

**CITY OF PONTIAC  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
BOARD OF TRUSTEES VEBA MEETING MINUTES  
FEBRUARY 28, 2013**

**Trustees Present**

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

**Others Present**

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

**Trustees Absent**

None

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

**AGENDA CHANGES**

Move Consent Agenda Items B and C to the New Business Item.

**CONSENT AGENDA**

- A. Approval of Regular Meeting Minutes: January 31, 2013
- B. Emergency Financial Manager, Insurance Opt-Out Payments to Retirees, February 19, 2013, moved to New Business.
- C. Emergency Financial Manager, Payment of Unused Sick Leave, February 19, 2013; Emergency Financial Manager, letter to retirees with respect to change in life insurance amount effective March 1, 2013, moved to New Business
- D. Financial Reports
  - 1. Consolidated Statement of Changes – December, 2012
- E. Correspondence from Bradford & Marzec re: Investment Outlook & Portfolio Strategy, February 2013

**RESOLUTION 13-004** By Storum, Supported by Naglick  
Resolved, That the consent agenda for February 28, 2013, be approved.

Yeas: 5 – Nays: 0

## **CONSULTANTS**

### **A. Gray & Company**

Mr. Kuhn distributed and discussed the Fund's Asset Summary as of February 25, 2013.

Mr. Kuhn distributed and discussed the Fund's Flash Report as of January 31, 2013.

Mr. Kuhn discussed the performance results for the 2013 First Quarter and issues that impacted the results. He reviewed the current U. S. inflation rate and unemployment rate. He discussed one, three, and five year performance levels for the fixed income, bond, midcap and international funds. He noted that the Fund does not yet have a full quarter for the LS funds. He will confirm if \$850,000 was liquidated from the Comerica mutual funds and transferred to the Comerica cash account.

Mr. Kuhn reviewed and updated information on Act 314. The Act allows for new classifications for investment funds, and new limits for real estate funds. There was discussion with respect to incorporating Intercontinental as a real estate fund manager.

### **RESOLUTION 13-005** By Storum, Supported by Naglick

Resolved, That legal counsel review Act 314 to determine if real estate investments after April 1, 2013, are possible, and if so, to have Intercontinental present real estate funds to the Board for consideration.

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**

### **RESOLUTION 13-006** By Storum, Supported by Naglick

Resolved, That the Board move to closed session to discuss pending litigation at 9:44 a.m.

Yeas: 5 – Nays: 0

*The Board moved to closed session at 9:44 a.m.*

*Mr. Kuhn left at 9:44 a.m.*

*The Board returned from closed session at 11:08.*

### **E. Members / Retirees**

## UNFINISHED BUSINESS

## NEW BUSINESS

### A. VEBA Plan Design

Chairman Nye discussed researching information on VEBA administration as it relates to FAS, GASB, cost controls. There was discussion with respect to the current VEBA plan design and potential changes that could be made to it. Chairman Nye directed the Committee to research and propose cost control options. Mr. Wytrychowski stated that in order to do the cost analysis, we will need data from Blue Cross Blue Shield as quickly as possible. Trustee Naglick stated he would contact Meadowbrook and direct them to contact Mr. Wytrychowski as quickly as possible.

### B. Emergency Financial Manager, Insurance Opt-Out Payments to Retirees, February 19, 2013,

There was discussion with respect to this letter. Trustee Britton directed Mr. Wytrychowski to quantify the potential savings this would realize for the fund. Human Resources will need to provide information as to who was participating in the opt-out program prior to this direction.

### C. Emergency Financial Manager, Payment of Unused Sick Leave, February 19, 2013; Emergency Financial Manager, letter to retirees with respect to change in life insurance amount effective March 1, 2013, to be discussed in the Retirement System Trustees Meeting.

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

## ADJOURNMENT

**RESOLUTION 13-007** By Britton, Supported by Naglick  
Further Resolved, That the meeting be adjourned at 11:12 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 February 28, 2013.



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John Naglick, Secretary  
*As recorded by BeneSys*