

**CITY OF PONTIAC MICHIGAN
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
FEBRUARY 26, 2020**

A regular meeting of the Board of Trustees was held on Wednesday, February 26, 2020 at the Pontiac General Employees' Retirement System, 2201 Auburn Road, Suite B, Auburn Hills, MI 48326. The meeting was called to order at 9:02 A.M.

ROLL CALL

TRUSTEES PRESENT

John Balint
Robert Giddings, Vice-Chair
James Miriani
Walter Moore (via video conf)
Billie Swazer
James Walker
Deirdre Waterman, Mayor
Patrice Waterman, City Council (*arr. @ 9:10 a.m.*)
John White

OTHERS

Joseph Beuparlant, CFA, Loomis Sayles
Jeffrey Schwartz, CFA, Loomis Sayles
Anthony Brooks, Sawgrass
Brian Monroe, Sawgrass
Carey Jackson, Prudential
Linda Watson, Retiree
Cynthia Billings-Dunn, AsherKelly
Steven Roth, Dahab Associates
Kristy Neumann, Executive Assistant
Deborah Munson, Executive Director

TRUSTEES ABSENT

Sheldon Albritton, Chair - Excused

MANAGER PRESENTATIONS

Sawgrass Asset Management – Anthony Brooks and Brian Monroe

Mr. Monroe reviewed the firm's ownership and structure highlighting their pride of being 100% employee owned and 0% turnover of their investment team. He presented the Portfolio Summary as of December 31, 2019. The Asset Allocation was 2% Cash & Equivs.; market value \$645,493; Equity at 98% with a market value of \$34,829,148 for a total market value of \$35,474,642; and investment gain/loss since inception \$41,898,355.

Mr. Brooks reviewed the firm's investment process. He presented the Portfolio Performance report as of December 31, 2019. The returns were: QTD 8.62%; 1 year – 31%; 3 year – 18.53%; 5 year 12.63% and since inception 9.8%.

Loomis, Sayles & Co. – Joseph Beuparlant and Jeffrey Schwartz

Mr. Beuparlant provided a firm overview with offices located globally, \$297 Billion in assets with \$227.7 allocated to Fixed income and \$74.5 in Equity.

Mr. Schwartz reviewed the firm's investment team highlighting that Kurt Fish, a firm analyst of 21 years, will be retiring. He reviewed the firm's business strategy and presented the Portfolio Performance report as of December 31, 2019. The returns were: 1 year – 25.07%; 3 year – 5.52%; 5 year - 7.79%; 7 year – 11.21%; 11.87% and since inception 11.9%.

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Trustee D. Waterman left 9:45 a.m.

AGENDA CHANGES

Miss Munson requested to that the Consent Agenda be amended to include permission for Phillip Moore to attend Fall MAPERS and for her to attend Spring MAPERS and the UBS Client Conference in March. She requested that Unfinished Business be amended to include the handout with the revisions to the Training and Education Policy.

APPROVAL CONSENT AGENDA

JANUARY 2020:

- A. Approval of the Minutes of the Special Board Meeting held November 22, 2019
- B. Approval of the Minutes of the Regular Board Meeting held on December 4, 2019
- C. Approval of the Minutes of the Special Board Meeting held on December 18, 2019
- D. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date December 11, 2019	
TOTAL PENSION PAYROLL	\$2,035,364.62

Retiree Pay Date January 29, 2020	
TOTAL PENSION PAYROLL	\$2,042,620.97

Staff Pay Date December 5 & 19, 2019	
TOTAL STAFF PAYROLL	\$21,477.26

Staff Pay Date January 2, 16 & 30, 2020	
TOTAL STAFF PAYROLL	\$32,685.05

- E. Communications
 - FOIA Request From/To Institutional Shareholder Services: November 25, 2019
 - FOIA Request From/To Evestment: December 11, 2019
 - Correspondence from Attucks RE: Progress Investment Management
 - Correspondence from First Eagle RE: THL Credit Advisors Acquisition
 - Correspondence from Sawgrass RE: Staff Changes
 - Correspondence from TerraCap RE: Sale of The Arbors Apartments
 - Correspondence from TerraCap RE: Sale of Resource Square I & II
 - SEC Order RE: Gray Financial Group
 - IFEBP Portfolio Concepts and Management: April 20 – 23, 2020 (Philadelphia, PA)
 - IFEBP Legislative Conference: May 4 – 5, 2020 (Washington, DC)
 - TerraCap Annual Meeting: May 7 – 8, 2020 (Naples, FL)
 - IFEBP Trustees & Administrators Institute: June 27 – July 1 (San Francisco, CA)
 - IFEBP Alternative Investment Strategies: July 20 – 22, 2020 (San Francisco, CA)

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- MAPERS One-Day Seminar: March 6, 2020 (Southfield, MI)
- UBS 2020 Annual Investor Meeting: March 28 – April 1 (Los Angeles, CA)

F. Financial Reports

- Accounts Payable: December 2019 & January 2020
- Dahab Associates Preliminary Report: November & December 2019
- Attucks Manager-of-Managers Summary: November & December 2019
- Statement of Changes: November & December 2019

G. Private Equity and Real Estate Capital Calls & Distributions

- Invesco Fund V Distribution: December 23, 2019 \$19,721
- Invesco Fund V Distribution: January 15, 2020 \$62,741
- Mesirow Fund IV Distribution: December 24, 2019 \$75,000
- Mesirow Fund VI Distribution: December 27, 2019 \$45,000 Net

H. Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	Amount
2901	Close, Angeline	1/1/2020	
2900	Powell, Bridget	1/1/2020	

Bold type entry indicates Reciprocal service credit.

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
2070	McIntyre, Thomas	12/28/2019	
2324	Rodriguez, Lucy	12/25/2019	
1539	Dove, Juanita	12/31/2019	
2453	Hoisington, Lucinda	12/1/2019	
1284	Kelly, Lois	12/18/2019	
2253	Reid, Kerry	1/14/2020	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
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4. Re-calculated Retirements

RETNO	Member's Name	Reason for Change	Effective Date	New Amount
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1561	Denison, Charles	Pop-Up	January 1, 2020	
2409	Miller, Edward	Age 65 Disability Conversion	February 9, 2020	

FEBRUARY 2020

A. Approval of the Minutes of the Regular Board Meeting held on January 30, 2020

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date February 26, 2019

TOTAL PENSION PAYROLL: PAYROLL NOT COMPLETE/WILL BE PROVIDED AT MEETING

Staff Pay Date February 13 & 27, 2020

TOTAL STAFF PAYROLL: PAYROLLS NOT COMPLETE/WILL BE PROVIDED AT MEETING

C. Communications

- FOIA Request From/To City of Pontiac: February 7, 2020
- Correspondence from Invesco RE: Retirement of Head of IRE Asia Pacific
- Correspondence from Kennedy Capital RE: 2019 Performance and Client Conference
- Correspondence from Terracap RE: Amendment Notice (Informational Only)
- Correspondence from UBS RE: Becoming Climate Aware Report
- Correspondence from UBS RE: New Head of Real Estate US

D. Financial Reports

- Accounts Payable: February 2020
- Dahab Associates Preliminary Report: January 2020
- Attucks Manager-of-Managers Summary: January 2020
- Statement of Changes: January 2020
- Unaudited Financial Statements & Budget Update: Q4 2019

E. Private Equity and Real Estate Capital Calls & Distributions

- Invesco Fund V Distribution: February 10, 2020 \$53,187

F. Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	Amount
2904	Rosado, Mary	04/01/2020	\$281.25
2905	Citron, Kenneth	03/01/2020	\$3.16
2906	Lewis, MiToya	03/01/2020	\$878.46

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Bold type entry indicates Reciprocal service credit.

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
2319	Ramirez, Mary	01/22/2020	\$550.25
701185	Jones, Clydell	01/30/2020	\$2,078.55
2436	Escoe, Francine	01/01/2020	\$503.02

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
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4. Re-calculated Retirements

RETNO	Member's Name	Reason for Change	Effective Date	New Amount
1767	Grubb, Henrietta	Pop-Up	02/01/2020	\$1,314.10
2899	Wilson, Rose	Final	09/01/2019	\$2,504.69
2905	Citron, Kenneth	Final	03/01/2020	\$3.16
2903	Lewis, MiToya	Final	03/01/2020	\$878.46

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 20-024 By P. Waterman, Supported by Swazer

Resolved, That the Board approves and ratifies actions described in the Consent Agenda for January 30, 2020 and February 26, 2020 as amended.

Yeas: 8 – Nays: 0

CONSULTANTS

Performance Report: Q4 2019

Mr. Roth presented the Fourth Quarter 2019 Performance Report. Economic Statistics report GDP at 2.1%; Unemployment at 3.5% down slightly from 3.7% and Fed Funds Rate also down slightly at 1.75% from 2%. He said barring any pandemic outbreak from the Corona Virus, the economy will continue steady but there are still a lot of uncertainties including the upcoming election. Mr. Roth stated there no changes were being recommended at this time to the asset allocation.

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Performance Summary Report

Mr. Roth reviewed the Performance Summary Report as of January 31, 2020 highlighting it was a good bounce back from the previous year. The total portfolio market value was \$512,611,193.

Trustee D. Waterman returned 9:58 a.m.

Mr. Roth reviewed an updated handout of the Asset Allocation page of the Q4 2019 Performance report which breaks out the all-cap allocation. He reviewed the top twenty stock holdings and top twenty fixed income holdings highlighting that the majority of them were in technology, which aligns with the Russell 3000 consisting of 30% technology. He reviewed the managers noting there is no concern at this time, and they are performing as expected.

Proposed 2020 Manager Review Schedule

Mr. Roth presented for review and approval the remaining 2020 Manager review schedule.

RESOLUTION 20-025 By P. Waterman, Supported by Swazer
Resolved, That the Board approves the 2020 Manager Review Schedule.

Yeas: 9 – Nays: 0

Trustee Education: Secured Overnight Funding Rate

Mr. Roth presented an article for informational purposes.

REPORTS

Personnel & Administration Committee

Training and Education Policy

Miss Munson reported that the committee reviewed the revisions to the Training and Education Policy and referenced the handout.

2020 Trustee Elections

Both committees are recommending that Trustee Swazer be appointed as Canvasser for the Active Member-Trustee and the Member-Trustee elections. Both committees are recommending that Chairman Albritton be selected as the Canvasser for the Retiree-Member Trustee election with Trustee Patrice Waterman appointed as an alternate.

Email Communications with Members

Miss Munson reported that the committee is researching ways to communicate non-personal information via email to members. A policy will need to be drafted before it can be fully implemented.

Gabriel, Roeder, Smith & Co. Quote RE: Uniform Actuarial Assumptions

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Miss Munson reported that both committees discussed the GRS quote to review the Uniform Actuarial Assumptions. She explained that the City is required to report annually on Form 5572 the accrued liabilities for pensions and healthcare using Uniform Actuarial Assumptions established by the Treasury. For 2020, the mortality table which the Board has adopted no longer conforms to those Uniform Assumptions. She noted that the table is still reasonable for valuation purposes. GRS is offering to provide the data using an appropriate mortality table but this is a plan sponsor expense. The City will need to approve the scope and fees for this project.

Annual Advisor and Consultants Reviews Policy: 2020

Miss Munson reported that both committees have selected the attorney as the service provider to review for 2020.

Disability Reexamination Procedure Policy

Miss Munson reported that Personnel Committee reviewed the revisions to the Disability Reexamination Procedure. The one thing missing is a designated point person at the City who would select the third physician for the Medical Board of Review in the case that the System's two physicians cannot agree.

Disability Annual Procedures Update

Miss Munson reported that the member that was scheduled for examination on February 20, 2020 did make the appointment and the report will be provided to the Board upon receipt.

Finance Committee

Unaudited Financial Statements & Budget Update

Miss Munson reported that the committee reviewed the Q4 2019 unaudited financial statements and budget update.

Benefits Payment Audit

Miss Munson reported that the committee tabled this matter in order to provide staff time to gather information.

Trustees

Trustee Deirdre Waterman presented a handout regarding the Phoenix Center. She discussed the purchase of the Ottawa Towers and the settlement agreement associated therewith. She stated that a citizen has asked more than once for her to bring the subject of the possibility of purchasing the Ottawa Towers to the GERS Board.

There was discussion.

Trustee Deirdre Waterman discussed the corrections she requested be made to the December 4, 2019 and December 18, 2019 meeting minutes and expressed her concern regarding Trustee Moore's resignation and the process for filling the position as well as the accuracy of and process for reviewing the meeting minutes.

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Vice-Chair Giddings referred the matter of the how minutes are prepared and presented to the Board to the Personnel & Administration Committee.

Chairman

None

EXECUTIVE DIRECTOR REPORT

Terracap Limited Partnership Agreement

Miss Munson explained that TerraCap amended the Limited Partnership Agreement in 2019. The System received a copy of the Amendment but the referenced Initial Notice was not attached and the System had not previously received a copy. The Initial Notice was sent to investors in February 2019 but the System did not become a Limited Partner until April 2019. TerraCap did send a copy of the Initial Notice and this matter is closed.

2019 W-2

Miss Munson reported that 2019 W-2 statements were distributed to employees on January 14, 2020.

2019 1099R

Miss Munson reported that 1099-R statements were mailed to retirees on January 21, 2020.

2019 1099-M

Miss Munson reported that that 1099-M statements were filed with the IRS and mailed to recipients on January 28, 2020.

2019 Form 945

Miss Munson reported that Form 945 was filed on February 3, 2020.

Valuation Data

Miss Munson reported that the data for the 2019 valuation was sent to the actuary on February 13, 2020.

Annual Notice to Deferred Members

Miss Munson reported that the annual Notice to Deferred Members was mailed on February 14, 2020.

Candidate Statements

Miss Munson reported that only one Active-Member Candidate Statement was filed by Samantha Powell who is a court employee. The Board will certify her as the Active-Member Trustee at the March Board meeting.

Asset Transition Update

Miss Munson reported that there are no assets in transition.

MAP Level III Certification

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Miss Munson reported the Phillip Moore received his MAP Level III certification.

Disability Annual Procedures Report

Miss Munson reported there was one member who was converted from a Workers' Compensation pension to an age and service pension. She reported that there are no other conversions or reexaminations for the remainder of 2020.

UNFINISHED BUSINESS

RE: Resolution to Approve Training & Education Policy Revisions

RESOLUTION 20-026 By P. Waterman, Supported by Swazer

Resolved, That the Board approves the revisions to the Training & Education Policy effective January 1, 2020.

Yeas: 9 – Nays: 0

NEW BUSINESS

RE: Resolution to Appoint Election Canvassers

RESOLUTION 20-027 By P. Waterman, Supported by Swazer

Resolved, That the Board appoints the following Trustees to serve as Trustee Canvasser for the respective 2020 Elections:

Active Member-Trustee Election: Trustee Billie Swazer
Member-Trustee Election: Trustee Billie Swazer
Retiree-Trustee Election: Trustee Chairman Albritton
Retiree-Trustee Election Alternate: Trustee P. Waterman

Yeas: 9 – Nays: 0

RE: Resolution to Select 2020 Service Provider to Review

RESOLUTION 20-028 By P. Waterman, Supported by Swazer

Resolved, That the Board approves to select the Attorney for review in 2020 pursuant to its Advisor and Consultant Reviews Policy.

Yeas: 9 – Nays: 0

LEGAL REPORT

Garland Domestic Relations Order
Informational Only

Reid Durable Power of Attorney

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Informational Only

Summary Annual Report/Public Act 520 of 2016

Informational Only

MotleyRice 4th Quarter 2019 Portfolio Monitoring Report

Informational Only

Robbins Geller Portfolio Monitoring Agreement

This matter will be tabled and referred to the finance sub-committee.

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

RE: Resolution to go into Closed Session

RESOLUTION 20–029 By P. Waterman, Supported by Walker

Resolved, That the Board approves to go into closed session to discuss Camping World Holdings, Equifax, Dell Inc., Reckitt Benkiser, Venator and Grub Hubb Securities litigation matters.

Balint – Yes

Walker - Yes

Giddings – Yes

D. Waterman - Yes

Mirani – Yes

P. Waterman – Yes

Moore – Yes

White – Yes

Swazer – Yes

The Board moved to closed session at 10:55 a.m.

Mayor Waterman left at 10:55 a.m.

The Board returned from closed session at 11:01 a.m.

RE: Resolution to Approve Closed Session Minutes: January 30, 2020

RESOLUTION 20–030 By P. Waterman, Supported by Walker

Resolved, That the Board approves the minutes of closed session of January 30, 2020

Yeas: 8 – Nays: 0

RE: Resolution to Ratify the Signature of the Chairman of the Camping World Certification

RESOLUTION 20–031 By Walker, Supported by Balint

Resolved, That the Board ratifies the Chairman's signature on the Camping World Certification.

Yeas: 8 – Nays: 0

RE: Certification of Equifax, Dell and Camping World Retainer Signatures

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RESOLUTION 20–032 By P. Waterman, Supported by Walker

Resolved, That the Board authorizes the Chairman to sign the retainer agreements in the Equifax, Dell and Camping World litigation matters.

Yeas: 8 – Nays: 0

SCHEDULING OF NEXT MEETING/ADJOURNMENT

RE: Regular Meeting: Wednesday, March 25, 2020 9:00 a.m. – Retirement Office

RESOLUTION 20–033 By P. Waterman, Supported by Swazer

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned 11:03 a.m.

Yeas: 8 – Nays: 0

I certify that the forgoing are the true and correct minutes of the meeting of the General Employees Retirement System held on February 26, 2020
As recorded by Kristy Neumann,
reviewed and edited by Legal Counsel
and Executive Director