

**CITY OF PONTIAC VEBA TRUST
BOARD OF TRUSTEES MEETING
February 9, 2023**

A meeting of the Board of Trustees was held on Thursday, February 9, 2023

Trustees Present

Claudia Filler, Chairperson
Linda D. Watson
Khalfani Stephens, Deputy Mayor, Vice Chair
Lon Britton, Secretary, Sebastian, Florida
NZ Bryant, Orchard Lake, MI
Tim Greimel, Mayor
Carolyn Clark

Others Present

Matt Henzi, AsherKelly
Violet Gjorgjevski, BeneSys
Jennifer Crosby, BeneSys
David Lee, Dahab

Chairperson Filler declared that a quorum was present and called the meeting to order at 9:06 a.m.

AGENDA CHANGES

RESOLUTION by Deputy Mayor Stephens; seconded by Ms. Watson

Further Resolved, to amend the agenda to move Oath of Office for Carolyn Clark to beginning of meeting.

Yea – 6 Nay – 0

Motion Carried

Introduction of Carolyn Clark as Trustee, elected by acclamation. Oath of Office taken by Violet Gjorgjevski.

RESOLUTION by Ms. Watson; seconded by Ms. Clark

Further Resolved, to grant Trustee Britton’s request for a reasonable accommodation, under the ADA pursuant to recent Michigan Attorney General opinion, to allow Trustee Britton to vote on Motions via Zoom due to immunocompromised illness.

Yea – 6 Nay – 0 Abstain – 1, Lon Britton

Motion Carried

CONSENT AGENDA

- A. Meeting Minutes November 17, 2022
- B. Financial Statements October & November 2022
- C. Opt-Out Balance Remaining as of January 23, 2023 - \$3.9M
- D. Bills for Ratification February 9, 2023
- E. Bills for Approval

| Payee | Amount |
|-------------|------------|
| Asher Kelly | \$3,989.14 |

| | |
|---------------------|--------------------|
| Asher Kelly | \$215.64 |
| Attucks | \$22,850.50 |
| Manquen Vance | \$17,202.79 |
| Sawgrass Asset Mgmt | \$11,319.50 |
| Victory Capital | \$17,940.00 |
| WCM Investment Mgmt | \$14,294.40 |
| | |
| | \$87,811.97 |

- F. Comerica Bank Balance as of January 24, 2023
- G. Total Benefit Enrollees as of January 24, 2023 = 520
- H. New Enrollees November 1, 2022 to January 24, 2023 = 16
- I. Total Number of Appeals to Date = 43
 - a. Approved = 14
 - b. Denied = 9
 - c. On Hold = 18
 - d. Member Withdrew = 1

RESOLUTION by Ms. Watson; seconded by Deputy Mayor Stephens

Further Resolved, to approve the Consent Agenda amended to remove invoice for Bonadio which was submitted in error.

Yea – 7 Nay – 0

Motion Carried

CONSULTANT REPORT

A. Dahab Associates, Inc. – Performance Review December 2022

Mr. Lee reviewed performance as of December 2022. The portfolio showed an increase over the September 2022 quarter ending value. The Composite portfolio returned 4.8%. The domestic equity portfolio returned 7.1%. The international equity segment gained 12.7%. Emerging markets segment returned 10.5%. The real estate component lost 5.0%. The fixed income segment gained 1.8%. The asset allocation was reviewed.

RESOLUTION by Mr. Mayor Greimel; seconded by Mr. Britton

Further Resolved, to conduct an asset allocation study for the Trustees to review, with no allocation to private equity and 10% allocation to real estate .

Yea – 7 Nay – 0

Motion Carried

REPORTS

A. CHAIRPERSON

Chairperson Filler updated the Board regarding the status of modifying the Settlement Agreement. CPREA has decided to spend \$12,000 to have a new Actuarial Valuation

completed using an appropriate rate of return for both VEBA and GERS and obtain a second opinion. A protective order needs to be signed. This was delayed but it now moving forward.

Discussion took place regarding this matter.

B. SECRETARY - None

C. TRUSTEE COMMITTEES - None

D. LEGAL REPORT

City of Pontiac/PF VEBA/VEBA Merger Agreement

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

Asset Transfer

Attorney Henzi addressed this matter for the Board in Attorney Report. CPREA and the City are in mediation on this and other topics.

CPREA Subpoenas

Attorney Henzi addressed this matter for the Board in the Attorney Report. On November 7, 2022, BeneSys received identical subpoenas addressed to the VEBA and PF VEBA.

Legal counsel and counsel for CPREA negotiated an appropriate Protective Order which was entered by the Court on December 29, 2022. Legal counsel has written to counsel for CPREA asking that CPREA's actuary, and the attorneys if they request review of the census data, sign Exhibit A, which acknowledges that they will safeguard the HIPAA restricted census data.

VEBA Request for Miscellaneous Determination – Form 990

Attorney Henzi addressed this matter for the Board in the Attorney Report. Legal counsel spoke with Mr. Nicholas, Fund auditor. Mr. Nicholas filed an extension for the VEBA's Form 990 filing. The Form 990 is due on or before May 15, 2023. Mr. Verhagen recently contacted us to advise that the IRS requested additional information because the VEBA Trust has two EINs. We sent return correspondence advising that is not the case and are waiting for a response

Proposal for Handling Appeals for Surviving Spouses

Attorney Henzi addressed this matter for the Board in the Attorney Report. At the last meeting, the Trustees directed legal counsel to revise his proposed policy for handling appeals of surviving spouses that are permitted to elect the opt-out option. Legal counsel prepared such policy and forwarded it to counsel for the City and CPREA.

Comerica Revised Fee Proposal

Attorney Henzi addressed this matter for the Board in the Attorney Report. At the last meeting, the Trustees directed legal counsel to negotiate a fee adjustment on Comerica's revised fee proposal. Legal counsel asked for a fee reduction and is awaiting receipt. It should be noted that the fees proposed are identical to fees Comerica is charging to the PF VEBA Trust.

RESOLUTION by Mr. Britton; seconded by Deputy Mayor Stephens

Further Resolved, to accept the Comerica Revised Fee Proposal as presented.

Yea – 7 Nay – 0

Motion Carried

Sawgrass Proposed Amendment to Investment Management Agreement

Attorney Henzi addressed this matter for the Board in the Attorney Report. Sawgrass, one of the VEBA’s investment managers, recently contacted legal counsel to propose a revision to the Schedule of Fees contained within the VEBA’s Investment Management Agreement with Sawgrass. The proposed amendment is meant to memorialize the actual fees Sawgrass has been billing the VEBA.

RESOLUTION by Ms. Clark; seconded by Ms. Watson

Further Resolved, to direct legal counsel to negotiate relationship pricing with Sawgrass with no median billing.

Yea – 7 Nay – 0

Motion Carried

Trustee Election

Attorney Henzi addressed this matter for the Board in the Attorney Report. At the last meeting, the Trustees accepted the resignation of Trustee Walter Moore, whose terms expires May 30, 2024. The vacant term is to be elected by all members of the Plan. As directed, BeneSys sent a Notice of Trustee Election to all eligible voters. Legal counsel worked with BeneSys on scheduling the election dates. There were two candidate statements received, but one was for Lon Britton, and it was sent by confirmed mistake. The other was from Carolyn Clark. Since no other candidate statement forms were received by the deadline, the Board may declare Trustee Clark to be the duly elected Trustee to fill the term expiring May 30, 2024.

Inquiry re: Eligibility for VEBA Benefits

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. HB 5427 would allow for retirement boards to meet remotely, for any reason. It was referred out of Committee without amendment. It underwent a second reading on November 11, 2021.

Interestingly, the Legislative Fiscal Analysis concluded that HB 5427 could result in cost savings for local units of government to the extent that convening meetings of public bodies responsible for maintaining a retirement system remotely would not be required to reimburse members for necessary travel expenses if the members are eligible for travel reimbursements.

On November 9, 2022, the Michigan House of Representatives passed this Bill. The matter was referred to the Committee of the Whole. There were no substitutes proposed to the Bill. We anticipate that it was proceed to a vote before the Senate.

TRUSTEE COMMENTS

Discussion took place regarding travel reimbursement. Legal counsel will make amendment to rules and regulations for next meeting.

Discussion took place regarding iPads or Laptops being provided for Trustees.

RESOLUTION by Mr. Britton; seconded by Ms. Clark

Further Resolved, to authorize BeneSys to purchase iPad's with keyboards for Trustees as requested.

Yea – 6 Nay – 1

Motion Carried

PUBLIC COMMENTS - None

UNFINISHED BUSINESS

A. Tabled Appeals

- a. 0139159276
- b. 2679039353
- c. 2684822459
- d. 2692662515
- e. 2705262060
- f. 2706082502
- g. 2706117649
- h. 2721200367
- i. 2734064624
- j. 2740400506
- k. 2754925324
- l. 2762113260
- m. 2776100632
- n. 2777199310
- o. 2819359750
- p. 2845931904
- q. 3990506972
- r. 0139159276MB

NEW BUSINESS

A. Oath of Office for New Trustee Carolyn Clark

This item was moved to the beginning of meeting.

B. Questionable Opt-Out Retirees

This item is on hold while investigation takes place.

C. Communication Regarding Audit

BeneSys provided the Board with communication from GJC regarding Form 900 completion and audit. Form 990's filing deadline, with extension, is May 15, 2023. GJC will begin work with BeneSys to complete audit for December 31, 2022.

D. Sawgrass Amendment Request on Fees

This item was discussed under Legal Report.

E. MAPERS One Day Seminar Agenda

BeneSys provided the agenda for the MAPERS One Day Seminar

CORRESPONDENCE

A. Attucks Organizational Update 2023

B. BeneSys External Penetration Test Summary – November 2022

C. BeneSys Navigator 4th Quarter 2022

D. WCM – Notice of Retirement for Pete Hunkel

NEXT MEETING DATE: May 11, 2023, at 9:00 a.m.

ADJOURNMENT

RESOLUTION by Mayor Greimel; seconded Ms. Watson

Further Resolved, that the meeting be adjourned at 11:35 a.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on February 9, 2023.

As recorded by BeneSys