



Board Meeting Minutes

Monday, January 22, 2018

9:30 am at RDPFFA Office Sterling Heights Michigan

Conference Call In: 1-866-730-7512 Access Code 795253 Host 133963

Trustees:	Chet Opolski	Chairman
	John Clark	VP Chairman
	Shirley Berger	Secretary
	Don Taylor	Trustee
	Tom Sheehan	Trustee
	John Barr– (T)	Trustee
	Floyd Allen – (T)	Trustee
	Andy Dillon – (T)	Trustee

ABS Representation: Lisa Duncan
Chesla Emerick

Legal Representation: Aaron Castle

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 dated September 25, 2017, as amended: By T. Sheehan, seconded by D. Taylor

- Motion Carried – Unanimously

Motion – To approve all of the meeting minutes from December 11, 2017 as amended: By T. Sheehan, seconded by D. Taylor

- Motion Carried – Unanimously

Graystone Consulting

Burton Carlson called into the meeting.

Discussion held on B Note Summary and Cash flow. Graystone received the actuarial numbers from GRS, based on those numbers they do not see the VEBA needing to draw from the Line of Credit for 2018 and are projecting that they will not need to in 2019. Burton will adjust the Cash Flow to show the reduced LOC.

Graystone reported that monetization of the B-Notes would serve the purpose of diversification of the portfolio and is prudent as it would reduce the risk of loss to the RHC Trust should the market value of the B-Notes fall. They stated that Morgan Stanley could be the broker with respect to any monetization; however they would not be acting as a fiduciary in this capacity.

Legal strongly suggests that a fiduciary is needed for this transaction.

GRS Consulting – Ken Alberts and Zarami Gano in attendance

Discussion held on Supplemental Projections to Model Lowering the LOC and Increasing the Benefit Program.

GRS did 4 different Projection models

1. Baseline projection – where we are now
2. Reduce LOC to \$0
3. Reduce LOC to \$0
 - a) 10 million in 2018 at 80% of face value
 - b) 10 million in 2019 at 50% of face value
 - c) Increase monthly benefit paid by trust by 4%
 - d) Assume 50% of spouses not receiving will participate
4. Reduce LOC to \$0
 - e) 10 million in 2018 at 80% of face value
 - f) 10 million in 2019 at 50% of face value
 - g) Increase monthly benefit paid by trust by 4%
 - h) Assume 60% of spouses not receiving will participate

In Projection #3, the VEBA would run out of money, with 2% of the population left, in 2059

In Projection #4, the VEBA would run out of money, with 4% of the population left, in 2056

A. Dillon stated that we need to monetize the bonds first, before the VEBA considers increasing benefits. F. Allen and J. Barr agree.

D. Taylor believes that that the pre 65 population was hit the hardest with the bankruptcy and we should look to increase that population's benefit. S. Berger and J. Clark agree.

J. Clark brought up the possibility of a lump sum pay out to the members. Discussion on the tax implications of this, and if the post 65 would still get the group rating for a MA plan.

The board asked ABS to find out the average cost of a medical policy for a pre-65 individual and a post 65 individual.

Correspondence

Motion – to review and accept the Wilmington and Fifth third statements: by T. Sheehan, seconded by D. Taylor

- 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

Motion – to review and accept the financial statement: by D. Taylor, seconded by J. Clark

- Motion Carried – Unanimously

Legal Report

No Formal Legal report.

Legal Counsel updated the board on the Weiler settlement money – stating that they have reached out to Chris Legghio, and still have not heard back from. Will try again.

The RFP for a new TPA update – questions are due by the end of this week, and legal has until the end of next week to reply. All is going well.

Administrator Report

Motion – To move to closed session for appeal discussion, to protect the individuals privacy rights to his/her protected health information under HIPAA: by D. Taylor, seconded by J. Clark

- Roll call vote:
 - Allen – aye
 - Barr – aye
 - Clark – aye
 - Dillon – aye
 - Opolski – aye
 - Sheehan – aye
 - Taylor – aye

The board went into closed session at 10:42

The board re-entered open session at 11:20

Motion – To approve [REDACTED] appeal, with the reduced amount, unless member can substantiate the remaining months for premium payment: by D. Taylor, seconded by J. Clark

- Motion Carried – T. Sheehan opposes

Unfinished Business

Review of the draft contract for the Business Agent that legal supplied.

Business agent position will tentatively start 2-1-2018

Motion – To adopt the recommendation put forth by the Administrative Committee regarding the Business Agent, the paying of any reasonable expenses for the setup of this position and the approval of the Contract subject to any changes that the board/BA deems necessary: by D. Taylor, seconded by J. Clark

- Motion Carried – C. Opolski abstains

Discussion held on the Amended and Restated Trust Agreement.

D. Taylor believes that the agreement should include language that refers to Public act 557, Health Bill 5421. Legal stated that they could propose additional language via an amendment, or alternatively incorporate the language of PA 557 by reference. He will check to see if this option would require an amendment.

Legal will reach out to Morgan Stanley and Citi Bank regarding their brokerage fee.

A. Dillon would be more comfortable using Citi Bank for monetizing the bonds.

Motion – To monetize 20 million in bonds based upon Graystones's report that it would take some risk off the table and serve to further the diversification of the portfolio: by A. Dillon, seconded by F. Allen

Discussion on adding to the motion a floor amount for the bonds and a letter from Graystone stating it is a prudent move to sell.

Motion – To amend previous motion to include a floor of 80%: by A. Dillon, seconded by F. Allen

- Motion Carried – Unanimously

Discussion held on whether or not the LOC is needed if we monetize the bonds.

Motion – To close out the LOC with Citi Bank effective upon sale of bonds: by T. Sheehan, seconded by D. Taylor

- Motion Carried – Unanimously
- J. Barr left the meeting at 11:20
- F. Allen left the meeting at 11:25

New Business

Discussion on the Health Insurance Fee – it was confirmed that it is applicable for 2018, but there is a possibility that it could be waived in 2019.

The meeting for June 25th has been changed to June 18th

Adjournment

Motion – To adjourn: By T. Sheehan, seconded by D. Taylor

- Motion Carried – Unanimously

Meeting adjourned at 11:31

Lisa Duncan