

**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, October 19, 2022 at City of Pontiac Reestablished General Employees' Retirement System, 2201 Auburn Rd, Suite B, Auburn Hills, MI 48326. The meeting was called to order at 9:00 A.M.

**TRUSTEES PRESENT**

Sheldon Albritton, Chair  
Robert Giddings, Vice-Chair  
Tim Greimel, Mayor  
Lisa King  
James Miriani  
Billie Swazer  
Patrice Waterman  
James Walker

**TRUSTEES ABSENT**

William Parker Jr., City Council - excused  
John White - excused

**OTHERS**

Cynthia Billings-Dunn, Asher Kelly  
David Lee, Dahab Associates  
Steven Roth, Dahab Associates  
Stuart Boesky, Pembroke Capital  
Ghebre (Gabe) Selassie Mehreteab, Pembroke Capital  
Michael Hayden, Pembroke Capital  
Daniel Seelos, Kitchens Kelley Gaynes  
Linda Watson, Retiree  
Deborah Munson, Executive Director  
Xiaotian Xue, Executive Assistant

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**CONSENT AGENDA**

- A. Approval of the Minutes of the Regular Board Meeting held on September 28, 2022.
- B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date October 26, 2022	<b>N/A</b>
Staff Pay Dates October 6 & 20, 2022	<b>\$23,105.20</b>

- C. Communications
  - Invesco Client Conference: November 16 – 17, 2022 (San Diego, CA)
  - Financial Reports
    - Accounts Payable: October 2022

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- Attucks Manager-of-Manager Summary: August 2022
- Private Equity Capital Calls & Distributions
  - Mesirow Fund IV Distribution: September 29, 2022 \$50,000
  - Mesirow Fund VI Distribution: September 28, 2022 \$45,000
- Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date	
2936	Bell, Sharonda	11/01/2022	
2928	Kalinowski, Stephen	11/01/2022	
2933	Rhodes, Patricia	01/01/2023	

**Bold type entry indicates Reciprocal service credit.**

2. Terminated Retirements

RETNO	NAME	Date of Death	
2450	Batey, Berlin	10/07/2022	
772	Luster, Mattie	09/30/2022	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	
2356	Reger, Linda	Reger, Kenneth	09/25/2022	

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 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 Greimel requested to add who voted Nay into September 28, 2022 meeting minutes.

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Miss Munson responded that it will be revised.

**RESOLUTION 22-067** By Waterman, Supported by Swazer

**Resolved**, That the Board approves and ratifies actions described in the Consent Agenda for October 19, 2022.

Yeas: 8 – Nays: 0

**CONSULTANTS**

Preliminary Report: September 2022

Mr. Roth reviewed the September 2022 Preliminary Performance Report. He reported that the portfolio was valued at \$419M as of September 30, 2022.

**REPORTS**

Trustees Report - Electronic Signatures

Miss Munson reported that Trustee Walker requested that this item be added to the agenda. The System does not accept electronic signatures on forms submitted by members. In addition, only hard copy forms will be accepted and the only people who can act on behalf of the members are the members themselves or people who have been appointed Power of Attorney or have a Conservatorship which has been reviewed and accepted by the System's attorney. Chairman Albritton is recommending that that this matter be referred to committees for consideration.

Trustee Walker stated that electronic signatures have become more widely used and questioned why the System does not accept them given there is no policy against it.

Miss Munson responded that this question is why more research is required. The existing email system – Outlook - is not a secure system for sending and receiving members' private information such as social security numbers, which are required for tax forms. In addition, staff has no way of verifying the source of the document and whether it is actually from the member. While we are always looking for ways to improve, the System needs information technology systems and privacy protections in place in order to support the use of electronic signatures, which is why more investigation is required.

Ms. Billings-Dunn stated that there are no laws to prevent electronic signatures. However, fraud can happen and we need to make sure fraud prevention measures are in place. The best thing to do is to get the IT Administrator to evaluate whether something like DocuSign or other similar program could be reasonably implemented to provide the safety that we need.

Miss Munson suggested that we take a holistic approach on this matter including software, policy, and process. She said that this may also require a legal opinion on whether members' are required to give consent to receive and send documents electronically.

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Chairman Albritton mentioned that Pension Technology Group presented to the System several months ago and they will be back next month to give a full presentation to the Board on potential solutions to save on the cost of payroll and bring us to the 21<sup>st</sup> century in a secured way.

There was additional discussion.

Chairman Albritton directed that information be gathered from the IT Administrator and referred the matter to committee.

GERS Transition Update - Correspondence to CPREA Membership

Trustee Waterman asked Trustee Greimel for an update on the mediation as it soon will be one year and this matter remains unsolved.

Trustee Greimel responded that CPREA and the City had separate meetings with the mediator earlier and the first mediation with both parties was held on October 18, 2022. The next mediation is scheduled at 9:30 a.m. on October 28, 2022. He stated that the CPREA attorney, Peter Alter is insisting that an independent actuarial study be conducted by some firm to be jointly selected by both parties. The City has pushed back repeatedly saying the City thought the CPREA membership had voted to transfer all of the assets anyway. In fact, we already have a VEBA actuary, and a GERS actuary and it is the GERS actuary who will ultimately govern whatever happens with the permanent pension per state law. Claudia Filler is the Chair of both Boards so she can't say she doesn't trust the VEBA actuary when she voted - as the VEBA chair - for that actuary. Peter Alter essentially told the mediator that he is going to walk away from any discussions at all and shut everything down and give up on the \$400 monthly payment unless they get an independent actuarial study.

Trustee Greimel said that while CPREA insisted on getting the independent actuarial study, they requested that the City pay half of the cost. It has been very frustrating that CPREA is acting completely unreasonable and he thinks it mostly has to do with Peter Alter. If CPREA wants to reach a deal, the first thing they should do is to get rid of Peter Alter. The way things were left yesterday is that the City would not want the negotiations to end over who pays for an actuarial study, but investigation of the actuary that CPREA has proposed is necessary to make sure the actuarial assumptions will be reasonable and appropriate. The next mediation is scheduled at 9:30 on October 28, 2022.

Trustee Waterman said that the CPREA attorneys were stating that the actuarial reports are something the judge would want.

Trustee Greimel responded that Peter Alter made a big deal of needing an independent actuarial study and he wants to the City to pay for half. The City's attorney said 'no, that doesn't make any sense' because of the reasons he just gave and – ultimately – under state law, it is the GERS actuary that will make the determinations. The judge requested that Peter Alter file a motion and he would rule on the motion. Peter Alter apparently didn't have anything to say after that and hasn't filed a motion, probably because he knows that the judge is unlikely to look at it kindly.

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Trustee Greimel reminded the Trustees that Claudia Filler's initial email after the June 2, 2022 meeting was that the CPREA membership voted to transfer all of the assets remaining in the old GERS to the new GERS. He said that she has now changed her narrative to say that 'they didn't vote to transfer all of the assets, they voted to transfer as much of the assets as is necessary to fund the \$400 permanent payment'.

Miss Munson asked if there are any rules that would prohibit the CPREA membership from attending the mediation meetings.

Trustee Greimel responded that he is not sure, it may be up to the mediator or to what extent the CPREA president authorizes who can attend.

Trustee Waterman asked if the City could ask the mediator to appoint the actuary.

Trustee Greimel confirmed that he could. He said that the worst thing about the actuarial study is that it takes time. While CPREA requested that the City pay half the cost of the report, refusing to pay would probably end up generating more lawyer fees than the actuarial report itself would cost.

Trustee Swazer added that the actuary will be allowed to choose whatever assumptions they want.

There was additional discussion.

**PEMBROOK CAPITAL PRESENTATION**

Mr. Boesky, Mr. Mehreteab and Mr. Hayden made a presentation of Pembrook's targeted lending of affordable housing, which has been generating good returns for investors and providing an affordable way for diverse populations. They seek for a 7-years fund of \$10M from the System.

Mr. Boesky said that Pembrook has been focused on affordable housing investment with roughly 70% of the funds going to minority neighborhoods. The affordable housing is classified into 3 separate classes: 1) Highly Subsidized Housing is targeted to families that are at 60% or less of area median income, which needs a lot of subsidies to make sense economically, such as low-income tax credits, tax exempt bond, or section 8 rent subsidy. Sample deals include Shannon Lake Apartments in suburbs of Atlanta, GA, 1111 Mass in Washington, D.C., and Mark Twain property in Chicago. 2) Naturally Occurring Affordable Housing ("NOAH") is targeted to families that are 80% or less of area median income, which may lightly be or may not have subsidy. Sample investments are Shaker Heights Portfolio in Ohio, Commonwealth in Kansas City, MO. 3) Workforce Housing is targeted to families that are at 120% of area median income in high-cost areas, generally don't have direct economic subsidy but may have other local support. Sample deal is Reseda apartments in CA.

Mr. Boesky explained the reasons that Pembrook focuses on affordable housing: 1) tremendous demand with no net supply - especially in most metropolitan areas – due to scarce subsidies to developers, so there is execution risk but no market risk. 2) Defensive asset class which is recession resistant. 3) High liquidity, high credit quality asset class with low volatility collateral. As a short-term loan with floating rate that doesn't take interest risk, Pembrook has never had any credit loss for ~\$1.6B of lending to ~150 properties since 2017.

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Trustee Waterman questioned that the affordable housing is not affordable anymore, as in the news, after the pandemic the affordable housing rental was increased, and those families cannot afford the raise were forced to move out.

Mr. Boesky responded that Pembroke requires every developer to covenant 51% of the units to stay affordable in the loan agreement, which means it can't be rent to families that are over 80% of median income, and the rent can't be more than 30% of the 80% of median income. The news exactly proves the high demand for the affordable housing and with the inflation, it's only getting worse.

Chairman Albritton asked how to achieve a viable resonance to bring revenue back and improve services to local community. He asked the possibility to develop Workforce Housing in Pontiac.

Mr. Boesky responded that Pembroke manages a diversified fund with investments across the country. When planning the affordable housing deal, the first consideration is the target demographic and the location. The guess is that most of the tenancy in Pontiac is lower on the median income scale, say 60% of median income, tax support is needed. To be honest, the Workforce Housing may not be a right approach for Pontiac, as for now it's unlikely to attract 120% of median income workforce. Actually, the affordable housing for different income ranges are all nice apartments providing a better quality of life.

Trustee Greimel stated that generally we don't want to lavish tax subsidies on commercial real estate including rental housing, as tax revenue are needed to improve service delivery to existing residents and attract potential residents. We welcome affordable housing or heavily subsidized rent for lower income families, just that we don't want the City to subsidize zero tax. A range of housing that suits everybody including the needs of low-income families are important to us, and it's noticed that the presentation touched on the different degrees to which tax subsidies are needed. The other thing is that there probably is a market for higher income ranges in Pontiac than it was assumed because of such a high demand for affordable housing, there's an opportunity to attract families just based on the availability of affordable housing.

Mr. Boesky stated that one of the deals Pembroke did with one city is that a soft loan from the Federal government was input by the City to make the deal work. In general, either do something on the tax side or the grant side to put it together.

Chairman Albritton stated that it will be an investment in our own future to have an affordable housing program in Pontiac for the better quality of life of local community while generating tax revenue to improve the service to residents, it's a win-win.

Trustee Waterman asked if there are housing that is to be built.

Mr. Boesky responded that the Workforce Housing deal of Reseda Apartment in the last page is one of it.

Mr. Lee reminded the Trustees that it is an investment of real estate debt or preferred equity focus on deals to get return and not initially for the affordable housing in Pontiac. He clarified that Pembroke is good at lending money, but they are not developer. Every other investor in their funds would object if they started

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developing on their own because that's not what they are good at, so no conflation of the two.

Mr. Boesky supplemented that Pembroke has always been focused on affordable housing, the team understands the business and can make the deals happen. He reported that the management fee is 1.5% and there is 20% of promote after it is 8%, which is a standard formula. Pembroke won't charge the asset management fee until the money withdrawn for investment. The preferred equity is the major advantage, the return is about 10% in default. The closing for fundraising is in December.

**EXECUTIVE DIRECTOR REPORT**

Disability Annual Procedures Report

Miss Munson reported that there are two members in the process of having their 2021 income verified. We have received the tax transcript from one member and a follow-up letter to the second member was sent. The 2021 income verification process and all 2021 disability procedures will be concluded after the second member's tax transcript is received. There are no disability re-examinations required in 2023.

Board Meeting Calendar: Proposed 2023

Miss Munson reported that the proposed 2023 Board Meeting Calendar is included in the agenda and requested that Trustees report any conflicts.

Asset Transition Monthly Update

Miss Munson reported that \$6M in assets was liquidated to pay for cash and benefits on October 14, 2022.

MAPERS Certificates of Attendance: Meyers, Swazer and Munson

Miss Munson reported that this is for the Trustees' information.

Crime Insurance Renewal Policy

Miss Munson reported that the 2023 crime insurance renewal application was received from the agent today.

Fiduciary Liability Insurance Renewal

Miss Munson reported that the 2023 fiduciary liability insurance renewal application was submitted to the agent on October 13, 2022

UnitedHealthcare Renewal

Miss Munson reported that the staff insurance renewal documents will be presented to the Board next month.

Agenda Format Change

Miss Munson reported that Chairman Albritton suggested removing retiree benefit amounts from the Consent Agenda given that detailed member information is included in the agenda packages for the Trustees' review and approval.

Chairman Albritton stated that he would like to protect members' financial information, to the extent

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possible.

**UNFINISHED BUSINESS - NONE**

**NEW BUSINESS**

**RE: Resolution to Approve UnitedHealthcare Rebate to Employees**

Miss Munson reported that the insurance companies are required to spend at least 80% of their income on healthcare services each year. UnitedHealthcare missed their 2021 target by a much lesser amount than they had in prior years. The System received a rebate of \$30.93. Employees pay 20% of the premiums and are, therefore, entitled to 20% of the rebate. Employees 2023 premiums will be reduced by a total of \$6.19.

**RESOLUTION 22-068** By Swazer, Supported by Walker

**Resolved,** That the Board approves the refund of 20% of the 2021 premium rebate to employees effective January 1, 2023.

Yeas: 8 – Nays: 0

**RE: Resolution to Add Finance Officer as Northern Trust Authorized Parties**

Miss Munson requested that Finance Officer Edith Meyers be added as a Northern Trust Authorized Party. Historically, the Finance Office was added at the beginning of their employment; this time we proceeded only after 3 months of employment.

**RESOLUTION 22-069** By Swazer, Supported by Miriani

**Resolved,** That the Board approves to update the Northern Trust Authorized Parties to include

Chairman Sheldon Albritton  
Vice-Chairman Robert Giddings  
Edith Meyers, Finance Officer  
Deborah Munson, Executive Director

Yeas: 8 – Nays: 0

**LEGAL REPORT**

Update on Open Meetings Act

Ms. Billings-Dunn reported that there is still no movement that would allow us to participate in open meetings remotely. However, there is another bill that's been introduced to the House that would amend the Open Meetings Act and essentially what it would do is codify a lot of the practices, for example, when we go into closed session, our open session minutes must reflect what we're going into closed session for and a roll call vote. This bill would require the same information in the closed session minutes. The interesting part about this and going through the legislative analysis is that it specifically states that there's no changes proposed in this bill that would deal with meetings being held remotely because there's another



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bill pending. Hopefully it will work its way through, and we'll be able to have our remote meetings again. If this does pass up, she will provide a detailed memorandum describing the bill's requirements.

Arnold Edward Rouser Durable Power of Attorney

This is for the Trustees' information.

Legal Rate

Ms. Billings-Dunn requested that her hourly rate be increased \$150 to \$200.

There was additional discussion.

Trustee Waterman called for the vote.

Trustee Swazer stated that she didn't see any plans of the increase for this year.

Vice-Chair Gidding stated that his concern is about the process, not the action.

**ROLL CALL:**

Albritton – Yes	Miriani – Yes
Giddings – No	Swazer – No
Greimel – Yes	Waterman – Yes
King – Yes	Walker – Yes

**RE: Resolution to Approve Hourly Legal Rate Increase**

**RESOLUTION 22-070** By Waterman, Supported by Greimel

**Resolved**, That the Board approves to increase the attorney's hourly rate to \$200 effective beginning November 1, 2022.

Yeas: 6 – Nays: 2 (Giddings, Swazer)

Robbins Geller September 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).*

**PUBLIC COMMENT:**

Retiree Watson made public comments.

**RE: Resolution to Go into Closed Session**

**RESOLUTION 22-071** By Swazer, Supported by Waterman

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

ROLL CALL:

Albritton – Yes	Miriani – Yes
Giddings – Yes	Swazer – Yes
Greimel – Yes	Waterman – Yes
King – Yes	Walker – Yes

The Board went into closed session at 11:48 A.M.  
The Board returned from closed session at 12:19 P.M.

**RE: Resolution to Approve Closed Session Minutes: September 28, 2022**

**RESOLUTION 22-072** By Waterman, Supported by Swazer

**Resolved**, That the Board approves the September 28, 2022 closed session minutes.

Yeas: 8 – Nays: 0

**RE: Resolution to Approve the Recommendation of the Legal Counsel in Closed Session**

**RESOLUTION 22-073** By Walker, Supported by Waterman

**Resolved**, That the Board approves the Recommendation of the Legal Counsel in Closed Session.

Yeas: 8 – Nays: 0

**SCHEDULING OF NEXT MEETING/ADJOURNMENT**

**Regular Meeting: Wednesday, November 30, 2022, 9:00 a.m.**

**RESOLUTION 22-074** By Walker, Supported by Waterman

**Resolved**, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 12:22 P.M.

Yeas: 8 – 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 October 19, 2022.

*As recorded by Xiaotian Xue, reviewed and edited by Legal Counsel and the Executive Director*