

ANNUAL GENERAL MEETING

Performance Hall, Calgary Central Library
800 – 3 Street SE
Calgary, Alberta
Wednesday, June 15, 2022 - 12:00 p.m.

- MINUTES -

Jody Sallans, MEBAC President, called the Special Annual General Meeting of the Municipal Employees Benefit Association of Calgary (MEBAC) to order at 12:15 p.m. on June 15, 2022. There were 72 people in attendance. The President declared the meeting a Special Annual General Meeting as the quorum of one hundred members for a regular meeting was not met at the scheduled time of 12:00 p.m.

Introductions

Jody Sallans, President, reviewed the agenda.

*It was **MOVED** by Mike Mahar, and Seconded by Ab Huskic, to change the order of the agenda so that the bylaw changes are before the financials. **CARRIED***

Jody introduced the trustees of the MEBAC Executive Committee. The MEBAC representatives who retired from the Committee in the past two years were acknowledged. He explained MEBAC's structure, trustee responsibilities and the various committees. Jody also thanked the resource personnel who support MEBAC. Jody also presented the MEBAC member count over the last five years, which had been very volatile. There were 14,657 members at the end of 2017 and 14,375 at the end of 2021.

Review Minutes of the 2019 Annual General Meeting

Copies of the minutes from the 2019 Annual General Meeting were distributed in the handout package. Time was provided to the attendees of the AGM to review last year's minutes. No errors or omissions were noted.

*It was **MOVED** by Juanita De Ryber, and Seconded by Dallas Smith, to accept the minutes from the 2019 Annual General Meeting. **CARRIED***

Bylaw Changes

Copies of the bylaws and the detailed changes were distributed in the handout package. Time was provided to the attendees to review the changes. Jody Sallans, President, outlined the important bylaw changes, which are:

- Introduce gender neutral language.
- Allow for virtual AGMs, Special Meetings and Executive Committee meetings.

- Decrease wait times for Special Meetings from 15 minutes to 5 minutes.
- Change the appointment of auditors from the membership at the AGM to the Executive Committee.

*It was **MOVED** by Dallas Smith, and Seconded by Mike Mahar, to accept the changes to the bylaws. **CARRIED***

2019 - 2021 MEBAC Financial Statements

Anthony Montanaro, MEBAC Treasurer, and David Andrews, Leader - Finance, presented the 2019 – 2021 financial results for MEBAC. Copies of the financial statements were distributed in the handout package.

LTD Plan

- Increasing LTD costs in 2017 and 2018 were not being covered by premiums, which prompted the increase in premiums from 2019 forward.
- LTD claims experience started to decrease in 2019, which was intensified by COVID at the beginning of 2020. This decrease, coupled with the premium increase, created a surplus in the reserve.
- The LTD premium rate is decreasing in 2022 to 1.25% of earnings from the 2021 rate of 2.65% of earnings.

Health & Dental

- Premiums have been lower than paid benefits over the last five years. This was intentional to some degree as the Executive Committee opted to draw down some of the reserves to cover some of the costs. With the decrease in the LTD premium rate, the subsidy from the LTD plan to Health & Dental will be phased out.
- COVID resulted in lower health & dental usage than anticipated, creating a surplus instead of the forecasted deficit.

Optional Group Life & Critical Illness

- Premiums for these coverages are equal to the amount remitted to the providers.
- Premiums have been stable over the past five years, as it is linked to the number of members choosing the coverage.

2019-2021 Reserves

- There are four reserves: the Claims Fluctuation Reserve (CFR), the LTD Disabled Life Reserve (DLR), the Operating Reserve, and the Pre-95 LTD Reserve.
- The CFR changed from \$4.0 million in 2019 to \$7.2 million in 2021. The DLR changed from \$21.5 million in 2019 to \$16.2 million in 2021. The Operating Reserve changed from \$21.9 million in 2019 to \$62.5 million in 2021. The Pre-95 LTD Reserve changed from \$1.3 million in 2019 to \$0.7 million in 2021.

Investment Returns

- Operating Plan: There was a noticeable dip in the investment returns in 2018 which was recovered in Q1 of 2019. COVID had a large impact on the markets in 2020, but they recovered within the same year so it doesn't show in the annualized view.
- Pre-95 LTD Plan: The trends are the same as the Operating Plan. The fund was invested in individual assets to the end of 2021, when it was switched to balanced pooled funds as it is small and just getting smaller, with an expected run-out date of 2029.

Operating Plan

- Assets were \$50.6 million and liabilities were \$3.2 million in 2019, leading to net assets of \$47.4 million. Assets were \$66.6 million and liabilities were \$2.4 million in 2020, leading to net assets of \$64.2 million. Assets were \$87.7 million in 2021 and liabilities were \$1.8 million in 2021, leading to net assets of \$85.9 million.
- The largest increases in assets were due to the LTD premiums paid by members in all three years, and the LTD refund accounting surplus in 2021. The largest decreases in assets were the benefits paid for LTD, dental and extended health care.

Pre-95 LTD Plan

- Assets were \$2.6 million and liabilities were \$1.3 million in 2019, leading to net assets of \$1.3 million. Assets were \$2.5 million and liabilities were \$1.5 million in 2020, leading to net assets of \$1.0 million. Assets were \$2.4 million in 2021 and liabilities were \$1.7 million in 2021, leading to net assets of \$0.7 million.
- The only increases in assets are investment income and gains, offset by investment losses. Each year, the net investment changes were approximately \$0.3 million less than payments made.

Questions

- "Is there a target for the reserves?" Yes, the target operating reserve is 50% of the prior year's operating costs. This was recommended by, and accepted by, a consultant hired in 2021 by the Executive Committee.
- "Why are the reserves so high?" It's a combination of high premium rates and low usage. That allowed MEBAC to lower the premium rate in 2022.

2019 – 2021 Auditor's Reports

Copies of the auditor's reports for 2019 - 2021 were distributed in the handout package. Time was provided to the attendees of the AGM to review them.

*It was **MOVED** by Tony Montanaro, and Seconded by Dennis Uvbiama, to accept the auditor's reports from 2019 to 2021. **CARRIED***

2019 - 2021 Core Benefit Plan Financial Statements

Anthony Montanaro, MEBAC Treasurer, and David Andrews, Leader - Finance, presented the 2019 – 2021 financial results for the City of Calgary Core Benefit Plan. Copies of the financial statements were distributed in the handout package.

- The City is responsible to fund Sickness & Accident, Group Life Insurance, Health Spending Account, a portion of extended health and dental, as well as 75% funding of the Pre-95 LTD Reserve.
- Expenses in 2021 were \$109 million. The expenses breakdown was: Sickness & Accident (41%), Health (33%), Dental (16%), Health Spending Account (5%), Group Life (4%) and General & Admin costs (1%).
- The cost-sharing between the City Core plan and the MEBAC Operating plan over the past five years trended from 71%/29% City/MEBAC in 2017 to 80%/20% City/MEBAC in 2021.

2022 Auditor Appointment

Not required due to the bylaw change.

Executive Committee Activity Report for 2018 and Ongoing Business

Due to the lateness of the hour, Jody Sallans, President, did not have the opportunity to provide an overview of the Executive Committee activity report for 2019-2021.

New Business

No new business noted.

Questions

Osteopath treatment is not covered under Green Shield, could it be? Jody: Coverage for various types of treatment are negotiated between MEBAC and The City. We'd have to look at that.

If we have questions about specific drugs, do we bring it up here, or elsewhere? Jody: You can bring it up to your trustee, or ask the carrier. I'll just note that some things, like lifestyle drugs, MEBAC has decided not to cover.

The cost of professional services have gone up with inflation, so the current maximums don't cover as much as they used to. Jody: We realize that inflation has been an issue. Maximums would have to be discussed between MEBAC and the carrier.

When was the last time we bargained for Core? Jody: About 4 years ago. It should have been done a couple years ago, but we decided to continue on with the current agreement due to COVID.

When was the last time the \$300 was changed? Jody: What you're referencing is the Healthcare Spending Account, and it is something offered by The City. It wasn't negotiated, so it's owned by them and protected.

Is there anything we can put in place to make up for the declining value of the Healthcare Spending Account? Jody: We have to keep in mind that that when usage goes up, so do premiums and strike that balance.

Is MEBAC thinking about changing the age limit for LTD to 67 instead of 65? Jody: MEBAC did look at that, but it doubled the premium, so it was deemed too costly.

Adjournment

The Special Annual General Meeting was adjourned at 1:15 p.m. due to loss of quorum.