

**CITY OF PONTIAC
POLICE AND FIRE RETIREE PREFUNDED
GROUP HEALTH & INSURANCE PLAN
BOARD OF TRUSTEES VEBA MEETING MINUTES
August 27, 2020**

A regular meeting of the Board of Trustees was held on Thursday, August 27, 2020 via Conference Call at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

Trustees Present

Lon Britton
Matt Nye, Chairman
Deirdre Waterman, Mayor

Others Present

Matt Henzi, AsherKelly
Chris Kuhn, AndCo.
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc.
Nicole Rockov, Meadowbrook
Steven Smith, Meadowbrook
Danielle Winegardner, Nyhart
Elizabeth Wiley, Nyhart
Suraj Datta, Nyhart
Spencer Tawa, Plante Moran
Joe Kowalski, Plante Moran

Chairman Nye declared that a quorum was present and called the meeting to order at 9:15 a.m.

PUBLIC COMMENT

AGENDA CHANGES

Due to limited time and limited quorum it was determined to table the presentation scheduled with the Financial Consultant and to have a Special Meeting in September 2020. The Financial Consultant will present during the Special Meeting.

In addition, Plan professionals from Nyhart and Plante Moran made their Pension System presentations immediately following their VEBA presentations.

CONSENT AGENDA

- A. Minutes of Regular Meeting – May 28, 2020
- B. Financial Reports
 - 1. Financial Reports – April - June 2020
 - 2. Bills for Ratification through August 27, 2020

RESOLUTION 20-17 By Britton, Supported by Mayor Waterman
Resolved, That the Consent Agenda for August 27, 2020 be approved.

Yeas: 3 - Nays: 0

CONSULTANTS

- A. Meadowbrook 2021 Benefits Presentation

Mr. Smith and Ms. Rockov presented the 2021 Benefits to the Board. They informed the Board that there is a significant decrease in 2021 rates for the Medicare Advantage plan and a slight increase for the Non-Medicare plan. Overall, the benefit costs for 2021 have reduced by 1.47% with an overall savings of \$42,683.64 over the 2020 rates. No changes to the benefit structure for either Medicare Advantage or Non-Medicare plans.

RESOLUTION 20-18 By Britton, Supported by Nye

Resolved, To approve the 2021 rates for the continued insurance benefits as presented by Meadowbrook

Yeas: 3 - Nays: 0

B. Nyhart – GASB 74/75 Actuarial Valuation

Mr. Datta presented the December 31, 2019 Actuarial Valuation Report to the Board. Mr. Datta informed the Board that there has been a significant improvement in funding from 87% to 112%. The discount rate changed from 6.9% to 7.5%. The projected benefit payment time horizon is 79 years. There was a favorable health plan experience driven by rate decreases or rate changes lower than expected result in a liability gain. There was a removal of Excise Tax liabilities due to the Consolidated Appropriations Act of 2020.

RESOLUTION 20-19 By Mayor Waterman, Supported by Britton

Resolved, To accept the GASB 74/75 Actuarial Valuation as presented by Nyhart

Yeas: 3 - Nays: 0

C. Plante Moran – Financial Report – December 31, 2019

Mr. Tawa presented the December 31, 2019 Financial Report to the Board. He informed the Board that the results were an unmodified opinion which is the highest level. No difficulties or disagreements with management in performing the audit. Uncorrected misstatements of \$159,476 in liabilities which represented amounts claimed due by the City, but which lacked evidentiary support despite a significant search by BeneSys and legal counsel over the last two years.

RESOLUTION 20-20 By Britton, Supported by Mayor Waterman

Resolved, To accept the December 31, 2019 Financial Report as presented by Plante Moran

Yeas: 3 - Nays: 0

D. AndCo. – Pend to Special Meeting September 2020

REPORTS

- A. Chairman
- B. Secretary
- C. Trustee Committees
- D. Legal, Attorney's Report, AsherKelly, Matt Henzi
- E. Members / Retirees

TRUSTEE REPORT

Mayor Waterman gave an update regarding the IRS and the Super VEBA. The City of Pontiac has retained Miller Canfield. An application has been submitted to the IRS. The IRS has confirmed receipt of the application and communication has begun. Information is being requested by the IRS and is being provided in a timely manner. The next City Council Meeting will be on September 15, 2020. Attorney Henzi advised that he was recently provided with a tax qualification letter for the New VEBA from the IRS. He indicated that he would send correspondence to Trustee Britton, representing CPREA, and Mayor Waterman, representing the City, about his recommendation that the New VEBA should file Form 8940 and seek an exemption from filing Form 990. There was consensus among the Trustees to direct attorney Henzi to attend the next new VEBA Trustee Meeting, tentatively scheduled to occur on September 10, 2020.

RESOLUTION 20-21 By Britton, Supported by Nye

Resolved, To have Attorney Matt Henzi attend the City Council Meeting on September 15, 2020 and the new VEBA Trustee Meeting tentatively scheduled for September 10, 2020

Yeas: 3 - Nays: 0

ATTORNEY'S REPORT

FOIA Requests and Responses

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

2nd Request for Vital Information

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

Fiduciary Liability Insurance Renewal

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

Lawsuit Against City of Pontiac for Annual Contributions for Fiscal Year Ending June 30, 2012

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

CPREA v City of Pontiac — Settlement Agreement -

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

UNFINISHED BUSINESS

A. Vital Information 2nd Request Mailer Results

BeneSys presented to the Board the results of the 2nd Request Vital Information Mailer sent out to all members in June 2020. Trustee Britton stated that we will wait until January 2021 to do the Final Request Mailer that will inform members that if they do not respond their benefits will be suspended.

NEW BUSINESS

A. VEBA January through July 2020 Expenses

The January through July 2020 Expenses were presented to the Board for review. BeneSys has been instructed to keep track of Expenses. BeneSys informed the Board that the City of Pontiac has completed its obligation to reimburse the VEBA. The expense chart presented by BeneSys to the Board evidenced the amount of expenses to be reimbursed, beginning at the time the City satisfied the VEBA's \$4,073,000 Judgment pursuant to Settlement Agreement.

RESOLUTION 20-22 By Britton, Supported by Mayor

Resolved, to accept the January 2020 through July 2020 VEBA expenses reimbursement report and pay the monthly reimbursement payments owed to the City of Pontiac as reflected on the report

Yeas: 3 - Nays: 0

B. Annual Meeting/Election of Officers

RESOLUTION 20-23 By Britton, Supported by Mayor Waterman

Resolved, to maintain Matt Nye as Chairman and Lon Britton as Vice-Chairman

Yeas: 3 - Nays: 0

C. 2021 Meeting Schedule Draft

The Trustees briefly discussed that they would like to meet quarterly in 2021. A proposed meeting calendar was discussed. Tabled for further discussion at the September Special Meeting, to be scheduled.

D. BeneSys, Inc. Fee Increase Request

BeneSys, Inc. respectfully requested that the Trustees consider a fee adjustment based mostly on the increased scope of their services, from the current monthly rate of \$1,050 to \$3,000 effective November 1, 2020.

RESOLUTION 20-24 By Britton, Supported by Mayor Waterman

Resolved, to approve the requested Fee Increase to BeneSys.

Yeas: 3 - Nays: 0

CORRESPONDENCE

A. Request for Mailing List from City of Pontiac Retired Employee Association

NEXT MEETING DATE: December 3, 2020 at 10:00 a.m.

ADJOURNMENT

RESOLUTION 20-25 By Britton, Supported by Nye

Further Resolved, that the meeting be adjourned at 11:56 a.m.

Yeas: 3 - Nays: 0

I certify that the foregoing are the true minutes of the Police & Fire Retirement Pre-Funded Group Health and Insurance Plan "VEBA Trust" on August 27, 2020.

As recorded by BeneSys

