

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

A regular meeting of the Board of Trustees was held on Wednesday, May 25, 2022 at City of Pontiac General Employees' Retirement System, 2201 Auburn Rd, Suite B, Auburn Hills, MI 48326. The meeting was called to order at 9:45 A.M.

TRUSTEES PRESENT

Sheldon Albritton, Chair
Darin Carrington, Secretary
Robert Giddings, Vice-Chair
Tim Greimel, Mayor
Lisa King
James Miriani
William Parker Jr., City Council
Billie Swazer
James Walker
Patrice Waterman (electronically) – Washington, D.C.
John White

OTHERS

Guillaume Buell, Labaton Sucharow
Louise Gates, Gabriel, Roeder, Smith & Co.
Linda Watson, Retiree
Cynthia Billings-Dunn, Asher Kelly
David Lee, Dahab Associates
Mizuki Kanno, Executive Assistant
Deborah Munson, Executive Director

AGENDA CHANGES

Chairman Albritton stated that a presentation by a security litigation firm, Labaton Sucharow has been added to the agenda.

RESOLUTION 22-021 By Giddings, Supported by King
Resolved, That the Board approves the agenda change.

Yeas: 10 – Nays: 0

CONSENT AGENDA

- Approval of the Minutes of the Regular Board Meeting held on April 27, 2022.
- Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date May 25, 2022

\$1,543,373.94

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

Staff Pay Dates May 5 & 19, 2022

\$15,734.00

- Communications
 - FOIA Request from with.Intelligence: May 6, 2022
 - Correspondence from Northern Trust RE: President Departure
 - Correspondence with UBS RE: Side Letter
 - MAPERS Golf Outing: July 11, 2022 (W. Bloomfield, MI)
 - NASP Annual Conference: June 27 – 29, 2022 (Chicago, IL)
 - Opal Public Funds Summit East: July 18 – 20, 2022 (Newport, R.I.)

- Financial Reports
 - Accounts Payable: May 2022
 - Attucks Manager-of-Manager Summary: April 2022
 - Statement of Changes: March 2022

- Private Equity Capital Calls & Distributions
 - Mesirow Fund VI Distribution: April 27, 2022 \$75,000

- Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	Amount
2929	Konitsney, Dawn	06/01/2022	
2930	Lewis, Michael	07/01/2022	
2931	Smith, Lisa	05/01/2022	

Bold type entry indicates Reciprocal service credit.

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
701419	Mosley, Jeroline	03/10/2022	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
2351	Gibson, Allan	Gibson, Lynda	05/05/2022	

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 retiree, monthly benefit "pops-up" to what would have been the monthly Regular benefit amount (plus applicable COLA).

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

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 22-022 By Swazer, Supported by Miriani

Resolved, That the Board approves and ratifies actions described in the Consent Agenda for May 25, 2022.

Yeas: 10 – Nays: 0

CONSULTANTS

Performance Report: Q1 2022/ Preliminary Report: April 2022

Mr. Lee presented the Q1 2022 Performance Report and April 2022 Preliminary Performance Report. He explained that GERS portfolio lost slightly for the quarter, however still in the top half of the universe and the long-term numbers are still very strong despite the slight loss.

Chairman Albritton stated that it is important to stay focused that benefits must be continuously paid out to retirees. He pointed out that some people might think GERS can afford to take additional \$5-6M out of Reestablished GERS, however GERS still has liabilities of \$27 - \$28M to pay out retiree pension benefits. He pointed out that some people may feel like GERS has this enormous amount of cash where GERS can absorb that and not put the pension system in jeopardy, however it is getting lost in translation through the whole process.

Mr. Lee stated that the pension fund has been in an enviable position of being so well-funded, and because of that the System has a lot of money which was able to generate that much more money. He explained that as money is being taken out, there is a smaller base, therefore it has to do much better with the smaller base in order to ensure there is enough money for the long term. He stated that the more money is trimmed away, the greater risk enters into the System.

Chairman Albritton requested that Mr. Lee provide a summary on any GERS assets invested in firearms at the next meeting.

RE: Periodic Rebalancing

Mr. Lee recommended to take \$3M from each fixed income manager in total of \$6M to build up the cash balance from approximately \$3.8M to \$9.8M, simply because the stock has come down more than the bonds, and he would like to allow stocks to come back up instead of taking it from place where money has been lost.

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

RESOLUTION 22-023 By Swazer, Supported by Walker

Resolved, That the Board approves to rebalance the portfolio by transferring \$3M each from Robinson Capital and Victory Capital to the cash manager as recommended by the Consultant.

Yeas: 10 – Nays: 0

RE: Resolution to Put WCM on Watch

Mr. Lee explained that one of the six portfolio managers at WCM has retired, and that – pursuant to the System's IPS - they should be put on Watch for at least a couple of quarters.

RESOLUTION 22-024 By Swazer, Supported by Walker

Resolved, That the Board approves to put WCM on Watch for two quarters as recommended by the Consultant.

Yeas: 10 – Nays: 0

SECURITIES LITIGATION MONITORING FIRM PRESENTATION

Labaton Sucharow: Guillaume Buell

Mr. Buell introduced himself and his firm to the Board. He explained that his firm is a securities litigation monitoring firm with a proud history of track record on what they do for pension funds in the state of Michigan. They provide comprehensive portfolio monitoring services, and they currently represent Wayne County Retirement System, Macomb County Retirement System, Detroit Police & Fire, City of Dearborn, Michigan MERS, and others. He also stated that they are a very proud member of MAPERS. He explained that what makes them unique is they have services for international stock investments. The firm has relationships with law firms around the world. If they notice one of the portfolio monitoring firms is exposed in one of these class actions, they will provide with an alert. They will evaluate all the different law firms in that country who are competing to do the work, and they will present with their opinion as to which law firm provides the best chance of a good recovery. He stated that they will also make sure the System will have full indemnifications explaining that this is unique because there is usually a cost to sue someone overseas which is typically not the case in the United States, and that they will make sure before they present an option that there is full indemnification so the System will never have a risk of out-of-pocket cost for international cases. He stated that they also provide services for domestic litigations. He continued and explained more details about their services. He ended his presentation by saying that his firm will help complement the work the Board does as fiduciaries to the Members as well as the work the Board has other firms do, and it will be a privilege to have the opportunity to represent City of Pontiac GERS fund.

Vice-Chair Giddings asked if they would be adding the international cases to what GERS already has.

Mr. Buell responded that based on their experience working with other funds in Michigan and across the country, the spectrum of international cases that they bring to their clients is broader than other firms. He also stated that he is fairly certain that his firm is the only one that does this without fees.

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

Vice-Chair Giddings stated that other plans have several attorneys doing this type of service and asked how it is determined who has what lawsuits, if it is determined by who finds it first.

Mr. Buell explained that majority of their clients have three or five portfolio monitoring firms and that they are not first come first serve. Clients will look at the reports from three or four firms and typically picks a law firm based on the scope of investigation that law firm has done. He also explained that clients have an option to tell more than one firms to work together on the case.

Ms. Billings-Dunn asked regarding international cases if Mr. Buell is talking about assisting with recovering from settlements such as filing a proof of claim internationally or actions that had been filed and this System filing a motion for the plaintiff in the international courts.

Mr. Buell stated that it is the first. He explained that internationally you do not become a member of the covered class unless you actively opt into the overseas lawsuit. You do not have to initiate the lawsuit and step forward as a lead plaintiff early on internationally.

Trustee Greimel asked how the firm is compensated.

Mr. Buell explained that if the fund ever becomes involved in domestic class action either individually or jointly with another law firm for representing as lead plaintiff, and if the case ever proceeds to a settlement, then the court approved fee would be paid by the entire class and that is how his firm ultimately is compensated for the work they do. He also explained that the System never has an obligation to engage his firm and that the System always has a choice to retain whichever law firm. The System never has an obligation to actively become involved in a case.

Trustee Greimel stated that it seems that this firm is putting a considerable amount of time and expense in the on-going monitoring with no assurance at all.

Ms. Billings-Dunn stated that it is common with securities litigation firms. The idea is that when they bring a situation saying they believe this is a good case, they ask the System to retain them and file for lead plaintiff.

There was additional discussion.

Chairman Albritton stated that it is a good idea that the System is covered internationally as well, and that he likes that there is no cost to the Board hiring this firm.

Ms. Billings-Dunn stated that the courts like to see systems have more than one portfolio monitoring firm because different firms specialize in different areas and bring different cases. She also stated that this is a well-respected law firm in securities litigation monitoring.

RESOLUTION 22-025 By Greimel, Supported by Giddings

Resolved, That the Board approves to move forward with Labaton Sucharow for securities litigation monitoring services.

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

Yeas: 10 – Nays: 0

REPORTS

GERS Transition Update Reports

VEBA Request for Surviving Spouses

Miss Munson reported that the VEBA attorney requested this information twice, and that both occasions she responded that the project would cost of the project would need to be paid by the VEBA. He never responded acknowledging. Benesys finally responded last week, and Ms. Arndt is in the office working on the project. The VEBA attorney also requested information on the 119 or so active employees as of December 22, 2011, and that he said they previously sent GERS a spreadsheet with all these people. She reached out to Mr. Henzi and asked him to resend it. Even though he re-sent a spreadsheet, it was a list of deferred members, not active employees. She stated that GERS will go ahead and create that information for the VEBA Board while Ms. Arndt is in the office.

VEBA Request for Disability Members

Miss Munson reported that VEBA requested the number of disability retirees, and that she provided this information on three occasions since March 2022. The VEBA attorney has not responded acknowledging receipt.

VEBA Request for MAPE Members

Miss Munson reported that VEBA requested information on MAPE members. She explained that according to the collective bargaining agreement for MAPE, anyone hired through June 30, 2016 is eligible for healthcare. The issue is that the City has not funded that healthcare and her understanding is that this is one of the points of negotiation with CPREA that those few MAPE members would be added to VEBA as well.

VEBA Merger Update

Miss Munson referenced the email from Mr. Henzi indicating that the IRS approval will not be forthcoming for the VEBA merger and that the parties will move forward with that process. Mr. Henzi and Ms. Kopacz are working on amending the merger agreement and VEBA Trust.

FOIA Request to PFRS RE: Pensioners Names and Birthdates

Miss Munson reported that she sent a FOIA request to Police & Fire System for pensioners' names and birthdates. The VEBA attorney responded this request would take one to two hours and she is not sure if they are going to charge GERS for this information.

FOIA Request to VEBA RE: April 21, 2022 Minutes

Miss Munson reported that she sent a request to VEBA for a copy of the minutes two weeks after their meeting. The Open Meetings Act requires that a draft of the minutes be available for public review within 8 days of the meeting. They never responded to her request for those minutes and she did not receive them until she received a copy of the VEBA agenda on the day of their next meeting.

Miss Munson stated that she will continue to copy the Trustees on all the correspondence with VEBA to keep them updated on the status of information exchanges. She expressed her concern that she does not

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

know the cause of the breakdown in communication between the VEBA attorney and Benesys which they are attributing to the GERS. She said that the GERS staff does its best to respond in as timely a fashion as possible, even though they are short-staffed – because the Trustees and staff wants the \$400 pension permanent increase for the retirees more than anyone else. GERS does not have the obligation nor the time or labor to do so much work for the VEBA and it would be helpful if it was conveyed to that Board.

Personnel & Administration Committee & Finance Committee

Monthly Disability Annual Procedures Report

Miss Munson reported that both committees reviewed the report, and that there is one member who is scheduled for reexamination in July 2022. Staff is working with CoreVisory to ensure that the member is timely reexamined.

Finance Officer RFP

Miss Munson reported that both committees discussed the Finance Officer position. She also reported that Ms. Kanno has tendered her three-week notice of resignation. Her last day will be June 10, 2022. She said that both committees determined that we must use an “all of the above” strategy and that she will reach out to temp agencies for the Executive Assistant position to try to get someone in the position at least on a temporary basis to cover the phones and things like that. She also stated that she is going to post both positions again and also reach out to Robert Half Direct Hire to identify candidates. She stated that she will be more aggressive in following up with the executive search firms as well as in pursuing the accounting firms for contracting a finance officer.

Chairman Albritton asked Trustee Greimel if the City Hall is in the same situation with filling positions.

Trustee Greimel stated that it has been very challenging environment for employers in general, and the City is in the same situation.

Chairman Albritton stated that it has been tough to find good, qualified candidates.

Trustee Greimel requested the Executive Assistant’s job description to see if he can help by identifying past applicants at the City Hall.

Trustee King stated that she will keep her eyes open for any possible candidates at the court as well.

Ethics Policy Review: Annual Attestations

Miss Munson reported that both committees reviewed the Ethics Policy and reminded the Trustees that they had approved a minor revision at the last meeting. She said that both committees would like to take more in-depth look at this policy and update for 2022 and reminded everyone that Trustees and staff are required annually to attest that they have no material relationships with vendors.

Investment Manager Review

Miss Munson reported that both committees discussed the Investment Manager Review which will be done differently this year. She explained that we would like to return to off-site meeting where we bring ten to twelve managers and make a full day of it. There is a resolution under New Business requesting

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

that the Investment Manager Review Meeting be tentatively scheduled for July 27 or 28, 2022, depending on the availability of the venue.

Schedule Special Meeting for Draft Valuation Presentation

Miss Munson reported that both committees discussed the special meeting needed to receive the results of the 2021 valuation. The committees settled on June 17, 2022 at 2:00 p.m. .

RESOLUTION 22-026 By Walker, Supported by Swazer

Resolved, That the Board approves to schedule a special meeting to receive the results of the 2021 valuation on June 17, 2022 at 2 P.M.

Yeas: 10 – Nays: 0

UNFINISHED BUSINESS

RE: Resolution to Approve Amendment to By-Laws

Miss Munson presented the proposed revisions to the By-Laws which was sent to the Board approximately a week after last month meeting. She stated that no comments or suggestions were received from the Trustees.

Trustee Greimel commented that kicking people out for having excessive body odor struck him a little weird, and he would be more comfortable voting for this if this portion is struck out.

Chairman Albritton agreed with Trustee Greimel and suggested to strike that out.

RESOLUTION 22-027 By Greimel, Supported by Walker

Resolved, That the Board approves to amend the By-Laws Article V as recommended by the Personnel & Administration Committee without “excessive body odor.”

Yeas: 10 – Nays: 0

NEW BUSINESS

RE: Resolution to Approve Temporary Assistance

Miss Munson stated that Ms. Kanno’s last day is June 10, 2022 and requested flexibility to move forward with any temporary assistance that would be appropriate prior to the next Board meeting. She stated that one of the things the committee discussed is to add Ms. Arndt back as a Northern Trust Web Cash Movement User if the Executive Assistant position is not replaced permanently prior to the next meeting. She explained that all of the cash movements require two parties and that she cannot approve transactions she initiated. She also requested approval for the Chairman to authorize any necessary

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

temporary assistance. And that the resolution be amended to add Ms. Arndt back as a Northern Trust Web Cash Movement User.

Trustee White asked if temporary assistance meant covering what Ms. Kanno is currently doing or some of the duties she is doing.

Miss Munson stated that any temporary assistance would be related to Ms. Kanno's position Because it would be difficult to find someone who could be a temporary accountant. She explained that she has worked with temp firms long enough to know that someone coming in as an accountant is going to need a certain level of training and she would not want to invest that amount of time into someone who is here on a temporary basis. Temporary help would be doing the clerical parts of Ms. Kanno's job such as answering phones and assisting the members.

Trustee Greimel stated that Ms. Arndt has already started working in a temporary capacity, and some additional assistance is needed either in the form of Ms. Arndt or maybe others beyond what was originally planned for Ms. Arndt. He also stated that he does not remember voting to approve bringing on Ms. Arndt.

Miss Munson explained that Ms. Arndt is not working for the System. The project she is working on is for VEBA, and they reimburse GERS for any related expenses.

Trustee Greimel stated that it would still have to be approved since GERS is getting and disbursing money.

Chairman Albritton stated that the Board approved the segment where Ms. Arndt would come in when there is work needed for VEBA instead of the Board approving every time VEBA requests to do work. The Board could approve every time when VEBA submits something, but it was understood that Ms. Arndt would come in and facilitate that at their cost.

Vice-Chair Giddings stated that there is no cost to GERS, and when they need something, they probably need it right away.

Miss Munson stated that it would be helpful to authorize Chairman to approve the hiring of assistance otherwise it will extend the time required to respond to VEBA requests because the Board would have to hold a Board meeting prior to Ms. Arndt coming in.

Trustee Greimel stated that it would be better to have a middle ground where rather than agreeing to it in perpetuity, agreeing to it in six-month or a year increment. He suggested that the Board would vote in the beginning of each calendar year to give Chairman the authority to bring on Ms. Arndt any time VEBA requests something as long as it is paid for by VEBA.

RESOLUTION 22-028 By Walker, Supported by Swazer

Resolved, That the Board approves to extend through the end of the year the authorization for Jane Arndt to be engaged for any VEBA projects that are being reimbursed by VEBA.

Yeas: 10 – Nays: 0

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

Miss Munson requested the Board to also approve to add Ms. Arndt back as a user on Northern Trust Web Cash Movement.

Trustee White asked what happens if Ms. Arndt is not added as a user.

Miss Munson explained that she would have to do a letter for every single cash movement and send it over to Northern Trust. Northern Trust would use its Client Call-Back process to confirm with Chairman Albritton and Vice-Chair Giddings to approve those direction letters. Northern Trust would be calling one of them to verify that the cash movements are authorized.

Chairman Albritton stated that because there is no Finance Officer, the staff still sends him and Vice-Chair Giddings daily notifications and requests to sign off on all cash movements.

RESOLUTION 22-029 By White, Supported by Swazer

Resolved, That the Board authorizes the Chairman to approve the hiring of temporary office assistance, as needed, and, further

Resolved, That the Board approves to add Jane Arndt as a Northern Trust Web Cash Movement User until a permanent employee is hired.

Yeas: 10 – Nays: 0

RE: Resolution to Schedule Semi-Annual Manager Review

Chairman Albritton stated that M1 Concourse is where he would like to have the investment manager review this year, bringing in the managers and also inviting the retirees and the public. He explained that there is very little or no cost to the System in the past. He stated that it would be an excellent opportunity to do something with retirees and citizens and that it is important to reinvest in our own community.

Mr. Lee asked what the expectation is from the managers relative to any type of questions coming from the audience outside the Board.

Chairman Albritton stated that it will be similar to what was done in the past at Marriot, but he would like to make it more interactive. He also stated that he is hoping it is beyond the resolution of the \$400 matter where it is possible to give retirees direction of where the System is going towards the end of the year going and into the new year.

Mr. Lee stated that he is not sure if managers would be comfortable responding to direct questions from outside parties who are not Trustees because they are not fiduciaries. He also stated that most managers have never done this before so it would be eye-opening for them.

Chairman Albritton stated that it would be similar to the annual meeting where the public would ask questions after the overview given by the consultant, legal counsel and others. He stated that he can discuss more details before the event.

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

RESOLUTION 22-030 By Giddings, Supported by Swazer

Resolved, That the Board approves to schedule the semi-annual manager review for July 27 or July 28, 2022, contingent upon venue availability.

Yeas: 10 – Nays: 0

LEGAL REPORT

Proposed Escrow Agreement

Already discussed in the GERS meeting.

Robbins Gellers April 2022 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).

RESOLUTION 22-031 By White, Supported by Walker

Resolved, That the Board approves to go into Closed Session to discuss Erica Robertson, Onyx, and Grubhub matters.

ROLL CALL:

Albritton – Yes	Parker – Yes
Carrington – Yes	Swazer – Yes
Giddings – Yes	Walker – Yes
Greimel – Yes	Waterman –
King – Yes	White – Yes
Miriani –	

The Board went into closed session at 11:25 A.M.

The Board returned from closed session at 11:36 A.M.

RE: Resolution to Approve Motions in Closed Session

RESOLUTION 22-032 By White, Supported by Walker

Resolved, That the Board directs legal counsel to work with the Clark Hill firm on the remaining restitution for Erica Robertson as outlined in closed session.

Yeas: 10 – Nays: 0

RESOLUTION 22-033 By Walker, Supported by King

Resolved, That the Board authorizes Chairman's signature on the Grubhub declaration.

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

Yeas: 10 – Nays: 0

RE: Resolution to Approve Closed Session Minutes: April 27, 2022

RESOLUTION 22-034 By White, Supported by Walker

Resolved, That the Board approves the April 27, 2022 closed session minutes.

Yeas: 10 – Nays: 0

PUBLIC COMMENT: NONE

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, June 22, 2022 9:00 a.m.

RESOLUTION 22-019 By White, Supported by King

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 11:38 A.M.

Yeas: 10 – Nays: 0

I certify that the forgoing are the true and correct minutes of the meeting of the Reestablished General Employees' Retirement System held on May 25, 2022.
As recorded by Mizuki Kanno, reviewed and edited by Legal Counsel and the Executive Director