

**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, August 30, 2023, 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, Chairman
Robert Giddings, Vice-Chair
Tim Greimel, Mayor (*arrived at 9:02 am*)
Timothy Sadowski, Finance Director
William Parker Jr., City Council
Billie Swazer
James Miriani – *electronically*
Lisa King
Patrice Waterman
James Walker
John White

OTHERS

Linda Watson, Retiree
Gloria Miller, Retiree
Darlene Williams, Citizen
Charlie Harrison, Citizen
Cynthia Billings-Dunn, AsherKelly
David Lee, Dahab Associates
Steven Roth, Dahab Associates
Louise Gates, GRS
Donald Cobin, Kennedy Capital Management
Janet Newcomb, Kennedy Capital Management
Brian Monroe, Sawgrass Asset Management
Anthony Brooks, Sawgrass Asset Management
Les Bond, Attucks Asset Management
Tina Turner, Executive Director
Edith Meyers, Finance Officer
Xiaotian Xue, Executive Assistant

GABRIEL, ROEDER, SMITH & COMPANY (GRS)

A. 2022 Actuarial Valuation Report – Draft

Ms. Gates presented the draft 2022 Actuarial Valuation Report.

RESOLUTION 23-066 By Waterman, Supported by King

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Resolved, That the Board approves the 2022 Actuarial Valuation Draft Report presented by Gabriel, Roeder, Smith & Company (GRS).

Yeas: 10 – Nays: 0

B. GASB 67 and 68

Ms. Gates reported that the GASB 67 and 68 are in preparation for the Financial Report of the Retirement System and the City.

CONSENT AGENDA

A. Approval of the Minutes of the Regular Board Meeting held on July 19, 2023.

B. Ratification of Retiree Payroll & Staff Payroll

Retiree Pay Date August 31, 2023	N/A
Staff Pay Dates July 13, 2023	\$ 21,200.65
Staff Pay Dates July 27, 2023	\$ 14,790.86
Staff Pay Dates August 10, 2023	\$ 19,026.37
Staff Pay Dates August 24, 2023	\$ 14,164.72

C. Communications

- First Eagle Investor Forum – September 27, 2023

D. Financial Reports

- Accounts Payable: July 2023 \$ 59,999.91 Total A/P July 2023
- Accounts Receivable: July 2023 \$ 960.06 Total Checks Deposited July 2023
- Accounts Payable: August 2023 \$ 302,871.78 Total A/P August 2023
- Accounts Receivable: August 2023 \$ 1,051.01 as of 08/23/23
- Attucks Manager-of-Managers Summary: July 31, 2023

E. Private Equity Capital Calls & Distributions:

- Distribution in August 2023:

Wellington – August 03, 2023	\$ 27,416.57
Intercontinental- August 24, 2023	\$ 29,715.87

F. Retirement Benefits

1. New Retirements

RETNO	NAME	Effective Date
702061	Elmeka Steele	8/01/2023

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Bold type entry indicates Reciprocal service credit.

2. Terminated Retirements

RETNO	NAME	Date of Death
769	Lorine Scott	6/5/2023
1441	Wandalene Hall	6/8/2023
1564	Stephen Ewalt	7/18/2023
2061	Ernest Allen	7/17/2023
1784	Robert Marchbanks	7/31/2023
1639	Cedella Reed	7/9/2023

3. J&S Continued Retirements

RETNO	Retiree's Name	Survivor's Name	Date of Death
702061	Ernest Allen	Elmeka Steele	7/17/2023

4. Re-calculated Retirements

RETNO	Member's Name	Reason for Change	Effective Date
1976	Carmelita Rodriguez	Pop-up	8/1/2023

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
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RESOLUTION 23-067 By Swazer, Supported by Waterman

Resolved, That the Board approves and ratifies actions described in the Consent Agenda for August 30, 2023.

Yeas: 10 – Nays: 0

PUBLIC COMMENT: NONE

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CONSULTANTS

A. Kennedy Capital Management

Mr. Cobin and Ms. Newcomb introduced Kennedy Capital Management's background, investment team, research process, portfolio performance, risks and compliance, diversity and inclusion updates.

Trustee Waterman asked Kennedy to provide the Year-To-Date total amount that Kennedy has earned for the Retirement System to Ms. Turner after the meeting.

Mr. Lee highlighted that Kennedy has been a good performer over the years, with a 3-year rolling relative annualized net of fee portfolio with returns above benchmark.

B. Sawgrass

Mr. Monroe and Mr. Brooks presented Sawgrass' advantage, account and performance review, market review, current portfolio positioning, and forecasting.

Mr. Lee stated that Sawgrass is a good investment manager to protect the System assets in down markets and overall outperformed in the long turn.

C. Attucks – Attucks Impact Real Estate ("AIRE")

Mr. Bond updated that the investment structure and amendment to the existing contract are close to finish, with the support from Attorney Billings-Dunn and Dahab. Attucks has negotiated with some of the investment managers to take a reduced fee under a manager-of-manager structure. Next step, Attucks will engage with the Mayor's Office to look for the opportunity for local funding support, which is critical for this Michigan-focused investment.

D. Preliminary Performance and Monthly Asset Level: July 31, 2023

Mr. Roth reviewed the July 2023 Preliminary Performance Report. He reported that the portfolio was valued at \$458M as of July 31, 2023.

E. 2nd Quarter Portfolio Performance

Mr. Roth reported the 2nd Quarter Portfolio Performance to the Board.

F. Consequent Capital

Mr. Roth reported that there is senior level team change in Consequent Capital and recommended to place Consequent on the Watch list. Consequent will present at the next Board meeting to answer Trustees' questions.

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RE: Resolution to Place Consequent on Watch

RESOLUTION 23-068 By Waterman, Supported by King

Resolved, That the Board approves the Consultant's recommendation to place Consequent on Watch for two quarters.

Yeas: 10 – Nays: 0

G. Yousif Capital Management

Mr. Roth reported that Yousif will present an update at the next Board meeting in conjunction with the INCORE acquisition.

H. Attucks Manager-of-Managers Summary: July 31, 2023

Mr. Roth reported that this is for Trustees' information.

REPORTS

Trustees Report

Trustee Walker asked Trustee Greimel for the updates on \$400 monthly stipend negotiation between CPREA and the City.

Trustee Greimel stated that about 3 weeks ago the City reached a tentative agreement with CPREA to transfer 30% of the old GERS' fund to new GERS and the remaining 70% to VEBA. This runs contrary to what CPREA's own membership voted on, which is to transfer all old GERS' money to the new GERS. The City's position was to transfer all old GERS' money to new GERS to fund the \$400 monthly stipend, otherwise REGERS monthly pension payment would be interrupted if the funding level dropped below 130% in the future. Unfortunately, CPREA leadership didn't agree and under the time pressure, agreement must be reached. So, if CPREA membership isn't happy with the division of the assets because it runs contrary to how they voted, CPREA membership needs to do something about it before the Council approves it, as the City doesn't have standing to enforce the CPREA membership vote. Trustee Greimel said the tentative agreement was brought to the City Council the same day with some retirees in attendance, and briefed Trustees on the tentative agreement.

Vice-chair Giddings asked if the monthly stipend will be reduced to \$120 given only 30% of old GERS funding to be transferred to new GERS.

Trustee Greimel responded that during the Council meeting, he didn't hear any retirees say that they want the stipend to be reduced if the full amount is not transferred to new GERS.

Trustee Walker stated that the problem is that it was never put out to all the retirees until Chairman

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Albritton reiterated during the Council meeting that the new GERS will not be able to fund the \$400 monthly stipend if the old GERS' money is not 100% transferred to new GERS, this has been studied and reported by the Retirement Systems' actuary a couple of years ago.

Chairman Albritton reiterated that the System will not be able to pay the full stipend with 30% of old GERS money, there is no way we can put the System in jeopardy to meet our obligation to the retirees' regular pension.

Trustee Waterman suggested putting 30% of the old GERS fund to a separate account, which is around \$16 million, to pay the \$400 monthly stipend until the funds are all gone.

Trustee Walker stated that the retirees that are affected need to know 100% of what they're getting into, they need to understand when the \$16 million is gone - it's gone, and after that no more stipends will be paid.

Trustee Parker agreed with Trustee Waterman and will communicate with the City's Council.

EXECUTIVE DIRECTOR REPORT

A. Related Party Questionnaire

Ms. Turner reported that the Related Party Questionnaire was distributed to all Trustee's to complete.

B. First Eagle Investor Forum – September 27, 2023

Ms. Turner reported that this is an educational training session for Trustees' to join.

C. 2022 Audit Plan Summary – George Johnson & Company

Ms. Turner reported that the annual audit will start in October and be completed by the end of the year.

UNFINISHED BUSINESS: NONE

NEW BUSINESS

A. Phillip Moore Contract Extension

RESOLUTION 23-069 By Swazer, Supported by King

Resolved, That the Board approves to extend the Temporary Employment Agreement with Phillip Moore at least through the end of December 31, 2023.

Yeas: 10 – Nays: 0

B. Northern Trust Reporting Access – Phillip Moore

RESOLUTION 23-070 By Swazer, Supported by King

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Resolved, That the Board approves the authorization of Phillip Moore to be added as an authorized person to access and receive investment reports from Northern Trust.

Yeas: 10 – Nays: 0

C. Legal Report

1. Report from Legal Counsel

Attucks Asset Management Affordable Housing Strategy

Attorney Billings-Dunn reported that the Board may utilize both the real estate and the basket clause under Public Act 314 to invest in the Attucks Affordable Housing Strategy, subject to the foregoing requirements. Attucks, Dahab and Attorney Billings-Dunn will work together to make sure there is a good understanding of the agreements.

Standards of Attendance Policy

Attorney Billings-Dunn reported that in 2017 the Board adopted an attendance policy that is applicable to the citizen, active member, and retiree Trustees of the Board.. It does not apply to the ex-officio members, i.e., the Mayor, Finance Director, and the Council appointee. The policy stated that Trustees shall be permitted four (4) absences from regular Board meetings in each calendar year. Trustees shall notify the Retirement Office of any scheduling conflicts at the time that the annual Board meeting calendar is adopted or as soon as is practicable prior to the scheduled meeting. The Executive Director shall report to the Chair and Vice-Chair the name of any Trustee that has been absent from three (3) meetings in a calendar year. The Chair and Vice-Chair shall meet with the Trustee and report to the Board any recommendations for improvement. The meeting shall take place prior to the next regularly scheduled Board meeting after the third absence. If a Trustee is absent from four (4) meetings in a calendar year, the Board shall evaluate such Trustee's Board participation. The Board may vote to declare a vacancy of the position of any non-ex officio.

Attorney Billings-Dunn will further review if an excused absence is considered as an absence.

Alvey and Minier Power of Attorneys

This is for Trustees' information.

FOIA Requests and Responses

This is for Trustees' information.

Portfolio Monitoring Reports

This is for Trustees' information.

2. Resolution to approve the Closed Session meeting minutes held on July 19, 2023.

RESOLUTION 23-071 By Walker, Supported by Waterman

Resolved, That the Board approves the Closed Session meeting minutes held on J July 19, 2023.

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Yeas: 10 – Nays: 0

Public Comment

Linda Watson and Darlene Williams made public comments.

Chairman Albritton reiterated that GERS and CPREA are two independent organizations, GERS has nothing to do with CPREA. The responsibility of GERS is to make sure that this System continues providing retirement allowances and death benefits for the members.

Attorney Billings-Dunn supplemented that the Finance Committee is comprised of Trustees to talk about financial aspects of the System and to make recommendations to the full Board, which is allowed under the Open Meetings Act as long as there is not a quorum. The System is not violating any laws by having the Finance Committee meeting before the Board Meeting.

SCHEDULING OF NEXT MEETING/ADJOURNMENT

Regular Meeting: Wednesday, September 27, 2023, 9:00 A.M.

A. ADJOURNMENT

RESOLUTION 23-072 By Swazer, Supported by Waterman

Resolved, That the meeting of the Board of Trustees of the Pontiac Reestablished General Employees' Retirement System be adjourned at 11:58 A.M.

Yeas: 10 – 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 August 30, 2023.

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