

**CITY OF PONTIAC VEBA TRUST  
BOARD OF TRUSTEES SPECIAL MEETING  
November 18, 2021**

A special meeting of the Board of Trustees was held on Monday, October 11 , 2021 via Conference Call and in person.

**Trustees Present**

Claudia Filler, Chairperson – In Person  
Linda D. Watson – In Person  
Darin Carrington – In Person  
Lon Britton – Sebastian, FL  
NZ Bryant – In Person  
Deirdre Waterman, Mayor - Pontiac, MI  
Walter Moore, Lantana, TX

**Others Present**

Matt Henzi, AsherKelly  
Duane Menter, BeneSys  
Violet Gjorgjevski, BeneSys  
Jennifer Crosby, BeneSys  
Samantha Kopacz, Miller Canfield  
Steve Roth, Dahab

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*Chairman Filler declared that a quorum was present and called the meeting to order at 9:01 a.m.*

**AGENDA CHANGES**

**PUBLIC COMMENT – None**

**CONSENT AGENDA**

- A. Minutes of Special Meeting – May 7, 2021
- B. Minutes of Special Meeting – July 22, 2021
- C. Minutes of Special Meeting – July 23, 2021
- D. Minutes of Meeting – August 12, 2021
- E. Minutes of Special Meeting – September 27, 2021
- F. Financial Reports
  - 1. Financial Reports – September 30, 2021
  - 2. Bills for Ratification – November 18, 2021
- G. Invoices for Payment
  - a. AsherKelly Invoice – September 2021 - \$6,105.00
  - b. AsherKelly Invoice – October 2021 - \$12,717.27
  - c. BeneSys Invoice – October 2021 - \$13,628.46
  - d. American Graphics – September 8, 2021 - \$132.50
  - e. American Graphics – September 8, 2021 - \$269.88
  - f. American Graphics – October 18, 2021 - \$372.06
  - g. Manquen Vance – November 15, 2021 - \$1,522.92

**RESOLUTION by Mr. Britton; seconded by Mr. Moore**

Further Resolved, to approve the Consent Agenda asamended with payment being made to American Graphics and Manquen Vance. AsherKelly and BeneSys to be held until transfer of assets from GERS is received. The minutes for meetings held August 12, 2021, May 7, 2021, July 22, 2021, and July 23, 2021 were discussed and minor amendments were made.

**CONSULTANT REPORTS – None**

## **REPORTS**

### **A. CHAIRPERSON**

Chairperson Filler expressed her thanks to BeneSys and Linda D. Watson, she is very pleased with how the Open Enrollment Meetings went.

### **B. SECRETARY**

Mr. Britton made some recommendations to Ms. Crosby for meeting minutes going forward.

### **C. TRUSTEE COMMITTEES - None**

### **D. LEGAL REPORT**

#### **Manquen Vance Contract**

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

#### **RESOLUTION by Mr. Moore; seconded by Mr. Carrington**

Further Resolved, to approve the Manquen Vance Contract as modified and approve the Chairperson to sign.

#### **Revised Comerica Bank Custodial Service Agreement**

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

#### **RESOLUTION by Ms. Watson; seconded by Mr. Britton**

Further Resolved, to ratify and approve the Revised Comerica Bank Custodial Service Agreement.

#### **Updated Plan Design**

Attorney Henzi addressed this matter for the Board in the Attorney Report. He states that on October 13, 2021, representatives from CPREA and the City met with Manquen Vance, legal, and BeneSys to reconcile the benefits that Manquen Vance would request from Blue Cross with the Settlement Agreement. The key changes included a \$0 office visit co-pay which resulted in a \$30,000 annual increase in total paid premium which Manquen Vance quoted to the Board at their September 27, 2021 presentation. Other changes included enhanced vision coverage. The bargaining parties agreed to these updated benefits and documents were executed timely to request pricing from BCBSM

#### **October 15, 2021 Letter to Retirees re: Enrollment Meetings**

Attorney Henzi addressed this matter for the Board in the Attorney Report. He informed that at the last meeting, the VEBA Trustees and Plan Professionals made revisions to a proposed letter to be sent to retirees regarding the status of procurement of benefits. The final version of the letter, sent to retirees on October 15, 2021.

#### **Open Enrollment**

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, plan professionals have drafted and revised enrollment kits. These were mailed to Police & Fire Retirees on November 8, 2021. See meeting packet. This communication included FAQs about eligibility, the enrollment kit, and an invitation to four different enrollment meetings. The enrollment meetings will be held in person and by Zoom on November 17 and December 1, 2021. The purpose of these meetings is to explain the levels of coverage to retirees, explain the open enrollment process to retirees, and to assist retirees with their enrollment forms.

BeneSys, legal and the GERS Office were in consistent contact to mail the enrollment packets to general retirees. This was completed on November 12, 2021. BeneSys and legal continue to work with the bargaining parties and the GERS Office to verify eligibility of general retirees.

**Communication from IRS re: Police & Fire VEBA Tax Exempt Status**

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

**VEBA Trust, Police & Fire VEBA Trust, and City of Pontiac Merger Agreement**

Attorney Henzi addressed this matter for the Board in the Attorney Report. Ms. Kopacz revised the Merger Agreement which was previously provided to the Board. The attached Merger Agreement is in its final form and should be adopted by this Board. The Police & Fire VEBA Trust has scheduled a special meeting to occur on November 19, 2021 to discuss and approve the Merger Agreement. City Council is scheduled to discuss and approve the Merger Agreement at its meeting on November 30, 2021. Upon City Council's approval, the Merger Agreement will be filed with the IRS.

**RESOLUTION by Mr. Moore; seconded by Mayor Waterman**

Further Resolved, to accept the recommendation and approve the VEBA Trust, Police & Fire VEBA Trust, and City of Pontiac Merger Agreement.

**VEBA Request for Miscellaneous Determination, Form 8940**

Attorney Henzi addressed this matter for the Board in the Attorney Report. The IRS represented that the Police & Fire VEBA Trust should file a Form 8940 request for miscellaneous determination as support for its request for exemption from the requirement to file an annual Form 990 (that issue has been resolved see No. 6 above). Recognizing that the VEBA Trust is requesting similar relief, we filed a Form 8940 on October 25, 2021. We continue to work with Representative Lawrence's office in our request for an expedited decision. This form requests a written confirmation from the IRS that the VEBA is not required to file a Form 990.

**Blue Cross Blue Shield of Michigan Agreement**

Attorney Henzi addressed this matter for the Board in the Attorney Report. Manquen Vance negotiated contracts with Blue Cross Blue Shield of Michigan (BCBSM) regarding medical and vision benefits. These Agreements were executed and should be ratified by the Board.

**RESOLUTION by Mr. Bryant; seconded by Mayor Waterman**

Further Resolved, to ratify and approve the Blue Cross Blue Shield of Michigan Agreement per recommendation.

**Transfer of Assets to VEBA Trust**

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, plan professionals worked to execute the necessary documents to open several custodial accounts in anticipation of the transfer of assets from the Police & Fire VEBA and the excess GERS assets in January 2022. See attached correspondence evidencing this activity.

**Investment Policy Statement**

Attorney Henzi addressed this matter for the Board in the Attorney Report. Dahab prepared a draft Investment Policy Statement. The document was reviewed and revised by legal and Dahab. The final version is attached and is recommended for adoption.

**RESOLUTION by Mr. Britton; seconded by Ms. Watson**

Further Resolved, to approve the Investment Policy Statement as recommended.

### **Discussion on VEBA Eligibility**

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, we sent correspondence to counsel for the bargaining parties about their position on two frequently asked questions:

- 1) I executed and returned an opt-out election form. May I revoke my election and enroll in open enrollment?
- 2) I have a minor child born after December 22, 2011, is this child eligible for coverage under the VEBA?

The bargaining parties are discussing these issues but have not resolved them. We requested that counsel for the bargaining parties advise us once these matters are resolved so that we can communicate answers to retirees.

One unexpected issue that has arisen needs this Board's consideration. There are a number of general retirees who were granted early retirement by a Memorandum of Understanding that was negotiated with the City's former Emergency Manager. The Agreement provides that these retirees will become eligible for retiree health care upon reaching age 60. Some of these individuals have elected to opt-out of the VEBA Trust but are not age 60. Thus, the bargaining parties and/or this Board should decide whether to permit these individuals to opt-out now rather than forcing them to wait until they reach age 60. Legal requested input from the bargaining parties.

The plan professionals have been reviewing several, additional eligibility questions. See various correspondence evidencing this activity.

### **Enrollment Invoices for Benefits**

Attorney Henzi addressed this matter for the Board in the Attorney Report. Manquen Vance confirmed that BCBSM will not require any pre-payment of insurance premium before the benefit commencement date.

### **Executed VEBA Trust Amendment and Health Plan Amendment**

Attorney Henzi addressed this matter for the Board in the Attorney Report. These amendments were previously approved by the Board. Subsequently, they were approved by the City. The fully executed Amendments were provided.

### **Revised Timeline for Merger and Transition Issues**

Attorney Henzi addressed this matter for the Board in the Attorney Report. The timeline was revised to indicate a benefit commencement date of February 1, 2021. Timeline dates relative to open enrollment and commencement of benefits have been revised upon recommendations by Manquen Vance.

### **House Bill 4934**

Attorney Henzi addressed this matter for the Board in the Attorney Report. As previously reported to the Board, Michigan's Open Meetings Act was amended to allow for virtual meetings for any reason through March 31, 2021. The Open Meetings Act was also amended to allow a Trustee with a medical condition to remotely attend a meeting through December 31, 2021.

Representative Steve Marino introduced HB 4934 which would allow non-legislative Boards (where Board members are not elected by the public) like Retirement System Boards to meet remotely for any reason. The Bill was introduced on May 27, 2021, with input from MAPERS. It was referred to Committee. Hearings on this Bill are tentatively scheduled to occur in October.

We sent correspondence to Rep. Calley and Rep. Kupa in support of HB 4934.

## **TRUSTEE COMMENTS**

Discussion took place surrounding choosing an Actuary for the Trust.

### **RESOLUTION by Mayor Waterman; seconded by Mr. Moore**

Further Resolved, to begin process of hiring and Actuary for the purpose of conducting an Actuarial Study of the Trust.

Discussion took place surrounding the Board of Trustees becoming members of MAPERS as a means of education to assist them in their fiduciary responsibility. Ms. Crosby will put their membership in place.

## **PUBLIC COMMENTS - None**

## **UNFINISHED BUSINESS**

### **A. VEBA Member Opt-Out List - Undetermined**

Ms. Crosby presented the list that was provided to her by Mr. Carrington of those member who chose the Opt-Out. On this list there are members that are marked undetermined. She asked for clarification on these members. Mr. Carrington will review list and provide her with an update.

## **NEW BUSINESS**

### **A. 2022 Open Enrollment Packet Information**

Ms. Crosby provided the Board with a copy of the information that was sent to members in their Open Enrollment Packets.

### **B. Open House/Retiree OE Presentation**

Ms. Crosby provided the Board with the PowerPoint presentation given by Manquen Vance during the Open House Meeting. Recommendations were made for additional information to provide and presented to retirees.

### **C. Member Letter – Rescind Opt-Out**

BeneSys provided a letter received from a member who wishes to rescind their Opt-Out now that they have received the full details of the benefits that will be offered. The Board discussed this matter in detail.

### **RESOLUTION by Mr. Britton; seconded by Mr. Moore**

Further Resolved, that this Board recommend in writing to the Bargaining Parties that members be given the option to rescind their previous Opt-Out choice or choose to Opt-Out if they previously didn't do so.

### **D. Investment Policy Statement**

This matter was discussed during the Legal Report.

### **E. 2022 Board Meeting Schedule**

Ms. Crosby presented a draft of the 2022 Board Meeting Schedule for consideration. The Board approved to use the schedule provided and will modify in the future if needed.

## **F. Trustee Roster Updated Draft**

Ms. Crosby provided an updated draft of the Trustee Roster for the Board. The Board agreed to use this format going forward with changes as given.

## **G. Comerica – Establishing Trust Accounts**

BeneSys provided communication from Comerica regarding Trust Accounts being established.

## **CORRESPONDENCE**

The following correspondence was provided to the Board for information purposes.

### **A. BeneSys Navigator Q3 2021**

### **B. BeneSys Cybersecurity Summary Update – November 2021**

### **C. BeneSys Transparency and No Surprises Act Progress Report**

### **D. BeneSys Transparency and No Surprises Act Updated Plan**

### **E. BeneSys Maintain Accurate Census & Reduce Missing Participants**

### **F. BeneSys Due Diligence to Locate Missing Participants**

### **G. BeneSys Procedures to Maintain Accurate Census**

### **H. BeneSys Transparency and NSA Update**

**NEXT MEETING DATE:** December 15, 2021 at 9:00 a.m.

## **ADJOURNMENT**

### **RESOLUTION by Mr. Moore; seconded Ms. Watson**

Further Resolved, that the meeting be adjourned at 12:10 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on November 18, 2021.

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*As recorded by BeneSys*