

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

A special meeting of the Board of Trustees was held on Friday, June 3, 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 3:32 P.M.

TRUSTEES PRESENT

Sheldon Albritton, Chair
Darin Carrington, Secretary
Robert Giddings, Vice-Chair (electronically) – Aloha Township, Cheboygan County, Michigan
Tim Greimel, Mayor (electronically) *arr 3:40 PM*
Lisa King
James Miriani
William Parker Jr., City Council
Billie Swazer
James Walker
Patrice Waterman
John White (electronically) *arr 4:01 PM*

OTHERS

Louise Gates, Gabriel, Roeder, Smith & Co. (electronically)
Robert Marchbanks (electronically) – Retiree
Cynthia Billings-Dunn, Asher Kelly
David Lee, Dahab Associates
Steven Roth, Dahab Associates
Mizuki Kanno, Executive Assistant
Deborah Munson, Executive Director

AGENDA CHANGES

Miss Munson requested the Board amend the agenda to grant an exemption to the Open Meetings Act and allow Vice-Chair Giddings to participate in the meeting remotely.

RESOLUTION 22-049 By Swazer, Supported by Waterman

Resolved, That the Board grant an exemption to the Open Meetings Act and allow Vice-Chair Giddings to participate in the meeting remotely.

Yeas: 8 – Nays: 0

TRANSFER OF ASSETS REMAINING IN OLD GERS

Trustee Swazer moved that the Board approve to transfer the assets remaining in the GERS to the Reestablished GERS pursuant to the request submitted on behalf of the CPREA membership.

Trustee Miriani supported the motion.

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Trustee Parker stated that it was his understanding that it still needs to be approved by a change in settlement agreement.

Ms. Billings-Dunn stated that the settlement agreement is the governing document and the parties to the settlement agreement are CPREA and the City. CPREA has now indicated clearly that they are willing to amend that agreement and they want the assets to go to the new GERS. She said that her understanding is that the City passed a resolution approving to send the assets to an escrow account and have not formally passed a resolution approving the assets to go to the new GERS. She does not believe that this Board needs to wait for the settlement agreement to be amended and/or the court to approve it. She believes that the GERS can rely on the CPREA membership's vote that was taken yesterday to amend the settlement agreement as well as the City passing a resolution as soon as possible indicating that they would be agreeable to sending the assets to the new GERS as opposed to the escrow account. She stated that this is more than adequate, especially in light of the fact that the assets need to be transferred out of the old GERS.

Trustee Carrington stated that he thought the City's resolution to transfer the assets to an escrow account was to allow the parties time to reach to an agreement. He stated that his understanding is that the ordinance amendment that was most recently done was to put money into escrow and to give the parties time to reach an agreement.

Trustee Waterman pointed out that the Mayor stated in the last meeting that we will wait and see what the outcome of the CPREA membership meeting would be because there may not be any reason to transfer the assets to escrow account. She explained that the outcome of the CPREA membership vote was 32 to 16 to prefund the permanent increase and to transfer the assets to the new GERS. She stated that there should be a letter sent to the Mayor stating that this ordinance needs to be changed and brought before Council. She also stated that it should come from the Mayor to City Council to have this changed and move forward.

Trustee Carrington asked for clarification if the letter is for making the \$400 benefit permanent or for the City to support the prefunding of \$400 permanent benefit.

Trustee Waterman stated it's for both. There was an ordinance change when \$8M was transferred to pre-fund the opt-outs, and the same thing should be done now. The letter should be directed to the Mayor so that the Mayor can send to City Council and the City Council can approve it.

Miss Munson explained that GERS had revised the termination amendment that Ms. Kopacz put together after Ms. Kopacz revised it to transfer the \$8M to the City. GERS revised that ordinance to include the permanent increase and Ms. Billings-Dunn have reviewed this amendment. She distributed a copy of the revised ordinance and indicated that it would not affect the terms of the settlement agreement because – by including the cost of the permanent increase in the old GERS – the new GERS will be initially funded at ~130% when you include the assets remaining in the old GERS.

Trustee Carrington stated that Trustee Waterman introduced this amendment to the Council during the last session.

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Chairman Albritton stated that what this Board is doing today is making sure that this Board is on board and has already taken actions once those necessary steps take place.

Trustee Carrington asked if the money is being moved contingent upon the agreement being amended.

Chairman Albritton stated that this still has to go before the City Council before anything gets moved.

Ms. Billings-Dunn stated that she does not think the Board needs to wait for the settlement agreement to be amended. A resolution is needed from the City Council saying they want the money to go to new GERS, which gives enough intent to move forward. She also stated that it may not require an amendment the settlement agreement if this is adopted.

Trustee Carrington stated that there needs to be an agreement from the two parties to the settlement agreement for the assets in question to go to new GERS.

Ms. Billings-Dunn stated that one party has clearly done that, and for the other party there should be a resolution for this at City Council meeting on Tuesday.

Trustee Greimel said he is thrilled about the CPREA voted and thanked those who instrumental in making the vote happen. He said that the City is obviously eager to agree to this as well. He explained that Ms. Kopacz said the settlement agreement needs to be amended although that is a formality at this point, and that we need to get the judge to sign off on that. She thinks that it should be able to get the judge to do that within a few weeks. He also explained that the only real concern she has is that there is a risk that the judge might require notification of all of the CPREA class members and, if that is the case, this could drag on up to 90 days waiting for CPREA class members to object or not object. He said he would argue that notice is not requirement because the settlement agreement is pretty clear that it gives authority to CPREA and the City to amend it, therefore it should not be required that the class members be notified. He stated that based on that legal advice, he would be a little nervous if the Board votes today to immediately transfer the money, but if the Board votes today to transfer the money pursuant to the City and CPREA signing off - which CPREA has already done in effect - he would be much more comfortable with that.

Trustee Walker asked if the whole class was notified when the \$8M was transferred and whether the settlement agreement was amended for that.

Trustee Carrington said that the settlement agreement did not speak in detail in terms of how the opt-out payments were going to be handled. As the City moved towards actually having to pay the opt-outs, it became clear that the settlement agreement was not specific, and it was agreed between the two parties that the money would come out of the assets designated for the VEBA.

Trustee Greimel stated that if today's resolution says that the transfer occurs when the City signs off, then the City can make the decision in consultation with Ms. Kopacz about when we are comfortable signing off which should be within a couple of weeks.

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Miss Munson explained that the prior City Council was presented with an ordinance last year to make the temporary increase permanent by including the cost of the permanent increase in the March 31, 2021 termination valuation, which would cause the new GERS to be initially funded at 130%. She said that the process Trustee Greimel described may take another 6 weeks or so. The ordinance as proposed would violate the terms of the settlement agreement – the City and CPREA and the City have said they want to pre-fund the permanent increase and this is a way to do that and the new GER still will have an initial funding of 130% of liabilities and this could be adopted in two weeks.

Ms. Billings-Dunn stated that there is merit to Miss Munson's argument about adopting this ordinance without amending the settlement agreement, however, the City's attorney has to be on board with that.

Trustee Greimel stated that he gets the concept and that he will check with Ms. Kopacz about this. He also stated that if this is done this way, anything over 130% would still have to go back to VEBA, and that what CPREA voted for would actually leave the new GERS with more than 130% funding.

Miss Munson explained that the amount of assets which have been set aside was just enough to cover the cost of the permanent increase and noted that the assets have dropped since they were set aside.

Trustee Greimel stated that he will speak with Ms. Kopacz seeking her honest legal opinion.

Trustee Waterman noted it was – in part – resistance from the former Mayor which resulted in this ordinance not being adopted by the previous Council and requested that Trustees Greimel and Parker assist in ensuring that this ordinance is adopted.

Miss Munson reminded the Board that Ms. Kopacz has already reviewed this ordinance. She said that amending the ordinance would take longer and asked Trustee Parker whether the Council would be agreeable to passing a resolution agreeing that the assets will be transferred to the new GERS.

Trustee Parker stated his understanding is that Miss Munson will forward the ordinance to the relevant parties so that they could review it and have it ready for approval, certainly by Tuesday.

Chairman Albritton said that once GERS receives the resolution from City Council that it is their intent to transfer the money to GERS and pre-fund the permanent increase, we already have the agreement of CPREA and can begin the process of transferring the assets without this Board having to come back for another special meeting. He said the good thing is that this Board does not have to be debriefed on the various escrow agreements anymore after today.

Ms. Billings-Dunn said Council approval could be by resolution or ordinance, as long as their intent to transfer the assets to new GERS is in writing.

Trustee Parker said the Council wants to move the money as much as anyone else, so ask quickly as we can get this done – whether by ordinance or by resolution – so, whatever they have by Tuesday, it can be moved on.

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Chairman Albritton directed that Miss Munson send language for a resolution to Trustee Parker so he can be equipped when he goes before the Council so they can vote on it on Tuesday.

RESOLUTION 22-050 By Swazer, Supported by Miriani

Resolved, That the Board approves to transfer the assets remaining in the GERS, upon approval by City Council, to the Reestablished GERS pursuant to the request submitted on behalf of the CPREA membership.

Yeas: 9 – Nays: 0

PUBLIC COMMENT

Retiree Robert Marchbanks expressed his thanks to the Board for joining with the CPREA membership by voting to move this matter forward.

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, June 22, 2022 8:45 a.m.

RESOLUTION 22-051 By Swazer, Supported by Waterman

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 4:07 P.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 3, 2022.

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