



City of Detroit General Retiree Healthcare Trust

City of Detroit General Retiree Healthcare (RHC) Trust Meeting Minutes
Tuesday, June 22, 2021 Regular Meeting

Via Microsoft Teams

I. Call to order and Roll call

- A. A Regular meeting of the Trustees of the Detroit General RHC Trust was called to Order by Chairperson Tom Sheehan at 1:03 p.m.
- B. **Board Members present at roll call:** Chairperson Thomas Sheehan remotely from Royal Oak, MI; Trustee Floyd Allen remotely from Detroit, MI; Trustee Chuck Gayney remotely from Detroit, MI; Vice Chairperson Barbara Wise-Johnson remotely from Detroit, MI; Trustee Doris Ewing remotely from Bloomingdale, IL; Trustee Shirley Lightsey remotely from Southfield, MI; Trustee Roger Cheek remotely from Detroit, MI. As five (5) Trustees are required to make a quorum and seven (7) were present, Chairperson Sheehan declared a quorum and the meeting proceeded.
- C. **Others Present:** Aaron Castle (*Legal*), Kevin Leonard and Brendan Heaney (*NEPC*), Kristi Tice and Sarah Quirk (*Fifth Third*), Ken Alberts and Jim Pranschke (*GRS*), Violet Gjorgjevski and Jennifer Crosby (*BeneSys*)

II. Approval of Agenda

Motion was made by Trustee Lightsey and seconded by Trustee Cheek to approve the agenda, as submitted. **Motion** passed unanimously.

III. Public Comment - None

IV. Regular Meeting Agenda

Approval of Minutes

A. Proposed June 8, 2021 regular meeting minutes

Motion was made by Trustee Wise Johnson and seconded by Trustee Cheek to approve the minutes of the June 8, 2021, with corrections as requested. **Motion** passed unanimously.

V. Financial Reports

A. Bills for Approval

Invoices in the aggregate amount of \$72,072.25 were presented for payment from: Delta Dental (\$47,327.33); HUMANA (\$10,172.12); VSP (\$14,572.80).

Motion was made by Trustee Lightsey and seconded by Trustee Wise Johnson to approve and authorize payment of the invoices subject to availability of funds. **Motion** passed unanimously.

C. Fifth Third Bank Balances

Ms. Gjorgjevski provided balance amount from Fifth Third to ensure funds are available to submit invoices for payment and benefit payments to retirees.

VI. Administrative Reports

A. Direct Deposit for HRA Checks Cost/Benefit Analysis

Ms. Gjorgjevski reviewed the updated cost/benefit analysis for offering Direct Deposit of HRA Checks for members with the total 2020 checks. The report shows the cost of printing checks for 2020 versus what the cost would have been if Direct Deposit had been used. It was shown by the analysis that it would be more cost efficient to allow for members to have a direct deposit option for their HRA reimbursements. It also significantly reduces the risk of fraud for the members and the Trust.

Motion was made by Trustee Gayney and seconded by Trustee Lightsey to approve signing the work order to offer the option of Direct Deposit to participants receiving HRA reimbursements effective January 1, 2022 pending adding a completion date for BeneSys to the work order. **Motion** passed unanimously.

B. Trustee Website Walk-Thru

Ms. Crosby informed the Board she has set up a Trustee Website for the Board and Legal Counsel to utilize. The Trustee Website allows access to current and prior meeting materials, minutes, financial statements, legal reports and professional contacts for the Trustees and Legal Counsel. Ms. Crosby has given log-in access to all trustees and Mr. Castle. She walked through each aspect of the site and answered questions for the Board regarding the site.

VII. Financial Consultants

A. Fifth Third Bank – Kristi Tice and Sarah Quirk

General discussion took place regarding the recent sale/purchase history of the City of Detroit B-Notes to give an overall update to the Board.

B. Plan Performance Review – NEPC

The Trust returned 1.0% in May and 6.1% YTD. The long-term Policy Index (approved May 2020) is 33% to equities, 44% to fixed income, 5% to REITS, 17% to GAA, 1% to cash. The policy target is fully implemented now, the rebalance proposal today is designed to maintain alignment to policy targets. The trailing year portfolio return was 21.1%. The Trust has funds in bond sale proceeds that NEPC is aiming to invest ASAP.

Motion was made by Trustee Gayney and seconded by Trustee Cheek to accept the Rebalance Proposal as presented over the next 30 days. **Motion** passed unanimously.

VIII. GRS Consulting – Ken Alberts and Jim Pranschke

A. Actuarial Valuation December 31, 2020

Mr. Alberts presented the preliminary actuarial valuation of the City of Detroit General Retiree Health Care Trust as of December 31, 2020. As of December 31, 2020, the present value of all future obligations based on established benefit targets at that date is \$145.9 million. The Plan is 141% funded after consideration of future scheduled contributions. The plan is expected to be able to satisfy all liabilities before running out of money if experience is equal to or better than assumed.

This report measured some of the impact of COVID-19, it did not consider the effect of the pandemic after the valuation date of December 31, 2020. While all of the direct and indirect effects of the pandemic are not fully known (and may not be fully known for years) the following observations were provided

- The Detroit area was hit hard by the pandemic and will likely continue to see direct and indirect effects from the pandemic greater (and longer) than that of its peer communities.
- Mortality was greater than assumed in 2020. It is likely that the mortality rates will also be greater than assumed in 2021 and possible that mortality rates will be less than assumed in near-term subsequent years as a result of COVID-19. This may make short-term projections of rates of mortality more difficult to model; and
- In response to the pandemic, the U.S. Congress has expanded the items that are HRA reimbursable. It is, therefore, possible that this will result in higher HRA utilization than assumed during 2021 and beyond

The Board requested changes in the language and calculations used in the report and requested that the updated report be presented at the Board Meeting on July 27, 2021.

B. Hearing Aid Benefits

The Board had requested that GRS Consulting compare the discount plans offered by VSP and Heritage Vision. In addition, they wanted information regarding stand alone benefits for Hearing Aids. Mr. Pranschke presented preliminary information and with feedback from the Board will present final information at the July 27, 2021 Board Meeting

IX. Legal Report

Mr. Castle informed the Board that the Open Meetings Act for Remote Meetings has been extended through September 7, 2021 for Wayne County, Michigan.

X. New Business - None

XI. Unfinished Business

A. Pension Report – Eligibility Dates for Early Retirees

No updates were discussed for this item, it is still in progress.

B. Service Provider Review – BeneSys, Inc.

The Board would like to wait on additional discussion until they can meet in person again.

C. Participant 2838105414

The Board discussed this matter in detail at the last Board Meeting and continues to have concern that there may be other members with similar circumstance of returning to work for the City of Detroit after their initial retirement. They are still attempting to get a complete list from the Retirement Systems showing members who have returned to work with the City of Detroit and then retired a second time. This will allow the Board to get a full sense of the depth of this issue so they can update eligibility rules as needed. Mr. Castle informed the Board that he is generating a policy for this scenario to be presented at the next Board Meeting. Regarding participant 2838105414 the Board made a motion today.

Motion was made by Trustee Gayney and seconded by Trustee Lightsey to reinstate participant 2838105414 to entitled benefits with the Trust retroactive back to January 1, 2021. **Motion** passed unanimously.

XII. Correspondence

BeneSys provided the following communication to The Board for review.

A. BCBS/BCN Colonoscopy Reminder Mailing

B. BCBS/BCN Blood Pressure Monitor Offer

XIII. Trustee Comment/Open Forum

XIV. Adjournment

There being no further business a **Motion** was made by Trustee Lightsey and seconded by Trustee Gayney to adjourn the meeting at 3:18 p.m. **Motion** passed unanimously.

Respectfully submitted,

Jennifer Crosby, Plan Associate