

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
May 30, 2019**

A regular meeting of the Board of Trustees was held on Thursday, May 30, 2019 at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

Trustees Present

Craig Storum, Chairman
Lon Britton, Vice-Chairman
Matt Nye

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, AndCo.
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.
Hughey Newsome, City of Pontiac

Trustees Absent

Deirdre Waterman, Mayor

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

AGENDA CHANGES

The Board reminded Mr. Newsome that it welcomed his attendance and comments, but that he could not vote on any matter since it was not clear that he was a duly appointed Finance Director/Trustee member.

CONSENT AGENDA

- A. Minutes of Regular Meeting - January 31, 2019
- B. Financial Reports
 - 1. Financial Reports - December 2018 – March 2019
 - 2. Bills for Ratification
- C. Pension Report
 - 1. Upcoming Retirees:
 - a. Bowie, Charles, PPOA 06/01/2019
 - b. Werner, Shawn, PPOA 09/01/2019
 - c. Giolitti, Christopher, PPSA 11/01/2019
 - d. Smith, Robert, PPOA 12/01/2019

RESOLUTION 19-33 By Britton, Supported by Storum

Resolved, That the items on the Consent Agenda for May 30, 2019, be approved.

Yeas: 3 - Nays: 0

CONSULTANTS

- A. Christopher Kuhn of AndCo. reviewed the Fund's Investment Performance for the fourth quarter of 2018, he noted that the US equity market plummeted during the fourth quarter. He continued that the Total Fund returned -8.01% during the quarter, slightly exceeding the Policy Index by 7 basis points and ranking in the top half of the public fund universe. The Fund benefited from relatively strong performance within the fixed income and real estate allocations.

The Total Fund posted a return of -4.06% over the past year, outperforming the Policy Index by 0.13% and ranking above the median fund in the peer group. Longer-term, the Fund has performed well, ranking in the top half of the universe and meeting or exceeding the Policy Index.

Clarivest (emerging markets equity) underperformed the benchmark and ranked near the bottom of their peer group this quarter. The underperformance is primarily attributed to poor stock selection, particularly within the Energy and Financials; sector allocations also were negative during the quarter. Longer-term, the manager has underperformed their benchmark and ranks in the bottom half of the peer group.

Garcia (intermediate fixed income) under performed expectations this quarter, as did most active fixed income managers. The underperformance is attributed to an underweight to Treasuries, the best performing segment in fixed income. Longer-term, the manager exceeds performance expectations.

Bloomfield Capital II struggled this quarter. The manager has returned over 60% of the capital during the last 12 months; the remaining portfolio contains some challenging loans and due to the smaller capital base, these loans have a larger impact on performance.

At quarter end the Fund was slightly overweight to real estate and cash and underweight to international equity and domestic fixed income due to market performance; however, all allocations are within policy ranges.

The following managers have not reported 4th quarter results in time for this report – Alidade, Bain, Courtland (M-Fire), Metropolitan (secondary fund), and Neuberger Berman (Wells Fargo); these strategies account for approximately 6% of the Fund.

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.

There was discussion about Dodge & Cox and its performance.

Further discussion ensued about whether the system needed to maintain a cash management program. There was further discussion about retaining Robinson Capital to maintain a cash management program.

RESOLUTION 19-34 By Britton, Supported by Storum

Resolved, to retain Robinson Capital to administer a cash management program, pending legal approval of contact, be approved. Further, that a cash flow analysis be examined at the next meeting.

Yeas: 3 - Nays: 0

REPORTS

- A. Chairman
- B. Secretary
- C. Trustees Committees
- D. Legal, Attorney's Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi
- E. Members / Retirees

ATTORNEY'S REPORT

Duty Disability Retiree Conversion to Normal Retirement - Mark Hillborn - (Exhibit A)

Attorney Henzi addressed this attorney client privileged opinion for the Board in Closed session

PFFU Surviving Spouse Remarriage Provision - (Exhibit B & C)

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

PA 314 Political Contribution and Fee Disclosure Statements - (Exhibit D)

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

FOIA Requests and Responses - (Exhibit E, F & G)

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

Claim for Michigan Unclaimed Property - (Exhibit H)

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

2019 Standard Mileage Rates - (Exhibit I)

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

BLB&G Portfolio Monitoring - Agreement to Access Portfolio Data Through Northern Trust - (Exhibit J)

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

Jaclyn Wilton Request for Determination of Eligibility as Deferred Vested Member

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

Legislative Items of Interest - (Exhibit K)

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

Robbins Geller March 29 and April 26, 2019 Portfolio Monitoring Reports - (Exhibit M)

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

Hagens Berman April 29, 2019 Portfolio Monitoring Report - (Exhibit N)

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

Kenneth Ayres Request for VEBA Membership - (Exhibit O)

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

MotleyRice First Quarter 2019 Monitoring Report - (Exhibit P)

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

Attorney Henzi addressed that the Sullivan, Ward, Asher & Patton, P.C. is requesting an increase in its billable, hourly rate for professional services. He continued to note that the firm has not requested nor received an increase in its billable rate since the early 2000s. The hourly rate has been \$160 since the early 2000s. There was discussion about the increase and the services provided by counsel.

RESOLUTION 18-35 By Britton, Supported by Storum

Resolved, an increase in legal fees from an hourly rate of \$160 to \$185, be approved.

Yeas: 3 - Nays: 0

UNFINISHED BUSINESS

A. Spousal Remarriage Letter

BeneSys provided a copy of the Spousal Remarriage letter that was mailed out on February 20, 2019 as requested by the Board.

B. Spousal Remarriage Clarification Letter

BeneSys provided a copy of the clarification letter of the Spousal Remarriage letter that was sent out on March 13, 2019 at the Boards request.

NEW BUSINESS

CORRESPONDENCE

- A. Renewal Applications - Chubb Municipal Fiduciary policy 2019 - Correspondence regarding the Chubb Municipal Fiduciary policy and a copy of the application was presented.
- B. Chubb 2019 Quote - A copy of the Chubb Municipal Fiduciary policy for 2019 – 2020 was presented for review and approval.
- C. BeneSys was asked to send a mailer to participants requesting contact information, including email address, phone number, address, etc. Also, the mailer should request direct deposit information.

RESOLUTION 18-36 By Britton, Supported by Storum

Resolved, to accept and approve the Chubb Municipal Fiduciary policy for June 1, 2019 through June 1, 2020, and to pay the premium.

Yeas: 3 - Nays: 0

CORRESPONDENCE

- A. Mark Hilborn – Discussed in Attorney Report
- B. Charles Johnson Overpayment – A letter was presented to the Board that was sent to Mr. Johnson regarding his overpayment. The letter explained the manner BeneSys is recovering the overpayment.
- C. 2019 Updated Authorized Signers List – Due to unforeseen circumstances, the list was not signed by the Authorized signers as some were not present at the time of the meeting. This will be represented on the agenda for the July 25, 2019 meeting for signatures.
- D. American Core Realty Fund
 - a. Amendment No. 1 to the Limited Partnership Agreement provided to the Board as reference.
- E. American Strategic Value Realty Fund
 - a. Amendment No. 2 to the Agreement of Limited Partnership provided to the Board as reference.
- F. IFEBP 65th Annual Employee Benefits Conference
 - Mr. Gjorgjevski provided information on the upcoming IFEBP 65th Annual Conference.

NEXT MEETING DATE: July 25, 2019. The Board will convene a meeting on September 4, 2019 at 5:00p.m. at the Inn at St. Johns. BeneSys to revise the meeting calendar.

ADJOURNMENT

RESOLUTION 18-37 by Storum, Supported by Britton

Further Resolved, That the meeting be adjourned at 1:20 p.m.

Yeas: 3 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on May 30, 2019.

As recorded by BeneSys