

**CITY OF PONTIAC  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
BOARD OF TRUSTEES VEBA MEETING MINUTES  
May 28, 2020**

A regular meeting of the Board of Trustees was held on Thursday, May 28, 2020 via Conference Call at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

**Trustees Present**

Lon Britton (via phone)  
Craig Storum (via phone)  
Matt Nye, Chairman  
Deirdre Waterman, Mayor (via phone)

**Others Present**

Matt Henzi, AsherKelly  
Chris Kuhn, AndCo.  
Duane Menter, BeneSys, Inc.  
Violet Gjorgjevski, BeneSys, Inc.  
Dean Carlson, BeneSys, Inc.  
Jennifer Crosby, BeneSys, Inc.

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*Chairman Nye declared that a quorum was present and called the meeting to order at 10:04 a.m.*

**PUBLIC COMMENT**

**AGENDA CHANGES**

**CONSENT AGENDA**

- A. Minutes of Regular Meeting – February 27, 2020
- B. Minutes of Special Meeting – March 20, 2020
- C. Financial Reports
  - 1. Financial Reports – January – March 2020
  - 2. Bills for Ratification through May 28, 2020

**RESOLUTION 20-10** By Craig, Supported by Mayor Waterman  
Resolved, That the Consent Agenda for May 28, 2020 be approved.

Yeas: 3 - Nays: 0

**CONSULTANTS**

A. AndCo.

Christopher Kuhn of AndCo. provided a Market Update as of April 30, 2020. He discussed that a global pandemic circulated around the world during the quarter, wreaking havoc on economies and the capital markets. The S&P 500 peaked on February 20th before falling 33.8% to its low on March 23. For the quarter, the S&P 500 fell -19.60%. Mid cap stocks (-27.1%) and small cap stocks (-30.6%) were punished more severely as investors shunned the riskier segments of the markets. International markets also collapsed with the developed markets falling -22.8% (MSCI EAFE) and the emerging markets declining -23.6% (MSCI Emerging Markets). Treasuries provided a refuge during the equity market chaos, rising 8.2% as rates dropped. Corporate bonds traded in concert with the equity markets and generated negative returns, as Investment Grade Corporates fell -3.6% and High Yield fell -12.7%. The Federal Reserve responded swiftly to support the markets, using their GFC playbook and quickly deploying programs that took months to design back in 2008. The response has been enormous with

five times more liquidity being deployed now than in 2008. Additionally, a unified political response resulted in a \$2 trillion stimulus package for US consumers and businesses. These actions seem to have stabilized market functions and allowed stocks to reverse some losses from earlier in the month. Much of the commentary around individual manager performance seeks to provide context, not consolation.

Mr. Kuhn continued and discussed the Asset/Manager Summary as of May 28, 2020. The 7.5% allocation to Alternatives was reallocated to LSIA (2.5%), Tortoise Core FI (2.0%) and Cash (2.0%). This was done to account for the redemption from Pluscios.

Mr. Kuhn informed the Board of the Tortoise Credit ownership change to Ducenta Squared Asset Management. The transaction is expected to close in mid-July, but is dependent upon several factors, including Ducenta registering with the SEC as an investment advisor. AndCo recommends the Board consider an alternative to Tortoise Credit / DSAM. This recommendation is based on the continued changes to the portfolio management team. AndCo further recommends the Board retain Baird to manage the intermediate fixed income mandate for the VEBA Fund – Baird Intermediate Bond Fund (BIMIX).

**RESOLUTION 20-11** By Storum, Supported by Mayor Waterman Resolved, to accept the recommendation from AndCo. to terminate Tortoise/Ducenta and move those assets to Baird Intermediate Bond Fund.

Yeas: 4 - Nays: 0

**RESOLUTION 20-11** By Britton, Supported by Storum, Resolved, to receive and accept the AndCo report.

Yeas: 4 - Nays: 0

## **REPORTS**

- A. Chairman
- B. Secretary
- C. Trustee Committees
- D. Legal, Attorney's Report, AsherKelly, Matt Henzi
- E. Members / Retirees

## **ATTORNEY'S REPORT**

*Executive Order 2020-48 – Temporary Authorization of Remote Participation in Public Meetings and Hearings*

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

*The Board discussed the purchase of new computers for Trustees in order to participate in virtual meetings. Benesys advised it has electronic platforms that can accommodate closed session that will comply the Executive Orders.*

*Lawsuit Against City of Pontiac for Annual Contributions for Fiscal Year Ending June 30, 2012*

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

*CPREA v City of Pontiac – Settlement Agreement -*

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

## **UNFINISHED BUSINESS**

### **A. Vital Information Mailer Results**

BeneSys presented to the Board the results of the Vital Information Mailer sent out to all members in March 2020. Trustee Britton asked that Legal draft a Second Notice Letter and BeneSys do another mailer for the Second Request.

### **B. Dental Premium Increase Mailer**

BeneSys presented to the Board the results of the Dental Premium Increase Mailer. The Board states there is nothing further to do currently

## **NEW BUSINESS**

### **A. VEBA February 2019 through April 2020 Expenses**

The February 2019 through April 2020 Expenses were presented to the Board for review. BeneSys has been instructed to keep track of Expenses.

**RESOLUTION 20-12** By Storum, Supported by Britton  
Resolved, to accept the February 2019 through April 2020 VEBA expenses reimbursement report

Yeas: 4 - Nays: 0

### **B. Notice of Trustee Election – Police – Lon Britton**

**RESOLUTION 20-13** By Storum, Supported by Britton  
Resolved, to affirm election of Trustee Lon Britton with term ending May 31, 2023

Yeas: 3 - Nays: 0

### **C. Notice of Trustee Election – Fire – Matt Nye**

**RESOLUTION 20-14** By Storum, Supported by Britton  
Resolved, to affirm election of Trustee Matt Nye with term ending May 31, 2023

Yeas: 3 - Nays: 0

## **CORRESPONDENCE**

### **A. Delta Dental Premium Credit**

BeneSys informed the Board that Delta Dental is giving a one-month premium credit to all participants for the month of April 2020 in response to the COVID-10 pandemic.

**RESOLUTION 20-15** By Britton, Supported by Storum

Resolved, to reimburse participants via their pension check for July 2020.

Yeas: 3 - Nays: 0

**NEXT MEETING DATE:** August 27, 2020 at 10:00 a.m.

**ADJOURNMENT**

**RESOLUTION 20-16** By Storum, Supported by Britton  
Further Resolved, that the meeting be adjourned at 11:35 a.m.

Yeas: 3 - Nays: 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 28, 2020.

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*As recorded by BeneSys*