

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
JUNE 30, 2016**

Trustees Present

Lon Britton, Vice-Chairman, (phone-in)
Craig Storum
Nevrus Nazarko, Secretary

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, The Bogdahn Group
David Sheeran, Meadowbrook Ins. Agency
Steven Smith, Meadowbrook Ins. Agency
Duane Menter, BeneSys, Inc.
Chuck Wytrychowski, BeneSys, Inc.
Liz Edwards, BeneSys, Inc.
Ken Ayres

Trustees Absent

Matt Nye, Chairman
Deirdre Waterman, Mayor

Vice-Chairman Britton declared that a quorum was present and called the meeting to order at 8:55 a.m.

AGENDA CHANGES

David Sheeran and Steven Smith of Meadowbrook Insurance Agency came at 9:00 to review the renewal and upcoming open enrollment information for the VEBA. They presented this information as soon as the meeting was called to order.

HEALTH CARE CONSULTANT

Mr. Sheeran noted that the September 1, 2016, renewal was flat. He explained what a retiree would pay each month under the hard cap or at an 80 / 20 rate for the Simply Blue \$500 plan, the Simply Blue \$1,000 plan, the Simply Blue \$1,500 "Core Plan", and the Simply Blue H.S.A \$3,000 plan. He also explained what a retiree currently pays each month. Trustee Storum asked if all four plans are still available. Mr. Sheeran stated that they are, and that members can switch between them during the Open Enrollment period. Attorney Henzi asked how many members do not elect the Simply Blue 1500 plan. Mr. Sheeran stated that the majority of members do elect the 1500 plan. Attorney Henzi asked if a member is in the 80 / 20 plan, would the member pay less. Trustee Nazarko stated yes he would, because of the hard cap. Trustee Britton asked that if the hard cap rate is what the State comes up with, where did the 80 / 20 rate come from. Attorney Henzi replied that it came from the 2012 Emergency Manager order, but that now the TAB board would have to be involved with it. Trustee Storum stated that maybe the City just wants to give us back our health care now. Trustee Nazarko stated that judges are now getting involved in the

CPREA case. Trustee Storum commented so at this time, there is no requirement to do anything. Attorney Henzi agreed. Mr. Sheeran stated that if the Board changes its mind and wants to do something different, it would require a new Open Enrollment. Trustee Britton agrees that we should just stay flat. Trustee Storum asked why do participant amounts change each month. Mr. Sheeran explained that there are two plans: Medicare Advantage and Glidepath, so as people age in, they are automatically moved over, plus some individuals do drop out, or there are new retirees.

Mr. Sheeran and Mr. Smith were thanked for their time and left the meeting at 9:20 a.m.

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: March 31, 2016
- B. Approval of Regular Meeting Minutes: May 25, 2016
- C. Financial Reports
 - 1. Financial Reports – April 30, 2016
 - 2. Bills for Ratification – February, March, April, May, 2016

RESOLUTION 16-011 By Nazarko, Supported by Britton
Resolved, That the Consent Agenda for June 30, 2016, be approved.

Yeas: 3 – Nays: 0

CONSULTANTS

- A. The Bogdahn Group

Christopher Kuhn of the Bogdahn Group discussed the recent Brexis event. Is this a one-time event, or will there be a domino effect? What is next? The Feds are holding off raising rates at this time – in December maybe? Mr. Wytrychowski asked if there are any opportunities Bogdahn sees that would be good to get into? Mr. Kuhn replied that they are looking into it, and there have been some discussions about it. They are looking at different options, but nothing certain yet. This creates economic shock for the U.K. Companies may not invest until it becomes more clear as to what will happen, which will push the U.K. into recession.

Mr. Kuhn then reviewed the Fund's market values as of June 27. Loomis Sayles has a new small cap fund which we invested in by transferring funds from Broadview and LS. He requested the contracts for this be sent to Attorney Henzi for review. Attorney Henzi commented that he did review and does not see a problem with it. Trustee Britton noted that at the Managers meeting last month, we felt that we should get out of Broadview. Mr. Kuhn stated that they have a new team and thinks the strategy will perform well going forward. Loomis does well with small cap funds, but if something happens with them, then this diversifies it. Trustee Britton stated that he would support Mr. Kuhn's recommendation. Mr. Kuhn stated that he has discussed his frustration with Broadview. It was then

RESOLUTION 16-012 By Britton, Supported by Nazarko

Resolved, That the transfer of \$2 million from Broadview and \$2 million from LS Investments into the Loomis small cap fund, be approved.

Yeas: 3 – Nays: 0

Mr. Kuhn then commented that he has continued to look at real estate. He is looking at Pluscios and trying to keep the portfolio liquid. Trustee Storum asked about Tortoise and its takeover of Bradford & Marzec. Mr. Kuhn replied that there was no one younger at Bradford & Marzec who could really take over for them, so Tortoise allows for continuity and diversification. They have been a good manager, so we will wait and see. The Investment Policy Statement will be reviewed and updated if necessary.

B. Plante & Moran

Plante & Moran provided the December 31, 2015, audited financials for review. They are unable to attend today's meeting, but will attend the July 28, 2016, meeting to review. Mr. Wytrychowski commented that the financials were represented fairly, and that Plante & Moran saw no issues. Our goal is that we have nothing different than what the auditor finds.

REPORTS

A. Chairman

B. Secretary

C. Trustee Committees

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

ATTORNEY'S REPORT

RESOLUTION 16-013 By Nazarko, Supported by Storum

Resolved, That the Board move to closed session to discuss pending litigation at 9:50 a.m.

Yeas: 3 - Nays: 0

The Board moved to closed session at 9:50 a.m.

The Board returned from closed session at 10:35 a.m.

RESOLUTION 16-014 By Nazarko, Supported by Britton

Resolved, to approve the Minutes of the March 31, 2016, and May 25, 2016, closed sessions.

Yeas: 3 – Nays: 0

RESOLUTION 16-015 By Britton, Supported by Nazarko
Resolved, That the Board authorize legal counsel to take action in the CPREA v. City of Pontiac mediation.

Yeas: 3 – Nays: 0

Attorney Report – General Matters:

Political Contribution Disclosure Statement – Exhibit A

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

Fee Disclosure Statement – Exhibit B

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

Clarivest – Executed Investment Agreement – Exhibit M

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

Proposed Michigan Legislation – Items of Interest – Exhibit R

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

UNFINISHED BUSINESS

NEW BUSINESS

A. Bradford & Marzec, Assignment of Investment Advisory Agreement

There was discussion with respect to the Bradford & Marzec Assignment of Investment Advisory Agreement to Tortoise. We can agree to it, or if we do nothing, it is automatically in place. Mr. Kuhn commented that we can fire them at any time. He researched Tortoise before the transition and has no problems with them.

B. VEBA June, 2016 Expenses

The Board reviewed the June invoices received from the City.

RESOLUTION 16-016 By Nazarko, Supported by Britton
Resolved, That payment of the June, 2016, Blue Cross Blue Shield invoices be approved.

Yeas: 3 – Nays: 0

Trustee Britton asked that the 17 versus 24 months of insurance payments the City billed retirees for should be put on the July Agenda. Attorney Henzi stated he will contact Trustee Nazarko.

CORRESPONDENCE

A. Crescent Direct Lending Levered Fund Distribution, \$63,138, May 9, 2016

B. Tortoise Credit Strategies Buyout of Bradford & Marzec, June 21, 2016

NEXT MEETING DATE: July 28, 2016

ADJOURNMENT

RESOLUTION 16-017 By Nazarko, Supported by Britton
Further Resolved, That the meeting be adjourned at 10:43 a.m.

Yeas: 3 – 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 June 30, 2016.



Nevrus Nazarko, Secretary

As recorded by BeneSys