

**CITY OF PONTIAC, MICHIGAN  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
“VEBA MINUTES”  
JANUARY 31, 2013**

**Trustees Present**

Lon Britton (*teleconference*)  
Leon Jukowski, Mayor  
John Naglick, Secretary  
Craig Storum, Vice Chairman

**Others Present**

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

**Trustees Absent**

Matthew Nye, Chairman, (*excused*)

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*The meeting was called to order at 8:35 a.m.*

**AGENDA CHANGES**

**CONSENT AGENDA**

- A. Approval of Regular Meeting Minutes: December 6, 2012
- B. Approval of Special Closed Session Meeting Minutes: December 6, 2012
- C. Approval of Special Closed Session Meeting Minutes: December 17, 2012
- D. Approval of Special Closed Session Meeting Minutes: January 7, 2013
- E. Financial Reports
  - 1. Consolidated Statement of Changes – November, 2012

**RESOLUTION 13-001** By Britton, Supported by Naglick  
Resolved, That the consent agenda for January 31, 2013, be approved.

Yeas: 4 – Nays: 0

**CONSULTANTS**

**Re: Gray & Company**

Mr. Kuhn distributed the Fund’s flash report as of December 31, 2013.

He discussed the performance results and issues that impacted the results.

Trustee Naglick noted that since the City left Humana and went to Blue Cross Blue Shield of Michigan as of July 1, 2012, Blue Cross has been unable to give accurate/current medical expense

numbers. Because of this, he prefers to have more equity in the funds to ensure there is a cushion. Trustee Britton asked Mr. Kuhn if funds should be immediately transferred. Mr. Kuhn does not like to “time the market” especially now, but thinks that some funds could be transferred.

Trustee Britton moves to transfer \$300,000 each from LS Investments and D & C, and \$250,000 from Broadview, to the cash account this week (\$850,000 total).

**RESOLUTION 13-002** By Britton, Supported by Naglick

Resolved, That the Board authorize the Gray & Company to transfer \$850,000 total funds into the cash fund this week.

Yeas: 4 – Nays: 0

Trustee Naglick asked BeneSys to review Blue Cross Blue Shield expenses, and see if there are alternative options available.

**REPORTS**

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

IRS Request for Form 990

Mr. Henzi reported that this issue is still pending.

Deferred / Vested Member Eligibility

The trustees had directed legal counsel to draft an opinion on whether deferred, vested members became eligible for coverage under the VEBA when they separated from employment with the City of Pontiac. Mr. Henzi reviewed and discussed who is eligible for coverage based on service and age provisions defined in the Trust. Mr. Henzi also referred to the Minutes of the Board of Trustees meeting from March, 2008. These state that an eligible employee must: (a) have ten years of service and have attained age 50, or (b) have twenty-five years of service.

There was discussion with respect to interpretations and past practices.

Trustee Britton believes that further investigation is unnecessary, and that the policy stated in the March 2008 minutes, along with the corresponding language of the Veba Trust, should be administered.

**RESOLUTION 13-003** By Britton, Supported by Naglick

Resolved, That in order to be eligible for coverage in the VEBA, a participant must:: (a) have ten years of service with the City of Pontiac police or fire department and have attained age 50, or (b) have twenty-five years of service with the City of Pontiac police or fire department.

Yeas: 4 – Nays: 0

## UNFINISHED BUSINESS

## NEW BUSINESS

### A. VEBA Plan Design

There was discussion with respect to the current VEBA plan design and possible changes that could be made to it. It was agreed that trustees Nye and Naglick, and Mr. Wytrychowski and Mr. Garoufalis will form a Subcommittee which will review the current plan design against possible plan design changes to see the financial impact such design changes would have on the plan. The Subcommittee will then report its finding to the Board.

**NEXT MEETING DATE: February 28, 2013**

## ADJOURNMENT

**RESOLUTION 13-004** By Britton, Supported by Naglick  
Further Resolved, That the meeting be adjourned at 9:23 a.m.

Yeas: 4 – 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 January 31, 2013.



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John Naglick, Secretary  
*As recorded by BeneSys*