

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES
December 7, 2021**

A regular meeting of the Board of Trustees was held on Thursday, December 7, 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
Craig Storum, Hale, MI
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

Matt Nye
Deirdre Waterman, Mayor

Chairman Storum declared that a quorum was present and called the meeting to order at 12:29 p.m.

CONSENT AGENDA

- A. Minutes of Regular Meeting – September 8, 2021
- B. Minutes of Special Meeting – September 9, 2021
- C. Minutes of Special Meeting – September 10, 2021
- B. Financial Reports
 - 1. Financial Reports – July – September 2021
 - 2. Bills for Ratification through December 2, 2021
- C. Pension Report - Pending

RESOLUTION 21-26 By Britton, Supported by Carrington

Resolved, That the items on the Consent Agenda December 7, 2021 be approved.

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

CONSULTANTS

A. AndCo.

Christopher Kuhn Christopher Kuhn gave a Market Summary for the Third Quarter 2021. Economic growth in the US likely slowed during the 3rd quarter as the recovery continues to mature. The demand for workers continued to be strong and the unemployment rate declined to 4.8% in September. A variety of factors contributed to an increase in volatility

in the US equity markets, including concerns related to the Delta variant, supply chain shortages, higher US interest rates, rising inflation, and fiscal policies in Washington. Stocks climbed to new all-time highs in early September only to give back those gains towards the end of the period; only large caps ended the quarter in positive territory. Despite the developed international equity markets posting positive results in local terms, US investors suffered additional losses as the dollar appreciated versus most currencies. Emerging markets dropped sharply on concerns related to increased regulatory oversight in China and the potential default of Evergrande, the largest Chinese property developer.

Despite the continued concerns related to rising inflation and potential changes in Fed policies, US interest rates were essentially unchanged during the quarter. The US 10-Year Treasury bond rose only 2 basis points (0.02%) for the quarter to close at a yield of 1.48%. Performance across most US bond market sectors was muted during the quarter and was driven largely by the Fed's messaging concerning the potential for beginning the process of raising interest rates in late-2022. Lower quality corporate bonds outperformed higher quality sectors during the quarter. The combination of larger relative coupons and shorter maturity profiles acted as tailwinds for lower quality during the period.

Mr. Kuhn made the following conclusions: the Total Fund returned 0.02% during the quarter, exceeding the Policy Index by 0.15% and ranking in the top half of the public fund universe. The Fund benefited from strong results from the domestic equity and fixed income allocations. The Total Fund posted a return of 23.11% over the past year, outperforming the Policy Index by 64 basis points and ranking in the top quartile of the peer group. Longer-term, the Fund has mixed results, generally ranking near the median fund in the universe and narrowly trailing the Policy Index. Loomis, Sayles outperformed this quarter and ranked in the top third of the universe. The manager benefited from stock selection in most sectors and market leadership from higher quality companies. Loomis Sayles has mixed results versus longer-term performance expectations. Burgundy trailed the MSCI EAFE Index this quarter and ranked in the bottom half of the peer group. The manager was hindered by poor stock selection across multiple sectors. Longer-term, the manager has mixed results versus performance expectations. American Realty generated strong absolute returns this quarter as real estate was one of the best performing asset classes. Both funds are exceeding longer-term performance expectation. At quarter end the Fund was overweight to domestic equity and underweight to alternatives; however, all allocations are within policy ranges. The following managers have not reported 3rd quarter results in time for this report – Bain, Courtland (M-Fire), Metropolitan, and Neuberger Berman (Wells Fargo). The Fund was in compliance with all investment guidelines and MI Act 314 at quarter end. AndCo does not have any recommendations at this time.

RESOLUTION 21-27 By Britton, Supported by Carrington

Resolved, to transfer \$6MM to PA Capital upon the recommendation of the investment consultant.

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

ATTORNEY'S REPORT

City of Pontiac's Actuarial Required Contribution October 29, 2021

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, the City paid its actuarial required contribution due on or before January 1, 2022. Legal counsel drafted correspondence acknowledging receipt and updated the historical chart of the City's ARC.

PFRS Extension of Temporary \$400 Pension Benefit for Pre-96 Members

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since last meeting, it was discovered that City Council only extended the temporary \$400 pension enhancement for this group through December 31, 2021. Legal counsel has been in contact with the Finance Director on this issue. Legal counsel has recommended that City Council enact an Ordinance amendment that extends this benefit to this group through August 31, 2022, or until the time at which the City of Pontiac VEBA Trust commences benefits which is expected to be February 1, 2022. The System's actuary, Nyhart, already performed a supplemental actuarial valuation report in August 2021. The report calculated the increased liability from September 1, 2021 through August 31, 2022. As such, no additional actuarial report is needed for City Council to take action.

MI Legacy Credit Union

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, legal sent correspondence to the Credit Union requesting closure of this account. Chairman Storum and Plan Manager Duane Menter went to the bank, closed the account, and deposited the balance into the administrative expense account.

Edward Lasseigne Request to Verify Service Credit

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, the Executive Director of the GERS contacted BeneSys to advise that the GERS Office had proof of Mr. Lasseigne's withdrawal of contributions. Mr. Lasseigne's retirement file did not contain proof that he received payment. BeneSys requested a copy of the Form 1099-R but has not received it. In light of this development, legal advised BeneSys to notify Mr. Lasseigne that he must propose arrangements to repay his withdrawn contributions in order to receive his 13 years' service credit.

Edward Lasseigne EDRO

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

Andre Siner Request for Determination of Service Credit

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, this Participant contacted BeneSys with questions about service credit eligibility. Upon review of his file it was discovered that the Participant made similar inquiries in 2017 and was denied on the basis that he withdrew his contributions in 2008 and 2010. Further, he received an offer in 2015 which would have permitted him to redeposit his contributions in light of partial plan termination. The Participant did not redeposit the contributions. As such, his claim for a benefit was denied.

Vital Form

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

Legislative Update

House Bill 4934

As previously reported to the Board, Michigan's Open Meetings Act was amended to allow for virtual meetings for any reason through March 31, 2021. The Open Meetings Act was also amended to allow a Trustee with a medical condition to remotely attend a meeting through December 31, 2021.

Representative Steve Marino introduced HB 4934 which would allow non-legislative Boards (where Board members are not elected by the public) 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. Hearings were scheduled to occur in October, but did not occur.

Legal sent correspondence to Rep. Calley and Rep. Kuppa in support of HB 4934.

House Bill 5427

HB 5427 would allow for retirement boards to meet remotely, for any reason. It was referred out of Committee without amendment. It underwent a second reading on November 11, 2021. Upon the third reading, a vote will be called in the House.

House Bill 5467

This Bill would amend the Open Meetings Act to allow members of public boards to attend remotely and participate in meetings, but not to deliberate or vote during the meeting. The Bill was referred to Committee on October 21, 2021.

Senate Bill 705

This Bill would amend the Open Meetings Act to temporarily extend the sickness option available for public board members allowing them to attend remotely, through March 31, 2022. The Bill was referred to Committee on October 26, 2021.

PA 314 Disclosures

Attorney Henzi addressed this issue for the Board in the Attorney Report. Mr. Henzi is waiting on forms from Bain Capital, Metropolitan Real Estate, and Crescent Capital.

Institutional Shareholder Services, Inc. FOIA Request Response

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

The Board moved to closed session at 1:38 p.m. We need a resolution here. Motion by Britton supported by Nye to go into closed session to discuss pending litigation in the following matters: World Wrestling Entertainment, Inc., Tractor Supply Corporation, Mattel, Inc., Grubhub, Inc., and Bank of Nova Scotia.

<i>Roll Call Vote:</i>	<i>Lon Britton</i>	<i>Yea</i>
	<i>Matt Nye</i>	<i>Yea</i>
	<i>Darin Carrington</i>	<i>Yea</i>

The Board returned from closed session at 1:42 p.m.

RESOLUTION 21-28 By Britton, Supported by Carrington

Resolved, to direct legal counsel to take action , as discussed in closed session and as recommended by legal counsel.

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

Portfolio Monitoring Reports

Robbins Geller September 24, 2021
Robbins Geller October 29, 2021
Robbins Geller November 26, 2021
MotleyRice 3rd Quarter 2021

PUBLIC COMMENT – None.

UNFINISHED BUSINESS

A. Vital Information Suspending Benefits Mailer Results

Ms. Crosby presented to the Board that Suspending Benefits Letters were mailed on September 15, 2021 to Clarence Buggs, Kenneth Eggert and Vicki Fortin. BeneSys received the Vital Information form for Clarence Buggs but did not for Kenneth Eggert and Vicki Fortin. PBI searches were completed on both Mr. Eggert and Ms. Fortin on October 22, 2021. Mr. Eggert is still alive and his address on file is correct. His pension remains suspended. Ms. Fortin is still alive, but an updated address was given. On October 22, 2021, the Suspension of Benefits Letter was mailed to the new address. Pension remains suspended.

B. Computer/iPad Policy

Ms. Crosby updated the Board that she has received the signed policies from everyone except for Mayor Waterman. The Mayor's term ends December 31, 2021 so no further follow up on this item is required.

C. Michigan Legacy Credit Union – Account Closing

Mr. Menter updated the Board that the account with Michigan Legacy Credit Union has been closed and the funds transferred to Comerica.

D. New Trustee Credit Cards

Ms. Gjorgjevski informed the Board that since the Michigan Legacy Credit Union account has been closed, she has obtained new Trustee credit cards from Comerica for Mr. Nye and Mr. Storum.

NEW BUSINESS

A. Emergency Ordinance from City Council August 24, 2021 Meeting

BeneSys provided the Emergency Ordinance from City Council stating that the \$400 enhancement for all persons retired before August 22, 1996 and are receiving retirement benefits as of August 1, 2021 and who enter pay status through December 1, 2021 shall receive the \$400 allowance per month through December 31, 2021.

B. ARC Pension Payment

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

C. IFEBP Membership Renewal 2022

BeneSys provided the IFEBP membership renewal form for the Board to review.

RESOLUTION 21-29 By Britton, Supported by Carrington

Resolved, to instruct BeneSys to complete and return the IFEBP membership renewal for 2022.

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

D. Meeting Schedule for 2022 Draft

Ms. Crosby presented a draft Meeting Schedule for 2022 to the Board. Suggested updates were made.

CORRESPONDENCE- None

NEXT MEETING DATE: February 24, 2022, 9:00 a.m.

ADJOURNMENT

RESOLUTION 21-30 by Britton, Supported by Carrington

Further Resolved, That the meeting be adjourned at 1:43 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 December 7, 2021.

As recorded by BeneSys