

CITY OF DETROIT POLICE AND FIRE RETIREE HEALTHCARE TRUST



Board Meeting Minutes

Monday, May 24, 2021

9:30 am at BeneSys Office, Troy, MI via In-Person and via Conference Call

<u>Trustees:</u>	<u>Attending:</u>	<u>Role:</u>
Chet Opolski	In-Person	Chairman
Andy Dillon	Remotely from Redford Township, MI	Trustee
Tracy Shippy	Remotely from Sterling Heights, MI	Trustee
Richard Kosmack	In-Person	Trustee
Floyd Allen	Remotely from Detroit, MI	Trustee
Dan Bojalad	In-Person	Trustee
Brian Roehl	In-Person	Trustee

Others present: Burton Carlson, Graystone Consulting (via phone)
Erik Burger, Graystone Consulting (via phone)
Bill Messner, Graystone Consulting (via phone)
Louis Sinagra, Member (via phone)

Legal Representation: Aaron Castle

BeneSys Representation: Violet Gjorgjevski and Jennifer Crosby

The meeting was held In-Person and via conference call from BeneSys Office, Troy, MI

The meeting was called to order by Chairman Opolski at 9:30 am.

Motion – To accept the agenda for May 24, 2021: *By D. Bojalad, seconded by B. Roehl.*

- Motion Carried – Unanimously

Public Comment

Member L. Sinagra mentioned that there is an article in Crain's Detroit Business the mentions a City of Detroit Police and Fire Retiree.

Regular Minutes

Motion – To approve the Regular Meeting Minutes from April 26, 2021 as presented: *By D. Bojalad, seconded by R. Kosmack.*

- Motion Carried – Unanimously

Motion – To approve the Admin Committee Meeting Minutes from May 10, 2021: *By D. Bojalad, seconded by R. Kosmack.*

- Motion Carried – Unanimously

Graystone Financial – Burton Carlson, Bill Messner & Erik Burger (via phone)

B. Carlson gave an update on the B Notes. The B Notes currently stand at \$94.73, up from the report given due to recent sale and trade of Bonds. There has been a lot of trade and sale activity this year which is driving the price up. He presented the trade summary showing trades from May 2021 – January 2021.

B. Carlson reviewed the Cash Flow Projection. The February 2021 Financial Statements were not available in time for this presentation, so the information shared was the same as last month. The funds from the sale of the B-Notes were taken from the cash flow and moved to investments to implement the portfolio approved by the Board. The implementation is not complete because a Second Bond Ladder manager needs to be chosen after the Eaton Vance merger with Morgan Stanley. An Asset Liability Study was given to the Board 2-3 months ago and a new one will be completed in June 2021.

B. Carlson gave a presentation on the PIMCO Corporate Bond Ladder as a possible second bond ladder manager for the Fund.

Motion – To authorize moving a portion of the funds from sale of B-Notes to fund the PIMCO Corporate Bond Ladder: *By B. Roehl, seconded by A. Dillon.*

- Motion Carried – Unanimously

A discussion took place surrounding the possibility of selling additional B Notes based on concern around the City of Detroit Charter and the potential negative impact that could result. In addition, selling the B Notes would provide the opportunity to further diversify the Trust's investment portfolio.

Motion – To authorize the Investment Committee to take up to all the Trust's remaining B Notes to market for sale at no less than \$93.00: *By A. Dillon, seconded by B. Roehl.*

- Motion Carried – Unanimously

Financial Reports

BeneSys provided the April 2021 Fifth Third Statement for review.

BeneSys provided the April 2021 Morgan Stanley Statement for review.

BeneSys provided the March 2021 Financial Statements for review.

Motion – to review and accept the Fifth Third, Morgan Stanley, BeneSys Financial Statement and to pay the Bills for Approval as provided: *By D. Bojalad, seconded by R. Kosmack.*

- Motion Carried – Unanimously

Administrative Reports – None

Legal Report

A. Member #2837716886

Mr. Castle informed the Board that based upon the recommendation of the Admin Committee he drafted a letter to the referenced member. The letter informs the Member of the impending termination of her spouse's coverage under the VEBA's Medicare Advantage plan, and permits Member to provide the Board with evidence that her spouse qualifies as an adult dependent, which would allow him to maintain medical coverage from the VEBA.

Motion – to approve letter to Member per recommendation of the Admin Committee, as revised: ***By B. Roehl, seconded by R. Kosmack.***

- Motion Carried – Unanimously

B. City of Detroit Charter

In the discussion that took place over the City of Detroit Charter it was determined that there is a high risk that the proposed changes could drain the city finances. At this time the charter is headed to the August primary ballot despite having been rejected by Governor Whitmer. Two separate lawsuits have been filed seeking a temporary restraining order to prevent the Election Commission from printing ballots that include the proposal to revise the City Charter.

Motion – To authorize General Counsel to explore legal intervention in the City of Detroit Charter litigation on behalf of the Police and Fire Retiree Health Care Trust with an expense of no more than \$20,000: ***By F. Allen, seconded by B. Roehl.***

C. Actuary & Benefits Consultant RFP

Mr. Castle provided the Board with an updated of the initial and supplemental RFP responses. After extensive discussion it was determined that presentations should be given by those that didn't present last year for Benefits Consultants. No interest in making change in Actuary at this time.

Motion – to form a Benefits RFP Committee consisting of Trustees Tracy Shippy and Brian Roehl and Chairman Chet Opolski that will have the presentations in July 2021 and report back to the Board: ***By B. Roehl, seconded by R. Kosmack.***

- Motion Carried – Unanimously

D. Weiler Settlement Surplus

Mr. Castle informed the Board that there is no update regarding the Weiler Settlement Surplus at this time.

Correspondence – None

Business Agent Report

A. Member 2726365485 & 2749465093

Chairman Opolski discussed that in working on the Non-Enrolled Members list he came across the above members who were 40/8 pension. According to BeneSys and the Pension office these members are not eligible for Healthcare through the Trust. This matter was discussed by the Board and Legal. Legal counsel will follow up on this matter in more detail and report back to the Board.

Mr. Opolski also updated that he has heard back from 79 of the 239 Non-Enrolled Members and 43 of them have enrolled, some with spouses.

New Business – None

A. Great American Insurance Group Quote

Mr. Castle informed the Board that the cost of Fiduciary Liability Insurance has gone up since last year, but this is the market trend.

B. Great American Insurance Group Policy Extension

Mr. Castle had gotten an extension on the previous Fiduciary Liability Policy through Great American because they provided quote and renewal information last minute.

Motion – to renew the Fiduciary Liability Insurance Policy through Great American Insurance until May 1, 2022: ***By D. Bojalad, seconded by R. Kosmack.***

- Motion Carried – Unanimously

Unfinished Business - None

Trustee Comment/Open Forum - None

Adjournment

Motion – to adjourn: ***by B. Roehl, seconded by D. Bojalad.***

- Motion Carried - Unanimously

Meeting adjourned at 11:27 am.