

**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, July 27, 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 9:29 A.M.

TRUSTEES PRESENT

Sheldon Albritton, Chair *arr 9:50 A.M.*
Darin Carrington, Secretary
Robert Giddings, Vice-Chair
Tim Greimel, Mayor
Lisa King
James Miriani
William Parker Jr., City Council
Billie Swazer
Patrice Waterman
James Walker
John White

OTHERS

Cynthia Billings-Dunn, Asher Kelly
David Lee, Dahab Associates
Steven Roth, Dahab Associates
Deborah Munson, Executive Director
Xiaotian Xue, Executive Assistant

AGENDA CHANGES

Miss Munson requested that New Business be amended to add a resolution to reschedule the October Board Meeting.

CONSENT AGENDA

A. Approval of the Minutes of the Regular Board Meeting held on June 22, 2022.

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date June 22, 2022	\$1,539,949.16
Retiree Pay Date July 27, 2022	\$1,543,447.33
Staff Pay Dates June 30; July 14 & 28 2022	\$26,104.54

C. Communications

- FOIA Request from eVestment: July 8, 2022
- FOIA Request from withIntelligence: June 29, 2022
- Correspondence from Kennedy RE: Chief Compliance Officer

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

- Correspondence from Loomis, Sayles RE: Board Member
- Correspondence from Northern Trust RE: Account Representative
- Correspondence from Principal RE: Withdrawal Limitation
- Correspondence from Sawgrass RE: President
- Kennedy Capital Investment Symposium: September 15, 2022 (St. Louis, MO)
- Trumbull Funs Investor Meeting: September 12 – 15 (San Jose, CA)

D. Financial Reports

- Accounts Payable: July 2022
- Attucks Manager-of-Manager Summary: June 2022

E. Private Equity Capital Calls & Distributions

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
1771	Mosley, Amelia	07/13/2022	
1582	Winter, Julie	06/16/2022	

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death	Amount
2367	Rudlaff, Karl	Rudlaff, Mary	07/07/2022	
1862	Staton, Dennis	Staton, Judy	06/12/2022	

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

6. Refunds of Employee Contributions

RETNO	Member's Name	Reason	Amount
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RESOLUTION 22-036 By Swazer, Supported by Parker

Resolved, That the Board approves and ratifies actions described in the Consent Agenda for July 27, 2022, including the agenda change.

Yeas: 10 – Nays: 0

CONSULTANTS

Preliminary Report: June 2022

Mr. Roth reviewed the June 2022 Preliminary Performance Report. He reported that the portfolio was valued at \$451.9M total as of June 25, 2022.

Trustee White left at 9:42 A.M.

REPORTS

Trustee Reports

GASB 67/68 Valuation 2021: Information Only

Miss Munson reported that GASB 67/68 Valuation 2021 is for the Trustees' information and will be provided to the City as it includes that data required to complete the Michigan Form 5572.

MAPE Objection for Former Employees Vesting

Miss Munson reminded the Trustees that Ms. Gates reported at the May Board meeting that - as a result of the Plan termination on March 31, 2021 – everyone who was an active employee as of that date was immediately vested in their pension. She referred to the April 2021 legal opinion which confirms this. For the three MAPE employees who were active as of March 31, 2021 and left employment later in the year and had less than 10 years of service, the System will vest them. Staff will provide to them pension estimates and update the member database. She referenced the email from MAPE in the agenda in which they object to the vesting of these three former employees. MAPE's opinion is that it is not fair that those employees should receive a pension without having worked a full ten years. Miss Munson said that this is informational only and any objection MAPE has would be a matter of grievance with the City and not the System.

Mayor Greimel and Trustee Waterman agreed with MAPE that people with less than 10 years services should not receive a pension. Mayor Greimel suggested further inquiry be made with IRS given the unique circumstance.

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

Vice-Chairman Giddings noted that any additional inquiries would be the financial responsibility of the Plan Sponsor.

Chairman Albritton arrived at 9:50 A.M.

Ms. Billings-Dunn pointed out when the Retirement System was terminated effective March 31, 2021, in order to set up the new System and VEBA, IRS rules require that everyone who was an active employee on that date must be immediately vested in whatever benefit they had accrued. She further clarified that the three MAPE employees will receive a pension when they turn age 60, and the pension will be based on their service credit as of the day they left.

Personnel & Administration and Finance Committees

Disability Annual Procedures Report

Miss Munson reported that both committees reviewed the Monthly Disability Annual Procedures Report. There is one retiree who is scheduled for re-examination on July 27, 2022 and this will complete the re-examination process for the year.

Annual Income Verification

The Annual Income Verification process will begin the first week of August instead of July as previously reported to the Board.

Supplemental Actuarial Analysis Request

Miss Munson reported that both committees reviewed the request for a supplemental actuarial analysis to determine the cost of increasing the multiplier for certain MAPE employees. This is an item under New Business and both committees are recommending it for approval. She explained the proposed provisions of the tentative collective bargaining agreement. She noted that she has contacted the actuary regarding the proposed provision to fully close the plan. The actuary's response is that they have been treating the Plan as substantially closed for a few years and no additional action would be recommended to the Board.

Proposed Ordinance: Definition of Actuarial Equivalence

Miss Munson reported that both committees reviewed the proposed Ordinance regarding the definition of actuarial equivalence. In January, the System sent to the City a proposed ordinance to update the interest rate and mortality tables used in the definition of actuarial equivalence. The IRS requires that the specific rate and tables be stated in the Retirement System Ordinance. She noted that the financial impact on the System of changing the rate from 7% to 6% and the mortality tables from the RP-2014 to the Pub-2010 has already been factored in when the Board adopted them for use for valuation purposes. If the Ordinance's definition of actuarial equivalence was not changed, anyone who retired on or after January 2022 and chose to leave a benefit for a survivor would have a larger reduction in their pension than would otherwise be required. The reason it is included in the agenda is because the Mayor did request that she re-send the ordinance and she assumes that Council will be addressing this matter soon.

Mayor Greimel responded that the City attorney is in the process of reviewing the Ordinance in the hope of adding it to the City Council agenda in the next week or two.

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

Annual Meeting and Investment Manager Review Arrangements

Miss Munson reported that both committees discussed the annual investment manager review. Since this will be the first in-person Annual Meeting in a couple of years, the committees have discussed combining the Annual Meeting with the semi-annual Investment Manager Review meeting. They discussed inviting 8-10 managers as part of the normal due diligence process and conducting that part of the meeting in the morning. The System's other professional advisors would present the annual audit, performance and actuarial results to the members in the afternoon. The purpose for rescheduling the October Board meeting is to have flexibility in scheduling this Annual/Investment Manager Meeting.

Securities Litigation Portfolio Monitoring

Miss Munson reported both committees received an update on the securities litigation portfolio monitoring matter. A couple of law firms have requested real time read-only access to the System's data at Northern Trust. These firms were also requesting that login credentials be provided to third parties working on behalf of the law firms. She said that she is preparing a summary on the matter for the committees so that it is the Trustees' who make the determination to allow that access.

Vice-Chair Giddings invited Mr. Lee to share his opinion presented at the Finance Committee.

Mr. Lee stated that he has no concern with this matter, given that it is read-only access to the data and the purpose is to attain relevant financial statistics on a timely basis when preparing a lawsuit.

A summary will be provided to the Trustees.

GrayCo Alternatives I Audited Financial Statements: Confidential

Miss Munson reported that finance committee received the Audited Financial Statement from GrayCo Alternatives I.

GERS Transition Update Reports

Miss Munson referenced the email to the Trustees which includes the CPREA filings with the court. She said that the Court has scheduled a hearing on amending the settlement agreement for October 5, 2022.

Mayor Greimel stated that the City had drafted some proposed amendments to the settlement agreement for CPREA but the City has not yet heard back from CPREA. A status conference with federal judge in the case is scheduled on August 18, 2022. The hope is to have an agreement between the City and CPREA by or before August 18, 2022, and the Court will need to sign off on that. The hope is that the City and CPREA can be on the same page going into that August 18, 2022 status conference so that we can come up with a game plan and timeline with the Court to get it approved.

Trustee Waterman asked for a copy of the complaint which was filed with the Court as well as a copy of the new terms being proposed.

Miss Munson will re-send the filed complaint to all Trustees by email.

Chairman Albritton stated that it is unfortunate that this has been going on as long as it has been.

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

UNFINISHED BUSINESS – NONE

NEW BUSINESS

RE: Resolution to Approve Request for Supplemental Actuarial Analysis

RESOLUTION 22-037 By Swazer, Supported by Waterman

Resolved, That the Board approves to forward to the actuary the request for a supplemental analysis related to the tentative MAPE collective bargaining agreement.

Yeas: 10 – Nays: 0

RE: Resolution to Approve MAPERS Fall Conference Attendance

Miss Munson requested that all 3 staff members be able to attend MAPERS 2022 Fall Conference.

Mayor Greimel and Trustee Waterman were not agreeable to closing the office for external training purpose.

RESOLUTION 22-038 By Greimel, Supported by Waterman

Resolved, That the Board approves 2 staff members to attend MAPERS 2022 Fall Conference September 17 - 20, 2022.

Yeas: 9 – Nays: 1

RE: Resolution to Approve October Board Meeting Rescheduling

RESOLUTION 22-039 By Walker, Supported by Swazer

Resolved, That the Board approves to reschedule regular October Board Meeting to October 19, 2022.

Yeas: 10 – Nays: 0

Trustee Parker left at 10:24 A.M.

Trustee White arrived at 10:27 A.M. electronically

LEGAL REPORT

Report from Legal Counsel

RE: Resolution to Recommend to City Council Approval of the Proposed Amendment to Adopt the IRS

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

requirements of the Setting Every Community Up for Retirement Enhancement Act (SECURE Act)

Ms. Billings-Dunn stated that the Internal Revenue Code requires all pension plans start to distribute benefits no later than April 1 of the year following the year of a member attains age 70 1/2 or when they retire, if later. The IRS does not want retirement system to be a perpetual tax haven, the IRS cannot collect individual taxes on until people start to receive their benefits. Under the SECURE Act, enacted December 20, 2019, it is mandatory for public sector retirement plans to amend their plan documents no later than the last day of the 2024 plan year to change the required minimum distribution age from 70 1/2 to 72. This change applies to participants who turned 70 1/2 after December 31, 2019 (whose birthday is on or after July 1, 1949). This change does not affect individuals who turn 70 1/2 before 2020. The penalties of non-compliance are severe, and it could be a qualification issue for the Retirement System if it is unable to show that every effort has been made to locate individuals who have not begun to receive their benefits. For those individuals who do not commence their benefit by the time they attain minimum distribution age, the IRS will impose a penalty tax equal to 50% of their benefit.

RESOLUTION 22-040 By Swazer, Supported by Walker

Resolved, That the Board recommends to City Council that it adopt the proposed amendment to the Retirement System Ordinance for compliance with Setting Every Community Up for Retirement Enhancement Act.

Yeas: 9 – Nays: 0

Keith Keesling Subpoena

This is for the Trustees' information.

Pearl Barefoot Power of Attorney

This is for the Trustees' information.

House Bill 5427

This is for the Trustees' information.

Trustee Compensation

Vice-Chair Gidding noted that the PA 492 compensation paid to Trustees has until now been reported on Form-1099. According to IRS rules, public Board members should be considered as employees of the municipality and the PA 492 compensation should be reported on Form W-2.

Trustee Walker stated that 1099-M is for independent contractors, what's been done followed the guideline; meanwhile, public Board member should be employee based on IRS regulation. The best is to get the W-2 done from now on, to avoid unexpected penalties.

Chairman Albritton requested opinions from the attorney and accountant before moving forward.

The Board reserves the right to enter closed session to review matters in accordance with Michigan Public Act 267 of 1976 (Open Meetings Act).

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

RE: Resolution to Go into Closed Session

RESOLUTION 22-041 By White, Supported by Walker

Resolved, That the Board approves to go into Closed Session to discuss Grubhub, Venator, Robertson, Onyx, Inotiv, and World Wrestling Entertainment matters.

ROLL CALL:

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

The Board went into closed session at 10:42 A.M.

The Board returned from closed session at 11:18 A.M.

RE: Resolution to Approve Motions in Closed Session

RESOLUTION 22-042 By Swazer, Supported by Waterman

Resolved, That the Board approves to authorizes the Chairman's signature on the Declaration for the Venator settlement.

Yeas: 9 – Nays: 0

RESOLUTION 22-043 By Swazer, Supported by Waterman

Resolved, That the Board accepts Erica Robertson's proposal to continue making monthly payment.

Yeas: 9 – Nays: 0

RESOLUTION 22-044 By Swazer, Supported by Walker

Resolved, That the Board authorizes Robbins Geller to file for lead plaintiff s on behalf of the System in the Inotiv securities litigation matter.

Yeas: 9 – Nays: 0

RESOLUTION 22-045 By Waterman, Supported by Swazer

Resolved, That the Board authorizes Robbins Geller to serve an inspection demand on The Board of Directors of World Wrestling Entertainment and then, as necessary, filing a shareholder derivative action.

Yeas: 9 – Nays: 0

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

RE: Resolution to Approve Closed Session Minutes: June 22, 2022

RESOLUTION 22-046 By Waterman, Supported by Swazer

Resolved, That the Board approves the June 22, 2022 closed session minutes.

Yeas: 9 – Nays: 0

PUBLIC COMMENT:

Retiree Linda Watson made public comments.

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, August 31, 2022, 9:00 a.m.

RESOLUTION 22-047 By Waterman, Supported by Swazer

Resolved, That the meeting of the Board of Trustees of the Pontiac General Employees' Retirement System be adjourned at 11:24 A.M.

Yeas: 9 – 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 July 27, 2022.

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