

CITY OF PONTIAC
BOARD OF TRUSTEES VEBA SPECIAL MEETING MINUTES
April 7, 2021

A special meeting of the Board of Trustees was held on Wednesday, April 7, 2021 via electronic platform 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 – Southfield, MI
Lon Britton – Sebastian, FL
NZ Bryant – Bingham Farms, MI

Others Present

Matt Henzi, AsherKelly
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc
Jennifer Crosby, BeneSys, Inc.
Samantha Kopacz, Miller Canfield
David Lee, Dahab

Chairman Filler declared that a quorum was present and called the meeting to order at 2:04 p.m.

PUBLIC COMMENT – None.

CHAIRPERSON REPORT

Discussion took place regarding using Microsoft Teams versus Zoom for Board Meetings. It was determined that the Board would feel more comfortable using Zoom and BeneSys will obtain an account with Zoom.

INSURANCE COMMITTEE – None.

ATTORNEY'S REPORT

BeneSys Administrative Agreement

Mr. Henzi informed the Board that the BeneSys Contract was executed April 1, 2021.

Comerica Custodial Account Agreement

Mr. Henzi informed the Board that the contract with Comerica Bank has been revised and finalized with an Operational Account and an Asset Account.

Proposed Timeline for PF VEBA/VEBA Merger and Transition Issues

Mr. Henzi informed the Board that, when looking through historical records of the Police and Fire VEBA, he discovered that the IRS issued correspondence in 2011 revoking that entity's tax-exempt status for failure to file a Form 990 for three consecutive years. The Police and fire VEBA had not filed a Form 990. The IRS issued a letter of determination granting tax exempt status on September 22, 1997. Governmental entities are exempt from filing a Form 990. Mr. Henzi's colleagues sent four letters to the IRS requesting that the IRS correct its mistaken revocation. Further, that the same attorneys persuaded, through identical letters and reasoning, the IRS to exempt the General Employees VEBA from filing a Form 990. Upon discovery of this issue, Mr. Henzi disclosed it to the

Police and Fire VEBA, the VEBA Chairperson, and Ms. Kopacz. asherKelly will prepare a Form 1024 and submit to the IRS to get the mistaken revocation reversed. He is committed to resolving the issue. There was concern by the Board that this issue may delay the timeline that is in place. Mr. Henzi doesn't feel it will cause any delays, although the IRS cannot be compelled to act. Ms. Kopacz stated that this VEBA also requested exemption from filing the Form 990, and she had to submit 2 letters to IRS. The IRS stated that the issue has been resolved but no formal letter has been received yet.

PF VEBA/VEBA Merger Agreement

The Merger Agreement has been finalized by Matt Henzi and Samantha Kopacz; no further revisions needed. The Agreement can be signed and submitted to the IRS.

Mr. Lee from Dahab informed the Board that the Transition Manager is to transfer investments in kind which will be an easy transition.

Request for Eligible Member Data re: Insurance Agent Procurement of Benefits

Mr. Henzi presented his written request to the City for Member Data information as this is critical. The City responded that it will release the Data after the opt-out elections have been completed. It was stated that the Insurance Committee is hindered by not having the data because the benefit vendors cannot shop for benefit proposals until the census data is received so this may delay the timeline. Mr. Henzi is going to consult with agents to see if opt-out data is an issue for their proposals.

Draft Notice to Retirees regarding Opt-Out Provisions

Mr. Henzi provided his draft of the Notice to Retirees regarding opt-out Provisions. The Mayor informed the Board that the opt-out letters have been mailed by the City, with a deadline of April 22, 2021 for responses. She is also hosting a Webinar and Town Hall to answer questions that members may have.

Approved Policies and Procedures

The Board previously adopted the below Policies and Procedures. Legal counsel will send executed copies of the Policies and Procedures to the Trustees for inclusion in your Trustee Handbooks.

- Electronic Meeting Policies and Procedures – Revised
- Trustee Reimbursement
- Ethics
- Social Security Number Privacy
- Computer/iPad

ACTUARY'S REPORT – None

AUDITOR REPORT

It was noted that the GERS final audit will be completed in July and a termination report will be given by GRS. The intent is for benefits to commence September 1, 2021.

MEMBERS/RETIREES

UNFINISHED BUSINESS

A. Discussion on Timeline for PF VEBA/VEBA merger and transition issues

No discussion took place, the timeline was reviewed.

B. Retiree Opt-Out

The Board discussed concern regarding the opt-out information mailing because some members are stating they did not receive the full packet. Surviving spouses are not eligible for the opt-out but some received the information, and some did not, which is causing confusion. The letters were date stamped March 24, 2021 which doesn't allow a full 30 days for members to decide which concerned the Board. The Board would like to see the deadline extended. Also, letters were not sent certified, which is a concern as well.

Mr. Carrington stated that he has set up a voice message system for members to call with questions and the goal is to return all calls within 24 hours, but they are behind due to staff shortages in the HR Office. Members can also call the Mayor's office for questions.

Mr. Britton expressed that the letter sent to members was not the letter developed by Mr. Henzi. He felt the letter was politized and was focused on the City not the VEBA. He stated he received comments from retirees that the City is not fully trusted by members due to the past and the message in the letter is unclear.

The Board discussed the Town Hall that the Mayor is having and would like the opportunity to have a combined Town Hall with CPREA, GERS, P&F and this VEBA to provide information and answer questions.

RESOLUTION by Mr. Moore; seconded by Ms. Watson

Further resolved to have a Town Hall Meeting that included CPREA, GERS, P&F VEBA and City of Pontiac VEBA Trust along with the City of Pontiac to provide information to members and answer questions regarding the Opt-Out.

Aye – 5; Nay – 0; Neutral - 1

C. Request for Census Data

Discussion took place as to the importance of getting the Census Data to shop for benefits and for BeneSys to get the information into their systems so they can prepare for Open Enrollment. The Board questioned why the data cannot be released. Mr. Carrington stated he understood that the lack of data may delay the timeline. He will work with the City to obtain the information as quickly as possible.

RESOLUTION by Mr. Moore; seconded by Ms. Watson

Further resolved to approve Meeting Minutes for March 11, 2021.

NEW BUSINESS - None

CORRESPONDENCE - None

NEXT MEETING DATE: May 13, 2021 at 9:00 a.m.

ADJOURNMENT

RESOLUTION by Mr. Moore; seconded by Mr. Britton

Further Resolved, that the meeting be adjourned at 4:07 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on April 7, 2021.

As recorded by BeneSys