



City of Detroit General Retiree Healthcare Trust

City of Detroit General Retiree Healthcare (RHC) Trust Meeting Minutes
Tuesday, October 26, 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 1:05 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 Shirley Lightsey remotely from Southfield, MI; Trustee Roger Cheek remotely from Detroit, MI. As five (5) Trustees are required to make a quorum and six (6) were present, Chairperson Sheehan declared a quorum and the meeting proceeded.
- C. **Others Present:** Aaron Castle (*Legal*), Brendan Heaney and Kevin Leonard (NEPC), Violet Gjorgjevski and Jennifer Crosby (*BeneSys*)

II. Approval of Agenda

Motion was made by Trustee Wise Johnson and seconded by Trustee Gayney to approve the agenda. **Motion** passed unanimously.

III. Public Comment - None

IV. Regular Meeting Agenda

Approval of Minutes

A. Proposed September 28, 2021 regular meeting minutes

Motion was made by Trustee Wise Johnson and seconded by Trustee Gayney to approve the minutes of the September 28, 2021 with corrections as requested. **Motion** passed unanimously.

V. Financial Reports

A. Fifth Third Statement – September 2021

Motion was made by Trustee Gayney and seconded by Trustee Wise Johnson to approve and accept the Wells Fargo Statement for September 2021. **Motion** passed unanimously.

B. Financial Statements – August 2021

Motion was made by Trustee Wise Johnson and seconded by Trustee Gayney to approve and accept the Financial Statement for August 2021. **Motion** passed unanimously.

C. Bills for Approval

Invoices in the aggregate amount of \$636,878.71 were presented for payment from: American Graphics Printing (\$67,456.66); BCBS MA (\$266,564.70); BCN (\$116,767.56); BeneSys (\$34,194.06); Delta Dental (\$46,694.83); DENCAP (\$16,761.00); Golden Dental (\$42,154.70); Heritage Vision (\$20,114.60), Priority Health (\$720.00), RSCD (\$1,513.48); VanOverbeke, Michaud & Timmony (\$9,567.50); VSP (\$14,369.62).

Motion was made by Trustee Wise Johnson and seconded by Trustee Gayney to approve and authorize payment of all invoices, except American Graphics (\$63,564.70) until further review is completed, subject to availability of funds. **Motion** passed unanimously.

D. Fifth Third Bank Balance

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

VI. Administrative Reports

A. BeneSys Barometers through August 2021

The BeneSys Barometers were provided as follows:

Eligible by Month - A report showing number of eligible members by month through the month of August 2021. This report reflects the breakdown of eligible members by HRA, HAP, Blue Care Network, and Blue Cross Blue Shield Medicare Advantage, Humana and Priority Health and a total of all participants. The number of total eligible participants, as of August 2021, was 6,747, which is a decrease of 39 eligible participants from July 2021.

Income and Expenses by Month - A report showing the income and expenses, excluding investment income, for the months of August 2019 thru August 2021, was provided. This report shows an expense of \$5,040,930 at the end August 2021.

Investment Income by Month - A report showing the investment gain/loss for the months of August 2019 thru August 2021 was provided.

Fund Assets - A report showing the assets and equity of the Fund for months of August 2019 through August 2021 was provided for review. This report shows both Assets and Fund Equity have increased after a slight decline.

Benefit and Operating Costs by Month – A report showing the total benefit and operating costs for the months of August 2019 through August 2021 was provided.

Benefit Premiums Paid – A report showing the total premiums paid for medical, dental and vision for the months of August 2019 through August 31, 2021 was reviewed.

Motion was made by Trustee Wise Johnson and seconded by Trustee Lightsey to accept the Barometers for August 2021. **Motion** passed unanimously.

B. 2022 OE Carrier Cost Share

Ms. Gjorgjevski informed the Board that all Vendors have confirmed that they will contribute to the cost share for the OE mailing for 2022. One vendor stated they would cap their contribution at \$5,000. She stated that cost this year for printing and mailing of the OE Packets was \$18,000 higher than previous years. She is following up on this with American Graphics. The board would like to hold off on paying the American Graphics invoice until they have more information as to why the cost was significantly higher this year.

VII. Financial Consultants

A. Monthly Performance Report – September 30, 2021

Mr. Heaney reviewed the total fund performance details for the Board as of September 30, 2021. He reviewed the Fee Schedule for investment management as well.

B. Plan Performance Review – September 30, 2021

Mr. Leonard and Mr. Heaney reviewed Plan Performance as of September 30, 2021. They gave an inflation overview; several factors are contributing to “stickier” inflation levels including continued supply shocks and the potential for elevated shelter costs. NEPC’s expectation for inflation has increased over the near-term (1-5 years), but the long-term inflation view (year 10 inflation) is unchanged. They stated that they believe that deflationary pressures, such as demographics and technology, will overwhelm inflationary pressures in the long-run. They expect the 5%+ inflation prints are transitory but have increased conviction that ~3% inflation could persist over the next 3 years. They stated to be mindful of adding public real assets, as inflation-sensitivity and portfolio objectives inform an investor’s strategic allocation.

The trust returned -2.4% in September and 6.5% YTD. The equity composite has returned 11.9% YTD, REITs returned 21.9%, GAA returned 2.7% and fixed income returned 2.6%. The long-term Policy Index is 33% to equities, 44% to fixed income, 5% to REIT’s, 17% to GAA, 1% to cash. The trailing year portfolio return was 14.9%. Assets have increased over the past year. The Trust’s REITs and equities exposures have driven returns over the past year.

They informed the Board that there are issues that have surfaced to be concerned over with Acadian Int’l All Cap. They will continue to monitor and keep the Board up to date.

Motion was made by Trustee Cheek and seconded by Trustee Wise Johnson to accept the Monthly Performance Report and the Plan Performance Review as provided. **Motion** passed unanimously.

VIII. Legal Report

Mr. Castle provided the Board with an update regarding the Open Meetings Act. A new Bill has been introduced in the Michigan House of Representatives that would allow Retirement and Retiree Health Care Boards to continue to meet remotely, if desired, beyond December 31, 2021. It was introduced with bipartisan support last week and has been referred to the Committee on Local Government and Municipal Finance.

IX. New Business

A. Website Usage Information

Ms. Gjorgjevski presented preliminary Website registration counts for 2019 – 2021 and visitor counts for 2021 through October. She is requesting, through the BeneSys IT Department, more detailed reporting in the future and will update the Board at the next meeting.

B. Humana Open Enrollment Allowance Agreement

Ms. Gjorgjevski presented Humana's Open Enrollment Allowance Agreement to the Board for signature. Humana is stating that they will pay a maximum implementation allowance of \$5,000 directly to the appropriate vendor if the claim is submitted no later than July 2022. Chairman Sheehan asked that this item be kept on the agenda for the next meeting.

X. 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. Retired Members - Rehired

Ms. Gjorgjevski presented information for the list of members who have been rehired by the City of Detroit after their retirement. The concern that the Board has is that members may be in receipt of healthcare from the City as well as the VEBA. Chairman Sheehan is going to reach out to Gail Oxendine to see if she would provide us information regarding if the members are enrolled in the City's healthcare. The Board will continue to investigate and follow up on this issue going forward.

D. 2022 Open Enrollment Website Documents

Ms. Gjorgjevski presented the documents provided by the vendors for use on the Website to the Board for approval to post. The Board approved all to be posted except one which they have questions about. Ms. Crosby will follow up with this vendor and report back to the Board.

E. Markel American Insurance Company Renewal

Ms. Crosby provided via email the quotations for this year's renewal of Fiduciary Liability Insurance as provided by Segal. presented to the Board the Markel American Insurance Renewal. The Board reviewed and discussed the information provided.

Motion was made by Trustee Gayney and seconded by Trustee Allen to renew coverage with Ullico/Markel at the same level as currently held for 2 years. **Motion** passed unanimously.

F. Fifth Third ACH Origination Documents

Mr. Castle stated that the origination documents have been signed by Chairman Sheehan and returned to Fifth Third.

G. Fifth Third Contact Information Form

Mr. Castle stated that the contact information form has been signed by Chairman Sheehan and returned to Fifth Third.

XI. Correspondence

BeneSys provided the following communication to The Board for review.

A. BCN Low Income Subsidy – September 2021

B. Humana Contact List

XII. Trustee Comment/Open Forum

XII. Adjournment

There being no further business a **Motion** was made by Trustee Lightsey and seconded by Trustee Wise Johnson to adjourn the meeting at 2:29 p.m. **Motion** passed unanimously.

Respectfully submitted,

Jennifer Crosby, Plan Associate