

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
February 25, 2021**

A regular meeting of the Board of Trustees was held on Thursday, February 25, 2021 via Conference Call in accordance with Michigan’s Executive Orders issued restricting in-person gatherings due to COVID-19, and Michigan’s Open Meetings Act, as amended.

Trustees Present

Lon Britton, Sebastian, FL
Matt Nye, Chairman, Pontiac, MI
Craig Storum, Monroe, FL
Deirdre Waterman, Mayor, Pontiac, MI
Darin Carrington, Finance Director, Pontiac, MI

Others Present

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

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

PUBLIC COMMENT – None.

AGENDA CHANGES – None.

CONSENT AGENDA

- A. Minutes of Regular Meeting – December 3, 2020
- B. Financial Reports
 - 1. Financial Reports – October - December 2020
 - 2. Bills for Ratification through February 25, 2021

RESOLUTION 21-01 By Britton, Supported by Storum
Resolved, That the Consent Agenda for February 25, 2021 be approved.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea
	Darin Carrington	Yea

CONSULTANTS

A. AndCo.

1. Investment Performance Review

Christopher Kuhn of AndCo. provided a Market Update as of December 31, 2020. Global equity markets pulled back in October, generated some amazing results in November, and performed nicely in December, closing out 2020 at new record highs. The performance of the capital markets during the fourth quarter was astonishing, capping a year many are happy to put in the past. The markets were

driven by positive economic data, additional stimulus package negotiations, and positive news on multiple COVID vaccines. The S&P 500 rose 11.7% for the quarter and 16.3% for the year. Small cap stocks (Russell 2000 Index) gained an astonishing 31.4% for the quarter, ending the year up 19.96%. International markets participated as well, with the MSCI EAFE gaining 16.1% for the quarter and 7.8% for the year.

Emerging markets fared even better, gaining 19.7% in the fourth quarter and 18.3% in 2020. The fixed income market also provided impressive returns, though notably lower than the equity markets. Core fixed income, as measured by the Bloomberg Barclays Aggregate Bond Index, appreciated 0.7% for the quarter and 7.5% for the year. High yield had an impressive recovery after suffering large losses in the first quarter, gaining 6.5% in the fourth quarter and 7.1% in 2020. However, forecasted returns for the asset class are muted; a shining example would be the 10-year Treasury ending the year with a yield of 91 basis points. Looking back at 2020 we can breathe a collective sigh of relief from an investment standpoint, 2020 was a solid year for investors

2. 4th Quarter 2020 Market Environment

Mr. Kuhn reviewed the 4th Quarter 2020 Market Environment for the Board.

3. Market Update January 31, 2021

Mr. Kuhn reviewed the Market Update as of January 31, 2021 for the Board.

4. Asset/Manager Summary

Mr. Kuhn reviewed the Asset/Manager Summary for the Board. Mr. Kuhn discussed the PF VEBA/VEBA transition. There was discussion about retaining cash reserves through December 31, 2021 to protect against expenses billed after the merger.

RESOLUTION 21-02 By Carrington, Supported by Storum

Resolved, to transfer \$2MM from LSIA Eq Wtg S&P 500 to Baird Intm FI.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea
	Darin Carrington	Yea

Mr. Kuhn advised that the Board is required to transfer assets from LSIA effective April 1, 2021. The required transition is necessitated by the fact that the portfolio manager, Kevin Yousif, is leaving LSIA effective April 1, 2021. Further, LSIA has advised that it does not have the necessary personnel to provide the passive investment portfolio management. Mr. Yousif has formed a new portfolio management company, Yousif Capital Management (YCM). Mr. Kuhn stated that AndCo is conducting its due diligence on whether to recommend YCM as an investment manager for its clients. However, its due diligence may not be completed by April 1, 2021. The Trustees discussed this matter at length and agreed to refer the issue to the Investment Committee, consisting of Chairman Matt Nye and Trustee Darin Carrington, with assistance from the Investment Consultant and legal. There was consensus to empower the Committee to take action since time was of the essence.

RESOLUTION 21-03 By Britton, Supported by Storum

Resolved, to create an Investment Committee consisting of Trustees Matt Nye and Darin Carrington who are authorized to work with Chris Kuhn regarding the LSIA transition and authorizing the Committee to execute contracts based on Mr. Kuhn's recommendation, subject to legal review.

Roll Call Vote: Lon Britton Yea
Matt Nye Yea
Craig Storum Yea
Darin Carrington Yea

ATTORNEY’S REPORT

Correspondence to PF VEBA Plan Professionals re: Transition

Attorney Henzi addressed this matter for the Board in the Attorney Report. He noted that all current Plan Professionals have been advised of the pending Plan termination and transfer of assets to the newly formed Retiree VEBA and have been instructed to begin planning for the transition accordingly.

Correspondence to PF VEBA Investment Managers re Transition

Attorney Henzi addressed this matter for the Board in the Attorney Report. He noted that he will need authority from the board of trustees to direct all current investment managers to share information and statements of the Plan’s holdings with Dahab, the Investment Consultant retained by the newly formed Retiree VEBA so that they might review and evaluate the portfolio to determine of assets would be better transferred “in kind” or liquidated to cash.

RESOLUTION 21-04 By Storum, Supported by Britton

Resolved, to allow Mr. Henzi to contact investment advisors and allow them to release information to Dahab, the Investment Consultant retained by the newly formed Retiree VEBA.

Roll Call Vote: Lon Britton Yea
Matt Nye Yea
Craig Storum Yea
Darin Carrington Yea

Update on PF VEBA/New VEBA Transition

Attorney Henzi addressed this matter for the Board in the Attorney Report. He discussed a meeting of current Plan Professionals held February 12th which he facilitated, for the purpose of assuring all professionals were aware of the proposed timeline and schedule of deliverables necessary for Plan termination and transfer of assets to the New VEBA. He reported that the meeting was very productive and that all Plan Professionals are comfortable with their role and the proposed timeline(s). He discussed the possibility of assets being transferred into a single account held by the New NEBA as opposed to creating a sub account and recommended after consultation with Comerica Bank and AndCo. that a single general account would be more appropriate. Attorney Henzi advised that another transition issue to be discussed is whether the PF VEBA wants to segregate its assets in a sub-account of the City of Pontiac VEBA Trust. The Trustees discussed they did not want to segregate the assets as that would be counter to the overall nature of the merger, which is to create a unified trust to provide retiree health care to all eligible Pontiac retirees.

RESOLUTION 21-05 By Britton, Supported by Storum

Resolved, that, upon merger, the PF VEBA assets shall be held in a general account of the City of Pontiac VEBA Trust rather than being subrogated in a sub account.

Roll Call Vote: Lon Britton Yea
Matt Nye Yea
Craig Storum Yea
Darin Carrington Yea

Draft Timeline for PF VEBA/VEBA Transition

Attorney Henzi addressed this matter for the Board in the Attorney Report. He reported that he had drawn up two separate timelines, the first assuming a July 1st effective date for the NEW VEBA to commence providing benefits and the second assuming September 1st. He requested authority from the Trustees to share the timelines with the Trustees and Plan Professionals of the New VEBA

RESOLUTION 21-06 By Britton, Supported by Storum

Resolved, to give authorization to Mr. Henzi to share timeline as amended with New VEBA Board and Plan Professionals.

Roll Call Vote: Lon Britton Yea
Matt Nye Yea
Craig Storum Yea
Deirdre Waterman Yea
Darin Carrington Yea

Third Request for Vital Information

Attorney Henzi addressed this matter for the Board in the Attorney Report. He reported that “Vital Information” forms had been sent to all participants three times seeking updated information regarding beneficiaries and other specific designations, but response has been disappointing. Trustee Britton suggested a final attempt be made with the forms sent via registered mail, return receipt requested, in order to call attention to those who receive but ignore the request. Also, to be able to document that forms had indeed been sent to all participants requesting the information.

Electronic Document Retention

Attorney Henzi addressed this matter for the Board in the Attorney Report. He discussed which type of documents should be retained in hard-copy form and for what duration.

Amendments to Michigan’s Open Meetings Act (MCL 15.261 et seq)

Attorney Henzi addressed this matter for the Board in the Attorney Report. He addressed the specific changes enacted which all public meetings are required to conform to.

UNFINISHED BUSINESS

A. Vital Information 2nd Request Mailer Results

Ms. Crosby presented the Board with more detailed results of the 2nd Request Vital Information Mailer. The detailed results showed which members did not respond and their pension status. It was determined that BeneSys would complete a Third Vital Information Request Mailer with letters being sent via Certified Mail by mid-March 2021.

My notes are in line with the paragraph above, which is that BeneSys would send request form 2 again, this time via certified mail.

B. Electronic Document Retention

Mr. Henzi discussed this item in his Legal Report.

NEW BUSINESS

A. December 2020 Expenses

B. January 2021 Expenses

Ms. Gjorgjevski presented the December 2020 and January 2021 Expenses to the Board.

RESOLUTION 21-07 By Storum, Supported by Britton
Resolved, to approve the December 2020 and January 2021 Expenses.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea
	Darin Carrington	Yea

C. Loomis Sayles Requested Documents

Mr. Kuhn informed the Board that this matter has been resolved.

D. Estimated Expenses & Financials

Mr. Menter reviewed Plan Expenses and Financials with the Board giving a history of previous years to forecast what would be needed prior to and after the merger with the Super VEBA.

E. Plante Moran December 31, 2020 Audit

Mr. Henzi discussed this item in his Legal Report. Plante Moran has initiated the audit process.

F. GASB 74/75 OPEB Interim Data Request

Mr. Henzi discussed this item in his Legal Report. Nyhart has initiated the process to complete its actuarial report.

CORRESPONDENCE

NEXT MEETING DATE: May 27, 2021 at 9:00 a.m.

ADJOURNMENT

RESOLUTION 21-08 By Britton, supported by Storum
Further Resolved, that the meeting be adjourned at 12:15 p.m.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea
	Darin Carrington	Yea

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 25, 2021.

As recorded by BeneSys