

**CITY OF PONTIAC  
POLICE AND FIRE RETIREE PREFUNDED  
GROUP HEALTH & INSURANCE PLAN  
BOARD OF TRUSTEES VEBA MEETING MINUTES  
DECEMBER 5, 2013**

**Trustees Present**

Matt Nye, Chairman  
Lon Britton  
Nevrus Nazarko, Secretary  
Craig Storum  
Leon Jukowski, Mayor

**Others Present**

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

**Trustees Absent**

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

**AGENDA CHANGES**

A. Election of Nevrus Nazarko to Board

**CONSENT AGENDA**

- A. Approval of Regular Meeting Minutes: October 31, 2013
- B. Financial Reports
  - 1. Financial Reports – September 30, 2013
  - 2. Bills for Ratification – November 21, 2013

**RESOLUTION 13-056** By Nazarko, Supported by Storum  
Resolved, That the Consent Agenda for December 5, 2013, be approved.

Yeas: 5 – Nays: 0

**CONSULTANTS**

A. Gray & Company

Mr. Kuhn reviewed the Fund status. He discussed the Summary Table as of November 29, 2013. He recommends a transfer of \$750,000 from Bradford & Marzec to Bloomfield Capital by the end of the month.

**RESOLUTION 13-057** By Britton, Supported by Storum

Resolved, That the Fund transfer \$750,000 from Bradford & Marzec to Bloomfield Capital by the end of December.

Yeas: 5 – Nays: 0

There was discussion of the revised Investment Policy Statement draft. Mr. Kuhn discussed the latest revisions as well as prior revisions. Attorney Henzi stated he had no changes to the Statement.

**RESOLUTION 13-058** By Storum, Supported by Britton

Resolved, That the draft of the Investment Policy Statement be approved and implemented.

Yeas: 5 – Nays: 0

Mr. Kuhn discussed transferring of funds between Trustee meetings. He suggests there be a standing order that monies can be transferred between funds, if necessary, between meetings in order to facilitate payment of medical bills.

**RESOLUTION 13-059** By Nazarko, Supported by Storum

Resolved, That the Investment Consultant and Administrator be approved to rebalance funds between meetings in accordance with target allocations, found on page 60 of the Investment Consultant's December 5, 2013, VEBA report, to fund investments and bills previously approved by the Trustees.

Yeas: 5 – Nays: 0

Chairman Nye then introduced retiree Terry White. Mr. White wanted to discuss the letter he received from Human Resources on December 4. His concerns involve the fact that they were only given two weeks' notice of enrollment requirements in September under the Emergency Manager's order. Calls to BeneSys were referred to the Board. You cannot make a correct decision based on incomplete information. On September 17 he called BeneSys and asked for options and was told we don't know.

Chairman Nye sympathized with his anger and frustration, but explained the challenges of all the moving parts. We withheld information until we knew exactly what was happening so that we could communicate accurate information. That includes Blue Cross, Meadowbrook, and the City. Chairman Nye stated he gets frustrated as well, but there is no other way to do it when we don't know the answers. Mr. White stated that this is an accurate description of their conversation outside. Trustee Britton asked who he has been calling. Mr. White stated he called BeneSys yesterday. Trustee Britton states he should call the trustees because they can give him information whereas administration is not always able to. He stated that the trustees try to get complete information out to employees as soon as possible. They only found out about this letter last night as well. They try very hard to address and resolve employees' concerns. He stated that if employees need more information, they should call him. Mr. White stated he called Trustee

Storum on September 17 but never received a return call. Chairman Nye again stated that the trustees are trying to address and resolve issues and call employees back as soon as possible.

## **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:**

Attorney Henzi said to Mr. White that there is one thing he wants to discuss, and that is outgoing communications. In May, the Emergency Manager sent out a letter with respect to the elimination of health care to post-1996 retirees, and a \$400/month increase in pension payments to offset this cost to them, and that the health care to pre-1996 retirees would continue. In August, the Emergency Manager sent out an order that stated health care for pre-1996 retirees would be eliminated as well and they too would receive the \$400/increase to their pension payments to offset the cost. The Trustees feel the City would adopt policies and tell them after the fact. In the September Board meeting, the Trustees adopted a motion to bring the pre-1996 retirees into the Veba. The Board then filed a lawsuit preventing the termination of health care benefits and got a temporary restraining order. Attorney Henzi stated the City's attorney is now interested in bringing them into the Veba.

Mr. White asked them who do retirees call with questions, Human Resources or BeneSys? Attorney Henzi states that we have received information late and therefore communicated it late and he apologizes. There is a somewhat adversarial relationship with the City at this point, windows are always short. Chairman Nye states that this will be in our discussions and there will be a list of items to address. Attorney Henzi stated there is an existing lawsuit which brings pre-1996 retirees into the Veba, and that the Trust must be amended in order to bring them in, and it will result in an increase to the Veba's health care costs. Trustee Jukowski stated that he understands the current mess. In the past, the Board and City both would think they could do something then legal counsel would say maybe not. He agrees that we're writing the book and going down a path no one else has.

Mr. White stated he spoke with the consultant at Meadowbrook Insurance in September, and received a letter stating he owed \$1,200 to the Fund. Human Resources stated that they never communicated that to him. Mr. Wytrychowski stated that BeneSys worked with the Board to mail out letters in September, October and November, but we are always playing catch-up. He gave Mr. White his business card and Trustee Britton's phone number. Mr. White said he feels bad for us because we are stuck in the middle. Chairman Nye stated that this is what we've been dealing with for months, and it has been very frustrating for everyone. He thought we were on a good path until yesterday's letter was received.

*The Board adjourned for a break at 10:33 a.m.*

*The Board returned from the break at 11:00 a.m.*

**RESOLUTION 13-060** By Nazarko, Supported by Storum  
Resolved, That the Board move to closed session to discuss pending litigation at 11:00 a.m.

Yeas: 5 - Nays: 0

*The Board moved to closed session at 11:00 a.m.  
Trustee Jukowski leaves the meeting at 1:00 p.m.  
The Board returned from closed session at 2:00 p.m.*

**RESOLUTION 13-061** By Nye, Supported by Britton  
Resolved, That the Board approve action on the items discussed in closed session.

Yeas: 3 – Nays: 0 – Abstain: Nazarko

**RESOLUTION 13-062** By Nye, Supported by Britton  
Resolved, That the Board approve the October 31, 2013, closed session minutes.

Yeas: 4 – Nays: 0

## **UNFINISHED BUSINESS**

## **NEW BUSINESS**

A. Review of 2<sup>nd</sup> Quarter 2013 Expenses for the period ending June 30, 2013.

**RESOLUTION 13-063** By Storum, Supported by Britton  
Resolved, That the Board approve second quarter expenses.

Yeas: 4 – Nays: 0

## **NEXT MEETING DATE: January 30, 2014**

**RESOLUTION 13-064** By Storum, Supported by Nazarko  
Resolved, That the Board move the January 30, 2014, meeting to January 21, 2014.

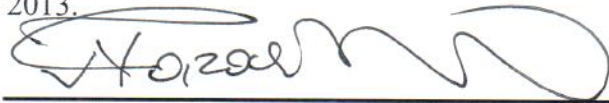
Yeas: 4 – Nays: 0

**ADJOURNMENT**

**RESOLUTION 13-066** By Storum, Supported by Britton  
Further Resolved, That the meeting be adjourned at 2:08 p.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 December 5,  
2013.



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Nevrus Nazarko, Secretary  
*As recorded by BeneSys*