

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES
February 25, 2021**

A regular meeting of the Board of Trustees was held on Thursday, February 25, 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, Sebastian, FL
Matt Nye, Pontiac, MI
Craig Storum, Monroe, FL
Darin Carrington, Finance Director, Pontiac, MI

Others Present

Matt Henzi, AsherKelly
Chris Kuhn, AndCo.
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc.

Trustees Absent

Deirdre Waterman, Mayor (excused)

Chairman Storum declared that a quorum was present and called the meeting to order at 12:27 p.m.

AGENDA CHANGES - None

PUBLIC COMMENT - None

CONSENT AGENDA

- A. Minutes of Regular Meeting – December 3, 2020
- B. Financial Reports
 - 1. Financial Reports – October - December 2020
 - 2. Bills for Ratification through February 25, 2021
- C. Pension Report
 - 1. New Retirees
 - a. McAllister, Darrin, PPOA, 11/10/2020
 - b. Reed, Donnell, PPOA, 12/31/2020
 - c. Terry, Ryan, PSSA, 02/02/2021
 - 2. Upcoming Retirees
 - a. Daniel, Jason, PPOA, 02/04/2021
 - b. Lasseigne, Edward, PPOA, 04/28/2021
 - c. Johnson, Roy, PPSA, 05/01/2021
 - d. Ellis, Pedro, PPOA, 05/23/2021

RESOLUTION 21-01 By Nye, Supported by Carrington
Resolved, That the items on the Consent Agenda February 25, 2021 be approved.

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

CONSULTANTS

A. AndCo.

1. Investment Performance Review

Christopher Kuhn of AndCo. provided a Market Update as of December 31, 2020. Global equity markets pulled back in October, generated some amazing results in November, and performed nicely in December, closing out 2020 at new record highs. The performance of the capital markets during the fourth quarter was astonishing, capping a year many are happy to put in the past. The markets were driven by positive economic data, additional stimulus package negotiations, and positive news on multiple COVID vaccines. The S&P 500 rose 11.7% for the quarter and 16.3% for the year. Small cap stocks (Russell 2000 Index) gained an astonishing 31.4% for the quarter, ending the year up 19.96%. International markets participated as well, with the MSCI EAFE gaining 16.1% for the quarter and 7.8% for the year.

Emerging markets fared even better, gaining 19.7% in the fourth quarter and 18.3% in 2020. The fixed income market also provided impressive returns, though notably lower than the equity markets. Core fixed income, as measured by the Bloomberg Barclays Aggregate Bond Index, appreciated 0.7% for the quarter and 7.5% for the year. High yield had an impressive recovery after suffering large losses in the first quarter, gaining 6.5% in the fourth quarter and 7.1% in 2020. However, forecasted returns for the asset class are muted; a shining example would be the 10-year Treasury ending the year with a yield of 91 basis points. Looking back at 2020 we can breathe a collective sigh of relief from an investment standpoint, 2020 was a solid year for investors

2. 4th Quarter 2020 Market Environment

Mr. Kuhn reviewed the 4th Quarter 2020 Market Environment for the Board. Investment market index returns were broadly positive during the 4th quarter of 2020 except for the US Government bond benchmark. Performance during the period was largely driven by expectations related to the rollout of vaccines to treat the pandemic, the resolution of the US Presidential election, and the potential for additional government stimulus. Within domestic equity markets, there was a reversal in a recent trend with small cap stocks outperforming large cap issues.

3. Market Update January 31, 2021

Mr. Kuhn reviewed the Market Update as of January 31, 2021 for the Board. For equities there was positive Index Returns for Russell 2000 Index and MSCI EM NR. Fixed income showed small positive Index Returns for U.S. Corporate High Yield.

4. Asset/Manager Summary

Mr. Kuhn reviewed the Asset/Manager Summary for the Board to give recommendations and updates regarding the current allocations and target allocations.

RESOLUTION 21-02 By Nye, Supported by Britton

Resolved, to transfer \$2MM each from LSIA S&P 400 Mid Cap and Loomis, Sayles Small Cap to Garcia Intm fixed Income per recommendation from Investment Consultant.

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

RESOLUTION 21-03 By Britton, Supported by Nye

Resolved, to transfer \$2MM from Clarivest EM Equity to Cash per recommendation from Investment Consultant.

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

Mr. Kuhn advised that the Board is required to transfer assets from LSIA effective April 1, 2021. The required transition is necessitated by the fact that the portfolio manager, Kevin Yousif, is leaving LSIA effective April 1, 2021. Further, LSIA has advised that it does not have the necessary personnel to provide the passive investment portfolio management. Mr. Yousif has formed a new portfolio management company, Yousif Capital Management (YCM). Mr. Kuhn stated that AndCo is conducting its due diligence on whether to recommend YCM as an investment manager for its clients. However, its due diligence may not be completed by April 1, 2021. The Trustees discussed this matter at length and agreed to refer the issue to the Investment Committee, consisting of Chairman Matt Nye and Trustee Darin Carrington, with assistance from the Investment Consultant and legal. There was consensus to empower the Committee to take action since time was of the essence.

RESOLUTION 21-04 By Britton, Supported by Nye

Resolved, to create an Investment Committee consisting of Trustees Matt Nye and Darin Carrington who are authorized to work with Chris Kuhn regarding the LSIA transition and authorizing the Committee to execute contracts based on Mr. Kuhn's recommendation, subject to legal review.

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

ATTORNEY'S REPORT

FOIA Requests and Responses

FOIA from PitchBook

FOIA from Financial News

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

Marathon Subscription Agreement

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

Jaclyn Wilton

Attorney Henzi addressed this issue for the Board in the Attorney Report. Pending records from the City of Pontiac. If no proof is found, it will consider that Ms. Wilton did not withdraw her contributions.

Donnell Reed Final Average Salary

Attorney Henzi addressed this issue for the Board in the Attorney Report. The Trustees directed legal to send a letter to Mr. Reed regarding the Board’s prior resolution defining “overfunding” making him ineligible for the 3% increase to FAS. Chairman Storum requested that a summary be created and placed in the files for all deferred vested members so that should this issue arise again it can be referred to for clarity.

Application & Commencement/Eligibility Dates

Attorney Henzi addressed this issue for the Board in the Attorney Report. BeneSys informed the Board that going back to 2013 they have been commencing benefits on the first of the month after the member turns age 50. Attorney Henzi recently advised that the member is eligible to begin receiving a pension benefit on the actual date of their 50th birthday, with a pro rata payment for that first partial month. Based on this, BeneSys went back through the files of those who have retired and corrected their commencement dates and when appropriate send them out checks for the partial first month.

Bryan Woods EDRO

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

Electronic Document Retention

Attorney Henzi addressed this issue for the Board in the Attorney Report. Attorney Henzi stated that Benesys has scanned all documents for the two systems and questions whether it should keep paper copies of documents. He went on to state that it is appropriate to keep electronic records as long as there is a business continuity/disaster back-plan for the servers that store such information. Benesys does have such a plan. In addition, he stated that he does think it is appropriate to keep paper copies of any document with an ink (wet) signature that binds either system to a contractual obligation. Examples include: All plan professional contracts, investment manager contracts, bank records like signatory cards/forms, etc.

Computer/iPad Policy

Attorney Henzi addressed this issue for the Board in the Attorney Report. Members of the Board have recently received Laptops and Attorney Henzi felt the Policy should be updated and signed by the Board.

RESOLUTION 21-05 By Nye, Supported by Britton

Resolved, to accept and adopt the Computer/iPad Policy as presented.

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

Invoice for City for Annual Required Contribution

Attorney Henzi addressed this issue for the Board in the Attorney Report. As requested by the Board previously, the invoice to the City which uses that Actuarial Valuation Report to calculate the ARC based on payment made in January, as well as calculations demonstrating the amount of the ARC if the City paid the ARC on a monthly or quarterly basis was presented.

Amendments to Michigan’s Open Meetings Act (MCL 15.261 et seq)

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

Portfolio Monitoring Reports

Robbins Gellar November 27, 2020

Robbins Gellar December 31, 2020

Robbins Gellar January 29, 2021

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

World Wrestling Entertainment, Inc. (RGRD)

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

Tractor Supply Corporation (RGRD)

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

Advanced Micro Devices (RGRD)

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

Mattel, Inc. (RGRD)

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

Grubhub, Inc. (RGRD)

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

Bank of Nova Scotia, New York Agency, et al (U.S. Treasuries) Securities Litigation (Hagens Berman)

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

UNFINISHED

BUSINESS

A. Electronic Document Retention

Mr. Henzi discussed this item in his Legal Report and set forth the standard to be used by BeneSys for retaining documents for the Trust.

NEW BUSINESS

A. Reed, Donnell – Final Average Salary Improvement

Mr. Henzi discussed this item in his Legal Report and gave his determination. Mr. Reed asked for the 3% increase on FAS based on a June 5, 2012 letter from the Retirement System to retirees. The PPOA CBA had a provision allowing for a 3% increase on FAS in the PFRS was overfunded. The Trustees agreed that deferred vested members could qualify for the 3% FAS Increase in the even the actuarial valuation report prior to the date of their retirement showed that the System was overfunded. Mr. Reed's request for the 3% final average salary increase was denied because the PFRS was not overfunded at the time of his retirement.

B. BeneSys – Application & Commencement/Eligibility Dates

This was addressed under Attorney Reports to update the Board that BeneSys went back through the files of those who have retired and corrected their commencement dates and when appropriate send

them out checks for the partial first month.

C. Actuary Report/Recommendations – December 31, 2019

The Board discussed in detail the Actuary Valuation Report for December 31, 2019. They reviewed recommendations and requested to have Nyhart attend the next Board Meeting to present their recommendation again for full understanding and consideration.

RESOLUTION 21-05 By Britton, Supported by Carrington
Resolved, to approve the Actuary Valuation for December 31, 2019 as presented.

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

D. City of Pontiac ARC Payment

The Board reviewed the information provided regarding the City ARC Payments based on the actuarial valuation reports to calculate the ARC based on payment made in January, as well as calculations demonstrating the amount of the ARC if the City paid the ARC on a monthly or quarterly basis was presented.

CORRESPONDENCE - None

NEXT MEETING DATE: May 27, 2021 at 10:00 a.m.

ADJOURNMENT

RESOLUTION 21-06 by Britton, Supported by Carrington
Further Resolved, That the meeting be adjourned at 1:38 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 February 25, 2021.

As recorded by BeneSys