

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

A regular meeting of the Board of Trustees was held on Wednesday, June 22, 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 8:46 a.m.

**TRUSTEES PRESENT**

Sheldon Albritton, Chair  
Darin Carrington, Secretary *arr @ 9:09 a.m.*  
Robert Giddings, Vice-Chair  
Tim Greimel, Mayor *arr 9:00 a.m.*  
Lisa King  
James Miriani  
William Parker Jr., City Council *arr 8:50 a.m.*  
Billie Swazer  
Patrice Waterman

**TRUSTEES ABSENT**

James Walker, *Excused*  
John White, *Excused*

**OTHERS**

Louise Gates, Gabriel, Roeder, Smith & Co.  
Cynthia Billings-Dunn, Asher Kelly  
Steven Roth, Dahab Associates  
Deborah Munson, Executive Director

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**AGENDA CHANGES: NONE**

**CONSENT AGENDA**

- A. Approval of the Minutes of the Special Board Meeting held on May 13, 2022
- B. Approval of the Minutes of the Regular Board Meeting held on May 25, 2022.
- C. Approval of the Minutes of the Special Board Meeting held on June 3, 2022.

**RESOLUTION 22-052** By Swazer, Supported by Waterman

**Resolved**, that the Board approves and ratifies actions described in the Consent Agenda for June 22, 2022.

Yeas: 6 – Nays: 0

**CONSULTANTS: NONE**

**REPORTS**

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**GERS Transition Update Reports**

Miss Munson reported that these items are for the Trustees' information.

CPREA Filing

VEBA Request for Surviving Spouse Information

This information was provided to Matt Henzi on June 25, 2022.

VEBA Request for Post-December 22, 2011 Retiree and Deferred Service Credit

This information was provided to Matt Henzi on June 25, 2022.

**EXECUTIVE DIRECTOR REPORT: NONE**

**UNFINISHED BUSINESS: NONE**

**NEW BUSINESS**

*Trustee Parker arrived at 8:50 a.m.*

*Trustee Greimel arrived at 9:00 a.m.*

**RE: 2021 Funding and GASB 67/68 Valuation**

Ms. Gates began by stating that the purpose of the report is to measure the System's liabilities and determine the City contribution as of December 31, 2021. She noted that – as of that date – all of the assets of the System remained in the System. She also noted that the cost of proposed permanent increase is not included in the liabilities because that benefit has not yet been approved.

Ms. Gates reviewed pages B-2 and B-3 with the Trustees and said that the liabilities represent the value in today's dollars of all the benefits which have been promised and compared how the value of the liabilities changes when using an investment rate of return of 6% versus a rate of 4.5%. She said the calculation using the 6% rate is where the System is now and the using the 4.5% rate is where the System is going. She noted that – due to the lower asset base which was a result of the transfer to the VEBA – the consultant will recommend that the Board reduce investment risk by moving more assets away from riskier assets, such as stocks, and investing in more conservative assets. This will result in a lower long-term rate of return.

Ms. Gates said it is important to note that the funding ratios reported on pages B-2 and B-3 were as of December 31, 2021 when all of the assets remained with the GERS. Now that some assets have been transferred to the new VEBA, the funding ratios will be significantly lower than what is in the report. She continued by explaining the liabilities of the fund are calculated using the investment rate of return: if those expected returns are lower, that will increase the amount of the liabilities (the amount of money

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needed today to fund those future benefits). Ms. Gates reviewed the financial report data on page C-3 and C-4 as well other information contained in the report. She said that – going forward – GRS' recommendation will be that the Board reduce the exposure to investment risk. By doing so, the System will mitigate the contribution volatility and preserve more of the assets held in trust. This also reduces the likelihood of the City being required to make contributions in the future. The path the Board takes to get there will be determined by the Board and the investment consultant and – as the Board starts moving assets into more conservative investments – GRS will begin to recommend that the Board use a lower rate of return for valuation purposes, eventually arriving at 4.5%.

There was additional discussion.

**RESOLUTION 22-053** By Waterman, Supported by Swazer

**Whereas**, The responsibility for the direction and operation of the City of Pontiac General Employees' Retirement System and for making effective the provisions of the Retirement Ordinance are vested in the Board of Trustees; and

**Whereas**, The Retirement Ordinance provides that an actuarial valuation shall be made at the close of each fiscal year for the purpose of establishing the financial condition of the Retirement System and as a check on its current operating experience, and that the Secretary shall prepare each year the annual report of the Board to be submitted to the City Council showing among other things, a statement of assets, liabilities and reserves certified by the actuary; and

**Whereas**, The Retirement Ordinance further provides that an annual determination shall be made of the actuarial reserve requirements of the several annuities and benefits stipulated to be financed in addition to interest and other income accruing to the Retirement System by contributions by the members and by the City; and

**Whereas**, The actuary has computed the pension reserves and contributions necessary for the July 1, 2023 through June 30, 2024 fiscal year and has presented the Annual Actuarial Valuation of the City of Pontiac General Employees' Retirement System as of December 31, 2021 to the Retirement Board; now, therefore, be it

**Resolved**, that the Report of the Annual Actuarial Valuation of the City of Pontiac General Employees' Retirement System as of December 31, 2021 be accepted by the Retirement Board and be placed on file; and further

**Resolved**, that the City dollar contribution and payment schedule requirement contained on page B-1 thereof is hereby certified to the City Council as the amount necessary for the July 1, 2023 through June 30, 2024 fiscal year appropriation by the City Council to finance the pension reserves of the City of Pontiac General Employees' Retirement System; and further

**Resolved**, that the annual transfers implied on page A-1 thereof be authorized; and further

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**Resolved**, that a copy of this resolution be provided to the actuary and copies of this resolution and the report of the 2021 Annual Actuarial Valuation of the City of Pontiac General Employees' Retirement System be provided to the City Council, and further

**Resolved**, that the Board receive and file the City of Pontiac General Employees' Retirement System GASB 67/68 actuarial report for the period ending December 31, 2021.

Yeas: 9 – Nays: 0

**PUBLIC COMMENT: NONE**

**SCHEDULING OF NEXT MEETING/ADJOURNMENT**

**Regular Meeting: Wednesday, July 27, 2022 8:45 A.M.**

**RESOLUTION 22-054** By White, Supported by Parker

**Resolved**, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 9:23 a.m.

Yeas: 9 – Nays: 0

I certify that the forgoing are the true and correct minutes of the meeting of the General Employees' Retirement System held on June 22, 2022.

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