

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES
May 27, 2021**

A regular meeting of the Board of Trustees was held on Thursday, May 27, 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
Deirdre Waterman, Mayor, Pontiac, MI

Others Present

Matt Henzi, AsherKelly
Chris Kuhn, AndCo.
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc.
Spencer Tawa, Plante Moran
Joe Kowalski, Plante Moran
Rosemary Howell, Nyhart
Drew Simmermeyer, Nyhart
Danielle Winegardner, Nyhart
Matt Sheretz, Nyhart
Steve Roth, Dehab
David Lee, Dehab
Jennifer Turk, Nyhart

Trustees Absent

Darin Carrington, Finance Director

Chairman Storum declared that a quorum was present and called the meeting to order at 12:42 p.m.

AGENDA CHANGES Due to limited time and limited quorum, it was determined to have the presentations scheduled with the plan professionals from Nyhart and AndCo completed for Pension System immediately following their VEBA presentations. –Need the same language from VEBA. Due to time constraints, Nyhart and Plante Moran presented their reports.

CONSENT AGENDA

- A. Minutes of Regular Meeting – February 25, 2021
- B. Financial Reports
 - 1. Financial Reports – January – March 2021
 - 2. Bills for Ratification through May 27, 2021
- C. Pension Report
 - 1. New Retirees
 - a. Ellis, Pedro, PPOA, 5/23/2021
 - b. Johnson, Roy, PSSA, Conversion 4/28/2021

2. Upcoming Retirees

- a. Palacios, Mario, PPOA, 07/07/2021
- b. Locricchio, Mark , PPOA, 09/12/2021
- c. Kendrick, Scott, PPSA, 10/20/2021

RESOLUTION 21-07 By Nye, Supported by Mayor Waterman

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
	Mayor Waterman	Yea

Trustee Britton inquired about the Trust account with Michigan Legacy Credit Union. It was determined to have this account closed; the funds transferred to Comerica Bank for simplification of banking. Benesys will inquire about closing account and report back to the Trustees.

Trustee Britton also would like clarification from Benesys regarding the Due from GERS funds that are listed on the Financial Reports.

Trustee Britton mentioned that the pension report should be corrected to reflect that James Fritz died March 7, 2021.

It was also discussed that the City of Pontiac has paid the ARC payment and it will appear on the April 2021 Financials. It was noted that the City of Pontiac should have included interest in that payment.

RESOLUTION 21-08 By Britton, Supported by Nye

Resolved, to bill the city for interest owed as determined by the appropriate professionals for the Trust.

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

CONSULTANTS

A. Board Summary of December 31, 2020 Actuarial Valuation & Experience Summary – Preliminary Results

Danielle Winegardner and Drew Simmermeyer presented the Pension preliminary Actuarial Valuation for December 31, 2020. The results discussed were focused the December 31, 2020 valuation and January 1, 2023 contribution calculations and the experience study. The market value of assets returned 9.1% during 2020. The plan funding results for December 31, 2020 assumed that the Public Safety Mortality Table be adopted which would increase plan liability by \$4.6 M. The funded ratio of the plan decreased from 89.6% to 88%. The unfunded liability increased from \$25.1 M to 29.3 M. It was recommended that contributions increased from \$2.5 M to 2.96 M.

The Investment return assumption was compared to other Pension Plans after having reviewed the historical and expected future returns. The recommendation was made to lower the investment return assumption to 7.00%. Prior year mortality assumption is RP-2006 projected with Scale MP-2019. The recommendation was to move to the new Public Safety mortality table. Currently the plan return assumption is assumed to cover administrative expenses, but it is recommended to instead add the expected administrative expenses to contribution development.

RESOLUTION 21-09 By Nye, Supported by Britton

Resolved, to accept the Actuarial Valuation & Experience Study for December 31, 2020 as presented by Nyhart.

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

RESOLUTION 21-10 By Nye, Supported by Britton

Resolved, to adopt the new Public Safety mortality table for Actuarial Valuations at the recommendation of Nyhart.

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

B. AndCo.

Christopher Kuhn reviewed the recommendation regarding Yousif Capital Management. AndCo recommends the Board retain Yousif Capital Management to manage the customized S&P 500 Equal Weight and S&P 400 Portfolios for the Retirement System and VEBA. This recommendation is based on YCM's investment capabilities, historical performance, ability to service this relationship, and low fees.

Mr. Kuhn gave the board a market summary and update. The positive trend for US stocks remained intact during the first quarter. The rotation in leadership that started during the 4th quarter continued into the 1st quarter with small cap and value stocks leading the way. The Russell 2000 Index (proxy for small companies) rose by 12.7% and the Russell 1000 Value increased by 11.3% during the quarter compared to 6.2% for the S&P 500. International equities also gained during the quarter, but their returns were not as strong (MSCI ACWI ex US +3.5%). The primary driver of stock prices has been the re-opening of the global economy and additional fiscal and monetary stimulus. This quarter-end marks, almost to the day, the one-year anniversary of the rally in the equity markets – US equity indices have appreciated by over 50% in the past year. While the momentum in stocks was decidedly positive during the quarter, that was not the case in fixed income. The yield on the US 10-Year Treasury bond increased 83 basis points during the quarter as investors anticipated rising inflation rates in the near future. Core fixed income suffered losses in all three months to start 2021; the BB US Aggregate declined 3.4% during the quarter. The lone bright spot in the bond market was high yield, benefiting from their stronger relationship to the equity markets than interest rates.

Mr. Kuhn gave a presentation regarding Direct Lending – Senior Review. Based on the AndCo. research process, three candidates were presented. An overview of each firm was given. Each funds strategy focus was reviewed. After discussion regarding vintage-year performance, track record robustness and credit loss rates, and fee comparison the Board made decision regarding Direct Lending – Senior Review.

RESOLUTION 21-11 By Storum, Supported by Nye
Resolved, to hire Monroe Capital Management Advisors LLC and transfer \$6M, or 2.5% of assets to fund Monroe Capital Private Credit Feeder Fund IV. The money will be transferred from the rebalancing account titled “other assets.”

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

ATTORNEY’S REPORT

\$400 Supplement Extension

Attorney Henzi addressed this issue for the Board in the Attorney Report. Mr. Henzi reminded the Board that the \$400 Supplement is scheduled to end August 31, 2021. If this City of Pontiac VEBA doesn’t have benefits effective September 1, 2021 there will need to be an extension of the supplement.

Jason Daniels/David Todd Question regarding Service Credit

Attorney Henzi addressed this issue for the Board in the Attorney Report. Mr. Henzi informed the Board that there was a large discrepancy in years of service credit. BeneSys has produced evidence of hire and lay off dates, thus confirming the service credit. The buyout letter has been issued for these two deferred vested members. Since both individuals withdrew their contributions, they have the option of repaying their contributions in order to receive the buyout match.

Edward Lasseigne Request to Verify Service Credit

Attorney Henzi addressed this issue for the Board in the Attorney Report. The Board reviewed this matter in detail, and it was determined that Mr. Lasseigne can now repay his contributions with interest as there is no time limit for repayment. If he fails to do so, he forfeits his service credit from the period before he withdrew his contributions.

Fritz Power of Attorney

Attorney Henzi addressed this issue for the Board in the Attorney Report. After reviewing the POA Mr. Henzi found it to be acceptable.

Jaclyn Wilton

Attorney Henzi addressed this issue for the Board in the Attorney Report. After having spent considerable time investigating this matter no evidence found showing Ms. Wilton withdrew her contributions. As such the Board of Trustees for the PFRS will agree that she did not withdraw her contributions at the time of separation.

Donnell Reed Final Average Salary

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

authorized correspondence to Mr. Reed denying his request for a 3% increase on final average salary. The PPOA CBA had a provision allowing for a 3% increase in FAS if the PFRS was overfunded. It is not.

Horsehead Holding Corp. Proof of Claim

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

PA 314 Disclosures

Attorney Henzi addressed this issue for the Board in the Attorney Report. He presented the completed and signed PA 314 Compliance Certificates for all plan professionals.

RESOLUTION 21-11 By Britton, Supported by Mayor Waterman
Resolved, to enter into Closed Session to discuss pending litigation in the following matters: **World Wrestling Entertainment, Inc., Tractor Supply Corporation, Advanced Micro Devices, Mattel, Inc., Grubhub, Inc., and In re Treasuries Securities Auction.**

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

*The Board moved to closed session at 1:24 p.m.
The Board returned from closed session at 1:32 p.m.*

RESOLUTION 21-13 By Britton, Supported by Mayor Waterman
Resolved, that the Board authorize Attorney Henzi to take action on the issue in question, as discussed in closed session.

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

Portfolio Monitoring Reports

Robbins Geller February 26, 2021
Robbins Geller March 26, 2021
Robbins Geller April 30, 2021
Bleichmar Loss Report 1st Quarter 2021

PUBLIC COMMENT – None.

UNFINISHED BUSINESS

A. Nyhart Recommendations

RESOLUTION 21-14 By Britton, Supported by Nye
Resolved, to lower the actuarial assumption rate of earned interest to 7.25% and add administrative expenses as computed by Nyhart in the actuarial valuation. Send letter to the City of Pontiac to inform them of the changes and encourage them to get caught up on contributions for potential renegotiation of these changes.

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

B. Vital Information 3rd Request Mailer Results

RESOLUTION 21-15 By Britton, Supported by Storum

Resolved, to direct Legal Counsel to review with Benesys the verification of receipt by members of prior vital information letters. Further, to draft letter to suspend the pension of members who are receiving a pension until they complete and submit the Vital Information Form to BeneSys.

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

NEW BUSINESS

A. Lasseigne, Edward – Forfeited Service Credit

Mr. Henzi discussed this item in his Attorney Report.

B. Chubb Quote 2021 - 2022

The Chubb renewal quote was presented to the Board for consideration.

RESOLUTION 21-16 By Britton, Supported by Nye

Resolved, to accept and renew the Fiduciary Liability Policy with Chubb as quoted and presented.

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

C. City of Pontiac ARC Payment – FY 20-21 per December 31, 2018

A copy of the payment from the City of Pontiac was provided for the Board's knowledge.

D. LSIA – Important Organization Change

BeneSys provided the letter from LSIA informing the Board that effective April 1, 2021 Kevin Yousif and his investment team would be leaving LSIA and setting up operations as Yousif Capital Management.

E. Yousif Capital Management Side Letter Agreement

RESOLUTION 21-17 By Storum, Supported by Britton

Resolved, to ratify the Investment Committee's decision to extend the Side Letter Agreement with Yousif Capital Management and execute the contract documents.

Roll Call Vote: Lon Britton Yea

Craig Storum	Yea
Matt Nye	Yea

F. AndCo. – MREP VI – Consent Request

Mr. Kuhn email communication regarding the Board approving the sale of Metropolitan from Carlyle to BentallGreenOak.

CORRESPONDENCE

- A. BeneSys Navigator – Q1 2021
- B. NCCMP Annual Conference
- C. IFEBP New Trustee Institute

NEXT MEETING DATE: August 26, 2021 at 10:00 a.m.

ADJOURNMENT

RESOLUTION 21-17 by Britton, Supported by Nye
Further Resolved, That the meeting be adjourned at 1:45 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 May 27, 2021.

As recorded by BeneSys