

**CITY OF PONTIAC, MICHIGAN  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
“VEBA MINUTES”  
SEPTEMBER 29, 2011**

**Trustees Present**

Leon Jukowski, Mayor  
John Naglick, Secretary  
Matthew Nye, Vice Chair

**Trustees Absent**

Craig Storum - excused  
Brian Lee – excused

**Others Present**

Matthew Henzi, Sullivan, Ward, Asher & Patton  
Chris Kuhn, Gray & Company  
Ellen Zimmermann, Retirement Administrator  
Jane Arndt, Retirement M-Admin Assistant  
John Wargell, Retiree  
Larry Lyons, Retiree

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*The meeting was called to order at 9:17 a.m.*

**AGENDA CHANGES**

Ms. Zimmermann reported that she received the healthcare claims and request for reimbursement from Risk Management. Everything but the life insurance has been verified and is in agreement with the rate sheets and individual claims. She requested that the Board approve the healthcare reimbursement for the April 1, 2011 through June 30, 2011 period.

Trustee Jukowski asked what stop loss is. Ms. Zimmermann explained that the stop loss policy premium pays for medical expenses that exceed a given limit. It puts a cap on the City’s responsibility.

Trustee Naglick explained that the City is self insured. Stop loss is used in the event of a large claim.

Trustee Nye questioned whether \$800,000.00 is the normal cost.

Ms. Zimmermann and Trustee Naglick stated that the approximate cost is \$800,000.00 per quarter.

Ms. Zimmermann told the Board that Tamartha Green receives a “claims dump” from Humana. She adjusts the data for deceased members and the newly retired and creates a summary by individual and member.

Trustee Naglick explained that because the City is self insured the Fund can only reimburse for actual claims. This made the process more difficult because the actual claims have to be verified.

Trustee Nye questioned whether Ms. Zimmerman brought the actual claims to the meeting.

Trustee Naglick said that the only problem now is that the process is extremely manual. They hope to find a way to automate the information.

Mr. Kuhn recommended that the reimbursement come from the Bradford Marzec account.

**RESOLUTION 11-028** By Naglick, Supported by Jukowski

Resolved, That the Board approve the healthcare reimbursement costs of \$795,269.01 for the period April 1, 2011 through June 30, 2011 from assets of the Bradford Marzec account.

Yeas: 3 – Nays: 0

**CONSENT AGENDA**

A. Approval of Regular Meeting Minutes: August 25, 2011

B. Correspondence:

1. Public Act 54
2. Bradford Marzec – Investment Outlook & Portfolio Strategy
3. Pluscious – Performance Information

C. Financial Reports

1. Consolidated Statement of Changes – August 2011
2. Accounts Payable:
  - a. Gray & Company 1,250.00

**RESOLUTION 11-029** By Naglick, Supported by Jukowski

Resolved, That consent agenda for September 29, 2011 be approved as presented.

Yeas: 3 – Nays: 0

**TRUSTEE/COMMITTEE STAFF REPORTS**

Money Market Cash Management

Mr. Kuhn indicated that Gray & Company is recommending that their clients shift their existing money market assets into U.S. government only money market funds or U.S. government short-term investment funds based on the continuing uncertainty in the European sovereign debt crisis and its potential impact on money market funds in the event of a default.

He explained that the cash account's assets as well as the cash accounts in several of the System's managers' accounts are held in money market funds and could be impacted.

Ms. Zimmermann requested that the Board ratify her signature on the change of cash sweep from Goldman Sachs Traditional Mutual Fund to Goldman Sachs Government Only Mutual Fund based on Mr. Kuhn's recommendation.

**RESOLUTION 11-030** By Naglick, Supported by Jukowski

Resolved, That the Board ratify Ms. Zimmermann's signature on the directive to Goldman Sachs to change the cash sweep from the Traditional Mutual Fund to the Government Only Mutual Fund.

Yeas: 3 – Nays: 0

## CONSULTANTS

### **Re: Market Update**

Mr. Kuhn provided a brief overview of the Fund's total market value as of September 26, 2011.

### **Re: Sullivan, Ward, Asher & Patton**

#### IRS Request for Form 990

Mr. Henzi reported that the IRS request for Form 990 is still pending. He sent correspondence to the IRS trying to push the matter along. The VEBA is a tax exempt vehicle and should not have to file the Form 990.

Mr. Henzi requested that the Board move to closed session to discuss litigation against the City of Pontiac.

**RESOLUTION 11-031** By Naglick, Supported by Jukowski  
Resolved, That the Board move to closed session to discuss litigation issues.

Yeas: 3 – Nays: 0

*The Board moved to closed session at 9:28 a.m.  
The Board returned from closed session at 9:51 a.m.*

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## UNFINISHED BUSINESS

**Re: Non Payment of Contributions** – Refer to Legal (Closed Session)

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## NEW BUSINESS

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## SCHEDULING OF NEXT MEETING & ADJOURNMENT

Regular Meeting – October 27, 2011 – City Council Conference Room, Second Level, City Hall @ 8:30 a.m.

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## ADJOURNMENT

**RESOLUTION 11-032** By Naglick, Supported by Jukowski  
Further Resolved, That the meeting be adjourned at 9:53 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 September 29, 2011.

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John Naglick, Secretary  
*As recorded by Jane Arndt*