

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
February 27, 2020**

A regular meeting of the Board of Trustees was held on Thursday, February 27, 2020 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.

Chairman Nye declared that a quorum was present and called the meeting to order at 10:03 a.m.

PUBLIC COMMENT

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting – December 05, 2019
- B. Financial Reports
 - 1. Financial Reports – October - December 2019
 - 2. Bills for Ratification through February 27, 2020

RESOLUTION 20-01 By Britton, Supported by Mayor Waterman
Resolved, That the Consent Agenda for February 27, 2020 be approved.

Yeas: 3 - Nays: 0

CONSULTANTS

A. AndCo.

Christopher Kuhn of AndCo. provided a Market Update as of December 31, 2019. He discussed that the dual inspiration of a possible resolution to the trade war and stimulus from central banks drove the equity markets into full rally mode during the fourth quarter. The encouraging tone on US-China trade negotiations boosted the prospects of stronger global economic growth across the developed and emerging markets. Equities were further aided by a rate cut from the US Federal Reserve and continued stimulus from other major central banks. Domestically, small caps and growth led the way this quarter, as is often the case during strong “risk on” periods. The S&P 500 returned 9.1% during the quarter, lagging the Russell 2000’s 9.9% gain (Russell 2000 Growth returned 11.4%). International markets benefited from a declining dollar with the Emerging Markets generating the biggest gains; the MSCI EAFE index rose 8.2% and the MSCI EM Index posted an 11.8%. After three quarters of strong performance to start 2019, the fixed income markets took a breather this quarter. Interest rates trended modestly higher as additional rate cuts were not anticipated. The BB US Aggregate Index returned 0.2%

for the quarter; treasuries were the weakest segment (-0.8%) and investment grade corporates the strongest (1.2%). 2019 was a great year for investors – fixed income was up over 8% and equities return 20 – 30%.

Mr. Kuhn continued and discussed the Asset/Manager Summary as of February 27, 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 advised that he does not have any recommendations at this time.

REPORTS

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

ATTORNEY’S REPORT

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. Audit
 - a. December 31, 2018 Financial Statements - Final
 - b. December 31, 2018 End of Audit Letter – Final

The Board discussed that Plante Moran’s correspondence regarding the audit mentioned a lack of timeliness in reference to audit requests to management, which resulted in the audit not being completed on time according to State of Michigan law. BeneSys assured the Board that this would not happen with the 2019 and future audits. BeneSys is already preparing for the 2019 audit requests in advance.

In relation to the Corrected and Uncorrected Misstatements that noted there were liabilities that the Trust was unable to support, as still outstanding. BeneSys was investigating the validity of these liabilities.

RESOLUTION 20-04 By Storum, Supported by Britton

Resolved, upon final reconciliation of liabilities noted by Plante Moran on page _____ of the audit, these amounts shall be written off since these amounts are not liabilities of the system and no evidence of the liabilities was discovered despite significant research. These liabilities had been booked on prior audits but were not verifiable.

Yeas: 4 - Nays: 0

- B. Nyhart Engagement Letter – Signed

BeneSys provided a copy of the signed Nyhart Engagement letter for the Board.

- C. Vital Form Cover Letter – Draft

BeneSys provided the cover letter drafted by Legal to be included with the Vital Information Form and mailed to all members prior to next Board Meeting.

NEW BUSINESS

A. VEBA March through December 2019 Expenses

The March through December 2019 Expenses were presented to the Board for review. BeneSys has been instructed to keep track of Expenses.

RESOLUTION 20-05 By Britton, Supported by Mayor Waterman Resolved, to approve March through December 2019 VEBA Expenses.

CORRESPONDENCE

NEXT MEETING DATE: May 28, 2020 at 10:00 a.m.

ADJOURNMENT

RESOLUTION 20-06 By Storum, Supported by Mayor Waterman Further Resolved, that the meeting be adjourned at 10:29 a.m.

Yeas: 4 - 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 February 27, 2020.

As recorded by BeneSys

