

**CITY OF DETROIT POLICE AND FIRE RETIREE HEALTHCARE TRUST**



**Board Meeting Minutes**

**Monday, July 23, 2018**

**9:30 am at RDPFFA Office Sterling Heights Michigan**

**Conference Call In: 1-866-730-7512 Access Code 700275 Host 484296**

**Trustees:**

**Chet Opolski**

**John Clark**

**Shirley Berger**

**Don Taylor**

**Tom Sheehan**

**John Barr**

**Floyd Allen -- (T)**

**Andy Dillon (T -- 10:50)**

**Chairman**

**Vice Chairman**

**Secretary**

**Trustee**

**Trustee**

**Trustee**

**Trustee**

**Trustee**

**ABS Representation: Lisa Duncan**

**Legal Representation: Michael VanOverbeke**

**The meeting was held at the offices of the Retired Detroit Police & Fire Fighters Association**

**The meeting was called to order at 9:30.**

**Motion -- To accept the agenda for July 23, 2018: By T. Sheehan, seconded by J. Clark**

**- Motion Carried -- Unanimously**

**Motion -- To approve the meeting minutes from June 18 as amended, 2018 as amended: By T. Sheehan, seconded by J. Clark**

**- Motion Carried -- Unanimously**

#### Graystone Consulting – Burton Carlson

B Notes Summary – Currently the price of the bond is at \$83.9879.29 per J.J. Kenny Drake, which is up slightly from the last report. Late June and Early July had a few meaningful trades, so prices have increased.

Cash Flow – Updated information through June 30, 2018. The VEBA's cash balance declines approximately 2 million dollars each year due to plan changes. The report shows that through December of 2019, at no time does the cash balance drop below 16 million.

Developing an investment plan – Graystone discussed with the board an investment plan for the money at Fifth Third bank, called an Investment Policy Statement (IPS). This is based off the approximate 15 million from the sale of the bonds. Custody will stay with Morgan Stanley at no cost to the fund.

#### Provide for cash flow needs:

Based on the 2 million cash burn rate, Greystone would like to set aside 5 years' worth of projected cash-burn.

- o *Recommendation 1: Managed Portfolio of investment-grade corporate bonds, 40+ total issuers, 3-year duration, 3% cash-on-cash yield (avg. bond price \$99), 3.4% YTM*

#### Amounts available beyond cash needs:

Allocate 10 million to corporate bond ladder, leaving 5 million to invest in a more aggressive manner.

- o *Recommendation 2: Portfolio of 5 different Index Funds/ETF's. They will provide global stock market exposure but be weighted in a fashion to emphasize Value over Growth and International over US. Average expense ratio is expected to be 12bps or less*

Motion – To proceed with Greystone's recommendation regarding investments: By T. Sheehan, seconded by F. Allan

- Motion Carried – Unanimously

#### Public Comment

- No one present

#### Correspondence

Motion – to review and accept the Wilmington and Fifth Third statements: by T. Sheehan, seconded by J. Clark

- Motion Carried – Unanimously

#### Accounting Report

Motion – to review and accept the Cash Activity statement: by T. Sheehan, seconded by J. Clark

- Motion Carried – Unanimously

**Motion** – to review and accept the Receipts and Disbursements: by T. Sheehan, seconded by J. Clark

- Motion Carried – Unanimously

The board has asked ABS to present the closed 2016 numbers for the HRA.

#### Legal Report

No formal legal report

#### Administrator Report

No formal Administrator report

#### Administrative Committee

**Motion** – to approve the recommendation from the Administrative Committee regarding the approval of the below appeals: by J. Clark, seconded by J. Barr

- a.
- b.
- c.
- d.
- e.
- f.
- g.
- h.
- i.
- j.
- k.
- l.

- Motion Carried – T. Sheehan opposes

**Motion** – to approve the recommendation from the Administrative Committee regarding the approval of the below appeals: by T. Sheehan, seconded by J. Barr

- a.
- b.

- Motion Carried – Unanimously

Motion – to approve the recommendation from the Administrative Committee regarding the denial of the below appeals: by T. Sheehan, seconded by J. Barr

a.

b.

- Motion carried - Unanimously

Motion – to approve the minutes from the July 9, 2018 Administrative Committee: by T. Sheehan, seconded by J. Barr

- Motion Carried - Unanimously

#### Business Agent Report

Chet Opolski discussed the retiree meeting that was held in June at Frankenmuth. Aetna and Priority Health were in attendance and did presentations.

#### Finance Committee Board

No Report

#### Unfinished Business

The board has asked ABS to identify if we keep track of divorces and what is on the change files from the RSCD. The board would like to know if there is any way to know how many divorces have occurred with this population. This information is needed before the board will decide on the eligibility of divorced spouses.

To date, Chet has not heard back from

#### New Business

Next Full Board Meeting August 27, 2018

Break: 11:06 to 11:11

ABS, Lisa Duncan, left the meeting at 11:15

## **Continued Board Meeting Minutes by Shirley Berger**

Break: 11:15 am – 11:25 a.m.

### **GRS Presentation – Jim Cherundolo**

Discussion held on the project plan and renewal of Aetna and Priority. The Health Insurer Fee will be eliminated for 2019, status for 2020 has not been determined.

The premium for the HMO will be higher. Priority premiums were not to exceed \$8.00 per member, GRS will continue to negotiate with Priority.

Priority will offer new programs at no additional cost, (Silver and Fits)

WTW has enrolled approximately 80 retirees under 65.

**Motion** – to approve the 2019 renewal rates subject to further negotiation by GRS: by T. Sheehan, seconded by J. Clark

- Motion Carried - Unanimously

### **BeneSys Presentation – Michael Ball, Chuck Wytrychowski, Dayna Thorman and Violet Gjorgjevski**

The transition is proceeding well. They are reviewing files and mapping members into their system. No historical data was given, only current status's.

BeneSys will provide the trustees with a timeline and Draft enrollment package at the next meeting.

Trustee's asked about staffing:

- Walk in service at the Troy office
- Walk in service at satellite office in Detroit with TMR & Assoc.
- Local and Toll free numbers
- Over 650 EE's with experience on the City of Detroit General VEBA account
- Website access for all Retiree's for questions and forms

BeneSys will send out an introduction letter to all retiree's

Trustees have concerns for the clarity of the data that was previously sent out, BeneSys will use the format that was used for the General VEBA, along with confirmation letters and emails for those that enroll on line.

The enrollment packages will be mailed by October

There will be 2 locations for the open enrollment meetings – East side and West side

BeneSys will coordinate meetings and vendor attendance through the board

Break 12:30 – 12:30 p.m. - Luncheon Meeting

Trustee Allen – exited the meeting at 12:25 p.m.

### **Day to Day operations:**

- ✓ Main contacts for day to day operations, billing and invoices will be: Violet Gjorgjevski and Darris Garoufalas – they will be hiring another person – Violet will be at the meetings and take the minutes
- ✓ A website will be created for trustees – all documents will be placed here, password protected

- ✓ BeneSys will provide a file with all members to the Business Agent
- ✓ Weekly check runs for the HRA
- ✓ Keep the Fifth Third Custody account and move account from Huntington to Fifth Third
- ✓ New forms will be created, similar to the General VEBA forms
- ✓ Hard copies of claims/membership paperwork will be shredded
- ✓ Member files will be updated as provided by the Retirement system

Chet Opolski will obtain the VSP and Dental rates for 2019

Next Full Board Meeting will be August 27, 2018

**Adjournment**

**Motion** — to adjourn: by T. Sheehan, seconded by J. Barr

- Motion Carried - Unanimously

Meeting adjourned at 1:10

Shirley Berger  
Lisa Duncan