

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
JANUARY 14, 2016**

Trustees Present

Matt Nye, Chairman
Lon Britton, Vice-Chairman, (phone-in)
Nevrus Nazarko, Secretary (arrives 9:07)
Craig Storum
Deirdre Waterman, Mayor (arrives 9:20)

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, The Bogdahn Group
Randy Gomez, Nyhart
Heath Merlak, Nyhart
Liz Edwards, BeneSys, Inc.

Trustees Absent

Chairman Nye declared that a quorum was present and called the meeting to order at 8:57 a.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: December 3, 2015
- B. Financial Reports
 - 1. Financial Reports – November 30, 2015
 - 2. Bills for Ratification – December, 2015

RESOLUTION 16-001 By Britton, Supported by Storum
Resolved, That the Consent Agenda for January 14, 2016, be approved.

Yeas: 3 – Nays: 0

CONSULTANTS

- A. The Bogdahn Group

Chris Kuhn of the Bogdahn Group reviewed the Fund's assets as of January 11, 2016. The current Fund balance is just over \$35,100,000. He stated that the fund is slightly underweight in equities as the market is off to its worst start in modern history. This is more China-related than anything else. There have been only eight trading days so far this year. China is the second largest economy at this time, and it is difficult to be able to continue to grow at that rate. The Fed's raised rates for the first time in a long time. He believes it will be a while before they raise rates again.

Pluscios is down. He will look to see what alternative options there are, and will review them at the March meeting.

REPORTS

- A. Chairman
- B. Secretary
- C. Trustee Committees
- D. Legal, Attorney's Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi

ATTORNEY'S REPORT

Attorney Report – General Matters:

Nyhart Actuarial Services Contract – Exhibit A

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

Executive Order 308/Calculation of Benefits Payable to Pre-8/22/96 Members – Exhibit F

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

2016 Internal Revenue Mileage Rate – Exhibit G

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

Revised Amendment to Open Meetings Act

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

Attorney Henzi then discussed the CPREA vs Pontiac litigation. There has been no update on it. Over the past week, there has been so much publicity on the Flint water crisis, that there has been more focus on the Emergency Manager concept, which is a positive for CPREA.

ACTUARY'S REPORT

Randy Gomez of the Nyhart Group then reviewed the VEBA funding calculation report for 2016. He noted that the liability for 2015 is flat when compared to the 2014 figures. The funding level of 91% is good. There is \$3.3 million in unfunded liability for 2016, with an annual required contribution estimate of \$287,000. The mortality changed and went up a bit which brings us more in line with standards of practice. Based on the mortality table, the fund would run out of funds in 2049. Dependents are included in the estimates with children covered until age 26. Deferred vested participants were factored in starting when they reach age 62, since they may be working somewhere else that offers health care coverage. Trustee Nazarko asked if we should make the age lower than 62, perhaps 57 or 59. Mr. Gomez stated that we could do that. Chairman Nye stated that firefighters are all with Waterford, but he does not know where all the police may be.

Mr. Gomez commented that he wants to prepare the Modeler every year to review where the fund stands. The annual fee for this report would be \$2,500. It was then

RESOLUTION 16-002 By Britton, Supported by Storum

Resolved, That the actuary's preparation of the annual Modeler report for a \$2,500 fee, be approved.

Yeas: 5 – Nays: 0

Mayor Waterman asked Mr. Gomez about the deferred vested amount difference from 2015 to 2016. He stated that is just a difference in the way Nyhart names it compared to the prior actuary.

UNFINISHED BUSINESS

None to Report

NEW BUSINESS

A. VEBA January 2016 Expenses

The Board reviewed the January invoices received from the City.

RESOLUTION 16-003 By Storum, Supported by Nazarko

Resolved, That payment of the January, 2016, Blue Cross Blue Shield invoices be approved.

Yeas: 5 – Nays: 0

B. Meadowbrook Insurance

The Trustees asked that Meadowbrook Insurance be invited to the June 30, 2016 meeting. Ms. Edwards stated she will send them the invitation.

CORRESPONDENCE

Mr. Kuhn reviewed the Crescent Direct Lending Levered Fund Capital Call for \$3,960, which occurred on December 18, 2015.

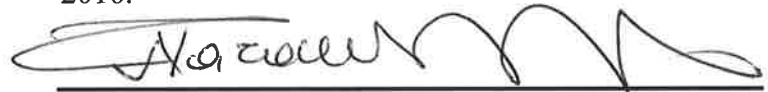
NEXT MEETING DATE: February 25, 2016

ADJOURNMENT

RESOLUTION 16-004 By Nazarko, Supported by Storum
Further Resolved, That the meeting be adjourned at 9:50 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 January 14,
2016.



Nevrus Nazarko, Secretary
As recorded by BeneSys