

**CITY OF PONTIAC  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
BOARD OF TRUSTEES VEBA MEETING MINUTES  
MARCH 27, 2014**

**Trustees Present**

Matt Nye, Chairman  
Lon Britton  
Craig Storum  
Deirdre Waterman, Mayor (10:00)

**Others Present**

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

**Trustees Absent**

Nevrus Nazarko, Secretary

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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: February 28, 2014
- B. Financial Reports
  - 1. Financial Reports – January 31, 2014
  - 2. Bills for Ratification – March, 2014

**RESOLUTION 14-013** By Britton, Supported by Storum  
Resolved, That the Consent Agenda for March 27, 2014, be approved.

Yeas: 3 – Nays: 0

Trustee Britton commented that as of February 1, 2014, the City takes \$182 out of retirees' checks instead of sending it back, and asked what kind of balance sheet are we running? Mr. Wytrychowski stated we are not doing this as of yet because of the confusion in January and February between the Board and the City. One of our goals is to get the roster from the City for September through March so we can properly reconcile the contribution amounts. Attorney Henzi asked if the City is deducting from the pension amounts. Mr. Wytrychowski stated that we kept it at the old amounts, which is why Secretary Nazarko asked for the detailed deduction list. Chairman Nye stated that he does not think they can have the numbers until we are at the ending point. Mr. Wytrychowski stated that we are at that point now since the April 1 letter went out. Trustee Britton asked what will happen if the City won't share the data, and said then we will not pay. Mr. Wytrychowski stated that he believes they will share the data now. Chairman Nye

suggested this be moved to Unfinished Business, and that two other individuals asked why not just take the deductions from the pension checks.

## **CONSULTANTS**

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

Mr. Kuhn reviewed the Fund status. He noted that Bloomfield Capital was funded on March 17. The Fund is holding its own, with \$38,000,000 in total assets. Bradford & Marzec sent out communications that three managers left the firm, and named the three replacements. He believes this is a positive move and they have strengthened the team.

Mr. Kuhn discussed the upcoming MAPERS Conference which will occur on May 18 – May 20 at the Soaring Eagle Resort in Mt. Pleasant. He noted that the investment managers always do a round table presentation on the day after the Conference, which this year will be on May 21. In the past, VEBA investment managers have not presented at the round table discussions. Mr. Kuhn asked if the trustees would want RhumbLine and LS to present this year. Trustee Britton stated if Mr. Kuhn believes the index managers are performing okay, then why invite them? Mr. Kuhn agrees that there is not a lot they can add, but Kevin Yousif at LS could come and do a presentation. Chairman Nye asked Mr. Kuhn to provide a list of investment managers who will attend and do a presentation.

## **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:**

#### IRS Request for Form 990

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

#### Electronic Meeting / House Bill 4363

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

#### Correspondence to VEBA Members and City Council re: Medical Coverage Update (Exhibit A)

Attorney Henzi reviewed the letter sent on March 20, 2014, to City Council President Patricia Waterman, with copies to the TAB Board, City Attorney, and the City Administrator, with respect to the situation of ongoing retiree health care for the pre-August 1996 retirees. There has been no response to his letter at this time.

#### PFRS and VEBA Liability Insurance Renewal

Attorney Henzi noted that the Liability Insurance Renewal for both the PFRS and VEBA is due by May 2014.

*Is Your Fund Prepared for Halliburton? – Hagens Berman, March 18, 2014 (Exhibit F)*

Attorney Henzi presented communications from Hagens Berman with respect to securities fraud in investment funds.

**RESOLUTION 14-014** By Britton, Supported by Storum

Resolved, That the Board move to closed session to discuss pending litigation at 8:55 a.m.

Yeas: 3 - Nays: 0

*The Board moved to closed session at 8:55 a.m.*

*The Board returned from closed session at 9:31 a.m.*

**RESOLUTION 14-015** By Britton, Supported by Storum

Resolved, That the Board approve action on the items discussed in closed session.

Yeas: 3 – Nays: 0

**RESOLUTION 14-016** By Britton, Supported by Storum

Resolved, That the Board approve the February 28, 2014, closed session minutes.

Yeas: 3 – Nays: 0

**UNFINISHED BUSINESS**

**A. Medical / Dental Plan Provider Options**

Mr. Wytrychowski discussed alternate medical options. Currently, VEBA participants are covered under the Blue Cross Blue Shield GlidePath or Medicare Advantage plans. BeneSys obtained a quote from Humana for Medicare Advantage coverage. It offers better coverage for a lower premium, however since there are no active employees covered under the plan at this time, they will not cover this group. Mr. Wytrychowski stated that we could self-fund the plan, but the stop loss premiums would be very expensive for this group demographic. We could also move individuals into the Affordable Care Act Exchanges during the next Open Enrollment period in October. Chairman Nye asked how confusing / extensive is the Exchange? Mr. Wytrychowski stated that many funds are looking at that option. Chairman Nye asked if it would be better for the fund or for participants? Mr. Wytrychowski stated it could go either way. Chairman Nye stated we would have to ensure the fund would be better off. Mr. Wytrychowski stated that the Board chose GlidePath, and is it better for all? Maybe for some but not for others. He stated the Board could work with the actuary to review and analyze the numbers. Trustee Britton stated he does not believe that this is an option, and the Board does not have the authority to make such a change. Mr. Wytrychowski stated he thought that legal had researched this. Trustee Britton stated he does

not believe they can be further reduced. Attorney Henzi stated the Executive Order revised the collective bargaining agreement, and believes we cannot change it.

Chairman Nye asked if the Board mandated the GlidePath level? Mr. Wytrychowski stated yes, but we can explore different producers and stop loss levels. Trustee Storum asked if we can separate Medicare participants into Humana, and keep the balance of participants in GlidePath? Mr. Wytrychowski responded that logistically it is possible, and would it impact City prices, probably not. He does not know what would happen if we tried this approach. Chairman Nye does not want to do anything that would jeopardize the City's requirement to fund it. Trustee Britton stated that this is something we can consider and review going forward, and asked Mr. Wytrychowski to prepare some illustrative rates for the Board to review. Chairman Nye asked if this was worth looking into? Mr. Wytrychowski responded that it is six of one, half-dozen of the other. We can make a change on a Medicare group via the Exchange or Humana, but as far as benefits are concerned they are similar,

Mr. Wytrychowski stated that we received dental quotes from Delta Dental for a \$100/\$50/\$50 plan, with a \$1,000/year maximum. The composite rate is \$56/month, or \$35/\$65/\$107 for single/double/family. He suggested we finish the reconciliation first then offer it to participants for them to pay for it. Trustee Britton asked if there was a waiting period for coverage to be effective or is it immediate. Mr. Wytrychowski believes it is immediate. Trustee Britton suggests we roll it out at the composite rate. Mr. Wytrychowski asked if the VEBA can pick up the entire tab for it. Attorney Henzi stated he did not know and will research this. Trustee Britton stated the City had a 20% hard cap on deductions, so an employee would pay \$11.20. Chairman Nye stated the City will come back and say we cannot do this.

#### B. Fuzebox

Mr. Wytrychowski stated that we are ready now, and he will send out download instructions and how to log in.

#### C. Participant Website

Chairman Nye stated he would like to get all participants' e-mail addresses for the website so we could do informational web communications to all.

### **NEW BUSINESS**

#### A. Feedback on Informational Meeting

Mayor Waterman suggested we can do the meetings via Skype or through a conference call-in numbers. Chairman Nye noted there may be a problem getting them information with respect to Skype, we could just send in the Minutes to them. Once we get a response we can set it up. Where will we meet, at City Hall? Mayor Waterman suggested maybe at the Soccer Arena, the Marriott, the Michigan Motion Picture Studios, and asked what would the agenda be, what

materials would be presented? Chairman Nye noted that the main topic is the pre-1996 retirees, but what additional topics, if any, should be covered? Attorney Henzi suggested perhaps surviving spouses? Chairman Nye asked that potential topics and agendas be brought to the next meeting with possible dates and locations. Mayor Waterman suggested that coverage amount descriptions also be discussed.

#### B. VEBA March 2014 Expenses

The Board reviewed the March invoices received from the City.

#### **RESOLUTION 14-017** By Britton, Supported by Storum

Resolved, That payment of the March, 2014, Blue Cross Blue Shield invoices be approved.

Yeas: 4 – Nays: 0

#### C. Correspondence from Retirees

Mr. Wytrychowski stated that some retirees have sent us copies of the invoice the City sent to them. Attorney Henzi stated that we should send a letter and tell them to pay the invoices. Mayor Waterman stated we should ask them for information on who is covered, send the letter to everyone and ask for that information or get it from Human Resources. Chairman Nye commented that since we have told them we will reconcile and will no longer pay as of April 1, this will confuse them. Mayor Waterman said it could be simple, such as just check what you have elected and mail the form back. Trustee Storum does not understand why we would send another letter. Mayor Waterman stated that it is just to find out what is happening with everyone and to be assured of what is in place. Trustee Storum stated that if we ask them if they have signed with the City or they got with someone else, then what does it help? Mr. Wytrychowski stated that so many letters have gone out both from the Board and the City in the last five months, should we really send another? Chairman Nye stands by the letter. If there is no bill from the City then we will do our best to reconcile in the next sixty days, but doing enrollment and disenrollment is not our responsibility. Does it matter if we know they went to Aetna, or just that they disenrolled? Mayor Waterman stated if you know that they are covered and protected, it helps. Chairman Nye asked but should we send another letter. Attorney Henzi stated for the five or six individuals who sent us copies of their invoices, we should respond to them. Mayor Waterman stated maybe we should reach out. Chairman Nye stated we have tried to clear up the mudiness the City Administrator has caused, and we have sent so many mailings. Attorney Henzi asked didn't the City once respond? Trustee Britton suggested we ask the City again and reach out to those who have not yet responded or paid. Chairman Nye suggests sending by certified mail, and Attorney Henzi suggests sending both certified and non-certified mail.

**CORRESPONDENCE**

A. Letter to All Retirees Mailed March 11, 2014

Chairman Nye believes this letter cleared up much of the existing confusion.

**NEXT MEETING DATE:** Tentatively moved to April 28, 2014.

**ADJOURNMENT**

**RESOLUTION 14-018** By Waterman, Supported by Storum  
Further Resolved, That the meeting be adjourned at 10:53 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 March 27,  
2014.



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Nevrus Nazarko, Secretary

*As recorded by BeneSys*