

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
DECEMBER 3, 2015**

Trustees Present

Lon Britton, Vice-Chairman, (phone-in)
Nevrus Nazarko, Secretary
Craig Storum
Deirdre Waterman, Mayor (arrives 9:35)

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, The Bogdahn Group
Liz Edwards, BeneSys, Inc.

Trustees Absent

Matt Nye, Chairman

Vice-Chairman Britton declared that a quorum was present and called the meeting to order at 8:48 a.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: October 29, 2015
- B. Financial Reports
 - 1. Financial Reports – September 30, 2015
 - 2. Bills for Ratification – October, November 2015

RESOLUTION 15-047 By Nazarko, Supported by Storum
Resolved, That the Consent Agenda for December 3, 2015, be approved.

Yeas: 3 – Nays: 0

CONSULTANTS

- A. The Bogdahn Group

Chris Kuhn of the Bogdahn Group then reviewed the Fund's assets as of November 30, 2015. The current Fund balance is just under \$37,500,000. He then reviewed the Fund's third quarter performance report. He stated that the third quarter was not good for small, mid, or large cap funds. All funds were down. The tipping point was China devaluing its currency. He stated he could make the argument that China's currency should not have increased as much as it did, so this

correction was not unexpected. This will not be an easy transition, but it will resolve. The last correction was in 2011. Typically, a correction will happen every three years, so we were overdue.

Mr. Kuhn then reviewed a checklist he made of the objectives in the Investment Policy Statement and the Fund's compliance with it. Overall, the Fund is in compliance with the Investment Policy Statement. He noted that Gray & Company did not track this for equities. He then reviewed the compliance checklist broken down by Fund managers. Mr. Kuhn then reviewed the financial reconciliation for the third quarter, showing that the Fund was down just over \$2.6 million, \$2.5 million in equity.

Mr. Kuhn then reviewed the comparative performances and trailing returns for the quarter, year to date, and one, three, five, seven, and ten years, and since inception. The Fund was down and lagged behind the Policy Index. Franklin Templeton is down a lot, but he feels they will rebound. The five-year results for Pluscios are disappointing, but there is not anything better right now. Perhaps oil? Trustee Storum stated he would like to see something else there. Trustee Britton stated that Pluscios is more fund-to-fund, but maybe in early 2016 we could look at something for bear or sideways markets. Mr. Kuhn stated we saw a good rebound in October and November, and that small caps rebounded in November.

REPORTS

- A. Chairman
- B. Secretary
- C. Trustee Committees
- D. Legal, Attorney's Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi

ATTORNEY'S REPORT

Attorney Report – General Matters:

Revised Amendment to Open Meetings Act

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

Nyhart Actuarial Services Contract

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

Bloomfield Capital Subscription Agreement – Exhibit B

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

Summary Annual Reports

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

Miscellaneous Articles – Exhibit J

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

RESOLUTION 15-048 By Storum, Supported by Nazarko
Resolved, That the Board move to closed session to discuss pending litigation at 9:17 a.m.

Yeas: 3 - Nays: 0

The Board moved to closed session at 9:17 a.m.
Mayor Waterman arrived at 9:35 a.m.
The Board returned from closed session at 10:10 a.m.

RESOLUTION 15-049 By Storum, Supported by Nazarko
Resolved, That the Board approve the October 29, 2015, closed session minutes.

Yeas: 4 – Nays: 0

UNFINISHED BUSINESS

None to Report

NEW BUSINESS

A. VEBA December 2015 Expenses

The Board reviewed the December invoices received from the City.

RESOLUTION 15-050 By Nazarko, Supported by Storum
Resolved, That payment of the December, 2015, Blue Cross Blue Shield invoices be approved.

Yeas: 4 – Nays: 0

B. 2013, 2014 Summary Annual Reports

Attorney Henzi reviewed the 2013 and 2014 Summary Annual Reports. He explained that the expenses have been reconciled on the 2013 report as some expenses were included from the prior administrator.

RESOLUTION 15-051 By Storum, Supported by Nazarko
Resolved, That the 2013 and 2014 Summary Annual Reports be approved as presented.

Yeas: 4 – Nays: 0

CORRESPONDENCE

Mr. Kuhn discussed the Crescent Direct Lending Levered Fund Notice of Security Interest, dated November 16, 2015. He explained that Crescent negotiated a more favorable interest rate and he sees no issues with it.

NEXT MEETING DATE: January 14, 2016

The tentative schedule for the 2016 meetings was presented and reviewed. After discussion, it was agreed to change April 26 to April 21, August 23 to August 25, and October 25 to October 27.

The 2016 meeting calendar is thus as follows:

2016 BOARD MEETING CALENDAR

January 14, 2016
February 25, 2016
March 31, 2016
April 21, 2016
Special Meeting / Manager Review: May 25, 2016 (Off Site)
May 25, 2016
June 30, 2016
July 28, 2016 (Annual Meeting)
August 25, 2016
September 29, 2016
October 27, 2016
December 8, 2016

RESOLUTION 15-052 By Storum, Supported by Nazarko
Resolved, That the amended Notice of Board Meetings Calendar for 2016 be approved.

Yeas: 4 – Nays: 0

ADJOURNMENT

RESOLUTION 15-053 By Storum, Supported by Nazarko
Further Resolved, That the meeting be adjourned at 10:20 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 December 3,
2015.



Nevrus Nazarko, Secretary
As recorded by BeneSys