

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

A regular meeting of the Board of Trustees was held on Wednesday, September 29, 2021 at Bowens Senior Citizens Center, 52 Bagley St, Pontiac, MI 483431. The meeting was called to order at 9:10 A.M.

TRUSTEES PRESENT

Sheldon Albritton, Chair
Darin Carrington, Secretary
Robert Giddings, Vice-Chair (electronically) – Aloha Township, Cheboygan, Michigan
Lisa King
James Miriani (electronically) – Oakland Township, Oakland County, Michigan
Walter Moore (electronically) – Lantana, Denton County, Texas
Billie Swazer
James Walker (electronically) *arr 10:04 A.M.*
Deirdre Waterman, Mayor
Patrice Waterman, City Council
John White (electronically) – Troy, Oakland County, Michigan

OTHERS

Tal Gunn, Robinson Capital
Greg Prost, Robinson Capital
Phil Brown, City Videographer
Claudia Filler, CPREA President/VEBA Chair
Frances Finnegan, Retiree
Mattie Lasseigne, Retiree
Steve Manning, Retiree
Linda Watson, Retiree
Cynthia Billings-Dunn, Asher Kelly
Samantha Kopacz, Miller, Canfield (electronically)
David Lee, Dahab Associates
Steven Roth, Dahab Associates (electronically)
Mizuki Kanno, Executive Assistant
Deborah Munson, Executive Director

PUBLIC COMMENT

Claudia Filler introduced herself as CPREA President and VEBA Chair and thanked the Board for doing a great job over the past years. She stated her reasons and support for the Board to adopt a 5% rate of return for use in the March 31, 2021 termination valuation.

Frances Finnegan, Linda Watson, Mattie Lasseigne and Steven Manning commented on the rate of return assumption.

MANAGER PRESENTATIONS

Robinson Capital: Tal Gunn; Greg Prost

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

Mr. Gunn introduced himself and Mr. Prost to the Board and they discussed their firm, strategy, and performance.

AGENDA CHANGES

Miss Munson requested that the Consent Agenda be amended to include corrections to page 5 of the August 25, 2021 meeting minutes, which is included in the handouts, to approve ValueEdge Public Fund Conference and networking activities for Trustees and staff and to approve a rental car for the TerraCap Investment Conference; to amend New Business to add a resolution to no longer require Trustee approval on daily cash transactions now that the office is fully staffed and to add a resolution to approve the revisions to the Performance Appraisals policy.

Trustee Deirdre Waterman requested to amend New Business to reconsider the GERS Board's vote at the August 25, 2021 meeting to adopt a 3.5% investment rate for the purpose of March 31, 2021 termination valuation. She also requested to add a discussion regarding the communication sent to the GERS Board by way of Cynthia Billings-Dunn from Alec Gibbs.

Trustee Moore requested to add to that discussion the fact that the communication Mr. Gibbs sent was not sent to the entire Board and was only sent to the Chair and the Vice-Chair.

RESOLUTION 21-097 By D. Waterman, Supported by Moore
Resolved, That the Board approves to accept the changes to the agenda.

Yeas: 10 – Nays: 0

CONSENT AGENDA

A. Approval of the Minutes of the Regular Board Meeting held on August 25, 2021.

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date September 29, 2021	\$1,988,628.64
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Staff Pay Dates September 9 & 23, 2021	\$17,394.44
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C. Communications

- FOIA Request from FundMap: August 2, 2021
- Correspondence from Northern Trust Asset Management RE: CIO
- Correspondence from UBS RE: Head of Research & Strategy
- Correspondence from Xponance RE: Isaac Green
- IFEBP 67th Annual Conference: October 17 – 20, 2021 (Denver, CO)
- Mesriow Private Equity Annual Meeting: October 27, 2021 (Virtual)
- Intercontinental Annual Investor Meeting: September 27, 2021 (Virtual)
- Principal Real Estate Investors Conference: November 9 – 18, 2021
- Value Edge Public Funds Forum: October 26 – 28, 2021 (San Diego, CA)

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

D. Financial Reports

- Accounts Payable: September 2021
- Dahab Associates Preliminary Report & Asset Level: August 2021
- Attucks Manager-of-Managers Summary: August 2021
- Statement of Changes: August 2021

E. Private Equity Capital Calls & Distributions

- Invesco Fund V Distribution: August 30, 2021 \$20,733
- Mesriow Fund IV Distribution: August 27, 2021 \$200,000
- Mesriow Fund IV Distribution: September 24, 2021 \$235,000
- Mesriow Fund VI Distribution: August 27, 2021 \$240,000

F. Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	Amount
2924	Henry-Saigeon, Teresa	09/01/2021	

Bold type entry indicates Reciprocal service credit.

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
1674	Armstrong, Patricia	08/19/2021	
993	Capsalis, Bessie	09/18/2021	
1270	Gerds, Robert	09/13/2021	
1958	Jones, Nettie	09/01/2021	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
2300	Cohen, Ricky	Cobb, Denise	08/26/2021	

4. Re-calculated Retirements

RETNO	Member's Name	Reason for Change	Effective Date	New Amount
2484	Baldwin, William	Pop-Up	09/01/2021	
2924	Henry-Saigeon, Teresa	Final	09/01/2021	
2922	Hunter, Robert	Final	09/01/2000	

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

2917	Kruger, William	Final	07/01/2021	
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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 21-098 By Swazer, Supported by P. Waterman

Resolved, That the Board approves and ratifies actions described in the Consent Agenda for September 29, 2021 as amended.

Yeas: 10 – Nays: 0

CONSULTANTS

Performance Report: August 2021

Mr. Lee presented the August 31, 2021 Performance Report. He reported that the portfolio was valued at \$597M as of September 27, 2021.

RE: Periodic Balancing

Mr. Lee reported that Dahab is recommending that the Board raise \$3M from Sawgrass and \$3M from Xponance and transferring it to the cash manager to pay for benefits and expenses through January 2022.

Trustee Patrice Waterman thanked Dahab for continuing to make money for the pension fund.

Trustee Moore expressed his concern regarding Sawgrass, who manages \$50M of the System's money, consistently not beating the benchmark since inception in 2007. He stated that - as fiduciaries - the Board has a responsibility to address this issue.

Chairman Albritton suggested that this matter be referred to the finance committee.

Miss Munson stated that the finance committee is recommending that the Board would approve to raise \$6M to pay the System's expense through January 2022.

RESOLUTION 21-099 By Swazer, Supported by P. Waterman

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

Resolved, That the Board approves the Consultant's recommendation to rebalance the portfolio by transferring \$3,000,000.00 from Sawgrass and \$3,000,000.00 from Xponance to the cash manager to pay for benefits and expenses.

Yeas: 11 – Nays: 0

REPORTS

Personnel & Administration Committee and Finance Committee

Employee Leave Balances

Miss Munson reported that the committee reviewed the report.

PTO Policy Revisions

Miss Munson reported that the committee reviewed the revisions of the PTO policy and decided to table the matter.

Performance Appraisals Policy Revisions

Miss Munson reported that the personnel committee is recommending for approval the New Business item regarding the Performance Appraisals Policy revisions.

Proposed Pension Increase Presentation

Miss Munson reported that both committees received a presentation from the Mayor about a proposed pension increase.

Training and Education Policy and Supplement Review

Miss Munson reported that both committees are recommending that the Training and Education Policy be revised and added to the November 2021 agenda.

2022 Expense Budget Final

Miss Munson reported that both committees are recommending approval of 2022 Expense Budget which is an item under Unfinished Business.

Annual Meeting Venue Update

Miss Munson reported that both committees received the Annual Meeting venue update and determined to hold the meeting on Tuesday, November 16, 2021. She also reported that there are two possibilities for the venue at this point and that the Board will be notified as soon as a decision is made.

Consequent Capital Presentation

Miss Munson reported that the finance committee received the presentation by representatives from Consequent Capital Management and noted that the presentation is included in the agenda package.

Trustees

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

Trustee Deirdre Waterman stated that Miss Munson has requested that the Bowens Center be made available for the meeting today as well as the meetings for the rest of the year. She explained that the City Council has been meeting at this location and that is why it was made available for GERS Board as well. But the City Council is now considering moving back to the Council Chambers sometime in the near future. She said that this site will not be available for other entities when that happens. She also discussed the proposal for an enhanced pension benefit which she sent to Miss Munson on behalf of the City Council. She explained that she has submitted the proposal and that the Council can vote to extend the enhanced pension benefit and make it permanent. She also explained that this is a concern for the Hospital retirees and that they would be affected because they will lose the temporary benefit and not be eligible for healthcare. She said that as she made the proposal to the Council and, rather than voting on it right away, they would like GERS Board to know about it. The proposal was sent for the education of the Board.

Chairman Albritton outlined the process of how pension benefits can be changed only through action by the City Council. The Board received the proposal as information only and is not in a position to take any type of action on it.

Trustee Deirdre Waterman noted that the proposal was submitted to the two sub-committees but not the full Board. She confirmed that the proposal would be sent to the full Board.

Trustee Deirdre Waterman also informed the Board that the matter of the payments to the retirees who are opting out of the retiree healthcare is pending now. She explained that the notice was sent out to retirees to elect to accept healthcare from the new VEBA or to take the \$20,000 opt-out payment; the deadline to return the form was April 27, 2021. She reported that 270 people were declared eligible for the opt-out payment and it has been determined that \$8M will be transferred from the GERS to the City to provide for these payments. She requested to know when the transfer could occur. She explained that the VEBA Board has selected an insurance broker and the next step is for the broker to shop the insurance. That is why the information about who was going to opt out needed to be established.

Trustee Moore had questions about the entire process of how the assets will be transferred from the old GERS to the new GERS.

Trustee Patrice Waterman suggested to have a meeting with all the entities to sit down and understand exactly what is going on and how the money is going to be distributed.

Trustee Moore requested that the attorney and financial consultants provide a report on the timeframe for distribution of the assets.

Chairman Albritton suggested to have a special meeting with all the parties involved to work out all the details and to ensure everyone understands exactly how everything is going to take place and the timeframe.

Trustee Carrington summarized the discussion from the August 2021 Board meeting during which the Board discussed with the attorney and consultant the transfer of the \$8M and other matters related to the termination valuation.

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

There was additional discussion.

Ms. Billings-Dunn stated that the timing of the distribution will depend upon when the report is received from the actuary. She explained that all the investment manager contracts with exception of one are in place and ready to be signed and executed to transfer the money.

Trustee Moore asked what the GERS relationship is with the company called Andes associated with Sawgrass.

Ms. Billings-Dunn responded that it is a third-party marketing company that Sawgrass uses for client relationships and Sawgrass pays for that service. She explained that Ed Taylor used to work for this company, and now Charlie Harrison works for them as a relationship manager for Sawgrass.

Trustee Moore asked why there is a signature line in the investment management agreement for Andes when they do not have a direct relationship with GERS. He requested to have their name removed from the document.

Ms. Billings-Dunn responded that this is just an acknowledgment that they have received the copy of disclosure. She explained that GERS is not entering into an agreement with the third-party marketer. She does not think there is any legal requirement if the Board does not want to sign this document. She stated that all the Board is doing is acknowledging that the disclosure has been received and the minutes will reflect that they received the disclosure.

Chairman Albritton stated that he thinks the reason why they shared this is because a previous Board member is associated with this company and Sawgrass wanted to be transparent.

Chairman Albritton said that - based on the recommendation from the actuary - the Board adopted a 3.5% rate of return for use in the termination valuation and the City and CPREA came back and asked the Board to use 5%. He suggested to hold a special meeting to deal with this matter.

Trustee Moore stated that it is important to look at the letter from Alec Gibbs which was forwarded to Ms. Billings-Dunn. He said that the letter indicated that if the 3.5% is not changed today, court action will be taken tomorrow. He requested this Board to reconsider the 3.5% adopted rate of return and consider 5% to avoid possible court action.

Chairman Albritton said that a special meeting will be held to deal with this matter and we will ensure that the actuary and the consultants are present so that all the Trustees will get up to speed based on the letter from Alec Gibbs and the request from the City and CPREA.

Trustees Swazer, Patrice Waterman, White and Vice-Chair Giddings concurred in the suggestion to hold a special meeting.

There were additional discussions regarding the letter from Alec Gibbs.

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

RESOLUTION 21-100 By D. Waterman, Supported by P. Waterman

Resolved, That the Board approves to schedule a special meeting for Monday, October 4, 2021 at 4:00 p.m.0, contingent on the availability of the actuary.

Yeas: 11 – Nays: 0

Chairman

Chairman Albritton stated that he would like to make sure that retiree pensions remain whole and make sure that the retirees receive healthcare. He stated that the Board is trying to do what is best for pension but also to ensure that retirees have healthcare. He stated that it was said during public comment that the new GERS is getting 130% of liabilities and this 30% is more than enough, however it has not been mentioned that the new VEBA may be well over 200% funded based on preliminary estimates.

GERS Transition Update Reports

VEBA Board Request for Census Data & Mailer

Miss Munson reported that the census data was sent to the VEBA attorney on August 30, 2021. The report in the agenda details what was provided as well as the amount billed to the VEBA.

EXECUTIVE DIRECTOR REPORT

Miss Munson stated that she will defer her report until next month in the interest of time.

UNFINISHED BUSINESS

RE: Resolution to Adopt 2022 Expense Budget

RESOLUTION 21-101 By Swazer, Supported by Moore

Resolved, That the Board adopts the 2022 Expense Budget as presented.

Yeas: 11 – Nays: 0

NEW BUSINESS

RE: Resolution to Update Disbursements Process

RESOLUTION 21-102 By D. Waterman, Supported by King

Resolved, That the Board approves to no longer require Chairman Albritton and Vice-Chair Giddings to sign off on daily cash transactions.

Yeas: 11 – Nays: 0

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

RE: Resolution to Revise Performance Appraisal Policy

Miss Munson explained that the revisions are to remove the requirement that the annual evaluations occur in July and to remove the requirement that raises become effective in August.

RESOLUTION 21-103 By Swazer, Supported by D. Waterman

Yeas: 11 – Nays: 0

LEGAL REPORT

The Following Investment Management Documents Have Been Completed for the Transition to the City of Pontiac Reestablished General Employees' Retirement System

- First Eagle
- Xponance
- Kennedy Capital (finalizing agreement with their legal counsel)
- Victory Capital
- WCM
- Principal
- Robinson
- Attucks
- American Realty
- UBS
- Loomis
- Invesco
- Wellington
- TerraCap IV
- TerraCap V
- Northern Trust
- Intercontinental (US Real Estate Investment Fund)
- GrayCo/Consequence
- Sawgrass

The following are under review:

- Mesirow

RE: Resolution to Authorize Chairman's Signature

Cynthia Billings-Dunn stated that these transfer documents are legally acceptable for adoption by the Board. She explained that the Board needs to take action to authorize the Chairman to sign these documents on behalf of the System.

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

Miss Munson asked if the new GERS Board has to make a motion to authorize the Chairman's signature on the agreements.

Ms. Billings-Dunn responded that both Boards are doing this. She explained that the old GERS is assigning the agreements to the new GERS and the new GERS will authorize the Chairman's signature on the agreements. She stated that she will add this to her October legal report for the new GERS.

Trustee Moore requested to amend this resolution to approve the Chairman's signature only for those companies with whom GERS has a direct relationship.

Ms. Billings-Dunn stated that it is acceptable and that the minutes will reflect that the Board was made aware of Sawgrass' relationship with the third-party marketer and acknowledged receipt of the disclaimers. She also stated that this was done to be consistent with what was done in the past.

Vice-Chair Giddings asked whether the System's Investment Policy Statement require that the relationship be disclosed.

Ms. Billings-Dunn confirmed this and indicated that this is the required disclosure. She said that at this point she is not aware of any legal requirement that would require Chairmen to sign that disclosure.

RESOLUTION 21-104 By Swazer, Supported by D. Waterman

To authorize the Chairman to sign the transfer documents for the managers with whom the System has a direct relationship: First Eagle; Xponance; Kennedy Capital; Victory Capital; WCM; Principal; Robinson; Attucks; American Realty; UBS; Loomis; Invesco; Wellington; TerraCap IV; TerraCap V; Northern Trust; Intercontinental (US Real Estate Investment Fund); Grayco/Consequence; and Sawgrass.

Yeas: 11 – Nays: 0

Erica Robertson Restitution

Ms. Billings-Dunn reported that she sent another email to Clark Hill requesting that they reconcile their records with the System's so that we can make the request for final payment.

Open Meetings Act / House Bill 4934

Ms. Billings-Dunn reported that this bill is still in the committee and that it is her understanding from the lobbyist for MAPERS that a tentative hearing is set on this bill in October, so hopefully there will be some movement on that.

Robbins Geller June 2021 Portfolio Monitoring Report

This is for the Trustees' information.

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

There was no closed session.

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

RE: Resolution to Approve Closed Session Minutes: August 25, 2021

RESOLUTION 21-105 By Swazer, Supported by Moore

Resolved, That the Board approves the closed session minutes of August 25, 2021.

Yeas: 11 – Nays: 0

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, October 27, 2021 9:00 a.m. at Bowens Senior Citizens Center.

RESOLUTION 21-106 By Swazer, Supported by Albritton

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 12:13 p.m.

Yeas: 11 – Nays: 0

I certify that the forgoing are the true and correct minutes of the meeting of the General Employees' Retirement System held on September 29, 2021.

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