

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES
May 11, 2023**

A regular meeting of the Board of Trustees was held on Thursday, May 11, 2023, at Benesys.

Trustees Present

Lon Britton, Acting Chair
Matt Nye
Tim Greimel, Mayor

Others Present

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

Absent Trustee

Craig Storum, Chairman
Timothy Sadowski, Finance Director

Acting Chair Britton declared that a quorum was present and called the meeting to order at 3:17 p.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting – March 2, 2023
- B. Financial Reports
 - 1. Financial Reports – January & February 2023
 - 2. Bills for Ratification through February 23, 2022
 - 3. Pension Report
 - a. New Retirees
 - 1. Wheatcroft, David, PPOA, 03/24/2023
 - b. Upcoming Retirees
 - 1. Lasseigne, Edward, PPOA, 04/28/2021
 - 2. MacQuarrie, Douglas, PPOA, 05/21/2023
 - 3. Miller, Adam, PPOA, 07/19/2023
 - 4. Stone, David, PPOA, 08/02/2023
 - c. Pay Status List – April 2023

RESOLUTION 23-08 By Mayor Greimel, Supported by Nye
Resolved, That the items on the Consent Agenda May 11, 2023, be approved, with an amendment on Resolution 23-06 of the meeting minutes, page 12, to reflect that Mayor Greimel was absent from the vote, but later re-joined the meeting.

Yea – 3 Nay - 0

CONSULTANTS

A. AndCo.

Mr. Kuhn updated the Board that Markets were impressively resilient during the first quarter as investors' expectations changed several times with new economic data and market conditions

contradicting prior forecasts. Strong returns in January for stocks and bonds were based on the belief that the Federal Reserve was nearing the end of their tightening cycle. However, in February inflation proved to be problematic, leading to higher interest rates and market losses. Bank failures in early March caused another shift in expected moves by the central bank and the markets rose again. Fixed income experienced volatile performance during the quarter, gaining over 2% in January and March and losing over 2% in February; the Bloomberg US Aggregate finished with a 3.0% return for the quarter. The S&P 500 gained 7.5% in the 1st quarter, easily exceeding small and mid-cap stocks. The decline in interest rates provided a strong tailwind for growth stocks, growth indexes handily outperformed their value counterparts. The international markets also posted strong results; the developed markets provided better results (MSCI EAFE Index 8.5%) than the emerging markets (MSCI EM 4.0%). Real estate suffered a second consecutive quarter with drawdowns.

The Total Fund gained 3.11% 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 and fixed income allocations. Note: many of the private investments have not reported 1Q results in time for this report (approximately 10% of the Fund). The Total Fund returned -4.57% over the past year, outperforming the Policy Index and ranking in the top half of the peer group. Longerterm, the Fund exceeds performance expectations. The RhumbLine Russell 1000 Growth fund returned over 14% this quarter while the custom YCM Equal Weight portfolio and the RhumbLine Russell 1000 Value fund returned under 4%. The difference in performance was primarily driven by sector exposures; Technology and Communication Services returned over 20% versus Financial and Energy declining over 4%. Longer-term, the three strategies meet performance expectations. Burgundy exceeded the MSC EAFE Index by 0.44% this quarter and ranked in the top half of their peer group. The manager's out performance is partially attributed to strong stock selection within Industrials. Long-term, Burgundy trails performance expectations and was placed on Watch (as of 6/30/22). Garcia outperformed the Bloomberg Intm Govt/Credit Index and ranked near the top of their universe for a second consecutive quarter. The manager continues to benefit from a longer duration than the benchmark as interest rates fell during the quarter. Longer-term, Garcia exceeds performance expectations. PA / Apogem (private equity secondaries) has generated attractive returns during its first two quarters with an IRR over 60%. This is typical for secondary funds due to the realizing the purchase discount in the subsequent quarter. The manager continues to build out a very diversified portfolio and return capital periodically to investors. 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.

ATTORNEY'S REPORT

Trustee Elections/Proposed Amendment to Rules and Regulations

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

grant the Trustees discretion on when to schedule the annual meeting. A proposed amendment to Rules and Regulations was provided.

Legal counsel prepared a Notice of Vacancy for the two elections. BeneSys mailed these out to all eligible members along with a sample candidate statement form and election calendar. Trustees Storum and Nye returned a candidate statement form.

RESOLUTION 23-09 By Nye, Supported by Britton
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.

Yea – 3 Nay - 0

PFRS and PF VEBA Audit

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

Custodian Bank Transition

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. The Investment Management Agreement for this new investment vehicle was executed and funded since the last meeting.

Discussion on Silicon Valley Bank Failure and Protection of PFRS Deposit Account

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

PFRS Audit – Reconciling Year End Balances on Alternative Investments

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

2022 Litigation Response Letter to Bonadio

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

Comerica Trust Online Authorization

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

Summary Annual Report

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

Gary Manns EDRO Issue

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

Legislative Update

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

Portfolio Monitoring Report

Robbins Geller February 24, 2023

Robbins Geller March 31, 2023

Robbins Geller April 28, 2023

PUBLIC COMMENT – None.

UNFINISHED BUSINESS

A. All Payments Received for 2022 Manager Round Table

B. Inn at St. John Resort Reserved for Manager Round Table 2023

NEW BUSINESS

A. BeneSys – Second Amendment Service Agreement

RESOLUTION 23-10 By Britton, Supported by Mayor Greimel

Resolved, to approve and sign the second amendment to Administrative Service Agreement with BeneSys.

Yea – 3 Nay – 0

B. Chubb – Notice of Conditional Renewal - ?

C. Lon Britton Candidate Statement

RESOLUTION 23-11 By Nye, Supported by Mayor Greimel

Resolved, to elect Lon Britton to the Board by acclamation.

Yea – 3 Nay – 0

D. Matt Nye Candidate Statement

RESOLUTION 23-12 By Britton, Supported by Mayor Greimel

Resolved, to elect Matt Nye to the Board by acclamation.

Yea – 3 Nay – 0

E. Burgundy Updated Authorized Signers

Ms. Crosby presented an updated Authorized Signers form for Burgundy and obtained signatures.

F. Apogem Updated Authorized Signers

Ms. Crosby presented an updated Authorized Signers form for Apogem and obtained signatures.

F. 2021 Audit Deficiencies – Request for Response

This item was addressed in the Legal Report.

H. BeneSys 2021 Audit Deficiencies Response

BeneSys provided written response from their IT, Accounting and Eligibility Departments regarding the deficiencies from the 2021 Audit. The Board requested additional information from the BeneSys Accounting Department regarding their responses.

CORRESPONDENCE

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

- A. Apogem Capital – Silicon Valley Bank Communication Part 1**
- B. Apogem Capital – Silicon Valley Bank Communication Part 2**
- C. ARA Update – Protecting Your Data and Cybersecurity**
- D. Bloomfield Capital – Notice of Non-Real Estate Secured Investment**
- E. BeneSys DOL Cybersecurity Program Response Q1 2023**
- F. BeneSys Navigator Q1 2023**
- G. Garcia Hamilton Gazette March 2023**
- H. Michigan Department of Treasury – Protecting MI Pension Grant**
- I. Securities Class Action Services – The Top 50 of 2022**
- J. YCM – ADV Material Change April 2023**

The Board Meeting scheduled for August 24, 2023 has been cancelled.

NEXT MEETING DATE: September 13, 2023, 2:00 p.m.

ADJOURNMENT

Quorum was lost at 3:36 p.m.

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on May 11, 2023.

As recorded by BeneSys