

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES
December 1, 2022**

A regular meeting of the Board of Trustees was held on December 1, 2022 at Benesys.

Trustees Present

Lon Britton, Sebastian, FL
Matt Nye,
Craig Storum, Chairman, Hale, MI

Others Present

Matt Henzi, AsherKelly
Chris Kuhn, AndCo.
Violet Gjorgjevski, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc.
Danielle Winegardner, Nyhart

Absent Trustee

Tim Greimel, Mayor

Chairman Storum declared that a quorum was present and called the meeting to order at 10:41 a.m.

AGENDA CHANGES

RESOLUTION 22-25 By Nye, Supported by Britton

Resolved, to grant Chairman Storum and Trustee Britton a reasonable accommodation under the Americans with Disabilities Act and to approve their participation in the meeting via telephone because of a disability which prevents each from appearing in person.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea

CONSENT AGENDA

- A. Minutes of Regular Meeting – September 14, 2022
- B. Minutes of Special Meeting – September 15, 2022
- B. Financial Reports
 - 1. Financial Reports – April - June 2022
 - 2. Financial Reports – July – August 2022
 - 2. Bills for Ratification through December 1, 2022
- C. Pension Report
 - 1. New Retirees
 - a. Garcia, Ruben, PPOA, 09/04/2022
 - b. Burroughs, Dessir, PPOA, 06/01/2022
 - c. Threlkeld, Sennel, PPOA, 10/06/2022
 - d. Todd, David, PPOA, 07/22/2022
 - e. Roberts, Ryan, PPOA, 01/16/2023
 - 2. Upcoming Retirees
 - a. Contreras, Goretta, PPOA, 12/03/2020
 - b. Lasseigne, Edward, PPOA, 04/28/2021
 - 3. Pay Status List – December 2022

RESOLUTION 22-26 By Nye, Supported by Britton

Resolved, That the items on the Consent Agenda December 1, 2022, be approved.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea

CONSULTANTS

A. Nyhart – Actuarial Valuation December 31, 2021

Ms. Winegardner reviewed the Actuarial Valuation for December 31, 2021, with the Board. The discussion was on the results of the valuation and the January 1, 2024, contribution calculation and to review 15-year projections. The asset performance showed the market value assets returned 15% during 2021. The funded ratio of the plan increased from 86% to 88.9%. Unfunded liability decreased from \$35M to \$27M. Recommended contributions decreased from \$3.8M to \$3.1M.

A. AndCo.

Mr. Kuhn stated that the markets started the 3rd quarter with a brief reprieve from their downward trend in 2022. Investors anticipated the Federal Reserve was nearing the end of rate hikes; stocks and bonds both enjoyed strong returns in July. However, comments from the central bank leaders in August crushed those hopes. The Fed raised the Fed Funds rate twice by 75 basis points in July and September and indicated they would continue to pursue higher rates to reduce inflation, regardless of the impact on the economy. These actions caused the equity and fixed income markets to sell off during the second half of the quarter. The S&P 500 declined by 4.9% with small cap and growth stocks performing slightly better during the quarter. The Bloomberg US Aggregate fell 4.3% for the quarter and is down 14.6% year-to-date, suffering its worst performance in over 40 years. The international equity markets suffered larger losses due to rising energy prices and the expectation of a severe recession across Europe (MSCI EAFE NR -9.4%). Real estate continues to be the lone asset class to survive 2022, posting a slight gain for the quarter. 2022 has been a painful year for investors.

Overall, the Total Fund declined 3.35% during the quarter, exceeding the Policy Index by 1.43% and ranking in the top quartile of the public fund universe. The Fund was aided by strong results from the international equity and fixed income allocations. The Total Fund returned -10.63% over the past year, outperforming the Policy Index by 306 basis points and ranking in the top quartile of the peer group. Longer-term, the Fund exceeds performance expectations.

Mr. Kuhn went on to give an Emerging Market Equity Manager Analysis as of June 30, 2022.

RESOLUTION 22-27 By Britton, Supported by Nye

Resolved, to terminate the Fund’s investment with Clarivest and direct \$5M to ABS Investment Management, at the recommendation of the investment consultant and subject to legal review of the relevant contract documents, and transfer \$2.2M to Cash Account so BeneSys can pay benefits.

Roll Call Vote:	Lon Britton	Yea
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Matt Nye Yea
Craig Storum Yea

Mr. Kuhn went on to discuss that AndCo had issued a Request for Information for custodial bank on behalf of the Pontiac Police and Fire Retirement System. The RFI was sent to banks that were active members of MAPERS.

RESOLUTION 22-28 By Britton, Supported by Nye
Resolved, to terminate Northern Trust as custodial bank and hire Comerica to serve as the Fund's custodian bank. Further, to direct legal counsel to negotiate custodian fees, with assistance from the investment consultant.

Roll Call Vote: Lon Britton Yea
 Matt Nye Yea
 Craig Storum Yea

ATTORNEY'S REPORT

AndCo Investment Consulting Services Agreement

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

Cyber Liability Insurance Quotes

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

RESOLUTION 22-29 By Nye, Supported by Britton
Resolved, to approve purchase a Cyber Liability policy with \$1M aggregate policy limit.

Roll Call Vote: Lon Britton Yea
 Matt Nye Yea
 Craig Storum Yea

Patton – Appeal Denial Letter

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

Lasseigne Denial of Request to Combine Service Credit and Appeal

Attorney Henzi addressed this matter for the Board in the Attorney Report. At the last meeting, the Trustees resolved to deny Mr. Lasseigne's request to combine service credit based on information produced. The Board further advised Mr. Lasseigne that if he obtained additional information to prove that he did not withdraw his contributions in 2006, the Board would reconsider his appeal.

Since the last meeting, Mr. Lasseigne sent correspondence to the PFRS reiterating his previous appeal. Legal counsel responded and attached additional records in support of the Board's decision.

Burroughs Domestic Relations Order

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

Secure Act Amendment

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

Legislative Update

Attorney Henzi addressed these matters for the Board in the Attorney Report.

House Bill 5427

House Bill 6423

FOIA Request Responses – Bloomberg

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

Portfolio Monitoring Report

Robbins Geller September 30, 2022

Robbins Geller October 28, 2022

Bleichmar Fonti’s Litigation Summary for Q3 2022 and U.S. Case Tables

The Board moved to closed session at 11:03 a.m.

RESOLUTION 22-30 By Nye, Supported by Britton

Resolved, to go into closed session to discuss pending litigation in the following matters:

Mattel, Inc., Grubhub, Inc. and Bank of Nova Scotia

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea

The Board returned from closed session at 11:05 a.m.

PUBLIC COMMENT – None.

UNFINISHED BUSINESS – None.

NEW BUSINESS

A. Cyber Liability Insurance Quote

This matter was discussed in the Legal Report.

B. Burgundy Asset Management Watch Letter and Response

BeneSys provided this information for the Board’s knowledge.

C. Pontiac P&F 2023 Meeting Schedule Draft

RESOLUTION 22-31 By Britton, Supported by Nye

Resolved, to approve the Pontiac P&F 2023 Meeting Schedule as amended.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea

D. IFEBP 2023 Membership Renewal

E. MAPERS 2023 Membership Renewal

RESOLUTION 22-32 By Nye, Supported by Britton

Resolved, to approve the renewal of the IFEBP and MAPERS renewals for 2023

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea

F. Matt Nye Trustee Credit Card Fraud Investigation

BeneSys was notified of a charge to Matt Nye's Trustee Credit Card that may be fraudulent. Ms. Crosby reached out to Mr. Nye, and he did not use the card so a fraud investigation took place. The card was cancelled, credit to account was given and new card was issued.

G. Inn at St. John Resort Inquiry

Discussion took place regarding the 2023 Managers Roundtable location. The Inn at St. John is under new management and will not book more than 6 months prior to event. Alternative locations were discussed, and a plan was put in to place for obtaining a location.

H. Ed Lasseigne Appeal for Denial

This matter was discussed in the Legal Report.

I. Northern Trust Outstanding Invoices

BeneSys was approached by Northern Trust regarding outstanding invoices going back as far as 2018. BeneSys never received these invoices and outstanding invoices had never been followed up on. Apparently, a portal was set up to access invoices, but BeneSys was never informed of this portal or process prior to this communication.

RESOLUTION 22-33 By Britton, Supported by Nye

Resolved, to direct Legal Counsel to contact Northern Trust to discuss the stale invoices.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea

CORRESPONDENCE

A. BeneSys DOL Cybersecurity Program Response Q4 2022

B. Northern Trust Names Head of Global Macros for Fixed Income

C. Northern Trust Change in Relationship Team

NEXT MEETING DATE: February 23, 2023

ADJOURNMENT

RESOLUTION 22-34 by Britton, Supported by Nye
Further Resolved, That the meeting be adjourned at 12:15 p.m.

Roll Call Vote:	Lon Britton	Yea
	Craig Storum	Yea
	Matt Nye	Yea

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on December 1, 2022.

As recorded by BeneSys