

CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
April 27, 2017

Trustees Present

Lon Britton (via phone)
Craig Storum
Matt Nye, Chairman
Nevrus Nazarko, Secretary
Deirdre Waterman, Mayor

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, AndCo.
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.

Secretary Nazarko declared that a quorum was present and called the meeting to order at 10:05 a.m.

AGENDA CHANGES

Mr. Richard Warren, the Attorney for the City of Pontiac and Mr. Tony Saunders, the Consultant for the City of Pontiac were in attendance to discuss a tentative Settlement Agreement reached in the CPREA v. Pontiac litigation following a long standing mediation process. To accommodate their schedules, they were moved to the top of the Agenda for the meeting. Mr. Warren and Mr. Saunders described the key settlement terms as outlined in the tentative Settlement Agreement, which was also made available to the Trustees to review. Further, the Trustees had been apprised of these pertinent terms on prior occasions throughout the mediation process. Trustees asked about the litigants' elimination of retiree life insurance. Mr. Warren and Mr. Saunders explained that eligible members may elect to opt out of membership of the new VEBA in exchange for a one-time payment of \$20,000.00, to be paid by the new VEBA. There was further discussion about when the opt out must occur. Mr. Warren explained that the opt out must occur at least 90 days before the new VEBA begins paying benefits. Further, an individual who receives the \$20,000.00 opt out payment will never be able to opt back into the new VEBA. However, an individual who opts in and out of the System without receiving the \$20,000.00 benefit will retain eligibility in the new VEBA. Trustee Storum suggested that any individual who elects the opt out benefit should be required to sign a well-written waiver of any future benefit. In addition, the spouse of that member should also be required to sign the form.

Mr. Warren explained the potential process by which the settlement will be reached. He emphasized that all class members will have the opportunity to object to the settlement.

They indicated that because the details of the settlement must be approved by the IRS it could last between 12 to 18 months before anything happens.

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: March 30, 2017
- B. Financial Reports
 - 1. Financial Reports – February 2017
 - 2. Bills for Ratification – April 2017

RESOLUTION 17-10 By Britton, Supported by Nazarko
Resolved, That the Consent Agenda for March 30, 2017, be approved.

Yeas: 5 – Nays: 0

CONSULTANTS

- A. AndCo

Christopher Kuhn of AndCo reviewed the Fund’s Asset/Manager Summary as of April 25, 2017. Mr. Kuhn does not have any recommendations at this time.

REPORTS

- A. Chairman
- B. Secretary
- C. Trustee Committees
- D. Legal, Attorney’s Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi
- E. Members / Retirees

UNFINISHED BUSINESS

NEW BUSINESS

- A. VEBA February, March and April 2017 Expenses

RESOLUTION 17-11 By Nazarko, Supported by Nye
Resolved, That the expenses for February, March and April 2017, be approved for payment.

Yeas: 5 – Nays: 0

- B. VSP Renewal

RESOLUTION 17-12 By Storum, Supported by Britton
Resolved, That the VSP Renewal be accepted as presented.

Yeas: 5 – Nays: 0

The Trustees discussed the process by which the PF VEBA's actuary will provide a valuation study to project the duration of assets for the PF VEBA compared with the projected duration of assets of a new VEBA. Attorney Henzi advised that the attorneys for the litigants have provided some materials, which have been forwarded to the actuary. We are waiting for additional information to be produced so the actuary can complete the projection analysis. It was then discussed that the PF VEBA's actuary has already been retained by the City of Pontiac to complete an actuarial valuation study. Therefore, in order to avoid duplication of costs payable by the VEBA, and to streamline the efforts of the PF VEBA's actuary, the Board determined that the actuary should receive specific instructions on what work to perform.

RESOLUTION 17-13 By Mayor Waterman, Supported by Storum

Resolved, to authorize Nyhart to complete a valuation study of the PF VEBA, only, with the work product to occur four weeks upon receipt of materials from the City. Nyhart's projection should answer the following questions: (1) how long will the assets of the PF VEBA last if the current level of benefits are provided and the City pays the 2011-2012 fiscal year ARC which is the subject of pending litigation; and (2) how long will the PF VEBA assets last if the level of benefits provided are defined as those set forth in the CPREA v Pontiac tentative Settlement Agreement, and assuming the City pays the 2011-2012 fiscal year ARC which is the subject of pending litigation.

Yeas: 5 – Nays: 0

CORRESPONDENCE

NEXT MEETING DATE: May 25, 2017. New time was proposed by Nazarko, meeting time has been moved from 10:00 A.M. to 9:0 A.M. going forward, until further notice.

ADJOURNMENT

RESOLUTION 17-14 By Nazarko, Supported by Britton

Further Resolved, That the meeting be adjourned at 11:44 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 April 27, 2017.

Nevrus Nazarko, Secretary
As recorded by BeneSys