

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
JULY 25, 2013**

Trustees Present

Matt Nye, Chairman
Lon Britton
John Naglick, Secretary
Craig Storum
Leon Jukowski, Mayor

Others Present

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

Trustees Absent

The meeting was called to order at 8:37 a.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: June 27, 2013: Change the last sentence of the fourth paragraph on page three to read: "The matter is tabled for further discussion."
- B. Financial Reports
 - 1. Financial Reports – May 31, 2013
 - 2. Bills for Ratification – June 30, 2013

RESOLUTION 13-032 By Naglick, Supported by Britton
Resolved, That the Consent Agenda for July 25, 2013, be approved.

Yeas: 5 – Nays: 0

CONSULTANTS

- A. Gray & Company

Mr. Kuhn discussed the revised Investment Policy Statement draft. He reviewed the Investment Objectives of the Fund. He stated that the asset class mix and investment guidelines match those outlined in Act 314. He reviewed the procedures for monitoring the investment managers. He stated that the Policy Statement must be signed by Chairman Nye and the Investment Manager. Trustee Britton wants to review the Statement and have it ready for signature at the August 29 meeting.

There was discussion with respect to the goal of a 7½% annual return. Mr. Kuhn believes this is reasonable. Trustee Britton wants to maintain that goal. Mr. Kuhn stated that he would provide a redlined version of the Investment Policy Statement at the August 29 meeting. He also stated he would prepare a policy for the Retirement Fund in the same format.

Mr. Kuhn reviewed his findings from the Global Fixed Income search. The funds reviewed have a minimum investment of \$1,000,000, and have various investment strategies: there are six firms with eight strategies. He reviewed the firms, their strategies, the strategy profiles, fees, and strategy descriptions. Chairman Nye asked which he would recommend. Mr. Kuhn replied Brandywine Global Opportunistic Fixed Income, Franklin Templeton Global Bond Plus, and Franklin Templeton Global Multi-Sector Plus. Trustee Britton is concerned with asset allocation and drain. He is concerned that the portfolio will be sliced/diced too small, and would rather keep it all in one or two funds. Mr. Kuhn stated that if Bradford Marzec goes to \$8,500,000, it will not be a big concern. He does have a concern with it all in Core Plus. Trustee Storum likes the Franklin Templeton Global Bond Plus.

RESOLUTION 13-033 By Storum, Supported by Naglick
Resolved, That the Fund transfer of 8% of the portfolio from Bradford Marzec to the Franklin Templeton Global Bond Plus fund, be approved.

Yeas: 5 – Nays: 0

B. Rodwan Consulting Company

The Trustees asked Denise Jones of the Rodwan Consulting Company to attend the meeting and present the VEBA Actuarial Valuation for the period ending December 31, 2012. The Trustees in a prior meeting had stated that the receivables and number of vested deferred individuals seemed high, so Ms. Jones redid the valuation for contributions and service, and did not include employee contributions. She stated that service needs to be verified. Current assumptions incorporate a 7½% interest rate, and 5.6% medical wage inflation rate, based on the life expectancy of the group.

REPORTS

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

UNFINISHED BUSINESS

- A. Unfinished Business is being tabled and moved to the August 29 meeting.

RESOLUTION 13-034 By Storum, Supported by Britton
Resolved, That Unfinished Business be tabled and discussed at the upcoming August 29 meeting.

Yeas: 5 – Nays: 0

NEW BUSINESS

- A. Oliver Mathes: Unpaid claims from Humana / BCBS transition: There was discussion with respect to unpaid claims for Oliver Mathes pursuant to the transition from Humana to BCBS. It was agreed that the claims which BCBS denied should be paid.

RESOLUTION 13-035 By Storum, Supported by Britton
Resolved, That unpaid claims for Oliver Mathes which were denied by BCBS be paid.

Yeas: 3 – Nays: 0

- B. There was discussion with respect to Chubb Group adding VEBA Trust to endorsement for \$1,000 annual premium effective July 5, 2013. This had already been discussed and approved at a prior meeting.
- C. There was discussion with respect to FuzeBox Service and video conferencing. It was agreed that the service should be purchased.

RESOLUTION 13-036 By Storum, Supported by Britton
Resolved, That the FuzeBox video conferencing service be purchased.

Yeas: 3 – Nays: 0

- D. Trustee Elections: Trustee Britton stated he would perform the roll of Vice Chairman effective July 1, 2013.

RESOLUTION 13-037 By Britton, Supported by Storum
Resolved, That Trustee Britton will assume the role of Vice Chairman for both the VEBA and Retirement System for a three-year term effective July 1, 2013.

Yeas: 3 - Nays: 0

RESOLUTION 13-038 By Britton, Supported by Storum

Resolved, That Chairman Nye will continue in the role of Chairman for the VEBA for a three-year term effective July 1, 2013.

Yeas: 3 - Nays: 0

NEXT MEETING DATE: August 29, 2013

ADJOURNMENT

RESOLUTION 13-039 By Storum, Supported by Britton

Further Resolved, That the meeting be adjourned at 11:40 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 July 25, 2013.



John Naglick, Secretary
As recorded by BeneSys