

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
May 11, 2023**

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

Trustees Present

Matt Nye, Chairman
Lon Britton
Tim Greimel, Mayor

Others Present

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

Absent Trustee

Craig Storum
Timothy Sadowski, Finance Director

Chairman Nye declared that a quorum was present and called the meeting to order at 2:21 p.m.

AGENDA CHANGES

No quorum at 2:00 p.m. Consultant Report moved to beginning of meeting.

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 3.72% during the quarter, performing in line with the Policy Index and ranking in the third quartile of the public fund universe. The Fund's relative performance was hindered by a slight overweight to value equities. The Total Fund returned -4.30% over the past year, handily outperforming the Policy Index and ranking in the top half of the peer group. Longer-term, the Fund has mixed results, generally outperforming the Policy Index but ranking in the bottom half of the universe. The Fidelity Large Cap Growth Index Fund returned over 14% this quarter while the custom YCM Equal Weight portfolio and the Fidelity Large Cap Value Index 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 an strong stock selection within Industrials. Long-term, Burgundy trails performance expectations and was placed on Watch (as of 6/30/22). At quarter-end the Fund was overweight cash and underweight to fixed income; all allocations are within policy ranges.

A quorum was reached at 2:21 p.m.

CONSENT AGENDA

- A. Minutes of Regular Meeting – March 2, 2023
- B. Financial Reports
 - 1. Financial Reports – January & February 2023
 - 2. Bills for Ratification through May 11, 2023

RESOLUTION 23-07 By Britton, Supported by Mayor Greimel
Resolved, That the Consent Agenda for May 11, 2023, be approved.

Yea – 3 Nay - 0

ATTORNEY'S REPORT

City of Pontiac/PF VEBA/VEBA Merger Agreement

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since last meeting, Legal counsel, as directed, contacted attorneys for the bargaining parties to ask whether they would consider amending the Settlement Agreement on a piecemeal basis so that the PF VEBA could be merged into the VEBA. The bargaining parties agreed and jointly filed a Motion on March 20, 2023, requesting that the Court revise the Settlement Agreement to permit an immediate merger while the parties continue to negotiate resolution of other issues in dispute. The parties attended a status conference in March 2023. The Judge scheduled this Motion for hearing on July 18, 2023. The principal basis for the Motion was that there could be significant cost savings associated with merging the VEBA now.

When the Settlement Agreement is revised, PF VEBA members will be enrolled into the VEBA. The City and CPREA are in mediation on this and several other topics.

CPREA Subpoenas

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

City of Pontiac June 30, 2022 Audit – Meetings with Rehmann and Plan Professionals

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

Trustee Elections/Proposed Amendment to Rules and Regulations

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

Legislative Update

House Bill 5427

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

PUBLIC COMMENT - None

UNFINISHED BUSINESS - None

NEW BUSINESS

A. February & March 2023 Expenses

Ms. Crosby presented the February and March 2023 expenses to the Board.

RESOLUTION 23-08 By Britton, Supported by Mayor Greimel
Resolved, to approve reimbursement of expenses for February and March 2023.

Yea – 3 Nay - 0

B. City of Pontiac Additional Invoice November 2021

Ms. Crosby presented an additional invoice received from the City of Pontiac for November 2021. Ms. Crosby asked the City of Pontiac to provide written explanation as to why they were billing the VEBA an additional \$247K for November 2021 so that the Board could review and approve payment. She never received that written explanation. She reached out to Meadowbrook, and they show the VEBA still owes the City of Pontiac about \$14K for November 2021. Due to the significant difference is potential amount still owed the Board is requesting that both the City of Pontiac and Meadowbrook provide detailed documentation regarding their method of calculating amounts owed by the VEBA.

C. Lon Britton Candidate Statement

RESOLUTION 23-09 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 23-10 By Britton, Supported by Mayor Greimel
Resolved, to elect Matt Nye to the Board by acclamation.

Yea – 3 Nay – 0

E. BeneSys Amendment to Administrative Service Agreement

RESOLUTION 23-11 By Britton, Supported by Nye

Resolved, to Approve the amended fee schedule on the Benesys' administrative services agreement.
Yea – 3 Nay – 0

F. Burgundy Updated Authorized Signers

Ms. Crosby presented a document to update authorized signers for Burgundy for signature.

G. 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

A. BeneSys DOL Cybersecurity Program Response Q1 2023

B. BeneSys Navigator Q1 2023

C. Securities Class Action Services – The Top 50 of 2022

D. YCM – ADV Material Change April 2023

NEXT MEETING DATE: September 13, 2023, 1:00 p.m.

ADJOURNMENT

RESOLUTION 23-12 By Mayor Greimel, supported by Britton

Further Resolved, that the meeting be adjourned at 3:17 p.m.

Yea – 3 Nay – 0

I certify that the foregoing are the true minutes of the Police & Fire Retirement Pre-Funded Group Health and Insurance Plan “VEBA Trust” on May 11, 2023.

As recorded by BeneSys