

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES
December 5, 2024**

A regular meeting of the Board of Trustees was held on Thursday, December 5, 2024, at the office of BeneSys, Troy, MI.

Trustees Present

Craig Storum, Chairman (at 10:17 a.m. Via Zoom)
Lon Britton Vice-Chairman (via Zoom)
Matt Nye, Trustee
Tim Greimel, City of Pontiac Mayor

Others Present

Matt Henzi, AsherKelly
Chris Kuhn, Mariner
Violet Gjorgjevski, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc

Acting Chairman Nye declared that a quorum was present and called the meeting to order at 10:07 a.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting – September 11, 2024
- B. Minutes of Regular Meeting – September 12, 2024
- B. Minutes of Regular Meeting – September 13, 2024
- C. Financial Reports
 - 1. Financial Reports – August & September 2024
 - 2. Bills for Ratification through December 5, 2024
 - 3. Pension Report
 - a. New Retirees
 - 1. Gracey, Donald, PPOA, 10/08/2024
 - 2. Garrett, Gilbert, PPOA, 10/16/2024
 - b. Upcoming Retirees
 - 1. Griffin, Jason, PFFU, 01/20/2025
 - 2. Teeland, Jason, PPOA, 01/13/2025
 - 3. Lasseigne, Edward, PPOA, 04/28/2021
 - c. Pay Status List – November 2024

RESOLUTION 24-28 By Britton, Supported by Mayor Greimel

Resolved, that the Consent Agenda for December 5, 2024, be approved with September 11, 2024 meeting minutes as amended to state that the motion to adjourn carried with 4 yes votes and 0 no votes.

Yea – 4 Nay – 0

Motion Carried

Chairman Storum joined the meeting at 10:17 a.m.

CONSULTANTS

A. Mariner – Chris Kuhn

Mr. Kuhn reviewed the investment performance as of September 30, 2024. Entering July, investors anticipated the Federal Reserve would reduce rates by 25 basis points after the election. However, early during the quarter the unemployment rate rose, the US consumer showed signs of weakening, and

inflation continued to subside, leading investors to accelerate their expectations for rate cuts from the Fed. Interest rates fell sharply, particularly along the shorter end of the yield curve. Small caps soared in July as market leadership shifted from large growth to small cap and value stocks. As the quarter progressed stocks and bonds continued to rally but at a more modest pace. Small and mid-cap stocks led the markets, returning over 9% for the quarter and handily outperforming the S&P 500 (5.9%). International equity markets also enjoyed strong results. Core fixed income (Bloomberg US Aggregate) and high yield (Bloomberg Corporate High Yield) posted impressive gains of 5.2%, and 5.3%, respectively. Real estate recorded a small gain for the quarter, reversing over a year of losses and intimating better results may be in the future.

The Total Fund gained 5.58% (preliminary return) during the quarter, trailing the Policy Index by 0.57% but ranking in the top half of the Public Fund universe. The Fund was hindered by poor results from the international equity allocation. Note: many of the private investments have not reported 3Q results in time for this report (approximately 10% of the Fund). The Total Fund gained 19.04% over the past year, underperforming the Policy Index by 111 basis points and ranking below the median plan in the peer group. Longer-term, the Fund has ranked in the top half of the public fund universe and outperformed the Policy Index. Hood River exceeded the Russell 2000 Growth Index and ranked in the top quartile of their universe. The excess performance is partially attributed to strong stock selection, particularly within the Industrials and Health Care sectors. This was Hood River's first quarter managing funds for the Retirement System. Garcia outperformed their benchmark and ranked near the top of the intermediate fixed income universe. The manager was aided by a longer duration, as interest rates fell during the quarter. Longer-term, Garcia exceeds performance expectations. After six quarters of losses in the real estate market, American Core Property Fund and American Strategic Value Fund generated small gains this quarter. Longer-term, the American funds exceed performance expectations. At quarter end the Fund was overweight large cap equities and underweight to core fixed income; the large cap allocation exceeds policy ranges and will be rebalanced with future cash flows. The Fund was in compliance with MI Act 314 at quarter end.

Mr. Kuhn presented a proposed service contract fee increase to the Board. The first such proposal in 10 years of providing Investment Consulting Services to the Retirement System with Mr. Kuhn having worked with the Board for 17 years, ten of which with Mariner.

RESOLUTION 24-29 By Storum, Supported by Nye

Resolved, to accept and approve the requested contract fee increase to \$110,000.00 annually, effective January 1, 2025, as presented by Mr. Kuhn for Mariner, and for legal to work with Mariner to draft the appropriate documents.

Yea – 4

Nay – 0

Motion Carried

ATTORNEY'S REPORT

Christy Mutrynowski POA

Attorney Henzi addressed this matter for the Board in the Attorney Report. BeneSys referred this matter to counsel. The surviving spouse's daughter submitted a Power of Attorney for her mother. The surviving spouse contacted BeneSys to change her direct deposit form because her daughter forged the original form. This proved to be false. The POA was contacting BeneSys to state that her mother suffered from dementia. Simultaneously, the Participant contacted BeneSys to advise that the POA was not valid and that her daughter was stealing from her. Legal counsel intervened and sent correspondence to the POA, Jennifer Freeborough, seeking a complete copy of the POA. Ms. Freeborough advised that her mother's dementia unfortunately accelerated, and her mother was placed in a memory care facility in Holland, Michigan. She also stated that when she asked her mother whether she was contacting BeneSys and alleging that she was stealing from her, the surviving spouse adamantly denied ever making calls. BeneSys has advised that Mrs. Mutrynowski made frequent calls, as much as 10 per day, during a very short period of time. Mrs. Mutrynowski did properly execute a direct deposit form which remains undisputed. She also provided a voided check and BeneSys has advised that the monthly benefit is being direct deposited into Mrs. Mutrynowski's account. The matter is closed.

RESOLUTION 24-30 By Britton, Supported by Nye

Resolved, to instruct Legal Counsel to general a Vital Information Policy stating that Vital Information Forms are to be mailed and completed by Pension recipients annually. The first notification to be sent by regular mail and email the first week after Labor Day and are to be returned within 30 days. The second notification, sent to those who haven't responded to the first notification, to be sent via Certified Mail and U.S. Mail and are to be returned within 30 days. Those not returned at that point will have their COLA payments held until the Vital Information Form is received. Benesys is further directed to conduct periodic death audits of all Powers of Attorney.

Yea – 4 Nay – 0

Motion Carried

Gilbert Garrett EDRO

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

Che McNeary EDRO

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

Fiduciary Liability

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

Cyber Liability Renewal Notice

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

HGK Trinity Street International Fund

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

Secure Act 2.0 Amendment

Attorney Henzi addressed this matter for the Board in the Attorney Report. The Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE Act") enacted December 20, 2019, has revised the required minimum distribution requirements of the Internal Revenue Code as they apply to governmental plans.

The Tax Reform Act of 1986 defined the required beginning date (RBD) as April 1 of the year after the year in which a Participant turns age 70 ½, even if the Participant is still working. The Small Business Job Protection Act of 1996 amended the definition of RBD to delay it until April 1 after the year of retirement for Participants who work past age 70 ½. The SECURE Act increases the RBD triggering age from 70 ½ to 72. As a result, the new RBD is April 1 after the year a Participant reaches age 72 or retires, whichever is later. The RBD change applies to Participants who turn 70 ½ after December 31, 2019 (their birthday is on or after July 1, 1949). This change does not affect individuals who turn 70 ½ before 2020.

This change is mandatory. Retirement Plans must amend their plans to be in compliance with the Secure Act 2.0 by 2027.

RESOLUTION 24-31 By Nye, Supported by Storum

Resolved, to authorize the proposed Secure Act 2.0 Amendment and forward to City Council for approval at the Board's recommendation.

Yea – 4 Nay – 0

Motion Carried

James Tate Service Connective Disability Retirement

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

Since the last meeting, legal counsel and BeneSys determined that Mr. Tate had been overpaid \$147.09 per month in disability benefits for 13 months, plus \$221.21 on his 2023 COLA. The total overpayment is \$2,133.38. Of this amount, \$1,840.24 is owed by Mr. Tate and \$293.14 is owed by the alternative payee. BeneSys will withhold or reduce the payment of Mr. Tate's benefit until this amount is recovered.

Since the last meeting, legal counsel instructed BeneSys to stop remitting amounts to the Oakland County Friend of the Court since the parties' last minor child has already reached age 18. BeneSys complied. If the Trustees desire to recover the overpayment, this amount could be reduced on an actuarial basis over the course of Mr. Tate's life expectancy.

RESOLUTION 24-32 By Britton, Supported by Storum

Resolved; to recover the overpayment, this amount could be reduced on an actuarial basis over the course of Mr. Tate's life expectancy or sooner, if elected by the retiree and the alternate payee. Legal counsel shall offer this to each. And, if no response is received, to request the actuary to calculate the reduced benefit on an actuarial basis for the individuals' life expectancy..

Yea – 4 Nay – 0

Motion Carried

Electronic Signature

Attorney Henzi addressed this matter for the Board in the Attorney Report. During the last VEBA and PFRS meetings on September 11, 2024, a question arose as to whether the by-laws would need to be amended in order to allow for electronic signatures of documents. There are several provisions within the rules and regulations requiring signatures. Specifically, Article 4 – Section 11 requires that nominating petitions require the signatures of 10 active members and the signatures must be verified. Additionally,

Article 2 - Section 4, which outlines the duties of the Chairman requires that the Chairman and Secretary shall sign all contracts and agreements creating liability for the Retirement System. However, nowhere

within the by-laws does it require the signatures of the Chairman and Secretary be physical signatures. Accordingly, the by-laws will not need to be amended to allow for the electronic signing of documents.

FOIA Response to Bloomberg, LP

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

PA 314 Disclosures

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

Cybersecurity Questionnaire

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

Portfolio Monitoring Report

Motley Rice 3rd Quarter 2024

Bernstein Litowitz 3rd Quarter 2024

Robbins Geller

- August 30, 2024
- September 27, 2024
- October 25, 2024

The Board moved to closed session at 11:22 a.m.

RESOLUTION 24-33 By Nye; seconded by Storum

Resolved, to go into closed session to discuss pending litigation in the following matters: R1 RCM, Inc., ZoomInfo Technologies, Inc., Southwest Airlines Co, Winter Storm Elliot: SWA’s System, Kenneth Eggert.

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

Motion Carried

The Board returned from closed session at 11:27 a.m.

RESOLUTION 24-34 By Britton, Supported by Nye

Resolved, to approve the Closed Session Meeting Minutes from September 11, 2024 as presented

Yea – 4 Nay – 0

Motion Carried

RESOLUTION 24-35 By Britton, Supported by Storum

Resolved, to ratify the actions of Chairman Storum and Trustee Nye and to approve execution of the Verification and Retainer Agreement re R1 RCM. Inc. for the demand that was filed on November 1, 2024.

Yea – 4 Nay – 0

Motion Carried

UNFINISHED BUSINESS

A. James Tate Pension Overpayment

This item was discussed during the Legal Report.

B. Jason Griffin Pension Benefit

BeneSys Pension Coordinator, Shannon Cracraft, requested the Boards Assistance with determining Pension Benefit for upcoming retiree Jason Griffin. She provided the Board with all the information BeneSys has available for Mr. Griffin as follows:

C100 ACTUARIAL SPREADSHEET:

This has the after-tax contributions and monthly accrued benefit for all deferred PFRS members. It has Mr. Griffin’s after-tax contribution and monthly amount on here. Ms. Cracraft stated that she feels this is the most reliable information that BeneSys has to go off of.

FAC CALC:

She was able to find a lot of the information needed for this calculation. She even found a 2008 statement that had his current annual compensation on it, but she doesn’t think 2008 was part of his “3 highest consecutive years”. The issue being, BeneSys needs his compensation for his 3 highest consecutive years to do the FAC calc and she can’t find that information. Even trying to back into it, using what he was getting paid hourly based on him working 2080 hours a year it comes up short compared to the amount on the 2008 statement.

BENEFIT CALC:

What Ms. Cracraft did here, is to back into his calculation. The after-tax contributions are a part of the calculation, and his after-tax contribution amount is in several spreadsheets and also saved in BeneSys systems as \$14,616.08, so she is pretty certain that is his correct after-tax contribution amount. In doing this, it would seem his final average compensation would be \$58,926.00 which seems accurate based on his hourly wage, but we have nothing to support this.

PEN CALCULATION PDF

This is Mr. Griffin’s payroll sheets along with his years of service calculation and I also included the benefit statement from 2008.

This information was presented to the Trustees so they can advise on how to proceed with Mr. Griffin’s benefit amount. Ms. Cracraft thinks the most concrete thing she has is the after-tax contribution amount being the \$14,616.08 and his monthly benefit being \$1,289.00. She stated she has reached out to the city a few times with no response.

RESOLUTION 24-36 By Britton, Supported by Storum

Resolved, to send a letter of to Mr. Griffin stating his benefit is approved at age 50 at a provisional amount estimated based on available information, pending further investigation by the City of Pontiac HR Director. Further, Benesys may pay the accumulated employee contributions.

Yea – 4 Nay – 0

Motion Carried

C. BeneSys Direct Deposit Best Standard Practice Recommendation

Per the Boards request BeneSys National Director of Retirement Services provided a Best Standard Practice Recommendation for their review. The recommendation was as follows:

- When a Direct Deposit form is requested confirm the identity of the caller (first name, last name, DOB, address and last four digits of SSN)
- Upon confirmation of the identity, mail direct deposit form to the address on file
- Upon receipt of the Direct Deposit Form:
 - Verify Participant completed, signed and dated the form
 - If Photo ID or other documents are on file, compare signatures match
 - Make notes in BD “DD form is rcvd; bank information updated”
 - NOTE: A voided check must be submitted with the DD form OR an Account Verification Letter from the Financial Institution

Discussion took place and the Board directed BeneSys to follow their recommended Best Practice going forward.

NEW BUSINESS

A. CyberRisk Insurance Policy Renewal 2024 - 2025

This item was discussed during the Legal Report.

B. IFEPB Membership Renewal 2025

RESOLUTION 24-37 By Nye, Supported by Storum
Resolved, to renew the Boards’ membership with IFEPB for 2025.

Yea – 3 Nay – 1, Mayor Greimel

Motion Carried

C. MAPERS Membership Renewal 2025

RESOLUTION 24-38 By Britton, Supported by Nye
Resolved, to renew the Boards’ membership with MAPERS for 2025.

Yea – 4 Nay – 0

Motion Carried

D. 2025 Board Meeting Schedule

RESOLUTION 24-39 By Nye, Supported by Storum
Resolved, to accept the 2025 Board Meeting Schedule as presented.

Yea – 4 Nay – 0

Motion Carried

E. Outstanding Check Policy

RESOLUTION 24-40 By Nye, Supported by Storum

Resolved, to develop an Outstanding Check Policy. Legal and Benesys directed to draft a policy for the Boards’ consideration.

Yea – 4 Nay – 0

Motion Carried

CORRESPONDENCE

The following correspondence was presented in advance and reviewed by the Board:

- A. BeneSys DOL CyberSecurity Program Response 3rd Quarter 2024
- B. BeneSys DOL CyberSecurity Program Response 4th Quarter 2024
- C. BeneSys Navigator Q4 2024
- D. Marathon Asset Management – Client Communication
- E. Marathon Asset Management – Michael Alexander
- F. YCM – Quarterly Marketing Review

NEXT MEETING DATE: February 27, 2025 at 10:00 a.m.

ADJOURNMENT

RESOLUTION 24-41 By Britton, supported by Storum

Further Resolved, that the meeting be adjourned at 12:22 p.m.

Yea – 4 Nay – 0

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on December 5, 2024.

As recorded by BeneSys