

**CITY OF PONTIAC  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
BOARD OF TRUSTEES VEBA MEETING MINUTES  
SEPTEMBER 16, 2015**

**Trustees Present**

Matt Nye, Chairman  
Lon Britton, Vice-Chairman, (phone-in)  
Nevrus Nazarko, Secretary  
Craig Storum  
Deirdre Waterman, Mayor (9:15)

**Others Present**

Matt Henzi, Sullivan, Ward, Asher & Patton  
Chris Kuhn, The Bogdahn Group  
Dave Sheeran, Meadowbrook Insurance  
Steve Smith, Meadowbrook Insurance  
Nicole Rockov, Meadowbrook Insurance  
Coy Mosley, City of Pontiac  
Ester Jimenez, City of Pontiac  
Chuck Wytrychowski, BeneSys, Inc.  
Liz Edwards, BeneSys, Inc.

**Trustees Absent**

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*Chairman Nye declared that a quorum was present and called the meeting to order at 8:45 a.m.*

**AGENDA CHANGES**

**CONSENT AGENDA**

- A. Approval of Regular Meeting Minutes: July 30, 2015
- B. Financial Reports
  - 1. Financial Reports – July 31, 2015
  - 2. Bills for Ratification – July, August, September 2015

**RESOLUTION 15-037** By Storum, Supported by Nazarko  
Resolved, That the Consent Agenda for September 16, 2015, be approved.

Yeas: 4 – Nays: 0

**CONSULTANTS**

- A. Meadowbrook Insurance

Dave Sheeran, Steve Smith, and Nicole Rockov from Meadowbrook Insurance discussed the Core Plan Rates for the plan's renewal. Chairman Nye asked if the numbers in the 2012 letter were still in effect. Mr. Sheeran stated that they were not. He stated that they received instruction to keep

the rates the same as the 2014 rates, but does not feel that keeps with compliance. Attorney Henzi stated that PA 152 does not apply to retirees. The chart on page 3 shows the Core Plan as if the Hard Cap was applied, and the chart on page 4 shows it at 80 / 20. Ms. Mosley stated that the Executive Order directed rates to be the better of the Hard Cap or 80 / 20, whichever was better for the City. Attorney Henzi stated that it only applies to pre-age 65 retirees, that they must pay the amount above the hard cap or 20%, whichever is higher.

Trustee Nazarko stated that these rates are high and asked if there were other options. Mr. Smith stated that they are always researching options. He does not recommend self-funding at this time since carriers are consolidating. He believes GlidePath seems to be of value. Mr. Wytrychowski asked what if the plan became self-funded. Mr. Sheeran explained self-funding versus fully insured arrangements, the application of stop-loss limits, and other pertinent information. He also explained a captive arrangement where you can buy up to 125% of claims costs, and put it in the plan to cover expenses.

Chairman Nye asked how will we get together to work something out. Trustee Nazarko stated that is why Meadowbrook is attending this meeting: to discuss and explain new ideas. Chairman Nye stated we should get Blue Cross Blue Shield involved as well. Trustee Nazarko stated that we should have experience numbers now. Mr. Sheeran stated that he will contact Blue Cross Blue Shield and get some base numbers from them to see what the plan's experience has been. We can also invite them to a future meeting. He then showed that with Medicare participants, the fund pays 100%. He reviewed upcoming minor plan changes. Trustee Britton stated he would like to look at other options, but it depends on what CPREA and the City are able to work out. He also stated that the retirees think that Ester and Niki go above and beyond in helping them with their issues. Mr. Smith stated they will prepare a claims analysis.

Ms. Mosley stated that the City wants to begin the Medicare open enrollment period on October 1. Chairman Nye asked if he could be copied on communications that are sent out, and he will forward them to the Board. He also recommended that Meadowbrook be put on the May agenda at the MAPERS meeting to discuss the pre-65 retiree renewals, and on the July or August agenda to discuss the Medicare renewals.

**RESOLUTION 15-038** By Nazarko, Supported by Britton  
Resolved, That the Medicare renewal for January 1, 2016, be approved.

Yeas: 5 – Nays: 0

Ms. Rockov stated she will ensure that a Benefit Change Summary is included in the participant mailings. Trustee Storum stated it should be sent on Fund letterhead.

**RESOLUTION 15-039** By Storum, Supported by Britton  
Resolved, That the Medicare renewal information letter will be printed on Fund letterhead, and will include a Benefit Change Summary.

Yeas: 5 – Nays: 0

*Ms. Mosley, Ms. Jimenez, and the Meadowbrook Insurance group were thanked for their time and were excused from the meeting at 10:12 a.m*

**RESOLUTION 15-040** By Storum, Supported by Britton  
Resolved, That the VEBA rate discussion be tabled as there are issues still in mediation.

Yeas: 5 – Nays: 0

#### B. The Bogdahn Group

Mr. Kuhn reviewed the assets as of September, 2015. He noted that August was unkind. The U.S dollar has strengthened, which means that International has weakened. China is trying to become more consumer oriented. He believes the slowdown was an over-reaction, and there will be more declines in oil prices. He is looking at real estate inclusion, but not at this point, and maybe with Bloomfield Capital or Crescent. He stated that IRS Section 314 allows \$100 million or more of funds to do real estate. The Basket Clause could apply to Pluscios, Crescent, or Bradford Marzec.

**RESOLUTION 15-041** By Storum, Supported by Waterman  
Resolved, That Attorney Henzi coordinate the transfer of \$1 million into Bloomfield Capital.

Yeas: 5 – Nays: 0

#### **REPORTS**

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

#### **ATTORNEY'S REPORT**

Attorney Henzi stated that the lawsuit between the PF VEBA and the City of Pontiac regarding the City's obligation to pay the PF VEBA contribution for fiscal year 2012 is currently being litigated in the Michigan Supreme Court. The City filed an Application for Leave to Appeal with the Supreme Court. The PF VEBA filed its response. Attorney Henzi advised that the Michigan Supreme Court will likely not reach a decision on whether it will accept the appeal for at least six months.

Attorney Henzi then discussed VEBA eligibility with respect to those who are deferred vested individuals, but who were on disability in 2013. He asked if they were on disability at the time of the conversion, are they eligible for the VEBA when converting to a normal retirement now, or are they considered in retirement when they go on disability? Trustee Britton suggested to check and

see how Kary White and Mark Hillborn were handled. Also, if converting after 1996 we will need an actuarial equivalent for it.

**Attorney Report – General Matters:**

Political Contribution Disclosure / Fee Disclosure – Exhibit B

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

Revised Amendment to Open Meetings Act

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

2015 GlidePath Rates

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

VEBA Eligibility – Exhibit C

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

Changes to Michigan’s FOIA Effective July 1, 2015 – Exhibit D

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

Nyhart Actuarial Services Contract

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

IRS Request for Form 990

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

Portfolio Monitoring Reports – Exhibit F

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

**UNFINISHED BUSINESS**

None to Report

**NEW BUSINESS**

A. VEBA August, September 2015 Expenses

The Board reviewed the August and September invoices received from the City.

**RESOLUTION 15-042** By Storum, Supported by Nazarko

Resolved, That payment of the August, September, 2015, Blue Cross Blue Shield invoices be approved.

Yeas: 5 – Nays: 0

**CORRESPONDENCE**

A. Letter from LS Investment Advisors, Proxy Vote Information, August 10, 2015.

**NEXT MEETING DATE:** October 29, 2015

**ADJOURNMENT**

**RESOLUTION 15-043** By Storum, Supported by Waterman  
Further Resolved, That the meeting be adjourned at 10:53 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 September 16,  
2015.



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Nevrus Nazarko, Secretary  
*As recorded by BeneSys*