

**CITY OF PONTIAC MICHIGAN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
JULY 29, 2020**

A regular meeting of the Board of Trustees was held on Wednesday, July 29, 2020 via remote conference. The meeting was called to order at 9:00 A.M.

**TRUSTEES PRESENT**

Sheldon Albritton, Chair (electronically)  
Robert Giddings, Vice-Chair (electronically)  
James Miriani (electronically)  
Walter Moore (electronically)  
Billie Swazer (electronically)  
James Walker (electronically) *arr @ 9:08*  
Deirdre Waterman, Mayor (electronically)  
John White (electronically) *arr @ 9:56*

**OTHERS**

Elizabeth Crenshaw, Decatur Capital (electronically)  
William Heard, Heard Capital (electronically)  
Priya Kaftan, Heard Capital (electronically)  
Degas Wright, Decatur Capital (electronically)  
Linda Watson, Retiree (electronically)  
David Lee, Dahab Associates (electronically)  
Steven Roth, Dahab Associates (electronically)  
Cynthia Billings-Dunn, Asher Kelly (electronically)  
Deborah Munson, Executive Director (electronically)

**TRUSTEES ABSENT**

Samantha Powell  
Patrice Waterman, City Council (excused)

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**PUBLIC COMMENT**

Linda Watson inquired about the oversight of the emerging manager-of-managers program.

**MANAGER PRESENTATIONS**

*Decatur Capital: Degas Wright; Elizabeth Crenshaw*

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

*Heard Capital: William Heard; Priya Kaftan*

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

**AGENDA CHANGES**

Miss Munson requested that Unfinished Business Item B be amended to read 'Resolved, That the Board approves to waive the 60 days' period for filing an appeal and accepts Mr. Parr's correspondence as a

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request for an appeal.' She requested that New Business be amended to include a resolution to approve issuance of an RFP for a small cap growth manager.

**RESOLUTION 20-086** By Moore, Supported by Walker

**Resolved**, That the Board approves the changes to the Agenda.

**ROLL CALL:**

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

**CONSENT AGENDA**

- A. Approval of the Minutes of the Regular Board Meeting held on June 24, 2020
- B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date: July 29, 2020	<b>\$1,986,342.37</b>
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Staff Pay Dates: July 2, 16 & 30, 2020	<b>\$29,856.48</b>
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- C. Communications
  - FOIA Request From/To Evestment: June 29, 2020
  - FOIA Request From/To Zack Czyriak: July 9, 2020
  - Correspondence from Invesco RE: Majority Consent to Sale
  - Correspondence from Kennedy and Dahab RE: Staff Changes
  - Correspondence from Northern Trust RE: \$20M to Reduce Opportunity Gap
  - Article RE: Ebony Parent Company CEO

- D. Financial Reports
  - Accounts Payable: July 2020
  - Dahab Associates Preliminary Report: June 2020
  - Attucks Manager-of-Managers Summary: June 2020
  - Statement of Changes: June 2020

- E. Private Equity and Real Estate Capital Calls & Distributions
 

• Mesirow Fund IV Distribution: June 25, 2020	\$125,000
• Mesirow Fund VI Distribution: June 25, 2020	\$105,000
• Mesirow Fund VI Capital Call: June 25, 2020	\$60,000

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F. Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	Amount
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**Bold type entry indicates Reciprocal service credit.**

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
1641	Cooper, Gary	07/18/2020	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
2579	Smades, Barry	Smades, Sandra	06/24/2020	

4. Re-calculated Retirements

RETNO	Member's Name	Reason for Change	Effective Date	New Amount
2904	Rosado, Mary	Final	04/01/2020	

*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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Trustee Swazer requested that the minutes be removed from the Consent Agenda.

**RESOLUTION 20-087** By Moore, Supported by Miriani

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**Resolved**, That the Board approves and ratifies actions described in the Consent Agenda for July 29, 2020 as amended.

ROLL CALL:

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

June 24, 2020 Minutes

Trustee Swazer requested that the June 24, 2020 minutes be amended. She stated that the request from the City to approve the supplemental actuarial analysis was received after the meeting began and that the text of the request had not been read to the Board prior to approval. She requested that the minutes be amended to reflect that the request had been received during the course of the meeting.

There was additional discussion.

**RESOLUTION 20–088** By Moore, Supported by Swazer

**Resolved**, That the Board approves the June 24, 2020 minutes as amended.

ROLL CALL:

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

**CONSULTANTS**

Preliminary Performance:

Mr. Roth reported that the System is down 1.6% for the year net-of-fees. As of June 30, 2020, the value of the fund was \$483M. As of yesterday, the value of the fund was \$494M.

**RESOLUTION 20–089** By Moore, Supported by Albritton

**Resolved**, That the Board receives and files the Consultant's financial reports.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Giddings – Yes	Walker – Yes
Mirani – Yes	D. Waterman- Yes

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Moore – Yes

White – Yes

**REPORTS**

**Personnel & Administration Committee**

Parr Re-Examination Appeal

Miss Munson reported that both committees received an update regarding Mr. Parr. Mr. Parr did not timely file an appeal after the Medical Director determined that he is no longer permanently and totally disabled. The member came to the office after he received the notice that his pension would be terminated pursuant to the System's policy. Mr. Parr completed the Form 4506-T for the income verification process and dropped off a request for a hearing which was emailed to the Board yesterday. The finance committee noted the effort that he is making to come into compliance with the processes and is recommending that the Board would approve to waive the appeal deadline; accept his correspondence as a request for an appeal and allow him to go through the appeal process.

Monthly Disability Annual Procedures Update Report

Both committees reviewed this report.

2021 Proposed Expense Budget

Miss Munson reported that both committees conducted an initial review of the proposed 2021 Expense Budget. She requested that Trustees send their revisions, questions or comments on or before August 15, 2020. A final draft of the proposed budget will be presented at the August meeting and the final version should be adopted at the September meeting.

Temporary Assistance: Hours Worked Report

Both committees reviewed the report updating the status of the work which Ms. Arndt is performing. The report will be provided to the P&A committee bi-weekly until the end of the assignment. Miss Munson reported that Ms. Arndt has been very diligent and conscientious and should have the member database updated through July by the end of the week.

Executive Assistant Position

Both committees are recommending that the Board approve to post the position. In addition, the committee directed that Miss Munson reach out to the candidates who were interviewed in 2018 to see if any are still interested in the position. Two of the seven candidates have responded that they are still interested in the position. She will be meeting with Trustees Swazer and Walker after the meeting today to discuss how the process should proceed.

Supplemental Actuarial Analysis RE: \$400 Temporary

Both committees are recommending that the Board would receive and file the supplemental actuarial analysis as required by PA 314.

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Annual Performance Evaluations

Miss Munson reported that the annual evaluations were postponed until August.

**Finance Committee**

Small Cap Growth Investment

Miss Munson reminded the Trustees that the Board approved to transfer the Kennedy Small Cap Growth investment into a Northern Trust index fund in 2018 after senior portfolio members had left the firm. The committee discussed the matter with the consultants and are recommending that the Board would approve to issue an RFP for a small cap growth manager.

Benefits Payments Agreed Upon Procedures Draft

Miss Munson explained that the committee reviewed an outline of the procedures that an auditor/consultant would use to confirm that the benefit amounts being paid to retirees are the proper amounts based on the member's election at the time of retirement. The committee determined that staff would audit a sample population of 25% of the retirees to confirm the amounts being paid. That percentage could increase based upon the results of the first 25%.

UnitedHealth COVID-19 Refund

Miss Munson explained that UnitedHealthcare is providing credits to their policyholders related to the COVID-19 pandemic. The System received a credit for July premiums of \$770.07. Employees pay 20% of the cost of their insurance and the committee is recommending that 20% of the credit (\$154.61) be refunded to employees to reduce their August – December premiums.

Electronic Retirement Benefit Statements

Miss Munson reported that the committee would like to move forward with the roll-out of electronic benefit statements. Initially, retirees will be able to sign up for electronic benefit statements voluntarily. The committee will need to make a determination of when to convert all retirees to electronic benefit statements. The conversion to electronic-only statements will save the System approximately \$7k per year in postage and labor costs.

Annual Political Contributions and Fees Disclosure Notices

Miss Munson reported that the notices were sent to investment managers and services providers on June 29, 2020. They are due on August 3, 2020.

Summary Annual Report and Option II Notice to Active Members

Miss Munson reported the SAR and Option II Notice were sent to members on July 16, 2020.

**Relocation Committee**

Chairman Albritton reminded the Board that the office lease expires in March 2021. He would like to meet with the Mayor, if that is the Board's desire, to see if there is space available for the Retirement

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Office in the City of Pontiac. He confirmed that we would need to give the current landlord notice of departure by September 1, 2020.

**Trustees – NONE**

**Chairman**

Chairman Albritton thanked the Board for their hard work and dedication.

**RE: Resolution to Issue and RFP for Small Cap Growth Manager**

Mr. Lee said that Dahab would conduct a search for a small cap growth manager. The amount of the mandate is approximately \$18M.

Trustee Moore asked about the Northern Trust index fund performance, fees and the rationale for conducting a search.

Chairman Albritton explained that the move to the index fund was a temporary solution in response to the sudden departure of the prior portfolio managers.

There was additional discussion.

**RESOLUTION 20–090** By Giddings, Supported by Albritton

**Resolved,** That the Board directs the Consultant to issue an RFP for a small cap growth manager.

**ROLL CALL:**

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

**EXECUTIVE DIRECTOR**

**2021 Proposed Expense Budget**

Miss Munson briefly reviewed the proposed budget. She noted that the projected 2021 budget is approximately 2% below the current year's budget. This is a result of a decrease in the System's two largest expenses – retiree payroll and investment management expenses. She referenced the discussion about the small cap growth manager and noted that by consolidating the Systematic and Victory Capital mid-cap portfolios into an index fund, the System saved approximately \$360K per year. The Northern Trust custody fees have been reduced as well. She noted that the number of deceased retirees in 2020 is already approaching the average of the prior three years and that the 2021 budgeted amount is a projection based on the current payroll amount.

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Correspondence from the City

Miss Munson noted that this information gets forwarded to the Trustees in real time and is informational only. The correspondence relates to the request for a supplemental actuarial analysis as well as the documents submitted to the IRS.

Disability Annual Procedures

Miss Munson reported that the three other disability retirees who are still required to go through the income verification process have turned in their Form 4506-T and those have been sent via certified mail to the IRS.

Gray Alternatives I Follow-Up Questions: **CONFIDENTIAL**

This was emailed to the Trustees and is informational only.

Asset Transition Update: No Report

*Chairman Albritton requested that Vice-Chair Giddings chair the remainder of the meeting.*

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**UNFINISHED BUSINESS**

**RE: Resolution to Receive and File Supplemental Actuarial Analysis**

Miss Munson reported that the cost to continue the \$400 temporary supplemental benefit through August 31, 2020 is \$4,879,968.00.

Trustee Swazer confirmed that Miss Munson would be sending a report of the actual cost of the supplemental benefit since inception.

**RESOLUTION 20-091** By Moore, Supported by Swazer

**Resolved,** That the Board hereby receives and files the July 10, 2020 supplemental actuarial analysis to determine the cost of continuing the \$400.00 temporary supplemental benefit through August 31, 2021.

ROLL CALL:

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

**RE: Resolution to Waive Appeal Period**

Miss Munson explained that Mr. Parr had not submitted a request for an appeal within the 60 days timeframe. The finance committee acknowledged the member's attempt to comply and are recommending that the Board would approve to waive the 60 days period.

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Trustee Moore questioned language in Ordinance and the Disability Re-examination and Appeal Process regarding whether the Board is required to terminate a disability retiree's pension. He wanted clarification of whether the language of the policy providing for an appeal conflicts with language in the Ordinance which says the Board 'shall' terminate a disability retirement pension upon the finding of the Medical Director that the member is no longer permanently and totally disabled.

There was additional discussion.

The Board directed the attorney to provide an opinion regarding the language.

**RESOLUTION 20-092** By Swazer, Supported by Moore

**Resolved**, That the Board approves to waive the 60 days period for filing an appeal and accepts Mr. Parr's correspondence as a request for an appeal.

ROLL CALL:

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

**NEW BUSINESS**

**RE: Resolution to Approve COVID-19 Healthcare Premium Reduction**

Miss Munson reported that as part of a COVID-19 Response Plan, UnitedHealthcare is offering premium rebates to their policyholders. The System received a credit against the July employee healthcare premiums of \$770.70. GERS employees pay 20% of their premiums.

**RESOLUTION 20-093** By Swazer, Supported by Walker

**Resolved**, That the Board approves the refund of 20% of the COVID-19 premium reduction to employees to offset August – December 2020 premiums deductions.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Giddings – Yes	Walker – Yes
Mirani – Yes	D. Waterman – Yes
Moore – Yes	White – Yes

**RE: Resolution to Remove the Consequent Capital from Watch**

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Miss Munson reminded the Board that Consequent Capital was put on watch after it was reported last fall that their Chief Compliance Officer had left the company. They were placed on watch pursuant to the System's IPS.

Vice-Chair Giddings noted that the Consultant recommended removing them from watch.

There was additional discussion.

**RESOLUTION 20-094** By Moore, Supported by Miriani

**Resolved**, That the Board approves to remove the Consultant's recommendation to remove Consequent Capital from Watch.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Giddings – Yes	Walker – Yes
Mirani – Yes	D. Waterman – Yes
Moore – Yes	White – Yes

**RE: Resolution to Table Scheduling the Annual Meeting**

**RESOLUTION 20-095** By Moore, Supported by Swazer

**Resolved**, That the Board approves to table scheduling the Annual Meeting.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Giddings – Yes	Walker – Yes
Mirani – Yes	D. Waterman – Yes
Moore – Yes	White – Yes

**RE: Resolution to Post Executive Assistant Position**

Miss Munson said that the position would be posted to Indeed, Michigan GFOA and MML.

Vice-Chair Giddings confirmed that the normal process would be used.

**RESOLUTION 20-096** By Swazer, Supported by Moore

**Resolved**, That the Board approves to post the Executive Assistant position.

ROLL CALL:

Albritton – Yes	Swazer – Yes
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Giddings – Yes                      Walker – Yes  
Mirani – Yes  
Moore – Yes                         White – Yes

**LEGAL REPORT**

Fly EDRO

Correspondence for the Trustees' information.

Temporary Employment Agreement – Jane Arndt

Ms. Billings-Dunn reviewed the employment agreement with the Trustees.

**RESOLUTION 20–097** By Moore, Supported by Swazer

**Resolved**, That the Board approves the Temporary Employment Agreement.

ROLL CALL:

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

Robbins Geller May/June Portfolio Monitoring Report

Correspondence for the Trustees' information.

Motley Rice Q1 2020 Portfolio Monitoring Report

Correspondence for the Trustees' information.

**RESOLUTION 20–098** By Moore, Supported by Miriani

**Resolved**, That the Board receives and files the legal report.

ROLL CALL:

Albritton – Yes                      Swazer – Yes  
Giddings – Yes                      Walker – Yes  
Mirani – Yes                         D. Waterman – Yes  
Moore – Yes                         White – Yes

**RE: Resolution to Approve Closed Session Minutes**

**RESOLUTION 20–099** By Miriani, Supported by Moore

**Resolved**, That the Board approves the minutes of closed session of June 24, 2020

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ROLL CALL:

Albritton – Yes	Swazer – Yes
Giddings – Yes	Walker – Yes
Mirani – Yes	D. Waterman – Yes
Moore – Yes	White – Yes

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**SCHEDULING OF NEXT MEETING/ADJOURNMENT**

**Regular Meeting: Wednesday, August 26, 2020 9:00 a.m. – Retirement Office**

**RESOLUTION 20-100** By Moore, Supported by Swazer

**Resolved**, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 11:37 a.m.

ROLL CALL:

Albritton – Yes	Swazer – Yes
Giddings – Yes	Walker – Yes
Mirani – Yes	D. Waterman – Yes
Moore – Yes	White – Yes

I certify that the forgoing are the true and correct minutes of the meeting of the General Employees' Retirement System held on July 29, 2020.

*As recorded by Deborah Munson, reviewed and edited by  
Legal Counsel*