

**CITY OF PONTIAC  
POLICE AND FIRE RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
MEETING MINUTES  
December 7, 2023**

A regular meeting of the Board of Trustees was held on Thursday, December 7, 2023, at the office of BeneSys, Troy, MI.

**Trustees Present**

Craig Storum, Chairman  
Lon Britton Vice-Chairman  
Matt Nye, Trustee  
Tim Greimel, City of Pontiac Mayor  
Tim Sadowski, City of Pontiac Finance Director

**Others Present**

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

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*Chairman Storum declared that a quorum was present and called the meeting to order at 12:41 p.m.*

**AGENDA CHANGES**

**CONSENT AGENDA**

- A. Minutes of Regular Meeting – September 13, 2023
- B. Minutes of Regular Meeting – September 14, 2023
- C. Minutes of Regular Meeting – September 15, 2023
- D. Financial Reports
  - 1. Financial Reports – July – September 2023
  - 2. Bills for Ratification through December 7, 2023
  - 3. Pension Report
    - a. New Retirees
      - 1. Pittman, Jeremy, PPOA, 10/14/2023
      - 2. Birch, Shawn, PPOA, 10/21/2023
    - b. Upcoming Retirees
      - 1. Lasseigne, Edward, PPOA, 04/28/2021
    - c. Pay Status List – November 2023

**RESOLUTION 23-19** By Nye, Supported by Sadowski

Resolved, to approve a modified Consent Agenda, removing the Bills for Ratification through December 7, 2023, for further discussion.

Yea – 4                  Nay – 0

Discussion took place regarding the Bills for Ratification through December 7, 2023. The Mayor wanted clarification as to Trustee Reimbursed Expenses. Those expenses were explained in detail.

**RESOLUTION 23-20** By Britton, Supported by Nye

Resolved, to approve the Bills for Ratification through December 7, 2023

Yea – 4                  Nay – 0

## **CONSULTANTS**

### **A. AndCo.**

Mr. Kuhn updated the Board that the Federal Reserve's persistent reframe of "high for longer" has caused investors to continually reassess their outlook for interest rates and the possibility of a recession. Eighteen months into the Fed's monetary tightening policies, the economy is showing meaningful shifts – moderating inflation and weakening consumers. Expectations became increasingly more pessimistic as the quarter came to an end with interest rates rising sharply and losses mounting across asset classes. Strong performance for equities in July was erased by negative returns in August and September. The S&P 500 Index fell by 3.3% during the quarter (up 13.1% YTD). Small cap stocks struggled even more in the 3rd quarter (Russell 2000 Index: -5.1%), particularly small cap growth. Oil prices rose by close to \$20/barrel during the quarter, generating strong returns for Energy (up over 10% for the quarter); however, higher oil prices are generally not a positive for the markets or economy. The international markets also declined by low single digits with the emerging markets slightly outperforming the developed markets. The sharp uptick in interest rates, especially along the back end of the yield curve, caused losses in July, August, and September (Bloomberg US Aggregate Index: -3.2%). The poor returns from investment grade bonds this quarter caused year-to-date returns to fall into negative territory. High yield outperformed and posted a positive return for the quarter (Bloomberg US Corporate High Yield: 0.5%). Investors have experienced volatile swings in expectations and market performance in 2023.

The Total Fund declined 2.31% during the quarter, exceeding the Policy Index by 1.20% 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. Note: many of the private investments have not reported 3Q results in time for this report (approximately 10% of the Fund). The Total Fund returned 9.69% over the past year, outperforming the Policy Index by 44 basis points but ranking in the bottom half of the peer group. Longer-term, the Fund exceeds performance expectations. Burgundy lagged the MSCI EAFE Index this quarter and ranked in the fourth quartile of the peer group. The manager under performance is partially attributed to an underweight to European banks and Asian cyclical businesses (steel manufacturing, oil refining...). Longer-term, Burgundy trails performance expectations; the manager is currently on watch. Garcia underperformed the Bloomberg Intm Govt/Credit Index and ranked near the bottom of their universe this quarter. The manager was hindered by a longer duration than the benchmark as interest rates rose during the quarter. Longer-term, Garcia exceeds performance expectations. American suffered losses again this quarter as real estate continued to decline due to higher interest rates. Valuations have also been hampered by a lack of transactions in the market. Longer-term, the American Core and Strategic Value Funds exceed performance expectations. At quarter end the Fund was overweight large cap equities, non-core fixed income, and real estate and underweight to core fixed income and alternatives; the non-core fixed income allocation exceeds policy ranges and will be rebalanced. The Fund was following MI Act 314 at quarter end.

### **Investment Policy Statement December 2023**

Mr. Kuhn presented an updated Investment Policy Statement as of December 2023. He has changed the allocation range for Large Cap Equity and Small/Mid Cap Equity.

**RESOLUTION 23-21** By Britton, Supported by Nye  
Resolved, to approve the Bills for Ratification through December 7, 2023

Yea – 4                  Nay – 0

**Fifth Third Bank RFI for Custodial Services**

Per the Board’s instruction at the September 13, 2023, meeting, Mr. Kuhn reached out to two Custodial Banks for quotes regarding their Custodial Services. Once the quotes were received a meeting took place with Legal Counsel and BeneSys and a decision was made to move forward with Fifth Third Bank for Custodial Services. Mr. Kuhn provided the RDI from Fifth Third Bank for the Board to review. Transfer of Custodial Bank from Comerica to Fifth Third will be taking place by mid-January 2024.

**RESOLUTION 23-22** By Nye, Supported by Sadowski  
Resolved, to transfer Custodial Banks from Comerica to Fifth Third by mid-January 2024 or as reasonably practicable.

Yea – 4                  Nay – 0

*Trustee Lon Britton joined at 1:00 p.m.*

**ATTORNEY’S REPORT**

2022 Audit Deficiencies

Attorney Henzi addressed this matter for the Board in the Attorney Report. Bonadio recently presented its 2022 audited financial statements and audit report. The audit identified several internal controls that were labeled as deficiencies. Legal counsel sent correspondence to BeneSys asking for responses to each of the internal controls’ deficiencies. BeneSys is working on responses.

FOIA Requests

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

Custodial Bank Transition

Attorney Henzi addressed this matter for the Board in the Attorney Report. The Trustees previously transitioned custodian bank services from Northern Trust to Comerica, effective February 28, 2023. The Custodian Bank Agreement was executed by Comerica and the PFRS. As directed at the last meeting, legal counsel sent correspondence to Comerica memorializing its complaints about its new computer system. BeneSys, AndCo and legal counsel have had several meetings. Ultimately, Fifth Third Bank was selected as the replacement custodian bank as previously authorized by the Trustees. Legal counsel reviewed and revised Fifth Third’s Custody Services Agreement. The plan professionals are busily working to implement the transition. An effective transfer date has not yet been selected.

Hood River Investment Management Agreement

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

Seizert Capital Partners

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

Amended Rules and Regulations

Attorney Henzi addressed this matter for the Board in the Attorney Report. House Bill 4346 was signed into law in November 2023. As a result, Trustees will be able to attend Retirement System

meetings remotely, for any reason. The law goes into effective on February 13, 2024. The law requires a Retirement System to draft a policy over the process for holding remote meetings. A draft amendment to the Rules and Regulations was provided.

**RESOLUTION 23-23** By Nye, Supported by Mayor Greimel  
Resolved, to approve the proposed updated to the Rules and Regulations to allow for House Bill 4346 changes to the Open Meetings Act.

Yea – 5            Nay – 0

Cyber Liability Insurance Renewal

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

US Dollar Libor Proof of Claim

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

James Tate Income Withholding Order

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

PPOA Retiree Sick Time Payout

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, BeneSys contacted us with questions about a retiree who was double paid his retiree sick time. With the assistance of Trustee Britton, BeneSys and the City, the City's check was voided and corrected.

Legislative Update

House Bill 4346

Attorney Henzi addressed this matter for the Board in the Attorney Report. The Bill was signed into law in November 2023.

Portfolio Monitoring Report

Robbins Geller September 29, 2023

Robbins Geller October 27, 2023

Robbins Geller November 24, 2023

**PUBLIC COMMENT** – None

*The Mayor left the meeting at 1:11 p.m.*

**UNFINISHED BUSINESS**

**A. Custodian Bank Transfer**

This matter was discussed while AndCo. was presenting.

**B. 2022 Audit Deficiencies – Request Response from BeneSys**

Ms. Gjorgjevski provided and reviewed the 2022 audit deficiencies response from the BeneSys Accounting Department with the Board. The response from BeneSys IT Department is in progress and will be presented at the next Board meeting.

### **C. IFEBP Membership Renewal 2023-2024**

**RESOLUTION 23-24** By Nye, Supported by Britton

Resolved, to approve renewing the Boards IFEBP membership for the 2023-2024 year.

Yea – 4

Nay – 0

### **NEW BUSINESS**

#### **A. Apogem – Request for Updated Anti-Money Laundering Documentation**

Ms. Crosby presented this request from Apogem. Legal Counsel will complete the request for the Board.

#### **B. Bonadio Communication re: Alternative Investments**

The Board discussed the recommendations made by Bonadio and it was determined that Mr. Kuhn will provide what is needed for the next Audit to meet Bonadio’s requirements regarding alternative investments.

#### **C. Deceased Alternate Payee Overpaid Benefits**

BeneSys Pension Department reached out to Legal Counsel regarding an Alternate Payee who had passed away in 2020 but the Pension Department was never notified. BeneSys had stopped the Alternate Payees pension in September 2021 because she never responded to a request for updated Vital Information. The matter was discovered when the Surviving Retiree inquired about receiving his Pop-Up for his pension. Extensive discussion took place regarding the circumstances surrounding this issue. The Board gave discretion to Legal Counsel to collect the overpaid pension payments made to the deceased as the account was shared with her children.

**RESOLUTION 23-25** By Nye, Supported by Storum

Resolved, to approve allowing the surviving Retiree to receive his Pop-Up rate effective December 1, 2023, but no retro payment until Legal Counsel attempts to recover what was overpaid to deceased Alternate Payee.

Yea – 4

Nay – 0

#### **D. RhumbLine Advisors Authorized Signatories**

Ms. Crosby presented an authorized signatories form for RhumbLine Advisors to update for the current Board.

**RESOLUTION 23-26** By Nye, Supported by Britton

Resolved, to authorize Board Chairman Storum, Board Vice Chair Britton and Violet Gjorgjevski Plan Manager to sign as authorized signatories for RhumbLine Advisors.

Yea – 4

Nay – 0

**E. Vital Information Mailer**

Discussion took place regarding doing another Vital Information Mailer. It was agreed to have BeneSys do this during the first quarter of 2024.

**F. Board Meeting Schedule for 2024**

Ms. Crosby provided the Board Meeting Schedule for 2024. It is anticipated that the VEBA will only need to meet in February 2024 and May 2024 to finalize any details after the merger with the City of Pontiac VEBA Trust.

**RESOLUTION 23-27** By Storum, Supported by Britton  
Resolved, to accept the Board Meeting Schedule as presented.

Yea – 4                      Nay – 0

**G. MAPERS Membership Renewal 2024**

**RESOLUTION 23-28** By Nye, Supported by Sadowski  
Resolved, to renew the Boards membership with MAPERS for 2024.

Yea – 4                      Nay – 0

**H. BeneSys Pension Process**

Trustee Britton asked for a written process that BeneSys Pension Coordinator uses when processing a retiree’s pension. This was provided for the Board’s knowledge.

**I. Benesys Annual Client Survey**

Ms. Gjorgjevski informed the Board that BeneSys has sent out its annual client survey via email and encouraged Trustees to respond.

**CORRESPONDENCE**

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

- A. IFEBP Advanced Trustees & Administrators Conference**
- B. IFEBP Health Care Management Conference**
- C. MAPERS One-Day Agenda, February 29, 2024**
- D. Segal – Thank You**
- E. BeneSys DOL Cyber Security Program Response Q4 2023**

**NEXT MEETING DATE:** February 22, 2024, 10:00 a.m.

**ADJOURNMENT**

**RESOLUTION 23-29** By Nye, supported by Storum  
Further Resolved, that the meeting be adjourned at 2:09 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 7, 2023.

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*As recorded by BeneSys*