

**CITY OF PONTIAC  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
BOARD OF TRUSTEES VEBA MEETING MINUTES  
JUNE 27, 2013**

**Trustees Present**

Lon Britton, Vice Chairman  
John Naglick, Secretary  
Craig Storum

**Others Present**

Chris Kuhn, Gray & Company  
Bram Schreurs, Gray & Company  
Matthew Henzi, Sullivan, Ward, Asher & Patton  
Chuck Wytrychowski, BeneSys, Inc.  
Darris Garoufalis, BeneSys, Inc., *excused*  
Liz Edwards, BeneSys, Inc.

**Trustees Absent**

Matthew Nye, Chairman  
Leon Jukowski, Mayor

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*The meeting was called to order at 8:40 a.m.*

**AGENDA CHANGES**

**CONSENT AGENDA**

- A. Approval of Regular Meeting Minutes: May 30, 2013
- B. Minutes of Special Meeting – May 17, 2013
- C. Financial Reports
  - 1. Financial Reports – April 30, 2013
  - 2. Bills for Ratification – May 31, 2013

**RESOLUTION 13-028** By Naglick, Supported by Storum  
Resolved, That the Special Meeting Minutes for May 17, 2013, be approved.

Yeas: 3 – Nays: 0

Mr. Wytrychowski commented on page 16 that the Financials “Total Other Assets” was adjusted for December after the audit was completed, that \$3,200,000 replaces \$4,700,000, and that no amounts are owed to the City by PFRS. Attorney Henzi recommended we write a letter to the City for contributions for the current year balance due based on the latest actuarial report, when available. Trustee Naglick stated it should be shown on May’s Financial Report, and Mr. Wytrychowski stated that this is our goal. He also explained the payables/receivables/reconciliation entries.

Trustee Britton reviewed the Bills for Ratification and asked why Medicare Advantage Premiums were \$7,500 for the 3<sup>rd</sup> Quarter of 2012, and \$62,000 for the 4<sup>th</sup> Quarter of 2012. Mr. Wytyrchowski stated he would contact Meadowbrook to find out why there is a difference.

**RESOLUTION 13-029** By Naglick, Supported by Storum  
Resolved, That the Consent Agenda for June 27, 2013, be approved.

Yeas: 3 – Nays: 0

## **CONSULTANTS**

### **A. Gray & Company**

Mr. Kuhn introduced Bram Schreurs, Director of Risk Management, from the Gray & Company's New York office. Mr. Kuhn stated that Mr. Schreurs has been doing the "heavy work" on the analysis of the allocation of funds.

Mr. Kuhn distributed and discussed the Fund's Asset Summary as of June 20, 2013.

Mr. Kuhn stated that May and June were not the kindest months. Fixed income is taking a hit, equities had a rough week after Chairman Bernanke's statement, and markets have generally been more volatile of late. Trustee Naglick commented on the Loomis Sayles' communications. Mr. Kuhn believes that tapering will begin to occur in 2014. He also stated that he received figures from Bradford & Marzec which he will discuss next month.

Mr. Kuhn discussed the pros and cons of bond investing/selling. He will research large need issues as far as selling funds to raise cash. Attorney Henzi asked about the status of Bloomfield Capital pursuant to their recent presentation. Mr. Kuhn stated that August is his goal for making a recommendation.

## **REPORTS**

### **A. Chairman**

### **B. Secretary**

### **C. Trustee Committees**

### **D. Legal, Attorney's Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi**

Attorney Henzi reported on two outstanding cases which are under appeal before Judge O'Brian and Judge Kumar. The Kumar case will not be presented until September.

Attorney Henzi discussed those matters relative to the VEBA on his Attorney Report for General Matters. He asked if we should categorize deferrals. He also discussed coordination of benefits and asked if we should amend the Trust to state if an individual is eligible for coverage under another plan, which plan is primary? Should we amend the Trust to state that if they are eligible

for coverage under another employer's plan, then they must be covered under that employer's plan?

Trustee Naglick asked if BeneSys performs death audits on the covered individual census. Mr. Wytrychowski stated that we use an independent company and have audits performed on a quarterly basis. The cost is allocated to all clients. He will get the Plan included on the audit list.

Trustee Naglick stated that the Emergency Manager filed a 12-1K request to put aside labor contract provisions and notified City Council of such. City Council submitted a 420 transfer. The State of Michigan to date has not had a council file against an emergency manager. City Council will convene an Emergency Loan plan to evaluate during the week of July 8.

Trustee Naglick stated that Blue Cross Blue Shield now offers the "Glidepath" product which is designed to comply with health care reform under President Obama. An employee can buy certain coverages at various levels, buy a health savings account, a high-deductible plan, etc. The Emergency Manager would like to fund dollar amounts. Plans are fully insured rather than self-funded. There are approximately 279 retirees prior to 1996 who do not participate in the VEBA. Approximately 241 are Medicare eligible and in a Medicare Advantage Plan. Premiums would be paid through a pension increase only to those members not in the VEBA. Trustee Britton stated that pursuant to State guidelines, an offer to increase pension payments in order to pay for the benefit must be costed out. The Board needs to comment on amending the Trust: should it apply to all members, not just the pre-1996 members. Trustee Naglick commented that we would have to offer it to everyone because if it is only offered to a few, then there would be adverse selection. There was discussion on the pros and cons of this idea. It would need State approvals and a Letter of Intent would need to be filed between July 12 and September 1. Attorney Henzi commented that it would have to be offered to everyone, not just one group. Trustee Britton suggested resuming the discussion at the next meeting. He and Mr. Wytrychowski will meet to review plan design before the next meeting. Trustee Storum asked if Trustee Naglick has Glidepath paperwork to share. Trustee Naglick responded that he will see if he has it. Trustee Storum commented that it is the Trust's responsibility to provide the best benefits possible to their members. Mr. Wytrychowski commented that plan design is not the issue, rather what benefit package the City and Emergency Manager will provide to Police and Fire participants.

Attorney Henzi discussed the duty disability retirement with respect to Edward Pittman. Should he be covered under the VEBA based on the timing of his disability and retirement. There was discussion. The matter is tabled for further discussion.

Attorney Henzi presented a letter which will be sent to all participants discussing eligibility for coverage under the VEBA. Attorney Henzi will revise the second paragraph and will present the letter for final approval.

## **UNFINISHED BUSINESS**

- A. Trustee Britton and Mr. Wytrychowski will further discuss options for retiree medical coverage. Mr. Wytrychowski will bring comparisons to the July Board meeting.
- B. There was discussion with respect to VEBA deductions/payments. BeneSys researched and found that all participants in the VEBA have deductions taken from their pension checks. No one makes payments through a personal check payment.

## **NEW BUSINESS**

- A. Trustee's election terms and reelections will be covered in the Pension meeting.
- B. There was discussion with respect to the 1<sup>st</sup> Quarter 2013 expenses. The life premiums double and it was stated that this is correct. Trustee Britton asked if he can share this information with VEBA members, and Attorney Henzi replied he can. Trustee Britton then asked if we could include this in the letter being drafted, and Attorney Henzi replied yes. Trustee Britton asked if we have these figures for all of 2012 and Mr. Wytrychowski replied yes. Trustee Naglick stated that we will send the information to Meadowbrook to review/approve the Humana/Blue Cross information.

### **RESOLUTION 13-030** By Naglick, Supported by Storum

Resolved, That the 1<sup>st</sup> Quarter 2013 expenses are approved, and that the VEBA will cut the check to the City.

Yeas: 3 – Nays: 0

- C. There was discussion with respect to VEBA eligibility and pre-1996 disability retirement with a subsequent post-1996 retirement.
- D. Actuarial report update: Attorney Henzi and BeneSys have worked with the actuary to get clean data. The valuation is in progress.
- E. There will be a trustee I-Pad video conferencing demonstration at the August meeting.
- F. There was discussion with respect to the Participant Website. BeneSys has been piggybacking the City's website. Establishing the BeneSys website is on our to-do list. Once we provide accurate content to the Implementation team, the website will be loaded and live in two weeks. Trustee Storum will send the firefighter logo, and photographs of folks in action.

## **NEXT MEETING DATE: July 25, 2013**

**ADJOURNMENT**

**RESOLUTION 13-031** By Storum, Supported by Naglick  
Further Resolved, That the meeting be adjourned at 11:15 a.m.

Yeas: 3 – 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 June 27, 2013.



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John Naglick, Secretary  
*As recorded by BeneSys*