

CITY OF PONTIAC
BOARD OF TRUSTEES VEBA SPECIAL MEETING MINUTES
March 19, 2021

A special meeting of the Board of Trustees was held on Friday, March 19, 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
Mayor Deirdre Waterman, Vice-Chairperson – Pontiac
Walter Moore – Lantana, TX
Linda D. Watson – Pontiac
Darin Carrington - Pontiac
NZ Bryant – Bingham Farms, MI

Others Present

Matt Henzi, AsherKelly
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.
Jennifer Crosby, BeneSys, Inc.
John White, GERS
Bob Giddings, GERS
Cynthia Billings-Dunn, AsherKelly
Deborah Munson, GERS
Joe Kowalski, Plante Moran
Samantha Kopacz, Miller Canfield
Larry Fumarolo, Northern Trust
Louis Gates, GRS
Steve Roth, Dahab
David Lee, Dahab
Matt Nye, PFRS

Chairperson Filler called the meeting to order at 3:08 p.m.

PUBLIC COMMENT – None.

AGENDA CHANGES – None.

ATTORNEY'S REPORT

Mr. Henzi discussed concern regarding cross-over quorum because members of the GERS Board and Police and Fire VEBA Board attended the meeting as well as the City of Pontiac VEBA Board. Mr. Henzi noted that if either or both of those Boards had enough representation to constitute a quorum, the State's Open Meetings Act would require that the meeting be posted, and the public invited. He suggested that if any Trustees from either Board were present but not participating in discussion during the meeting, they might be considered observers and their presence not be counted towards a quorum.

A roll call determined that there were not enough Trustees from the GERS and Police and Fire VEBA Boards present and participating in the meeting to constitute a quorum.

Mr. Henzi proceeded with the transition issues discussion.

1. GERS Restatement

Mr. Henzi reminded the Board that the existing GERS will terminate effective March 31, 2021, and a Re-Established GERS will exist effective April 1, 2021. The Re-established GERS has taken steps to obtain a new tax ID and bank accounts.

2. GERS Transfer of Assets

It was noted that an actuarial valuation will be needed to determine the GERS assets and liabilities as of March 31, 2021. This valuation is necessary to determine the amount of excess funding to be transferred to the VEBA. The GERS final audit needs to first be completed. The audited financials will be available late July/early August. . Once Plante Moran's audit is completed in July 2021, GRS will need time to complete the termination valuation report.

The Mayor informed the Board that the IRS has given a favorable determination on the GERS termination. Ms. Kopacz inquired what the process is to formally approve and adopt the final actuarial valuation. Ms. Munson informed that it could be approved at the GERS meeting scheduled for August 25, 2021, but a GERS Special Meeting could be called if a decision is needed earlier. GRS can begin its termination valuation work as soon as the audit is complete and should only take about 3 weeks to complete. Chairperson Filler asked if once the Audit and Actuarial Valuation are approved could the transfer of assets take place? David Lee and Steve Roth with Dahab confirmed that most of the assets will be transferred in kind and these transfers can be accomplished within 2-3 weeks. It was then asked if benefits could be offered effective September 1, 2021 in the event the above timeline is effectuated. Mr. Roth and Mr. Lee answered affirmatively, assuming there are no other delays. Mr. Carrington stated that a benefit commencement date cannot be given for benefits because there are still several outstanding issues. Providers still need to be found. Plan Professionals and Attorneys need to work out details and report back. Mayor Waterman stated that the enhanced benefit (\$400 bonus) expires August 31, 2021 so will this need to be renewed in the event that benefits do not commence by September 1, 2021. The goal is to have benefits in place effective September 1, 2021 so that the enhanced pension benefit does not need to be renewed. If that is not possible then the option would be to renew it for a limited time until benefits begin.

3. PF VEBA Merger

Mr. Henzi informed the Board that he and Ms. Kopacz are working on a draft merger agreement. It will need to be completed and signed off on by CPREA and P&F and then will be forwarded to the IRS for approval. The terms are worked out so it will make the process faster and it should not take long for the IRS to grant approval. No further revisions are needed and this can be submitted in April 2021.

4. PF VEBA Transfer of Assets

Mr. Henzi stated that we are in the final stages of the merger and transfer of assets. Dahab is working on this as well. The transfer of most of the assets will be in-kind and will not take long to complete. The PF VEBA had a strong 4th Quarter of 2020 and the assets now sit at approximately \$48M.

5. Implementation of VEBA Benefits

Mr. Henzi informed that the City will send a letter to eligible retirees about the VEBA opt-out provision. The communication will include a waiver that must be signed and notarized for an individual (and spouse, if necessary) to make the opt-out election. The letter will be mailed on Monday, March 22, 2021. The letter does contain language describing the benefits that will be available. There will be a caveat in letter that it is subject to approval by the City and VEBA. Chairperson Filler will send out a draft of letter to the Board. The deadline for choosing the Opt-Out will be April 19, 2021 and the signatures on the form must be notarized.

Upon receipt of eligible member data, previously requested from the City, four insurance agents will shop the insurance marketplace for proposals for benefits. The agents have estimated it will take 60 days for insurance carriers to deliver quotes.

BeneSys will need the Census data to build its database system and prepare for Open Enrollment. If BeneSys has the Census data in April 2021 and the insurance providers are chosen by June 2021 then Open Enrollment Letters can go out in July 2021.

The City of Pontiac has assigned Human Resources Director, Kiearha Davidson, to field calls from members with questions. The Board would like workshops to be offered to members to assist them with enrollment. BeneSys can offer these workshops within any possible restrictions due to the COVID Pandemic.

UNFINISHED BUSINESS - None

NEW BUSINESS

A. Proposed Timeline for PF VEBA/VEBA Merger and Transition Issues

Mr. Henzi shared the proposed Timeline for the PF VEBA/VEBA Merger. The next items by date are March 25, 2021, PF VEBA meets to discuss Dahab's opinion on how to transfer PF VEBA assets. March 22, 2021, letter offering buyout option sent to all eligible members. April 1, 2021, insurance agent takes census data and shops for insurance benefits. April 1, 2021, VEBA Board meets to discuss Dahab's opinion on how to transfer PF VEBA assets. Mr. Henzi will update the timeline and provide to all. Going forward, BeneSys will facilitate meetings and take minutes.

CORRESPONDENCE

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

ADJOURNMENT

RESOLUTION by Mr. Moore; seconded by Ms. Watson

Further Resolved, that the meeting be adjourned at 4:31 p.m.

I certify that the foregoing are the true minutes of the Police & Fire Retirement Pre-Funded Group Health and Insurance Plan "VEBA Trust" on March 19, 2021.

As recorded by BeneSys