

**CITY OF PONTIAC  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
BOARD OF TRUSTEES VEBA MEETING MINUTES  
December 3, 2020**

A regular meeting of the Board of Trustees was held on Thursday, December 3, 2020 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  
Matt Nye, Chairman  
Craig Storum  
Deirdre Waterman, Mayor  
Darin Carrington, Finance Director

**Others Present**

Matt Henzi, AsherKelly  
Chris Kuhn, AndCo.  
Duane Menter, BeneSys, Inc.  
Violet Gjorgjevski, 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** – None.

**AGENDA CHANGES** – None.

**CONSENT AGENDA**

- A. Minutes of Regular Meeting - September 18, 2020
- B. Financial Reports
  - 1. Financial Reports – July - September 2020
  - 2. Bills for Ratification through December 3, 2020

**RESOLUTION 20-30** By Mayor Waterman, Supported by Storum  
Resolved, That the Consent Agenda for December 3, 2020 be approved.

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

**CONSULTANTS**

A. AndCo.

**1. Investment Performance Review**

Christopher Kuhn of AndCo. provided a Market Update as of September 30, 2020. The US equity markets continued to recover during the third quarter and reached new highs in early September. Stocks were buoyed by the continued assistance from the government and the uneven reopening of the economy. As the quarter came to an end, the markets retreated as a second stimulus package stalled in

Washington; the S&P was up 8.9% for the quarter and 5.6% year to date. However, these results have been skewed by the performance of a handful of stocks – Amazon, Apple, Facebook, Google, and Microsoft. To demonstrate the return differential, large cap growth stocks (Russell 1000 Growth Index) are +24.3% year-to-date while large cap value stocks (Russell 1000 Value Index) are -11.6% over the same period. Small caps and international stocks have lagged large cap stocks during the recovery; during the quarter, the Russell 2000 Index gained 4.9% (-8.7% YTD) and the MSCI EAFE Index rose 4.8% (-7.1% YTD). The fixed income markets were relatively uneventful during the quarter as interest rates were range bound and spreads continued to tighten, although at a slower pace. For the quarter, the BB Aggregate Index rose 0.6% (6.8% YTD) and the BB Corporate High Yield Index gained 4.6% (0.6% YTD).

**RESOLUTION 20-31** By Storum, Supported by Nye

Resolved, to follow AndCo’s recommendation to make full redemption from Dodge & Cox and use assets to invest in Burgundy National and International Strategy effective no later than December 31, 2020.

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

**2. Asset/Manager Summary**

Mr. Kuhn reviewed the Asset/Manager Summary as of November 2020. He pointed out that the Fid. Russell 1000 Growth has increased to 10% Target due to new allocation as well as the Fid. Russell 1000 Value. The LSIA - Eq Wtg S&P 500 was moved to fund Fidelity Funds to maintain 10% target.

**3. Large Cap Growth and Value – October 13, 2020**

Mr. Kuhn pointed out that at our meeting last month the VEBA Board approved the transfer of \$4MM from the LSIA 30/70 Equal Weight strategy to the Rhumblin Russell 1000 Growth and Value strategies (\$2MM each). In working with Rhumblin, we were notified that they are not able to accept non-qualified assets (VEBA funds). As a solution to this challenge, I’m recommending we use index funds from Fidelity (see attached fact sheets). The Fidelity Large Cap Growth Fund (FSPGX) and Fidelity Large Cap Value Fund (FLCOX) are managed to the same benchmarks – Russell 1000 Growth and Value – as the Rhumblin funds. These funds have very low expense ratios (3.5 basis points each), track the benchmarks closely, and offer daily liquidity.

**RESOLUTION 20-32** By Nye, Supported by Storum

Resolved, to follow AndCo’s recommendation to use index funds from Fidelity. The Fidelity Large Cap Growth Fund (FSPGX) and Fidelity Large Cap Value Fund (FLCOX) are managed to the same benchmarks – Russell 1000 Growth and Value – as the Rhumblin funds.

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

Darin Carrington      Yea

**RESOLUTION 20-33**

Resolved, to not authorize the rollover of unfunded commitment to series B on Bloomfield Capital Fund, II

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

**4. Investment Policy Statement & Ethics Policy**

Mr. Kuhn presented an amended Investment Policy Statement as well as an amended Ethics Policy to the Board for consideration. Discussion over the changes took place.

**RESOLUTION 20-34** By Mayor Waterman, Supported by Nye  
Resolved, to accept the amended Investment Policy Statement and Ethics Policy as presented.

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

**TRUSTEE REPORT**

Trustee Britton reported that Darin Carrington will be taking the role of Secretary for the Board. Discussion took place regarding the new Super VEBA and preparations that will need to be made as the inception date draws nearer.

**ATTORNEY’S REPORT**

FOIA Requests and Responses

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

New VEBA – Plan for Transition

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

**RESOLUTION 20-35** By Mayor Waterman, Supported by Nye  
Resolved, to appointment Lon Britton and Darin Carrington to lead a Committee to guide transition to new VEBA and develop a calendar of items to be completed toward merger.

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

Request for Waiver Conflict – Legal Representation for New VEBA  
Attorney Henzi addressed this matter for the Board in the Attorney Report.

**RESOLUTION 20-36** By Mayor Waterman, Supported by Nye  
Resolved, to accept and agree to the Request for Waiver of Conflict and allow  
Chairman Nye to sign document.

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

## UNFINISHED BUSINESS

### A. Vital Information 2<sup>nd</sup> Request Mailer Results

Ms. Crosby presented the Board with the results of the 2<sup>nd</sup> Request Vital Information Mailer. Chairman Nye and Trustee Britton will post notice on the Police and Fire Facebook Webpages regarding the Vital Information Mailer to attempt to get responses from members who up until now haven't responded.

**RESOLUTION 20-37** By Mayor Waterman, Supported by Carrington  
Resolved, to have legal draft a 3<sup>rd</sup> Letter to members who have not turned in the Vital Information Form, to be mailed certified stating that pension will be discontinued until response is received. Letter to be presented for approval at next Board Meeting.

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

## NEW BUSINESS

### A. January through November 2020 Expenses

Ms. Gjorgjevski presented the January through November 2020 Expenses to the Board.

**RESOLUTION 20-38** By Mayor Waterman, Supported by Carrington  
Resolved, to approve the January through November 2020 Expenses.

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

Darin Carrington      Yea

**B. IRS VEBA Trust Letter Dated August 10, 2020**

The IRS VEBA Trust Letter Dated August 10, 2020 was presented to the Board for review.

**C. Electronic Document Retention**

Ms. Gjorgjevski informed the Board that BeneSys would like to know how they would like to handle Electronic Document Retention. Mr. Henzi will review and work with BeneSys so he can report back to the Board at the next meeting.

**D. BeneSys, Inc. Fee Increase Request**

Ms. Gjorgjevski presented the previously approved Fee Increase Request for BeneSys for signature.

**E. AsherKelly, PLLC Conflict Waiver**

This item was discussed during Legal Report.

**F. Oath of Office – Darin Carrington**

Mr. Carrington introduced himself to the Board as the City of Pontiac Finance Director and new Trustee.

**CORRESPONDENCE**

**A. BeneSys Navigator – Q3 2020**

**B. Annual Employee Benefits Conference Registration**

**NEXT MEETING DATE:** February 25, 2021 at 10:00 a.m.

**ADJOURNMENT**

**RESOLUTION 20-39** By Mayor Waterman, supported by Britton  
Further Resolved, that the meeting be adjourned at 12:29 p.m.

Roll Call Vote:	Lon Britton	Yea
	Matt Nye	Yea
	Craig Storum	Yea
	Deirdre Waterman	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 December 3, 2020.

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*As recorded by BeneSys*