

**CITY OF PONTIAC  
POLICE AND FIRE RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
MEETING MINUTES  
March 2, 2023**

A regular meeting of the Board of Trustees was held on March 2, 2023 at Benesys.

**Trustees Present**

Lon Britton, Sebastian, FL  
Matt Nye,  
Craig Storum, Chairman  
Tim Greimel, Mayor

**Others Present**

Matt Henzi, AsherKelly  
Chris Kuhn, AndCo.  
Violet Gjorgjevski, BeneSys, Inc.  
Jennifer Crosby, BeneSys, Inc.  
Danielle Winegardner, Nyhart  
Karen Nasoni, Bonadio Group  
Rachel Kavney, Bonadio Group  
Dawn Minemier, Bonadio Group

---

*Chairman Storum declared that a quorum was present and called the meeting to order at 11:55 a.m.*

**AGENDA CHANGES**

**RESOLUTION 23-01** By Nye, Supported by Storum

Resolved, to grant a reasonable accommodation under the ADA and allow Trustee Lon Britton to attend the meeting electronically.

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

**CONSENT AGENDA**

- A. Minutes of Regular Meeting – December 1, 2022
- B. Financial Reports
  - 1. Financial Reports – September - December 2022
  - 2. Bills for Ratification through February 23, 2022
- C. Pension Report
  - 1. New Retirees
    - None
  - 2. Upcoming Retirees
    - a. Contreras, Goretta, PPOA, 12/03/2020
    - b. Lasseigne, Edward, PPOA, 04/28/2021
    - c. MacQuarrie, Douglas, PPOA, 5/21/2023
    - d. Wheatcroft, David, PPOA, 3/24/2023
  - 3. Pay Status List – January 2023

**RESOLUTION 23-02** By Nye, Supported by Britton

Resolved, That the items on the Consent Agenda March 2, 2023, be approved.

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

## **CONSULTANTS**

### **A. Bonadio Group – Financial Statement December 31, 2021**

Ms. Nasoni and Ms. Kavney reviewed the Financial Statements and Supplementary Information as of December 31, 2021. They stated that there were many challenges in the process of performing this audit which caused delay in completion. The challenges were discussed in detail with the Board. A report of deficiencies in internal controls was provided as well. The Board requested that Legal Counsel submit formal request for response to deficiencies to BeneSys. The expectation is that the next audit run much more smoothly, and these deficiencies no longer be an issue.

#### **RESOLUTION 23-03** By Britton, Supported by Nye

Resolved, to accept and approve the Financial Statement as of December 31, 2021, as presented.

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

### **B. AndCo.**

Mr. Kuhn updated the Board that inflation statistics improved during the quarter around the world. In anticipation that central banks are nearing the end of the current interest rate hiking cycle – the Federal Reserve and European Central Bank reduced the magnitude of their rate increases during the quarter – the stock and bond markets posted impressive gains during the first half of the quarter. However, the rally was relatively short-lived as recession fears replaced inflation concerns and markets trended lower to finish the year. The S&P 500 gained 7.6% in the 4th quarter, trailing only mid cap and value stocks in the US. The Bloomberg US Aggregate generated its first positive quarter in 2022, advancing 1.9%. The international markets benefited from a depreciating dollar this quarter; the developed equity markets rose over 17% and the emerging equity markets returned just under 10%. Real estate had avoided the losses experienced by the public markets during the first three quarters but posted a negative return to end the year. 2022 was a painful year for investors; stocks declined almost 20% and bonds fell over 13% (worst year in fixed income in over 100 years). We look forward to a new year.

The Total Fund gained 4.92% during the quarter, trailing the Policy Index and ranking in the bottom half of the public fund universe. The Fund was hindered by weak results from the international equity allocation. Note: many of the private investments have not reported 4Q results in time for this report (approximately 11% of the Fund). The Total Fund returned -10.38% over the past year, handily outperforming the Policy Index and ranking in the top quartile of the peer group. Longer-term, the Fund exceeds performance expectations. The custom YCM Equal Weight strategy slightly under performed the equal weight benchmark but exceeded the S&P 500 this quarter (11.1% vs. 7.6%) and ranked near the top of the large cap core universe. Over the past twelve months this portfolio has mitigated some of the market's losses relative to the traditional S&P 500 Index and ranked in the top third of its peer group.

Burgundy trailed the MSC EAFE Index by almost 4% this quarter and ranked near the bottom of their peer group. The manager under performance is partially attributed to an underweight to Financials and overweight to Consumer Staples. Long-term, Burgundy trails performance expectations and was placed on Watch (as of 6/30/22). Garcia outperformed the Bloomberg Intm Govt/Credit Index this quarter and ranked near the top of their universe. The manager benefited from a longer duration than the benchmark as interest rates fell during the quarter. Longer-term, Garcia exceeds performance expectations. The real estate allocation suffered a loss this quarter as the real estate markets began to price in the impact of higher interest rates. Both American funds declined like the overall market and ranked near the median fund in the private real estate universe. Longer-term, the funds exceed performance expectations. At quarter end the Fund was overweight real estate and non-core fixed income and underweight to core fixed income and alternatives; all allocations are within policy ranges. AndCo is recommending the Board review the asset allocation targets.

Mr. Kuhn went on to say that the projected long-term return for the current investment policy has risen from 5.82% to 8.54% (+2.72%) with a modest increase in expected volatility. The higher expected return is due to the increase in fixed income yields and lower equity valuations. AndCo. Recommends considering a shift towards Mix 3. Mix 3 offers a slightly more conservative fixed income exposure and a more diversified US equity allocation; this mix has a very similar risk and return characteristics as the current investment policy. In addition, AndCo. Recommends the Board consider the following actions in coming quarters: review opportunistic fixed income strategies based on market opportunities and review the small/mid cap allocations and potentially add active management.

**RESOLUTION 23-04** By Nye, Supported by Britton

Resolved, per recommendation of consultant, AndCo., revise the system’s asset allocation to Mix 3, presented by the consultant for prior review and discussed by the Board, for asset allocation.

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

**SECRETARY REPORT**

Trustee Britton inquired if there is any movement on a Finance Director for the City of Pontiac. The Mayor stated that the Deputy Mayor is acting director. No further update at this time.

**ATTORNEY’S REPORT**

Trustee Elections/Proposed Amendment to Rules and Regulations

Attorney Henzi addressed this matter for the Board in the Attorney Report. Attorney Henzi addressed this matter for the Board in the Attorney Report. The term of Fire Trustee Matt Nye and Police Trustee Lon Britton are set to expire May 31, 2023. According to the Rules and Regulations, an election for each Trustee is to occur in June. The Rules and Regulations also provide that Trustee terms shall be for three years commencing July 1 and concluding June 30. The Rules and Regulations also provide that the Board’s annual meeting, for purposes of electing officers, shall be the July meeting. This was scheduled, in part, because Trustee elections would have concluded in June and the annual meeting was an opportunity to swear in new Trustees. However, the Rules

and Regulations were last revised at a time when the Trustees met monthly. Since the Trustees now meet quarterly, with no meeting in July (meetings are held February, May, August, September, and November) legal proposes to amend the Rules and Regulations to move the annual meeting from July to August. Further, to change the term of office to June 1-May 31.

Lastly, legal counsel prepared the Notice of Vacancy for the two elections.

**RESOLUTION 23-05** By Nye, Supported by Mayor Greimel

Resolved, to approve the amended Rules and Regulations to move the annual meeting from July to August and to change the term of office to June 1-May 31.

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

INSERT REVISION RE ANNUAL MEETING FROM PF VEBA MEETING

Custodian Bank Transition

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

The Comerica Agreement was negotiated and revised by legal counsel with assistance from AndCo. It was executed by the Chair and Vice-Chair. The plan professionals have been actively assisting Comerica and the transition is expected to occur at the close of business February 28, 2023.

**RESOLUTION 23-06** By Nye, Supported by Britton

Resolved, to pay the full balance to Northern Trust for outstanding invoices of fees.

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

Cyber Liability Insurance

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

ABS Emerging Markets Strategic Portfolio, LP Agreement

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

Portfolio Monitoring Report

Robbins Geller November 25, 2022

Robbins Geller December 30, 2022

Robbins Geller January 27, 2023

**PUBLIC COMMENT** – None.

**UNFINISHED BUSINESS**

**A. Payments Received for 2022 Manager Round Table**

Ms. Crosby updated the Board regarding payments received from Investment Managers and those still outstanding for the 2022 Manager Round Table.

**B. Letter to Northern Trust re Outstanding Invoices**

This matter was discussed under the legal report.

**C. Inn at St. John Resort**

Ms. Crosby updated the Board that she has to wait until six months prior to the 2023 Manager Round Table date to book the Inn at St. John Resort. They are under new management and do not book small groups more than six months in advance.

**CORRESPONDENCE**

- A. ARA Investment Criteria Brochure**
- B. BeneSys External Penetration Test Summary – November 2022**
- C. BeneSys Navigator 4<sup>th</sup> Q 2022**
- D. MAPERS Spring 2023 Conference Agenda**

**NEXT MEETING DATE:** May 11, 2023, 3:00 p.m.

**ADJOURNMENT**

**RESOLUTION 23-07** by Nye, Supported by Britton  
Further Resolved, That the meeting be adjourned at 1:35 p.m.

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

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on March 2, 2023.

---

*As recorded by BeneSys*