



City of Detroit General Retiree Healthcare Trust

City of Detroit General Retiree Healthcare (RHC) Trust Meeting Minutes
Tuesday, July 27, 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 1:02 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*), Abra Hill (*GRS*), *Brendan Heaney and Kevin Leonard (NEPC)*, Duane Menter and Jennifer Crosby (*BeneSys*)

II. Approval of Agenda

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

III. Public Comment - None

IV. Regular Meeting Agenda

Approval of Minutes

A. Proposed July 13, 2021 regular meeting minutes

Motion was made by Trustee Cheek and seconded by Trustee Wise Johnson to approve the minutes of the July 13, 2021, with corrections as requested. **Motion** passed unanimously.

V. Financial Reports

A. Well Fargo Statement – June 2021

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

B. Financial Statements – May 2021

Motion was made by Trustee Cheek and seconded by Trustee Lightsey to approve and accept the Financial Statements for May 2021. **Motion** passed unanimously.

C. Bills for Approval

Invoices in the aggregate amount of \$558,184.25 were presented for payment from: BCBS Dental (\$178,015.20); BCN (\$78,384.08); Delta Dental (\$46,844.47); HAP (\$243,475.32); Humana (\$10,172.12); RSCD (\$1,293.06).

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

C. Fifth Third Bank Balances

Ms. Crosby 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. BeneSys Barometers through May 2021

The BeneSys Barometers were provided as follows:

Eligible by Month - A report showing number of eligible members by month through the month of May 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 May 2021, was 6,891, which is a decrease of 31 eligible participants from April 2021.

Income and Expenses by Month - A report showing the income and expenses, excluding investment income, for the months of May 2019 thru May 2021, was provided. This report shows an expense of \$3,047,407 at the end May 2021.

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

Fund Assets - A report showing the assets and equity of the Fund for months of May 2019 through May 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 May 2019 through May 2021 was provided.

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

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

B. BeneSys – Response to Questions Re: Risk Assessment & Data Security

Mr. Menter reviewed the questions the Board had posed at the last meeting regarding the most recent BeneSys Risk Assessment & Data Security protocol. BeneSys performs annual penetration testing. They hire an outside firm to attempt to penetrate their cyber security processed. The 2021 test uncovered no significant risks.

Data Security – The issue highlighted is specifically a HIPAA privacy breach. BeneSys Compliance Department has a formal and documented response for all HIPAA events. Periodic HIPAA privacy breaches as a course of performing administrative duties. Those breaches are addressed per BeneSys HIPAA policies and federal/state law.

Insurance – Currently BeneSys carries \$10M in cyber liability coverage which is an increase from last year. The coverage is based on the risk to BeneSys entire book of business, cost of coverage and availability of coverage in the market. BeneSys recommends to all of their client trust funds that they carry their own cyber liability coverage.

Motion was made by Trustee Cheek and seconded by Trustee Wise Johnson to accept the BeneSys Response to Risk Assessment and Data Security. **Motion** passed unanimously.

C. BeneSys Data Security Summary – June 2021

The BeneSys Data Security Summary for June 2021 was provided per the Boards request.

D. BeneSys Performance Guarantee Report – 2nd Quarter 2021

Ms. Crosby presented the 2nd Quarter 2021 Performance Guarantee reports to the Board. All performance guarantees were met by BeneSys.

Motion was made by Trustee Wise Johnson and seconded by Trustee Lightsey to accept the BeneSys Performance Guarantee Reporting for 2nd Quarter 2021 as presented. **Motion** passed unanimously.

VII. Financial Consultants

Mr. Leonard and Mr. Heaney gave the Board a Market Update and Trust Overview. The Trust returned 0.9% in June and has returned 7.0% YTD. The equity composite has returned 13.5% YTD, REITs returned 20.6%, GAA returned 4.2% and fixed income returned 2.1%. The long-term Policy Index is 33% to equities, 44% to fixed income, 5% to REITs, 17% to GAA, 1% to cash. Any over/underweights between the current allocation and policy target are marginal. The trailing year portfolio return was 20.1%. Assets increased significantly over the past year. A bond sale in June is part of this capital appreciation. The equity composite has powered returns for the portfolio with a 1-year return of 41.6%. Passive funds have driven a lot of performance.

VIII. GRS Consulting

A. Actuarial Valuation December 31, 2020 - Final

Ms. Hill presented the Final Actuarial Valuation 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 \$148.8 M. Plan assets as of December 31, 2020, based on an 80% monetization of B Notes and market value of external assets, are \$205.1 M (including future contributions). The plan is 138% funded after consideration of future scheduled contributions. This indicated that 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.

Motion was made by Trustee Lightsey and seconded by Trustee Gayney to accept the Actuarial Valuation as of December 31, 2020 as presented. **Motion** passed unanimously.

B. Hearing Aid Benefits

Mr. Pranschke will be presenting at the next Board meeting.

IX. Legal Report

Mr. Castle informed the Board that he will be reviewing the Fifth Third ACH Origination Documents provided under New Business prior to having them signed by the Chairman and Secretary.

Chairman Sheehan confirmed that GRSD Assistant Executive Director Gail Oxendine will attend the next schedule meeting to discuss the Retirement System's policies and procedures in the event of a rehired retiree.

X. New Business

A. Fifth Third ACH Origination Documents

Mr. Castle would like to review these documents prior to the Board giving approval for signature.

B. Fifth Third Contact Information Form

Mr. Castle would like to review these documents prior to the Board giving approval to submit to Fifth Third.

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. Direct Deposit for HRA Checks – Statement of Work

This matter has been carried over to the next meeting.

D. Non-Medicare Eligible Post 65 Members

Ms. Crosby updated the Board to inform them that a majority of the Non-Medicare Eligible Post 65 Members from the Actuarial Valuation reports turned 65 between the

time the Census data was provided to GRS and the time the Actuarial Valuation was completed. She is continuing to investigate the other 2 or 3 members in question and will report further at the next meeting.

E. 2022 Open Enrollment Timeline

The Board asked for small updates the timeline as presented by Ms. Crosby and requested recommendation for Open Enrollment Dates at the next meeting.

XII. Correspondence

BeneSys provided the following communication to The Board for review.

- A. BCN Low Income Subsidy – June 2021**
- B. BeneSys Acquires Beacon Technologies Group**
- C. Center Square Quarter Commission – 2nd Quarter 2021**
- D. ISS – Vote Summary Report – April 1, 2021 – June 20, 2021**

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 2:23 p.m. **Motion** passed unanimously.

Respectfully submitted,

Jennifer Crosby, Plan Associate