

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

Trustees Present

Lon Britton, Vice Chairman
Leon Jukowski, Mayor, (*excused, 9:20*)
John Naglick, Secretary
Craig Storum
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.
Fred Joiner, Retiree
Walter Moore, Retiree

Trustees Absent

None

The meeting was called to order at 8:34 a.m.

AGENDA CHANGES

Trustee Britton should be noted as the Vice Chairman on the VEBA roster instead of Trustee Storum.

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: February 28, 2013
- B. Financial Reports
 - 1. Financial Reports – January 31, 2013. There was discussion with respect to \$750,000 received. It was agreed that it would be invested equally in the Rhumblin Growth, Rhumblin Value, and LS Investment Funds.

RESOLUTION 13-008 By Storum, Supported by Naglick
Resolved, That the consent agenda for March 28, 2013, be approved.

Yeas: 5 – Nays: 0

CONSULTANTS

- A. Gray & Company

Mr. Kuhn distributed and discussed the Fund's Flash Report as of February 28, 2013.

Mr. Kuhn distributed and discussed the Fund's Asset Summary as of March 22, 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.

REPORTS

A. Chairman

B. Secretary

C. Trustee Committees

D. Legal, Attorney's Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi

Attorney Henzi stated that he met with the Fund administrator and the actuary from Rodwan on March 22. Mr. Wytrychowski stated that we now get reports directly from Meadowbrook and know how monies are spent. For the last four quarters, the Fund spent \$754,000 in Quarter 1, \$439,000 in Quarter 2, \$284,000 in Quarter 3, and \$490,000 in Quarter 4. Our goal is to design alternate plans which the actuary will cost out, and based on that, determine how long before assets in the Fund would run out. Trustee Storum stated that we should value the plan at what it was prior to changes so that the savings can be quantified. Attorney Henzi will need to direct Rodwan as to what to cost. Trustee Naglick stated we should also value what the plan's expense would be if no changes were made. Mr. Wytrychowski stated we are conducting an audit to ensure we have the correct headcounts.

Attorney Henzi commented that at the last meeting Mr. Kuhn discussed investing in an REIT. Attorney Henzi noted that there is a subscription agreement in the contract and if we are interested, to make a resolution to enter into the contract for how much and how long. Mr. Kuhn stated that the investment manager must have at least \$500,000,000 in assets, and the fund must be registered with the SEC. He also noted that the Fund does not have assets to invest as other funds do, but he would bring back the candidates for another interview. It would be capped at 10% in the VEBA, an amount between \$1,500,000 and \$3,000,000. Trustee Britton suggested tabling this topic for now as there are higher priority items to address. There was discussion on transferring some assets out of the fixed income fund and into some of the other funds. Trustee Naglick noted that the fund manager review is June 5, so perhaps it would be appropriate to address this issue after the review. It was also noted that there is \$3,200,000 in the cash fund, and is this too high. There was discussion as to where to move funds and how much to move.

RESOLUTION 13-009 By Storum, Supported by Naglick

Resolved, To transfer \$1,000,000 from the cash fund to the Pluscious fund as soon as possible.

Yeas: 5 – Nays: 0

RESOLUTION 13-010 By Storum, Supported by Naglick

Resolved, That the Board move to closed session to discuss pending litigation at 9:10 a.m.

Yeas: 5 – Nays: 0

*The Board moved to closed session at 9:10 a.m.
Mr. Kuhn, Mr. Joiner, and Mr. Moore left at 9:10 a.m.
Trustee Jukowski left at 9:20 a.m.
The Board returned from closed session at 9:40.*

E. Members / Retirees

UNFINISHED BUSINESS

NEW BUSINESS

A. VEBA Plan Design

Mr. Wytrychowski stated that today's discussion is giving more clarity to our goals, but asked what does the Board want. Chairman Nye stated the goal is to find a way to save the VEBA, to be our own agents/administrators, by looking at design options. Mr. Wytrychowski noted there is a good existing structure, but we are at a disadvantage when the plan is frozen. He suggested doing a participant audit to ensure anyone enrolled in the VEBA is truly eligible. He also noted that plan design is the main driver of cost control. Trustee Britton asked if perhaps we could offer members different levels of benefits and cost sharing. Mr. Wytrychowski stated that this could perhaps be an option in the future, but not immediately. Chairman Nye stated it is up to us to keep the VEBA intact and if necessary, compromise with the City to do so.


NEXT MEETING DATE: April 25, 2013

ADJOURNMENT

RESOLUTION 13-011 By Britton, Supported by Naglick
Further Resolved, That the meeting be adjourned at 11:03 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 28, 2013.



John Naglick, Secretary
As recorded by BeneSys