

**CITY OF PONTIAC, MICHIGAN  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
OCTOBER 31, 2018**

A meeting of the Board of Trustees was held on Wednesday, October 31, 2018 at the Pontiac General Employees' Retirement System Office located at 2201 Auburn Road, Suite B, Auburn Hills, Michigan 48326. The meeting was called to order at 10:03 A.M.

**TRUSTEES PRESENT**

Sheldon Albritton  
Jane Arndt  
Janice Gaffney  
Robert Giddings  
Walter Moore, Chairman  
Billie Swazer  
James Walker  
Patrice Waterman, City Council

**OTHERS PRESENT**

Cynthia Billings-Dunn, Sullivan, Ward, Asher & Patton  
Phillip Brown, City Videographer  
Deborah Munson, Executive Director  
Kristy Neumann, Executive Assistant  
Linda Watson, Retiree

**TRUSTEES ABSENT**

Deirdre Waterman, Mayor  
Kevin Williams, Vice-Chair

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*Chairman Moore opened the meeting at 10:01 a.m.*

**PUBLIC COMMENT**

Retiree Linda Watkins remarked on how well the Annual Meeting went and requested a copy of the financial reports for this month.

**AGENDA CHANGES**

Miss Munson requested that the Consent Agenda be amended to include two requests related to the Training & Education Policy. The first is to reimburse the cost of a rental car used during the IFBEP conference and the other is to reimburse Trustee Albritton for one airline bag charge for which he had no receipt.

**APPROVAL OF CONSENT AGENDA**

- A. Approval of the Minutes of the Regular Board Meeting held September 26, 2018
  
- B. Approval of the Minutes of the Special Board Meeting held September 27, 2018

C. Ratify Resolution #18-111 and 18-112

D. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date October 31, 2018

**TOTAL PENSION PAYROLL** **\$2,026,301.04**

Staff Pay Date October 11 & 25, 2018

**TOTAL STAFF PAYROLL** **\$39,755.83**

E. Communications

- Correspondence RE: FOIA Request from/to Public Funds IQ – October 8, 2018
- Correspondence RE: FOIA Request/to/from Zack Cziryak – October 18, 2018
- Correspondence from Invesco RE: Oppenheimer Funds

F. Financial Reports

- Accounts Payable: October 2018
- Dahab Associates Preliminary Report: September 2018
- Attucks Manager-of-Manager Summary: September 2018
- Statement of Changes: September 2018

G. Private Equity Capital Calls & Distributions

- Invesco Fund Distribution: September 28, 2018 - \$619,828

H. Retirement Benefits

1. New Retirements

RETNO	NAME	Amount	Effective
2883	Chamberlain, Bernardette		9/7/2018

\***Bold type entry indicates Reciprocal Service Credit with another eligible municipality.**

2. Terminated Retirements

RETNO	NAME	Date of Death	Benefit Amount
1261	Roberts, Ruth	8/8/2018	
702104	Stevens, Ronald	9/20/2018	
700691	Williams, Addie	7/30/2018	

3. J&S Continued Retirements

RETNO	Retiree's Name	Date of Death	Survivor's Name	Amount
2472	Henry, Gerald	9/19/2018	Henry, Debra	
1491	Masters, Thomas	8/25/2018	Masters, Rosemary	
1129	Powell, Robert	9/2/2018	Powell, Juanita	
1388	Sumner, Ralph	9/4/2018	Sumner, Karla	

4. Recalculated Retirements

RETNO	Member's Name	Effective Date	Reason for Change	New Amount
2834	Baugh, Ralph	1/1/2018	Final	
2834	Baugh, Ralph	10/1/2018	DRO	
602834	Baugh, Bobbie	10/1/2018	Alternate Payee	
2841	Allison, William	1/1/2018	Final	
2888	Mahoney, Barbara	9/1/2018	Final	
2836	Miller, Gloria	1/1/2018	Final	
2837	Smothers, James	1/1/2018	Final	
2831	White, Johnny	1/1/2018	Final	

**\*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 18-126** By Swazer, Supported by Gaffney

Resolved, That the Board Approves and ratifies the actions in the Consent Agenda for October 31, 2018 as amended.

Yeas: 8 – Nays: 0

**CONSULTANTS – No Report**

**REPORTS**

## **Relocation Committee**

Miss Munson reported that – at the direction of the Committee Chair - the relocation committee will reconvene in January 2019. They will continue to follow up to get information on leasing opportunities in the Village of Bloomfield development.

## **Personnel Committee**

### **2019 Meeting Calendar Dates**

Miss Munson reported that both the Personnel and Finance committees reviewed the proposed 2019 Meeting Calendar. Miss Munson provided a handout with a revised 2019 Meeting Calendar noting that the November 27, 2019 meeting was changed to December 4, 2019 due to the Thanksgiving Holiday.

### **Public Act 202**

Miss Munson reported that both committees reviewed the Michigan Public Act 202 Uniform Assumption and referred the Trustees to the handout. Public Act 202 requires certain reporting standards by municipalities for pension and retiree healthcare funds. She explained there are certain assumptions that must be used to report the liabilities for those plans and that the assumptions used in the GERS annual valuations conform to those assumptions with one exception. The standards require a minimum projected wage increase of at least to 3.5%. She noted that there are less than 30 active employees so increasing the projected wage increase for the 2018 valuation would have a minimal impact on the System's accrued liability.

### **Paid Time Off**

Miss Munson reported that both committees reviewed the draft of the Paid Time Off Policy and referred the Trustees to the updated version included in the handout and legal report. Both committees are prepared to recommend it for approval.

### **Annual Disability Procedures**

Miss Munson reported that both committees received the Annual Disability Procedures report. There was one member who had not completed the income verification process. The member has since come to the office and brought a copy of the letter from the IRS confirming that she did not file a return for 2017. The only outstanding matter for 2018 is a re-examination scheduled for December.

### **Service Credit**

Miss Munson reported that both committees had reviewed the Memorandum regarding the Deferred Hospital Members Service Credit. She reported that the volunteers were successful in obtaining from the hospital documentation to prove that member Heather

Bannan has the 25 years total service credit needed to be eligible for retirement at age 55. Both committees would recommend approval of her June 1, 2018 retirement and benefit effective date.

#### United Healthcare Insurance Premium

Miss Munson reported that both committees reviewed the Memorandum regarding the United Healthcare Insurance Premium Rebate. Insurance companies are required to spend at least 80% of the premiums received on healthcare and – if they do not – are required to rebate to policyholders the difference. Since GERS employees pay 20% of the healthcare premiums, they are entitled to receive 20% of the rebated amount. The resolution will reduce employee premiums by \$180.90 in February 2019.

#### Finance Committee

Miss Munson reported that David Lee and Steven Roth did a recap of the debt and value-add real estate. She reminded the Board of the upcoming Special meeting scheduled for November 15, 2018 where six (6) managers will present.

#### Asset Transition Update

Miss Munson referred the Trustees to the Memorandum on the Asset Transition noting that there were some changes to how the Wellington Emerging Markets account was funded. Initially the plan was to take \$10,000,000 from WCM International and \$10,000,000 from First Eagle International to fund both the Wellington and Northern Trust Emerging Markets accounts. However, due to certain redemption dates, this had to be revised. Wellington only allows funding on the first of the month and First Eagle only does redemptions on the 1<sup>st</sup> of the month but can take up to 5 business days to wire the cash. Miss Munson summarized her memo which illustrated the changes. She informed the Board that UBS Real Estate had pushed their capital call date back to Q4 2018 which was going to be partially funded with the ~\$2.6M that remained in the Brandywine account. She reported that the Brandywine fund was fully liquidated to fund part of the \$12,000,000 Wellington Commitment. The rest of the commitment was funded by \$8.7M from WCM International and the remainder came from the Cash account. Once the cash from the First Eagle redemption is received, we will fund the \$8,000,000 Northern Trust Emerging Markets fund and reimburse the cash account.

#### Invesco

Miss Munson reported that the committee reviewed the correspondence from Invesco regarding Oppenheimer Funds. Invesco will be combined with Oppenheimer Funds and Mass Mutual will have a larger stake in Invesco post-merger.

#### 2019 Invesco Advisory Committee Members Ratification

Miss Munson reported that the committee reviewed the Ratification and is recommending that the Board authorize Chairman Moore's signature of that document.

### **Trustees Report**

Trustee Albritton requested that he be able to attend the IFEBP Apprenticeship Training and Education Program which is going to take place in January 2019. Some of the topics will include; development solutions, the importance of apprenticeship programs, retention and infrastructure.

Trustee Gaffney asked for clarification of how the conference is pension-related

Trustee Albritton replied that there are other topics at the conference covering legal, legislative and fiduciary responsibilities. He continued to express the importance of Trustee education and development.

There was additional discussion regarding the conference.

### **Re: Resolution to Approve Conference Attendance**

**RESOLUTION 18-127** By Swazer, Supported by P. Waterman  
Resolved, That the Board approves the attendance of Trustee Albritton at the IFEBP Apprenticeship Training and Education Program Conference.

Yeas: 8 – Nays: 0

Chairman Moore acknowledged the four (4) MAPERS conference certificates for Trustees Arndt, Gaffney, Giddings and Swazer. He thanked the trustees for their attendance and continuing education.

### **Chairman Report**

Chairman Moore reminded the Trustees of the elections for chair and vice-chair that will be held during the November Board meeting. He said he was pleased with the Annual Meeting and complimented the consultant's on their presentations.

### **EXECUTIVE DIRECTOR**

#### **Wal-Mart Securities Litigation Settlement**

Miss Munson referred the Trustees to the newspaper articles included in the handouts about the Wal-Mart settlement.

General Employees Retirement System  
Regular Meeting  
October 31, 2018

Fiduciary Liability Insurance Renewal

Miss Munson reported that the renewal application was sent to the agent on October 8, 2018.

Employee Dishonesty Insurance Renewal

Miss Munson reported that the renewal application was sent to the agent on October 18, 2018.

QuickBooks Training

Miss Munson reported that Phillip Moore had completed an online training offered by Grand Rapids Community College and had passed with a score of 97%. She reported that she planned to take the course before the end of the year.

Trustee Swazer confirmed that the System would be implementing QuickBooks accounting software.

**UNFINISHED BUSINESS**

**Re: Resolution to Approve Paid Time Off Policy**

Miss Munson noted that the copy that was included in the agenda did not include the very last sentence of the policy which indicates that PTO will be treated as compensation and is subject to applicable taxes.

**RESOLUTION 18-128** By P. Waterman, Supported by Gaffney

Resolved, That the Board adopts the Paid Time Off (PTO) Policy as revised.

Yeas: 8 – Nays: 0

**NEW BUSINESS**

**Re: Resolution to Chair’s Signature for Invesco Advisory Committee**

**RESOLUTION 18-129** By Gaffney, Supported by Albritton

Resolved, That the Board approves the Chairman’s signature on the Invesco 2019 Ratification of Advisory Committee Members.

Yeas: 8 – Nays: 0

**Re: Resolution to Approve Bannan Retirement Benefit**

Miss Munson referred the Trustees to the memo included in the agenda and reminded them that there is another deferred hospital member who has applied to retire at age 55. The volunteers – Kathi McNally and Jane Arndt - were unable to locate a file for her at the hospital. Miss Munson will continue to work with the volunteers and the hospital to try to get the records from the hospital to determine service credit for all of the remaining deferred hospital members. Miss Munson confirmed for the Chair that the team would do everything it could to obtain the necessary records. However, the success of the process will ultimately depend on what records the hospital still has and provides to the System.

**RESOLUTION 18-130** By Swazer, Supported by Gaffney

Resolved, That the Board hereby approves the request of June 1, 2018 as Heather Bannan’s retirement and benefit start date.

Yeas: 8 – Nays: 0

**Re: Resolution to Approve the 2017 Medical Loss Ratio Premium Reduction**

**RESOLUTION 18-131** By Gaffney, Supported by Swazer

Resolved, That the Board approves the refund of 20% of the 2017 premium rebate to employees effective February 1, 2019.

Yeas: 8 – Nays: 0

**Re: Legal Report**

Correspondence RE: Cavanaugh Power of Attorney

Ms. Billings-Dunn reported that this is for the Trustees’ information.

Paid Time Off Policy

Ms. Billings-Dunn referenced the red-lined version that was approved today.

Robbins Geller September 2018 Portfolio Monitoring Report

Ms. Billings-Dunn reported that this is for the Trustees’ information.

Motley Rice Third Quarter 2018 Portfolio Monitoring Report

Ms. Billings-Dunn reported that this is for the Trustees’ information.

Fees Received by Sullivan, Ward for Securities Lending Matters

Ms. Billings-Dunn reported that there has been no update to this information since last month.

Ms. Billings-Dunn requested a motion to move into closed session to discuss the Wal-Mart and Camping World matters.

**RESOLUTION 18-132** By Swazer, Supported by Arndt

Resolved, That the Board will move to closed session to discuss the Walmart Stores, Inc. matter.

Roll Call:

Albritton - Yea	Moore – Yea
Arndt - Yea	Swazer - Yea
Gaffney – Yea	Walker - Yea
Giddings - Yea	P. Waterman - Yea

Yeas: 8 – Nays: 0

*The Board moved to closed session at 10:30 a.m.*

*Ms. Watson and Mr. Brown left at 10:30 a.m.*

*The Board returned from closed session at 10:33 p.m.*

**RESOLUTION 18-133** By Gaffney, Supported by Swazer

Resolved, That the Board approves the closed session minutes for September 26, 2018.

Yeas: 8 – Nays: 0

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**SCHEDULING OF NEXT MEETING**

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Special Meeting: Thursday, November 15, 2018 at 10:00 a.m. – Retirement Office

Regular Meeting: Thursday, November 28, 2018 at 10:00 a.m. – Retirement Office

**RESOLUTION 18-134** By Gaffney, Supported by Swazer

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 10:40 a.m.

Yeas: 8 - Nays: 0

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I certify that the foregoing are the true and correct minutes of the meeting of the General Employees Retirement System held on October 31, 2018

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*As recorded by Kristy Neumann and  
Reviewed and Edited by the Executive  
Director and Board Attorney*