

**CITY OF PONTIAC VEBA TRUST
BOARD OF TRUSTEES MEETING
February 23, 2022**

A meeting of the Board of Trustees was held on Wednesday, February 23, 2022.

Trustees Present

Claudia Filler, Chairperson - In Person
Linda D. Watson - In Person
Mayor Tim Greimel - In Person
Lon Britton - In Person
NZ Bryant - In Person
Deputy Mayor Khalfani Stephens - In Person
Walter Moore, In Person

Others Present

Matt Henzi, AsherKelly
Duane Menter, BeneSys
Violet Gjorgjevski, BeneSys
Veronica Verhelle, BeneSys
Samantha Kopacz, Miller Canfield
Steve Roth, Dahab
Kim Kulas, Manquen Vance
Eric Ladasz, Dawda Mann
Larry Hanger
Elaine Dennis
Janice Stewart
Anthony Guerra
Rose Wilson

Chairman Filler declared that a quorum was present and called the meeting to order at 1:00 p.m.

AGENDA CHANGES

RESOLUTION by Mr. Moore; seconded by Mr. Britton

Further Resolved, to amend the Meeting Agenda and move the Appeals to the top of the agenda.

Roll Call Vote: Filler – Yes

Britton – Yes

Bryant – Yes

Greimel – Yes

Moore – Yes

Stephens – Yes

Watson - Yes

Motion Carried 7/0

RESOLUTION by Mr. Moore; seconded by Deputy Mayor Stephens

Further Resolved, to amend the Meeting Agenda to move public comment for Appeals to the top of the Agenda so that those present for an appeal can make comment during discussion of that appeal.

Roll Call Vote: Filler – Yes

Britton – Yes

Bryant – Yes

Greimel – Yes

Moore – Yes

Stephens – Yes

Watson - Yes

Motion Carried 7/0

PUBLIC COMMENT – Appeals

Larry Hanger and Elaine Dennis appeared regarding their appeals. Two other appeals, under identical circumstances, were considered at the same time. All involve surviving spouses of police personnel who did not have Medicare deducted from compensation while employed as police officers for the City of Pontiac. All of the surviving spouses do not qualify for Medicare. Mr. Hanger spoke at length. Mrs. Dennis relied on Mr. Hanger's argument as being identical to hers. The basis for the appeal is that each is the surviving spouse of a member who retired before 1996. It was only discovered during the open enrollment process that these surviving spouses do not qualify for Medicare. If they were to enroll, they would have to pay substantial penalties for enrolling in Medicare after their 65th birthday. Three of the four individuals are in their 80's. The individuals were on a pre-Medicare plan for decades. Prior to 2011, the City paid for these individuals to be on the Medicare Plan because they did not qualify for Medicare. The individuals argued that any Medicare penalty should be subsidized by the VEBA because this would restore what benefits they had prior to the 2011 elimination of retiree health care by the City's Emergency Manager. Prior to 1994, public safety personnel were not permitted to pay into Social Security or Medicare pursuant to IRS Rules. Legal counsel met with BeneSys and Meadowbrook to confirm that there are no other known persons who may fall under this scenario.

There was significant discussion about these appeals.

RESOLUTION by Deputy Mayor Stephens, seconded by Mr. Moore

Further Resolved, to grant the appeal of the three affected persons who do not qualify for Medicare to be enrolled in the pre-65 plan for life and to move the fourth surviving spouse, who does qualify for Medicare, to be enrolled in Medicare Plan.

Roll Call Vote: Filler – Yes

Britton – Yes

Bryant – Yes

Greimel – Yes

Moore – Yes

Stephens – Yes

Watson - Yes

Motion Carried 7/0

There was significant discussion by the Trustees about how to evaluate future issues, including eligibility appeals, involving any issue that would result in an increased cost to the system.

RESOLUTION by Mr. Moore, seconded by Mayor Greimel

Further resolved, to require, as a matter of policy, an actuarial study when there is any benefit issue before the Board that would result in an increased cost to the VEBA.

Roll Call Vote: Filler – Yes

Britton – Abstained

Bryant – Yes

Greimel – Yes

Moore – Yes

Stephens – Yes

Watson - Yes

Motion Carried 6/1

CONSENT AGENDA

- A.** Minutes of Meeting – October 11, 2021
- B.** Minutes of Meeting – November 18, 2021
- C.** Minutes of Meeting – December 15, 2021
- D.** Invoices for Payment
 - a. AsherKelly Invoice – January 2022 - \$10,468.36
 - b. BeneSys Invoice – January 2022 - \$14,054.52
 - c. American Graphics – January 5, 2022 - \$298.13
 - d. American Graphics – January 27, 2022 - \$1,918.60
 - e. BCBS MA – February 2022 - \$410,141.35
 - f. Delta Dental – March 2022 - \$34,762.74
 - g. Manquen Vance – Oct 2021 – Jan 2022 - \$25,000.00
 - h. Mayer Brown LLP – September 28, 2021 - \$2,500.00
 - i. GERS Invoice – January 2022 - \$85.48

RESOLUTION by Mr. Bryant; seconded by Ms. Watson

Further Resolved, to approve the Consent Agenda as presented.

Roll Call Vote: Filler – Yes

Britton – Yes

Bryant – Yes

Greimel – Yes

Moore – Yes

Stephens – Yes

Watson - Yes

Motion Carried 7/0

CONSULTANT REPORTS

A. Investment Consultant – Steve Roth, Dahab

Mr. Roth presented the estimated excess asset transfer amounts from GERS if City Council amends its ordinance to pre-fund a permanent \$400 monthly increase in GERS retiree pensions, as well as a comparison of the amount to be transferred if the ordinance is not so amended.

He continued with a review of the GERS allocation to the VEBA and a scenario showing the assets from the P&F VEBA. He ended with a review of the preliminary Market Values as of February 17, 2022.

B. Manquen Vance

Ms. Kulas reviewed her findings on the cost of purchasing Medicare for the four members discussed. She has worked with Meadowbrook and BeneSys to confirm the number of members this would affect and found that at this time no others fall into the same situation. She provided a breakdown of different scenarios showing the cost differences between the premium and the penalties.

Discussion ensued with the Board and it was determined that a cost study would be required before a decision could be made. These types of scenarios are not contemplated the Settlement Agreement.

Two members in attendance of the meeting were there to discuss this situation, they also have appeals on the agenda to discuss this matter. They spoke and voiced their concern of the penalty costs they would incur as so much time has passed since these members became Medicare eligible, they are all over the age 80.

REPORTS

- A. CHAIRPERSON**
- B. SECRETARY**
- C. TRUSTEE COMMITTEES**
- D. LEGAL REPORT**

D. TRUSTEE COMMENTS

Discussion took place between the retirees regarding the status of the transfer of excess GERS funds to the VEBA. Chairperson Filler proposed that an Attorney Eric Ladasz, from the Dawda Mann law firm, be permitted to provide comment to discuss the possibility of filing suit against the GERS if the excess GERS assets are not transferred to the VEBA by March 1, 2022. There was discussion that, at present, the excess assets are scheduled to be transferred to the VEBA on March 1, 2022. Mr. Ladasz gave a brief presentation on the VEBA's options to file suit against the GERS to compel transfer of the excess assets from the GERS to the VEBA if those assets are not transferred by March 1, 2022. He further argued that such action could be compelled pursuant to the CPREA vs City of Pontiac Settlement Agreement.

Chairperson Filler asked for a motion to retain Mr. Ladasz as special counsel for the VEBA to file suit against the GERS in the event the excess GERS assets totaling approximately \$65 Million are not transferred on March 1, 2022.

RESOLUTION by Mr. Britton; seconded by Ms. Watson

Further Resolved, to authorize the Chairperson to hire Mr. Ladasz on March 2, 2022 to file suit against the GERS if the GERS excess assets totaling approximately \$65 Million are not transferred to the VEBA on March 1, 2022.

RESOLUTION by Mr. Moore; seconded by Mr. Bryant

Further Resolved, to enter the vote of the pending main motion, on the minutes of the next meeting. After reviewing Section 36-Motions to Reconsider of Robert's Rules of Order, Attorney Henzi advised that no vote was required on this ancillary motion because it is a form of a motion to reconsider.

A roll call vote was made on the main motion, above:

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – No
Moore – No
Watson - Yes

The motion failed because it did not receive the requisite 4 affirmative votes.

There was significant discussion by the Trustees that it is imperative for all necessary stake holders, including the VEBA, to complete an actuarial valuation report and cost study for proposed benefit changes.

RESOLUTION by Mr. Britton; seconded by Mr. Moore

Further Resolved, to hire Nyhart to perform an actuarial valuation report on the VEBA's liabilities. Further, to retain Nyhart to complete a cost study on the financial impact to the VEBA if eligibility is expanded to a group of individuals who had 10 years' service credit as of December 22, 2011 but did not retire until after that date. Further, that Nyhart prepare a cost study of the financial impact to the VEBA if eligibility was expanded to a group of approximately 16 individuals who had 10 years' service credit as of December 22, 2011, subsequently entered into an employment agreement with the City's Emergency Manager, and who retired after that date.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

UNFINISHED BUSINESS

- A. Open Enrollment Process
- B. P&F Members Not Qualified for Medicare
- C. Part A & B Penalties for P&F Not Qualified for Medicare
- D. Plan for Census Verification
- E. Early Retiree – Less Than 10 Yrs Service – Injured on Job

NEW BUSINESS

- A. Delta Dental Authorization to Release Data
- B. Trustee Resignation from GERS, Pontiac VEBA and CPREA
- C. City of Pontiac VEBA/PF VEBA Merger Agreement
- D. Rules and Regulations
- E. Appeals

a. 2845931904 – Member was present to discuss appeal during Public Comment. Member retired after the 12/22/2011 cutoff as well as having less than 10 years of service. They stated that they were not aware of the difference between vested and deferred vested.

The Board discussed how this could be resolved and was advised that the Settlement Agreement would need to be amended. In order to amend the Settlement Agreement, The City and CEPRA would need to come to an agreement and make the necessary changes.

This appeal was tabled until The City and CEPRA discuss the suggested changes to the agreement.

RESOLUTION by Ms. Watson; seconded by Mr. Bryant

Further Resolved, to table this appeal #2845931904.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

b. 2819359750

RESOLUTION by Mr. Moore; seconded by Mr. Britton
Further Resolved, to table this appeal #2819359750.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

c. 2763801786

RESOLUTION by Mr. Britton; seconded by Ms. Watson
Further Resolved, to deny this appeal #2763801786.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

d. 2747683915

RESOLUTION by Ms. Watson; seconded by Mr. Bryant
Further Resolved, to table this appeal #2747683915.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

e. 2684822459

RESOLUTION by Mr. Britton; seconded by Mr. Moore
Further Resolved, to table this appeal #2684822459.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

f. 2684836032

RESOLUTION by Mr. Britton; seconded by Mr. Moore
Further Resolved, to approve this appeal #2684836032.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

g. 2706117649

RESOLUTION by Mr. Britton; seconded by Ms. Watson
Further Resolved, to approve this appeal #2706117649.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

h. 2740400506

RESOLUTION by Mr. Moore; seconded by Mr. Stephens
Further Resolved, to table this appeal #2740400506.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

i. 2752429250 - this member is eligible and has already been enrolled.

j. 3990506972

RESOLUTION by Ms. Watson; seconded by Mr. Bryant
Further Resolved, to table this appeal #3990506972.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

k. 2776100632

RESOLUTION by Mr. Britton; seconded by Mr. Moore
Further Resolved, to approve this appeal #2684822459.

Roll Call Vote: Filler – Yes
Britton – Yes
Bryant – Yes
Moore – Yes
Watson - Yes

Motion Carried 5/0

CORRESPONDENCE

- A. BeneSys Response to DOL Cybersecurity Program
- B. MAPERS One Day Event 2022

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

ADJOURNMENT

RESOLUTION by Ms. Watson; seconded Mr. Bryant
Further Resolved, that the meeting be adjourned at 6:38 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on December 15, 2021.

As recorded by BeneSys