

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
AUGUST 29, 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
Beth Bialy, Plante & Moran
Nick Tochman, Plante & Moran
Chuck Wytrychowski, BeneSys, Inc.
Liz Edwards, BeneSys, Inc.

Trustees Absent

The meeting was called to order at 8:42 a.m.

AGENDA CHANGES

A. Plante & Moran

Ms. Bialy reviewed the audit for the plan year ending December 31, 2012. She reviewed employer and employee contributions made to the Trust, and benefits paid from the Trust for the 2011 and 2012 plan years. She stated that 75% of fund assets are invested in domestic equities and fixed income funds. The total fund gained 13.57% in 2012. She noted that contributions the City should have made to the Trust for the 2010 and 2011 plan years were not paid into the Trust until March 2013, pursuant to a lawsuit settlement, and were reflected in the 2012 financial statements. Contributions for 2012 are currently the subject of a separate lawsuit. She noted the plan experienced a partial termination in 2011 due to the termination of various active employee positions at the City, and is as such closed for active or new participants. The Trust is 22% funded, but she noted that outstanding 2012 City contributions are not reflected.

CONSENT AGENDA

A. Approval of Regular Meeting Minutes: July 25, 2013

B. Financial Reports

1. Financial Reports – June 30, 2013
2. Bills for Ratification – July 31, 2013

C. Participant Notice, August 14, 2013, Mailing

D. Bradford & Marzec Refund of Commissions, \$156.25

E. Sullivan, Ward, Asher & Patton Tax Appeal Refund, \$15,357.92: Move to Pension Agenda

RESOLUTION 13-040 By Storum, Supported by Britton
Resolved, That the Consent Agenda for August 29, 2013, be approved.

Yeas: 5 – Nays: 0

CONSULTANTS

A. Gray & Company

Mr. Kuhn reviewed the fund status. U. S. stocks did okay, the MSCI was down due to concerns about higher rates. Housing and automotives are doing well because of the low interest rates, however the refinancing boom is over. The fund is up 1.4% for the quarter. Loomis Sayles outperformed the S & P. Trustee Britton asked about Ambassador Capital Management. Mr. Kuhn stated they do not think it will be a good fit. He then noted that the fund investments are consistently going up, and presented a graph showing that compared to other public sector plans, year-to-date the fund is a top performer. He stated the Trustees have put much time and effort to get to this point.

Mr. Kuhn discussed the revised Investment Policy Statement draft. He stated he drafted it to look almost identical to the Pension's Policy Statement. He noted he was removing language with respect to inflation targeting; included language with real estate targeted at 0% - 10%, 0% for now; manager selection procedures; fixed income language; language on contributions, elections and fees. Trustee Jukowski asked if we should adopt a policy to not invest in firms that make political contributions. Chairman Nye stated that the language should be included. Language should also be included with respect to BeneSys, Inc. performing plan administration tasks. The updated Statement will be ready for review and for signature at the September 26 meeting.

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 presented a report regarding all Veba business as set forth in his Attorney Report for General Matters. A question arose on whether an individual who opts out of health care coverage at this time can opt back in. Attorney Henzi stated that the individual can wait until the next Open Enrollment period and then opt back in, unless there is a Qualifying Event which permits him to immediately opt back in. Trustee Britton stated we need to send out a concise Question and Answer list to all Veba members on the upcoming plan changes. Chairman Nye suggested w e-mail everyone so they get it faster. He also asked who is currently on Medicare at this time? Meadowbrook has that information and also who enrolled for GlidePath.

RESOLUTION 13-041 By Naglick, Supported by Britton
Resolved, That the Board move to closed session to discuss pending litigation at 10:53 a.m.

Yeas: 5 - Nays: 0

The Board moved to closed session at 10:53 a.m.
The Board returned from closed session at 12:30 p.m.

RESOLUTION 13-042 By Britton, Supported by Naglick
Resolved, That the Board adopt an Amendment to the Trust to revise the definition of membership to include pre-August 22, 1996, retirees.

Yeas: 5 – Nays: 0

RESOLUTION 13-043 By Naglick, Supported by Britton
Resolved, That the Board request clarification from the actuary about amounts determined.

Yeas: 5 – Nays: 0

RESOLUTION 13-044 By Britton, Supported by Storum
Resolved, That the Board approve the July 25, 2013, closed session minutes.

Yeas: 5 – Nays: 0

UNFINISHED BUSINESS

- A. Non-Veba Retiree Medical Coverage
- B. FuzeBox is tabled and will be discussed at the upcoming September 26 meeting.

NEW BUSINESS

- A. Participant Inquiry: A participant inquired since he would be required to pay the \$400 out of his pension check, as he was disabled when he retired, must it be for Blue Cross Blue Shield or could it be for any policy. Trustee Britton wondered if he was covered under Workers Compensation. Meadowbrook is checking into this for him.


NEXT MEETING DATE: September 26, 2013

ADJOURNMENT

RESOLUTION 13-045 By Britton, Supported by Storum
Further Resolved, That the meeting be adjourned at 12:40 a.m.

Yeas: 5 – 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 August 29,
2013.



John Naglick, Secretary
As recorded by BeneSys