

**CITY OF PONTIAC VEBA TRUST
CITY OF PONTIAC POLICE & FIRE RETIREE PREFUNDED GROUP
HEALTH AND INSURANCE PLAN**

**JOINT BOARD OF TRUSTEES SPECIAL MEETING
April 16, 2021**

A special meeting of the Board of Trustees was held on Friday, April 16, 2021 via Conference Call in accordance with Michigan's Executive Orders issued restricting in-person gatherings due to COVID-19, and Michigan's Open Meetings Act, as amended.

Trustees Present

Claudia Filler, Chairperson – Auburn Hills, MI
Mayor Deirdre Waterman, Vice-Chair – Pontiac, MI
Walter Moore – Lantana, TX
Linda D. Watson – Pontiac, MI
Darin Carrington – Pontiac, MI
Lon Britton – Sebastian, FL
NZ Bryant, Bingham Farms, MI
Matt Nye, – Lake Orion, MI

Others Present

Matt Henzi, AsherKelly
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc.
Samantha Kopacz, Miller Canfield
Deborah Munson, GERS Exec Director
AlecGibbs, CPREA Atty
Anthony Chubb, City Atty
John White, GERS
Bob Giddings, GERS

Chairman Filler declared that a quorum was present and called the meeting to order at 2:10 p.m.

INTRODUCTORY REMARKS

Mr. Henzi stated that the purpose of the meeting is to share information about the retiree opt-out election for VEBA benefits. The issues to be discussed arise from a historic settlement agreement reached between the City and CPREA. The settlement is the product of great input and hard work by many Boards and individuals. In accordance with the Settlement Agreement, the City of Pontiac VEBA Trust has been developed to offer benefits to eligible Pontiac retirees. According to the Settlement Agreement, eligible members can opt-out of these benefits and receive a lump sum instead. The VEBA and PF VEBA Boards acknowledge that many retirees have questions about the opt-out process and level of benefits to be provided. This meeting was scheduled to provide answers to these questions. It was noted that there were 88 participants attending the meeting.

NEW BUSINESS

A. Discussion regarding Retiree Opt-Out of VEBA Benefits

An overview of the opt-out procedure, VEBA Eligibility, and level of insurance benefits was given.

B. Discussion of FAQ's on Opt-Out Procedure

Ms. Filler presented answers to FAQs regarding the Opt-Out Procedure. Members were given the opportunity to ask questions about the Opt-Out procedure to the Board of Trustees. The FAQs presented were:

I am not in Michigan. Does the opt-out form have to be notarized in Michigan?

a. No. The form can be notarized in any U.S. locality.

What number can I call to speak to someone about the opt-out process?

a. The City has provided this number—248-758-3300.

Can I delay my decision about the opt-out provision indefinitely as long as I do not obtain the VEBA benefits?

a. No. Decisions about the irrevocable opt-out must be made before benefits are provided. The City has provided a form entitled “Irrevocable Election to Terminate Eligibility in City of Pontiac VEBA Trust in Exchange for One-time Payment” and is requiring **that the forms be returned by April 22, 2021.**

C. Discussion of FAQ’s regarding Opt-Out and VEBA Eligibility

Ms. Filler reviewed the list of FAQ’s regarding the Opt-Out and VEBA Eligibility. Members were given the opportunity to ask questions about the Opt-Out and VEBA Eligibility to the Board of Trustees. The FAQs presented were:

Who is eligible to receive benefits from the City of Pontiac VEBA?

a. Members of the class defined in the Settlement Agreement: retirees and vested deferred retirees, and their eligible spouses, surviving spouses and dependents, who were eligible for health insurance coverage on or before December 22, 2011.

Who is eligible to receive the opt-out payment of \$20,000.00?

a. Only retirees and deferred vested retirees (at the time they are eligible to receive their pension) are eligible for the \$20,000 optout payment.

If I decide to take the one-time \$20,000 payment will I have to pay taxes on this money?

a. You need to consult with your tax advisor regarding the tax liability. The City will not be withholding any tax from the payout but will be providing IRS Forms 1099 to those selecting the onetime payment option.

Does this opt-out option affect my retirement benefit?

a. No. The opt-out option has no effect on your retirement (pension) benefit.

The letter says “Any retiree who elects this opt out option at the time the New VEBA is formed will not be eligible to receive any benefits from the New VEBA, and by their election, forever waive their right to receive any benefits under this Agreement...” Does this mean I will no longer receive retirement benefit that I am currently receiving if I take this opt out?

a. The New VEBA is created to handle retiree health insurance benefits. Choosing the opt-out would have no effect on your

retirement (pension) benefit.

I am a beneficiary of a member and currently receiving a benefit. Am I eligible for the \$20,000?

a. No. Only retirees are eligible for the \$20,000 one-time payment.

My spouse and I are both City of Pontiac retirees. Can one of us opt out and the other receive the insurance benefits?

a. If you both are members of the class defined in the Settlement Agreement, these are your options:

One spouse can opt out and receive the one-time \$20,000 payment: the other spouse can claim the insurance benefits for himself or herself and for an eligible dependent(s) but not for the spouse who opted out.

Both can opt out and each one can receive the one-time \$20,000 payment.

Both can claim insurance benefits.

I deferred my retirement before the December 22, 2011 cut-off for members of the class. When will I need to make a decision on the insurance or the opt-out provision?

a. When you are eligible and apply for your pension, you will be given the opportunity to irrevocably choose whether to take the insurance benefit or the one-time opt-out payment.

D. Discussion of FAQ's regarding Insurance Benefits

Ms. Filler reviewed the list of FAQ's regarding insurance benefits. Members were given the opportunity to ask questions about the Opt-Out and VEBA Eligibility to the Board of Trustees. The FAQs presented were:

Can the VEBA insurance plans be changed?

a. The VEBA Trustees have the flexibility to review comparable coverage and make decisions on better, comparable, equivalent and lower cost coverages.

Do I have to take the City's insurance at the time it first becomes available? I'm an eligible City of Pontiac retiree, working for another company, and can continue to receive insurance through that company until I leave.

a. As an eligible retiree, you can elect to obtain insurance from the New VEBA at a later date as long as you have not taken the onetime payment.

If I decide to take the insurance, will I be able to choose an insurance provider?

The VEBA Trust Board will choose the insurance provider for the plan based upon the cost and the inclusion of all benefits identified in the Settlement Agreement.

When will I be able to get the insurance from the New VEBA?

There are several steps that still need to be taken before insurance

can be provided:

- City completion of census of eligible retirees
- Insurance brokers shop the market for policies that meet the conditions of the Settlement Agreement.
- VEBA Trust Board selects the insurance provider.
- Commencement of open enrollment period during which retirees can sign up for the insurance.
- Funds from the General Employees Retirement System (GERS) and Police & Fire VEBA are transferred to the New VEBA. The accountants and actuaries believe that the GERS transfers can occur possibly by late August.

I don't need healthcare from the City. Can I keep the \$400 if I don't use the healthcare benefit?

a. The monthly \$400 pension stipend is slated to end at the time benefits from the New VEBA begin to be provided.

Is the Medicare Part B premium covered under the New VEBA plan?

a. No; it is the retiree's responsibility to pay the Medicare Part B premium.

Mr. Menter discussed the minimum requirements of medical coverage based on the Settlement Agreement including the deductible, out-of-pocket, and TROOP.

Mr. Carrington expressed that if anyone did not receive the full packet, they can email or call his office and the City will email the information to the member. Further, the City will consider extending the deadline due to extenuating circumstances on a case by case basis.

Mayor Waterman informed members that the \$400 supplement will end when benefits start and she is introducing a Proposal for an increase in Pensions.

PUBLIC COMMENT

Members expressed concern that the medical insurance coverage information needs to be given before a life decision like this can be made. More time would be helpful as well and they would like to see the deadline extended so they can get this additional detail. There were also requests to electronically post the FAQs for further review. There was a request to also electronically post the settlement agreement.

ADJOURNMENT

RESOLUTION for City of Pontiac VEBA Trust by Mr. Moore; seconded by Ms. Watson

Further Resolved, that the meeting be adjourned at 3:27 p.m.

RESOLUTION for City of Pontiac Police & Fire VEBA by Mr. Carrington; seconded by Mr. Nye

Further Resolved, that the meeting be adjourned at 3:27 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on April 16, 2021.

As recorded by BeneSys