW BUSINESS

RE: Resolution RE: Annual Advisor and Consultant Review

RESOLUTION 21-006 By Moore, Supported by Giddings

Resolved, That the Board approves to select the custodian as the advisor to review for 2021 and to defer the beginning of the process until July 2021.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	P. Waterman – Yes
Moore – Yes	

RE: Resolution to Approve COLA Review Corrections to the Minutes

RESOLUTION 21-007 By P. Waterman, Supported by Swazer

Resolved, That the Board approves corrections to the March 27, 2019; May 29, 2019; February 26, 2020; March 25, 2020; April 29, 2020 and August 26, 2020 as detailed in the January 12, 2021 Minutes Corrections: COLA Review 2020 Memo.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

RE: Resolution to Reinstate the Directed Brokerage and Commission Recapture Policy – SEE CONSULTANT

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

LEGAL REPORT

Proposed Amendment to Reestablished GERS Plan Document

Ms. Billings-Dunn reported that the requested amendments did appear to be responsive to the request made by the IRS.

Power of Attorney – Patricia Cech

This is for the Trustees' information.

Erica Robertson Restitution

Ms. Billings-Dunn gave an update on the payments by Erica Robertson through Clark Hill. She stated that she will put together a report and review with Miss Munson to make sure they are in agreement on the payments and forward to Clark Hill. She reported that the current balance that she owes to the City of Pontiac is a little over \$7,000.

Trustee Giddings expressed a concern that this has been going on for few months and that it is costing more legal fees to resolve this more than the amount of money collecting because of another law firm that cannot handle this appropriately.

Ms. Billings-Dunn responded that the best thing to do is to keep this with them instead of taking over and expending more in legal fees.

Robbins Gellers November and December 2020 Portfolio Monitoring Reports

Correspondence for the Trustees' information.

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 21-008 By Albritton, Supported by Swazer

Resolved, That the Board approves to go into Closed Session to discuss the Adobe; Cisco; Danaher; Intuit; Grubhub; Insperity; Reckit Benckiser; Camping World; Dell and Venator litigation matters.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	P. Waterman – Yes
Moore – Yes	White – Yes

The Board moved to closed session at 11:18 a.m.

The Board returned from closed session at 11:21 a.m.

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

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, February 24, 2021 9:00 a.m. – Retirement Office

RESOLUTION 21-009 By Moore, Supported by Swazer

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 11:25 a.m.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Carrington – Yes	Walker – Yes
Giddings – Yes	D. Waterman – Yes
Miriani – Yes	
Moore – Yes	

I certify that the forgoing are the true and correct minutes of the meeting of the General Employees' Retirement System held on January 27, 2021.

As recorded by Mizuki Kanno, reviewed and edited by Legal Counsel and the Executive Director