

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES
July 29, 2021**

A regular meeting of the Board of Trustees was held on Thursday, July 29, 2021 via Conference Call in accordance with Michigan’s Executive Orders issued restricting in-person gatherings due to COVID-19, and Michigan’s Open Meetings Act, as amended.

Trustees Present

Lon Britton, Buffalo, WY
Matt Nye, Lake Orion, MI
Darin Carrington, Finance Director, Pontiac, MI

Others Present

Matt Henzi, AsherKelly
Chris Kuhn, AndCo.
Duane Menter, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc.
Drew Simmermeyer, Nyhart
Danielle Winegardner, Nyhart

Trustees Absent

Deirdre Waterman, Mayor
Craig Storum, Trustee

Chairman Storum declared that a quorum was present and called the meeting to order at 12:31 p.m.

CONSENT AGENDA

- A. Minutes of Regular Meeting – May 27, 2021
- B. Financial Reports
 - 1. Financial Reports – April – May 2021
 - 2. Bills for Ratification through July 29, 2021
- C. Pension Report
 - 1. New Retirees - None

 - 2. Upcoming Retirees
 - a. Locricchio, Mark , PPOA, 09/12/2021
 - b. Kendrick, Scott, PPSA, 10/20/2021
 - c. Collins, Shona, PPOA, 12/16/2021

RESOLUTION 21-18 By Britton, Supported by Carrington
Resolved, That the items on the Consent Agenda July 29, 2021 be approved.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Darin Carrington	Yea

CONSULTANTS

A. December 31, 2020 Actuarial Valuation - Preliminary Results

Danielle Winegardner and Drew Simmermeyer presented the Pension Final Actuarial Valuation for December 31, 2020. The amortization period of the unfunded liability has been lowered from 23 years to 22 years. To better reflect anticipated experience, the mortality improvement scale has been updated from the MP-2019 fully generational improvement scale to the MP-2020 fully generational improvement scale. The base mortality table was also updated from RP-2006 to the Pub-S 2010 Mortality Table. These changes resulted in an increase in the actuarial accrued liability and an increase in the actuarial recommended funding contribution. The interest rate was lowered from 7.50% to 7.25% to better reflect current market conditions. This change resulted in an increase in the actuarial accrued liability and an increase in the actuarial recommended funding contribution. An administrative expense load of \$305,000 was added to the recommended contribution to anticipate administrative expenses paid from the Trust. With these changes made the Trust is currently 86% funded.

RESOLUTION 21-19 By Britton, Supported by Carrington

Resolved, to accept the Actuarial Valuation for December 31, 2020 as presented by Nyhart.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Darin Carrington	Yea

B. AndCo.

Christopher Kuhn Christopher Kuhn reviewed the asset manager summary and market update through June 2021. The Tortoise MLP PIPE was liquidated as of June 30, 2021 and the funds were reallocated 2% to US Equity. A \$7.8MM commitment has been made to Marathon Distressed Debt and a \$6MM commitment has been made to Monroe Direct Lending. It is recommended to transfer \$1MM from Burgundy Intl Equity and \$1MM from Clarivest EM Equity to Garcia Intm Fixed Income.

RESOLUTION 21-20 By Britton, Supported by Carrington

Resolved, to transfer \$1MM from Burgundy Intl Equity and \$1MM from Clarivest EM Equity to Garcia Intm Fixed Income per the recommendation of AndCo.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Darin Carrington	Yea

ATTORNEY'S REPORT

Fiduciary Insurance Renewal

Attorney Henzi addressed this matter for the Board in the Attorney Report. The fiduciary liability insurance has been reviewed and approved for renewal effective June 1, 2021.

PFRS Actuarial Report Follow-Up

Attorney Henzi addressed this matter for the Board in the Attorney Report. Mr. Henzi confirmed that the Board had resolved to adopt the Public Safety Mortality Table, follow the recommendation to lower the assumption rate to 7.25% and administrative expenses will be included.

Edward Lasseigne Request to Verify Service Credit

Attorney Henzi addressed this matter for the Board in the Attorney Report. Mr. Lasseigne contacted BeneSys about initiating a retirement. BeneSys reviewed his file and saw that he had 9 years 7 months of service credit through July 17, 2006. He applied to withdraw his accumulated contributions and it was assumed he received his contributions. Mr. Lasseigne stated that he applied for a refund of contributions in 2006, but that he never received the contributions. We reviewed file documents which evidence he did execute an application for refund. However, there is missing data that we have seen in other files evidencing proof of payment (e.g., a copy of the check or a check number). There is a note that the matter was referred to the Board of Trustees for discussion at its August 2006 meeting. Minutes from that meeting indicate that the withdrawal of contributions was approved. Given Mr. Lasseigne's claim that he did not withdraw his contributions and based on the fact that there is no evidence in his file to prove that he withdrew the contributions, we sent correspondence to Northern Trust and Comerica asking whether they had records of issuing payment. Neither had any records since neither was the custodian bank in 2006. We then sent correspondence to Mr. Carrington asking that the City review its records to see if the contributions were withdrawn. If we discover that the contributions were withdrawn, Mr. Lasseigne is required to enter into a payment agreement paying back the withdrawn contributions plus 7.5% interest through the present. If it is determined that he did not withdraw his contributions, then his service credit will be 13 years 1 month. Further, he can apply to withdraw the contributions.

Tina Hawkins Benefit Reduction

Attorney Henzi addressed this matter for the Board in the Attorney Report. Communication has been provided to questions posed by attorney for Ms. Hawkins. Her benefit has been reduced according to the actuary's calculation based on her life expectancy as a result of her overpayment. The attorney was also informed of Ms. Hawkins appeal rights.

Palacios Service Credit

Attorney Henzi addressed this matter for the Board in the Attorney Report. Mr. Palacios has been sent the buyout offer due to confirmation that he has less than 10 years' service credit.

John English Power of Attorney

Attorney Henzi addressed this matter for the Board in the Attorney Report. Mr. Henzi reviewed and accepted the Durable Power of Attorney for Mr. English.

2020 Summary Annual Report

Attorney Henzi addressed this matter for the Board in the Attorney Report. Mr. Henzi presented the 2020 Summary Annual Report to the Board for review and approval.

RESOLUTION 21-21 By Carrington, Supported by Britton
Resolved, to accept the 2020 Summary Annual Report as presented.

Roll Call Vote: Lon Britton Yea
 Darin Carrington Yea
 Matt Nye Yea

Annual Required Contribution Payment

Attorney Henzi addressed this matter for the Board in the Attorney Report. Mr. Henzi presented correspondence sent to Mr. Carrington informing the City of Pontiac that the payment that was made on March 26, 2021 did not include interest owed. The PFRS Board is requesting payment in the amount of the interest owed.

RESOLUTION 21-22 By Britton, Supported by Carrington

Resolved, to take no further actions to collect the outstanding interest payment with written assurance from Mr. Carrington, Finance Director, that the next payment be made in January 2022. Once that written assurance is received PFRS will revoke the invoice.

Roll Call Vote: Lon Britton Yea
 Darin Carrington Yea
 Matt Nye Yea

Monroe Capital Contract

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Bell EDRO

Attorney Henzi addressed this issue for the Board in the Attorney Report. Mr. Henzi reviewed and accepted the Eligible Domestic Relations Order entered into court on June 20, 2021.

Garrett EDRO

Attorney Henzi addressed this issue for the Board in the Attorney Report. Mr. Henzi reviewed the proposed Eligible Domestic Relations Order and will accept in pending requested changes.

Legislative Update

Attorney Henzi addressed this issue for the Board in the Attorney Report. In regard to House Bill 4934 – introduced by Representative Steve Marino which would allow non-legislative Boards like Retirement System Boards to meet remotely for any reason. The Bill was introduced on May 27, 2021, with input from MAPERS. It was referred to Committee. Mr. Henzi will continue to monitor for further developments.

Regarding Bill 4968 – Representative Thomas Albert introduced on June 8, 2021. It was referred to committee. The Bill seeks to create an Office of Retirement System Auditor. The Auditor would be responsible to annual review all Michigan Retirement Systems and to audit whether each System is making the correct annual required contribution. Commencing January 2023, the Bill would require the auditor to prepare a summary of each Retirement System’s actuarial assumptions and funding ratio.

PA 314 Disclosures

Attorney Henzi addressed this issue for the Board in the Attorney Report. Mr. Henzi is waiting on forms from Nyhart, RhumbLine, Bloomfield Capital, American Reality, Metropolitan Real Estate and Crescent Capital. Mr. Henzi is following up.

Financial Investment News FOIA Request

Attorney Henzi addressed this issue for the Board in the Attorney Report.

RESOLUTION 21-23 By Carrington, Supported by Britton
Resolved, to enter into Closed Session to discuss pending litigation in the following matters: **World Wrestling Entertainment, Inc., Tractor Supply Corporation, Advanced Micro Devices, Mattel, Inc., Grubhub, Inc., and Bank of Nova Scotia, New York Agency.**

Roll Call Vote: Lon Britton Yea
 Matt Nye Yea
 Darin Carrington Yea

*The Board moved to closed session at 12:13 p.m.
The Board returned from closed session at 12:23 p.m.*

RESOLUTION 21-24 By Britton, Supported by Carrington
Resolved, that the Board authorize Attorney Henzi to take action on the issue in question, as discussed in closed session.

Roll Call Vote: Lon Britton Yea
 Matt Nye Yea
 Darin Carrington Yea

Portfolio Monitoring Reports
Robbins Geller May 28, 2021
Robbins Geller June 25, 2021

PUBLIC COMMENT – None.

UNFINISHED BUSINESS

A. Vital Information 3rd Request Mailer Results

Ms. Crosby presented the Board with detailed results of the Final Vital Information Mailer with Pension Suspension. Pension were suspended for five members who did not submit the Vital Information Forms. Of these five members four have now turned in the Vital Forms and their pensions were reinstated. One person is still outstanding. We have six members who we did not have verifiable signatures on the Certified Mail Postcards, so their pensions were not suspended. The Board determined to do the Final Mailing via Certified mail again now that COVID restrictions are less stringent and see if that helps get those last few Vital Forms.

B. Computer/iPad Policy

Ms. Crosby updated the Board that she has received the signed policies from everyone except for Mayor Waterman.

NEW BUSINESS

A. Northern Trust Class Action Litigation Settlement Fund

Ms. Crosby presented communication and payment from the Northern Trust Class Action Litigation. The payment represents the Trusts pro rata share of the re-distribution of the remaining proceeds from the settlement.

B. December 31, 2020 Summary Annual Report

The item was covered by Mr. Henzi in his Legal Report.

C. Robinson Capital Management – Voluntary Fee Waiver

BeneSys provided a memo from Greg Prost with Robinson Capital Management informing the Board that they have determined to voluntarily waive a portion of the advisory fee paid by clients with respect to assets included in the Deposit in Place Program on a temporary basis.

CORRESPONDENCE

A. 2021 Public Funds Forum

B. BeneSys Acquires Beacon Technologies Group

C. BeneSys Data Security Summary – June 2021

D. BeneSys Network Penetration Testing – June 2021

E. BeneSys Response to DOL Cybersecurity Guidance – July 2021

F. YCM – Address Change Letter

NEXT MEETING DATE: September 8-10, 2021, Manager Review.

ADJOURNMENT

RESOLUTION 21-25 by Britton, Supported by Carrington
Further Resolved, That the meeting be adjourned at 12:33 p.m.

Roll Call Vote:	Lon Britton	Yea
	Craig Storum	Yea
	Darin Carrington	Yea

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on July 29, 2021.

As recorded by BeneSys

