

**CITY OF PONTIAC VEBA TRUST
BOARD OF TRUSTEES SPECIAL MEETING
April 20, 2022**

A special meeting of the Board of Trustees was held on Wednesday, April 20, 2022

Trustees Present

Claudia Filler, Chairperson
Linda D. Watson
Khalfani Stephens, Deputy Mayor
Lon Britton
NZ Bryant
Tim Greimel, Mayor

Others Present

Matt Henzi, AsherKelly
Duane Menter, BeneSys
Violet Gjorgjevski, BeneSys
Jennifer Crosby, BeneSys
David Lee, Dahab

Absent Trustee

Walter Moore

Chairperson Filler declared that a quorum was present and called the meeting to order at 9:04 a.m.

CONSENT AGENDA

- A. Meeting Minutes January 13, 2022**
- B. Meeting Minutes March 24, 2022**
- C. Invoices for Payment**
 - a. AsherKelly Invoice – April 2022 - \$14,785.50**
 - b. BeneSys, Inc. – March 2022 - \$14,505.99**
 - c. Dahab – Jan 2021 – Mar 2022 - \$22,625.00**
 - d. Delta Dental – May 2022 - \$20,772.42**

RESOLUTION by Deputy Mayor Stephens; seconded by Mr. Bryant
Further Resolved, to accept and approve the Consent Agenda as presented.

Yea – 6 Nay - 0

CONSULTANT REPORT

A. Nyhart – GASB 74/75 Actuarial Valuation – December 31, 2021

Nyhart’s final GASB 74/75 Actuarial Valuation for December 31, 2021 was presented for the Board to review. Discussion took place regarding the findings.

B. Dahab Associates, Inc. – Preliminary Performance March 2022

Mr. Lee presented a preliminary performance for March 2022. Total portfolio is down due to inflation and the war in Ukraine. He reminded the Board that once the P&F funds are transferred the portfolio will be restructured. The Fund had approximately \$72M in assets as of April 20, 2022. Mr. Lee agreed to provide reports for the next meeting showing the fees charged by each manager and the historical investment performance for each manager.

REPORTS

A. CHAIRPERSON

Chairperson Filler updated the Board regarding the City of Pontiac and CPREA's agreement to place the currently \$57M remaining from GERS into an escrow account and they have not received an update regarding this. It was determined by this VEBA that the funds would go to the new GERS and/or an escrow agreement upon the determination of the City and CPREA, but no further information has been provided. The attorneys for the City and CPREA are revising the necessary documents to place the funds in escrow.

B. SECRETARY - None

C. TRUSTEE COMMITTEES – None

D. LEGAL REPORT

Nyhart Actuarial Valuation Report

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

At the March 24, 2022 meeting, the Board resolved to adopt Nyhart's recommendation to use a 6.5% assumption rate with \$58M in excess GERS assets being transferred to the New GERS. Since the last meeting, Nyhart completed its report, which was separately sent to the Trustees on April 7, 2022. Nyhart is completed its supplemental analysis of the financial impact to the VEBA if eligibility is expanded to include those 13 persons with 10+ years of credited service as of December 22, 2011, and who had a subsequent agreement with the City's emergency manager that promised them retiree health care. The financial cost to the VEBA would total approximately \$1.7M.

Nyhart is waiting for confirmation of credited service for the 119 persons who retired after December 22, 2011 to complete the last phase of its assignment from the Board. This involves a supplemental analysis of the financial impact to the VEBA if all persons with 10+ years credited service as of December 22, 2011, but who retired after December 22, 2011, are also included as eligible VEBA members.

Business Associate Agreement and Service Agreement with GERS

Attorney Henzi addressed this matter for the Board in Attorney Report. On March 16, 2022, the GERS, issued a FOIA request seeking the names of all persons, including PFRS, enrolled in the VEBA as well as their birth dates. Legal counsel sent correspondence on March 21, 2022 denying the request on the basis that it requested protected health information, which the VEBA is not permitted to provide.

The Trustees authorized entering into an Agreement with the GERS, that would comply with FOIA and HIPPA, that would permit the VEBA to provide the GERS with unredacted names and birth dates of enrolled VEBA members. In exchange, the GERS would produce credited service as of December 22, 2011 for GERS retirees who retired after that date.

After the last meeting, the GERS sent a Business Associate Agreement. Legal made suggested revisions and is awaiting a response.

Asset Transfer

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

At its March 31, 2022 meeting, the GERS' Board resolved to place the excess assets in escrow with legal to work with the City and CPREA to develop an Escrow Agreement.

Legal drafted an Escrow Agreement and provided it to counsel for CPREA and the City. Legal also drafted an Investment Consulting Services Agreement between Dahab, the City, and CPREA. Investment Management Agreements are being executed between the City and four investment managers.

City of Pontiac/PF VEBA/VEBA Merger Agreement

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

Attorney Kopacz advised that the IRS has reported that it will not issue a ruling that approves the Merger Agreement. Mr. Henzi advised that this does not invalidate the Merger Agreement or otherwise negatively affect the VEBA or PF VEBA since each of those entities has received tax exempt status from the IRS. Legal will work with Ms. Kopacz to determine whether the City and CPREA are required to amend the Settlement Agreement, and if the VEBA Trust or Merger Agreement need to be amended.

RFP for Auditing Services

Attorney Henzi addressed this matter for the Board in the Attorney Report. Legal counsel prepared an RFP. As directed at the last meeting, legal counsel sent the RFP to four auditing firms as directed by the Trustees: Plante Moran, Alan C. Young & Associates, P.C., George Johnson & Co., and Yeo & Yeo

Responses to the RFP are due on or before May 6, 2022.

VEBA Request for Miscellaneous Determination, Form 8940

Legal counsel prepared a Form 8940 on behalf of the VEBA and requested that Hon. Lawrence's office assist in expediting IRS approval. IRS approval is pending.

Memorandum regarding Granting a Reasonable Accommodation for a Trustee to attend meeting remotely under the ADA

Attorney Henzi addressed this matter for the Board in the Attorney Report. Michigan's Attorney General issued an opinion on February 4, 2022, holding that a member of a public board or a member of the public who is immunocompromised or otherwise disabled from in-person attendance due to COVID-19 related reasons may attend the public meeting on a virtual basis.

Legal counsel presented his research on this issue and further presented options for developing a policy for how the Board can evaluate future requests by Trustees for a reasonable accommodation pursuant to the Attorney General Opinion.

RESOLUTION by Ms. Watson; seconded by Mr. Bryant

Further Resolved, to adopt a policy to grant reasonable accommodation for a Trustee with a disability as defined by the ADA and Michigan Attorney General opinion to attend meetings remotely and fully participate.

Yea – 6 Nay - 0

Memorandum regarding Eligibility of Adult Disabled Dependent

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

Legislative Update

House Bill 5427

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

House Bill 5467

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

Senate Bill 705

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

TRUSTEE COMMENTS

Trustee Britton's term ends in June 2022. The elections will take place at the May 12, 2022 meeting. He is the only member who has submitted a candidate statement.

Chairperson Filler expressed concern that the checks she received for reimbursement from attending meetings have her signature on them. BeneSys explained that the bank will honor these checks and there is no concern.

PUBLIC COMMENTS - None

UNFINISHED BUSINESS

A. Previously Tabled Appeals

a. 0139159276

RESOLUTION by Ms. Watson; seconded by Mr. Britton

Further Resolved, to deny the appeal for participant 0139159276 since the individual does not meet the definition of a qualifying child under the Internal Revenue Code, which is adopted by reference in the VEBA Trust's eligibility provisions.

Yea – 6 Nay - 0

b. 2684822459

RESOLUTION by Mr. Britton; seconded by Deputy Mayor Stephens

Further Resolved, to approve the appeal for participant 2684822459 to be eligible for VEBA or Opt-Out as well as other participants who have 10 years of service as of December 22, 2011 and a subsequent employment agreement? – I DO NOT RECALL THIS ONE, pending approval from the bargaining parties.

Yea – 6 Nay - 0

c. 2733786003

RESOLUTION by Deputy Mayor Stephens; seconded by Mr. Bryant

Further Resolved, to approve the appeal for participant 2733786003 to be eligible for VEBA or Opt-Out as the deferred date for participant has been confirmed to be prior to December 22, 2011.

Yea – 6 Nay - 0

d. 3564859393

RESOLUTION by Mayor Greimel; seconded by Mr. Britton

Further Resolved, to deny the appeal for participant 3564859393 due to lack of requisite service years.

Yea – 6 Nay - 0

e. 3990506972

RESOLUTION by Mr. Britton; seconded by Mr. Bryant

Further Resolved, to deny the appeal for participant 3990506972 due to lack of requisite service years.

Yea – 6 Nay – 0

RESOLUTION by Chairperson Filler; seconded by Mr. Britton

Further Resolved, for Nyhart to review the GERS Actuary reports and use a 6.5% assumption rate to calculate liability for informational comparison by the Trustees..

Yea – 6 Nay - 0

NEW BUSINESS

A. New Appeals

a. 2679039353

RESOLUTION by Mr. Britton; seconded by Mr. Bryant

Further Resolved, to approve the appeal for participant 2679039353 to be eligible for VEBA or Opt-Out based on previous Motion granting eligibility to participants who have 10 years of service as of December 22, 2011 and a subsequent employment agreement with the Emergency Manager, pending approval from the bargaining parties.

Yea – 6 Nay - 0

b. 2706082505

RESOLUTION by Mr. Britton; seconded by Mayor Greimel

Further Resolved, to approve the appeal for participant 2706082505 to be eligible for VEBA or Opt-Out based on previous Motion granting eligibility to participants who have 10 years of service as of December 22, 2011 and a subsequent employment agreement with the Emergency Manager, pending approval from the bargaining parties.

Yea – 6 Nay - 0

c. 2721200367

d. 2734064624

e. 2777199310

RESOLUTION by Mr. Britton; seconded by Mr. Bryant

Further Resolved, to approve the appeal for participants 2721200367, 2734064624 and 2777199310 to be eligible for VEBA or Opt-Out based on previous Motion that participants who have 10 years of service as of

December 22, 2011, pending approval from the bargaining parties.

Yea – 6 Nay - 0

f. 0139159276 MD

RESOLUTION by Deputy Mayor Stephens; seconded by Mr. Bryant

Further Resolved, to deny the appeal for participant 3990506972 due to lack of requisite service years.

Yea – 6 Nay – 0

B. Member 2733791043 – Eligibility Judge 18 Years

Discussion took place regarding this matter, and it was determined member is eligible.

C. BeneSys – Enrollment Audit

Ms. Crosby informed the Board that BeneSys will be conducting monthly enrollment audits to determine accurate eligibility and enrollment.

CORRESPONDENCE

A. Comerica – Upcoming Conversion

NEXT MEETING DATE: May 12, 2022 Annual Meeting at 9:00 a.m.

ADJOURNMENT

Quorum lost at 11:46 a.m., meeting adjourned.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on April 20, 2022.

As recorded by BeneSys