

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
DECEMBER 11, 2017**

A regular meeting of the Board of Trustees was held on Monday, December 11, 2017, at City Council Chambers at Pontiac City Hall, Pontiac, Michigan.

Trustees Present

Lon Britton
Craig Storum
Nevrus Nazarko, Secretary
Deirdre Waterman, Mayor
Matt Nye, Chairman

Others Present

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

Trustee Britton declared that a quorum was present and called the meeting to order at 1:03 p.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Approval of Regular Meeting Minutes: September 28, 2017
- B. Approval of Special Meeting Minutes: October 5, 2017
- C. Financial Reports
 - 1. Financial Reports – August & September 2017
 - 2. Bills for Ratification – December 2017

RESOLUTION 17-35 By Nye, Supported by Storum
Resolved, That the Consent Agenda for December 11, 2017, be approved.

Yeas: 5 – Nays: 0

The Board moved to closed session at 1:18 p.m.

RESOLUTION 17-36 By Britton, Supported by Storum
Resolved, to approve the Board move to a closed session to discuss an attorney client privileged opinion.

Yeas: 5 – Nays: 0

The Board returned from closed session at 1:35 p.m.

RESOLUTION 17-37 By Storum, Supported by Nazarko
Resolved, to approve the closed session minutes from September 28, 2017.

Yeas: 5 – Nays: 0

The Board directed Attorney Henzi to contact Nyhart to revise the Settlement Evaluation Report to include descriptions of VEBA Members and in addition explain the “Spouse Indicator” on the Participant Listing. Trustee Matt Nye is showing an “N” in the “Spouse Indicator” however he is married, what does that mean on the report?

There was discussion directing BeneSys to send vital forms to members to update their contact information with BeneSys to include email addresses. If there is no response a second request is to be sent via certified mail.

CONSULTANTS

A. Nyhart

Mr. Gomez provided an updated version of the Other Post-Employment Benefits Settlement Evaluation that was previously presented with additional changes requested.

B. AndCo.

Mr. Kuhn of AndCo. provided the Asset/Market Summary and the Investment Performance Review as of September 30, 2017 for the Board to review. Mr. Kuhn was not available to attend the meeting, he will have details on the investment performance at the next meeting on January 25, 2018.

REPORTS

A. Chairman

The Chairman directed Attorney Henzi and BeneSys to review the file of Mr. Owen O’Berry for potential VEBA membership eligibility.

B. Secretary

C. Trustee Committees

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

E. Members / Retirees

ATTORNEY’S REPORT

UNFINISHED BUSINESS

NEW BUSINESS

A. Insider Trading

Discussion ensued in regard to possible Insider Trading of Bonds.

RESOLUTION 17-38 By Britton, Supported by Storum

Resolved, to approve Attorney Henzi to move forward and research if there is possible Insider Trading and/or Collusion of the sale of City Bonds.

Yeas: 3 – Nays: 0; Trustee Nazarko and Mayor Waterman abstained

B. VEBA December 2017 Expenses

RESOLUTION 17-39 By Nazarko, Supported by Storum

Resolved, That the expenses for December 2017, be approved for payment.

Yeas: 5 – Nays: 0

C. Super VEBA

The Board directed Attorney Henzi to draw up a resolution for the City of Pontiac Police & Fire VEBA and CEPRA to merge and become a Super VEBA, he was asked to include stipulation and safe guards as they previously discussed.

RESOLUTION 17-40 By Britton, Supported by Mayor Waterman

The Trustees of the City of Pontiac Police and Fire Retiree Prefunded Group Health and Insurance Trust (“PF VEBA”) make this revocable resolution based on consideration of the following:

WHEREAS, the Trustees have been provided with an executed Settlement Agreement between the City of Pontiac Retiree Employees Association (“CPREA”) and the City of Pontiac. The Settlement Agreement resolves numerous legal issues raised on behalf of all City of Pontiac retirees and the City of Pontiac.

WHEREAS, the terms of the Settlement Agreement require ratification by the Trustees, with such ratification requiring the Trustees to take certain affirmative acts. Such affirmative acts request the litigants to the CPREA v. Pontiac lawsuit enter into an agreement that requests the PF VEBA Trustees to affirmatively amend the PF VEBA Trust to transfer its assets into a new VEBA, which will be funded solely by PF VEBA assets and excess funding of the Pontiac General Employees Retirement System (“Pontiac GERS”).

WHEREAS, the Trustees have commissioned their actuary, legal counsel, and health insurance consultant to perform due diligence in analyzing the effect of amending the PF VEBA Trust.

WHEREAS, it is the opinion of the PF VEBA actuary that an amendment of the PF VEBA Trust which would create a new VEBA Trust funded also by excess funding of the Pontiac GERS would be beneficial to PF VEBA eligible members such that they will obtain favorable medical coverage, and that the assets of the unified VEBA Trust will last longer than if the PF VEBA Trust was not so amended.

WHEREAS, the Trustees have consulted with their legal counsel regarding the PF VEBA Trust lawsuit against the City of Pontiac to compel the City of Pontiac’s Annual Contribution to the PF VEBA for fiscal year ending June 30, 2012.

RESOLVED, that the Trustees revocably agree to amend the PF VEBA Trust to facilitate the combination of assets of the PF VEBA and the excess funding from the GERS to create one VEBA for all Pontiac retirees. Further, that this resolution is contingent on the approval and finalization of the Settlement Agreement in CPREA v. Pontiac by City Council, the Court, and the IRS. If the settlement is rejected by any one authority, this resolution shall be revoked.

Roll call vote taken:

Yeas: Chairman Nye, Trustee Storum, Trustee Britton, Secretary Nazarko and Mayor Waterman

Nays: 0

RESOLUTION 17-41 By Britton, Supported by Mayor Waterman

RESOLVED, the Trustees will not dismiss the lawsuit against the City of Pontiac for annual contributions for fiscal year ending June 30, 2012, and that case, which is currently pending in the Michigan Supreme Court, will continue to be litigated. However, the final order entered in the PF VEBA's lawsuit against the City for annual contributions for fiscal year ending June 30, 2012 will have no contrary effect on the above recited settlement in CPREA v. Pontiac, as long as the settlement in CPREA v. Pontiac is finalized with City Council, Court, and IRS approval.

Roll call vote taken:

Yeas: Chairman Nye, Trustee Storum, Trustee Britton, Secretary Nazarko and Mayor Waterman

Nays: 0

CORRESPONDENCE

NEXT MEETING DATE: January 25, 2018.

RESOLUTION 17-42 By Mayor Waterman, Supported by Nazarko
Resolved, to accept the 2018 meeting calendar.

Yeas: 5 – Nays: 0

ADJOURNMENT

RESOLUTION 17-43 By Mayor Waterman, Supported by Storum
Further Resolved, That the meeting be adjourned at 2:18 p.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 December 11, 2017.

Nevrus Nazarko, Secretary

As recorded by BeneSys