

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
JULY 30, 2015**

Trustees Present

Matt Nye, Chairman
Lon Britton, Vice-Chairman, (phone-in, 8:55)
Nevrus Nazarko, Secretary
Craig Storum

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, The Bogdahn Group
Beth Bialy, Plante & Moran
Liz Edwards, BeneSys, Inc.

Trustees Absent

Deirdre Waterman, Mayor (excused)

Chairman Nye declared that a quorum was present and called the meeting to order at 8:40 a.m.

AGENDA CHANGES

Beth Bialy of Plante & Moran came at 8:30 to present the 2014 audit report both for the Retirement System Fund and the VEBA. She presented the Retirement System Fund report first, so the VEBA meeting was suspended until after her presentation was complete.

Chairman Nye called the meeting to order at 8:55 a.m. after the Retirement System Fund auditor's report was complete.

AUDITOR'S REPORT

Beth Bialy of Plante & Moran presented and reviewed the 2014 audit report for the VEBA. She reviewed the Statement of Trust Net Positions as of December 31, 2014. The fund had a net increase in trust net position of \$883,663, for a total net position of \$39,343,086 as of the end of the 2014 plan year. She reviewed the fund investments in greater detail. She then reviewed the postemployment benefit funding policy, and stated that postemployment benefits are 58% funded. Ms. Bialy noted there are no new GASB requirements at this time, and the trust is better funded than what this shows. There is an actuarial accrued liability of \$61M, with an interest rate of 7.5%, which she thinks is too high. She describes this in greater detail in her letter to the members of the Board. Trustee Storum asked if she thought that 5% is a better reflection. Ms. Bialy replied that she believes 3% is probably better, or 4%, but not more than 5%. In a few years, the City will have to record OPEB liabilities as it now does for the VEBA. Chairman Nye asked how the actuary receives this information. Attorney Henzi stated that we will send it to the actuary, now that the Board has approved the auditor's report.

RESOLUTION 15-032 By Nye, Supported by Nazarko

Resolved, That the 2014 auditor's report as prepared and presented by Plante & Moran, be approved.

Yeas: 4 – Nays: 0

Ms. Bialy was thanked for her time and was excused from the meeting at 9:05 a.m.

CONSENT AGENDA

A. Approval of Regular Meeting Minutes: June 17, 2015

B. Financial Reports

1. Financial Reports – May 31, 2015
2. Bills for Ratification – June, July, 2015

RESOLUTION 15-033 By Nye, Supported by Nazarko

Resolved, That the Consent Agenda for July 30, 2015, be approved.

Yeas: 4 – Nays: 0

CONSULTANTS

A. The Bogdahn Group

Mr. Kuhn reviewed the assets as of July, 2014. He noted that the fund is around \$1M lower than last month. Money was sent to Crescent to fund the new account with them. He discussed Bloomfield Capital and whether they are considered under real estate or the basket clause. He stated they could probably be either, but it makes more sense for them to be in real estate. He spoke to them with respect to their fees, but unless the fund invests \$5M with them they are not flexible.

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 Henzi stated that the lawsuit between the PF VEBA and the City of Pontiac regarding the City's obligation to pay the PF VEBA contribution for fiscal year 2012 is currently being litigated in the Michigan Supreme Court. The City filed an Application for Leave to Appeal with the Supreme Court. The PF VEBA filed its response. Attorney Henzi advised that the Michigan

Supreme Court will likely not reach a decision on whether it will accept the appeal for at least six months.

Attorney Report – General Matters:

Political Contribution Disclosure / Fee Disclosure

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.

2015 Glidepath Rates – Exhibit D

Attorney Henzi presented the open enrollment information and revised contribution rates provided by Meadowbrook. It was decided to invite Meadowbrook to the August meeting to explain the rate changes, and to leave the contribution amounts at the same level until then.

VEBA Eligibility – Exhibit E

Attorney Henzi reviewed this issue for the Board in the Attorney Report. These was discussion on whether deferred, vested members became eligible for the VEBA when they separated from employment with the City of Pontiac because they vested due to a partial plan termination. It was then

RESOLUTION 15-034 By Britton, Supported by Nazarko
Resolved, That a list of eligible members be sent to CPREA.

Yeas: 4 – Nays: 0

Changes to Michigan's FOIA Effective July 1, 2015 – Exhibit H

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

Nyhart Actuarial Services Contract – Exhibit I

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

IRS Request for Form 990

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

Portfolio Monitoring Reports – Exhibit K

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

Miscellaneous Articles – Exhibit M

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

UNFINISHED BUSINESS

None to Report

NEW BUSINESS

A. 2015 – 2016 Premium Contributions

There was discussion with respect to the new premium contributions provided by Meadowbrook for the upcoming fiscal plan year. Chairman Nye stated he wants to meet with Meadowbrook to have them review how the rates are established. Trustee Nazarko stated the open enrollment letter has already gone out, but that the rates will stay the same until reviewed, as resolved earlier. He stated he has no problem with Meadowbrook attending the next meeting and advising the Board of their position.

B. VEBA July 2015 Expenses

The Board reviewed the July invoices received from the City.

RESOLUTION 15-035 By Storum, Supported by Nazarko
Resolved, That payment of the July, 2015, Blue Cross Blue Shield invoices be approved.

Yeas: 4 – Nays: 0

CORRESPONDENCE

None to Report

NEXT MEETING DATE: August 27, 2015

ADJOURNMENT

RESOLUTION 15-036 By Nazarko, Supported by Storum
Further Resolved, That the meeting be adjourned at 10:28 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 July 30, 2015.



Nevrus Nazarko, Secretary
As recorded by BeneSys