

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
APRIL 28, 2014**

Trustees Present

Matt Nye, Chairman
Nevrus Nazarko, Secretary
Craig Storum
Deirdre Waterman, Mayor (9:36)

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, Gray & Company
Chuck Wytrychowski, BeneSys, Inc.
Liz Edwards, BeneSys, Inc.

Trustees Absent

Lon Britton

The meeting was called to order at 8:36 a.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: March 27, 2014
- B. Financial Reports
 - 1. Financial Reports – February 28, 2014
 - 2. Bills for Ratification – April, 2014

RESOLUTION 14-019 By Nazarko, Supported by Storum
Resolved, That the Consent Agenda for April 28, 2014, be approved.

Yeas: 3 – Nays: 0

CONSULTANTS

- A. Gray & Company

Mr. Kuhn reviewed the Fund status. He stated the Market “came back to the real world” in the first quarter of 2014. There were positive returns but not as high as in previous quarters. He noted that there is enough cash in the cash account at this time.

Mr. Wytrychowski noted that we are working on reconciling the health care deductions taken from pension checks for the pre-1996 retirees from August 2013 until April 2014 on what was taken versus what should have been taken. All deductions for health care were shut off as of April 1, 2014. The City billed the VEBA through December, then the retirees as of January 1. Trustee

Nazarko stated that the City did pay the January and February premiums, so if retirees had deductions taken from their checks, then they should get a refund. Trustee Storum stated that the amounts would have to be sent back the retiree, and then the retiree would send it to the City.

REPORTS

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

Attorney Report – General Matters:

Attorney Henzi noted that he, Chairman Nye, and Secretary Nazarko were meeting with Mayor Waterman, Mr. Soboda and Attorney Gibbs on April 29. The meeting was requested by the City.

Attorney Henzi noted that the General Board is trying to accomplish an IRS 420 transfer whereby funds are transferred from the pension fund to the VEBA. The IRS has said that this transaction is acceptable. The Determination Letter is contingent on this and City Council approval.

IRS Request for Form 990

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

Electronic Meeting / House Bill 4363

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

Correspondence to VEBA Members and City Council re: Medical Coverage Update

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

Response to FOIA Request re: Liability Insurance Policy 2007 – Present (Exhibit D)

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

PFRS and VEBA Liability Insurance Renewal

Attorney Henzi noted that the Administrator has forwarded the renewal application to Union Services Agency. We are awaiting the underwriting package which will identify the premiums and coverage limits. This will be received for approval at the May 2014 Trustee meeting.

Various Articles – (Exhibit H)

Attorney Henzi presented various articles for the Trustees' review.

There was discussion with respect to Terry White and his eligibility to return to work after his disability, on duty versus non-duty disability, and the Emergency Manager's directives.

RESOLUTION 14-020 By Nazarko, Supported by Storum

Resolved, That the Board move to closed session to discuss pending litigation at 9:25 a.m.

Yeas: 3 - Nays: 0

The Board moved to closed session at 9:25 a.m.

The Board returned from closed session at 9:35 a.m.

Mayor Waterman arrived at 9:36 a.m.

RESOLUTION 14-021 By Storum, Supported by Nazarko

Resolved, That the Board approve action on the items discussed in closed session.

Yeas: 3 – Nays: 0

RESOLUTION 14-022 By Storum, Supported by Nazarko

Resolved, That the Board approve the March 27, 2014, closed session minutes.

Yeas: 3 – Nays: 0

UNFINISHED BUSINESS

A. Feedback on Informational Meeting

Ms. Edwards noted that at this time, 48 retirees responded “Yes” and 15 “No” to the letter asking retirees if they would be interested in attending an informational meeting with respect to retiree health care and all that has transpired so far. Mayor Waterman stated that it could be done via a conference call. Chairman Nye stated he believes a face-to-face meeting is better. He does not want it to be ongoing questions: he wants to give the history and why we are here. Trustee Storum commented that the agenda on what will be covered should be distributed prior to the meeting. Mayor Waterman stated we could use Council Chambers. Trustee Nye asked the Mayor to check for Council Chambers availability dates, and asked Attorney Henzi and Mr. Wytrychowski to prepare the agenda and letter to be mailed. The meeting could be during the day or evening. Mayor Waterman stated we want to control the format, and asked if there will be a moderator? If it is at City Hall, we want an organized format. Perhaps attendees should submit questions in advance. Attorney Henzi stated he will bring the agenda and the special meeting notice letter to the May 29 meeting. Mr. Wytrychowski asked if this is still worth it? Mayor Waterman stated we should defer a final decision until after tomorrow’s meeting with the City, and should Attorney Hitchcock and Mr. Soboda be there? Chairman Nye does not want to put it off if they are unable to attend, and stated he feels comfortable answering most questions. It is informational at this point, and we may have more information by the time it actually happens.

B. Medical / Dental Plan Provider Options

At the March 27 meeting, Mr. Wytrychowski stated that we received dental quotes from Delta Dental for a \$100/\$50/\$50 plan, with a \$1,000/year maximum, a composite rate of \$56/month, or \$35/\$65/\$107 for single/double/family. At that time, he suggested we finish the reconciliation first then offer it to participants for them to pay for it. He has nothing new to report at this time. Trustee Storum asked if we can put on voluntary optical coverage as well. Mr. Wytrychowski stated he will look.

C. Participant Website

The participant website is in progress. It will take special programming as some documents typically are not contained on private employers' websites.

NEW BUSINESS

A. VEBA April 2014 Expenses

The Board reviewed the April invoices received from the City.

RESOLUTION 14-023 By Nazarko, Supported by Waterman
Resolved, That payment of the April, 2014, Blue Cross Blue Shield invoices be approved.

Yeas: 4 – Nays: 0

Trustee Storum asked why GlidePath enrollment went down. Did retirees leave the plan, convert to Medicare? Mr. Wytrychowski stated we will investigate this.

Trustee Nazarko asked if under Public Act 314, are we required to have a budget? Attorney Henzi stated that yes, we did have one for 2013. He does not have a timeline but we will have it completed for 2014. He will also prepare the Summary Annual Report. Going forward, there will be a proposed budget, then by the end of the year, we will have actual costs and dollars involved.

Trustee Nazarko stated there is an outstanding invoice for Pension costs prior to 2012; the City covered costs 70/30 for the GERS/PFRS. One item is accrued time off, based on a department by department basis. In 2012, GERS put in \$72,000 for seven months. Trustee Storum asked if we will be billed 30% of the seven month costs? Chairman Nye asked if Trustee Nazarko would provide an itemized billing. Attorney Henzi stated that Ms. Munson can prepare an invoice. Trustee Nazarko stated he does not have a back-up document yet. Chairman Nye asked him to bring it to the May meeting.

Trustee Nazarko reviewed actuarial reports for 2012 and is concerned they may have discrepancies. He asked the actuary to send him contribution reports for the last three years.

Trustee Storum stated that if he has questions, he should bring them to the Board and the Board will ask the actuary to provide clarification. Attorney Henzi stated that the Emergency Manager, former Trustee Naglick, and the attorneys all disputed the numbers. In 2011 we had to sue for contributions, and the Settlement Agreement for 2011-2012-2013 provided for these contributions. Trustee Storum stated that there was significant discussion with the actuary, and if he has questions, he should review the Minutes, and if he still has issues, bring it to the Board. Attorney Henzi noted that the actuary works for the Board of Trustees, and the Finance Director should not call the actuary and ask for different reports. Attorney Henzi stated he will research and prepare a chart related to contribution rates.

CORRESPONDENCE

- A. Oakland Press Article, dated March 28, 2014
- B. Retiree Health Care Premiums Invoice Response Letters

NEXT MEETING DATE: May 29, 2014

ADJOURNMENT

RESOLUTION 14-024 By Storum, Supported by Nazarko
Further Resolved, That the meeting be adjourned at 10:57 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 April 28, 2014.



Nevrus Nazarko, Secretary
As recorded by BeneSys