

**CITY OF PONTIAC VEBA TRUST
BOARD OF TRUSTEES MEETING
May 14, 2026**

A meeting of the Board of Trustees was held on Thursday, May 14, 2026

Trustees Present

Claudia Filler, Chairperson
Mayor Michael McGuinness
Lon Britton
Linda D. Watson
Julie Moll

Others Present

Matt Henzi, AsherKelly
Steve Roth, Dahab
Violet Gjorgjevski, BeneSys
Jennifer Crosby, BeneSys
Kim Kulas, Manquen Vance

Absent Trustees

Khalfani Stephens, Vice Chair
Matt Nye

Chairperson Filler declared that a quorum was present and called the meeting to order at 1:02 p.m.

AGENDA CHANGES

RESOLUTION by Ms. Watson; seconded by Ms. Moll

Further Resolved, to approve adding Kim Kulas from Manquen Vance to beginning of meeting to provide an update regarding CMS Funding for 2027 and Benefit Renewal timeline for 2027.

Roll Call Vote:

Filler – Yea
Britton – Yea
Watson – Yea
Moll - Yea

Yea – 4 Nay – 0

MANQUEN VANCE – Kim Kulas

Ms. Kulas addressed the Board to provide information regarding the CMS Funding for 2027. She explained that the Centers for Medicare & Medicaid Services (CMS) finalized its Calendar Year (CY) 2027 Medicare Advantage (MA) and Part D payment policies, implementing a net average payment increase of 2.48%, which equates to over \$13 billion in additional payments to MA plans. This final 2027 rate is a substantial improvement over the initial Advance Notice proposal, which projected a nearly flat 0.09% increase. The updated payment policies were designed to reverse initial cuts, refine the risk adjustment model, and implement Part D redesign changes under the Inflation Reduction Act.

She discussed with the Board the 2027 benefit renewal. The Board would like to ask that a quote be provided for medical benefit enhancements that were not approved for 2026 due to the quote being too high. The enhancements they would like to be quoted would be to eliminate deductible and in network coinsurance for the Pre-65 plan and eliminate the deductible for the MA plan. For the Vision plan to change the frames frequency to 12 months with LightCare.

Discussion also took place regarding Delta Dental dropping providers as “preferred,” the Board would like them to explain that.

Chairman Filler expressed great concern regarding the communication from BCBSM and Michigan Medicine potentially terminating their contract effective July 1, 2026. Ms. Kulas has been providing regular updates. She reviewed what is happening with the Board. She stated that this frequently happens during contract negotiations and most of the time an agreement is reached before the deadline, Mr. Henzi confirmed this as well. BeneSys and Manquen Vance have provided ways to assist participants that would potentially be impacted should the contract not be renewed. BCBSM has stated that there could be 49 VEBA participants that would be impacted. Discussion took place. Ms. Kulas will continue to keep Chairman Filler updated.

Mayor McGuinness joined the meeting at 1:44 p.m.

CONSENT AGENDA

- A. Meeting Minutes – February 12, 2026
- B. Financial Statements December 2025 – March 2026
- D. Opt-Out Balance Remaining as of January 31, 2026 = \$3,640,000
- E. Bills for Ratification March 31, 2026
- F. Bills for Approval

<u>Date</u>	<u>Payee</u>	<u>Amount</u>
3/17/2026	American Graphics	\$1,102.42
3/17/2026	American Graphics	\$194.30
3/9/2026	American Graphics	\$183.49
4/7/2026	American Graphics	\$1,295.17
2/11/2026	Asher Kelly	\$5,625.00
3/12/2026	Asher Kelly	\$8,034.20
4/20/2026	Asher Kelly	\$2,947.50
2/11/2026	Asher Kelly	\$571.50
3/12/2026	Asher Kelly	\$2,475.00
4/20/2026	Asher Kelly	\$1,575.00
4/2/2026	Fifth Third Bank	\$7,519.87
3/11/2026	Miller Law Firm	\$1,348.50
		\$32,871.95

- G. Fifth Third Bank Balance as of April 30, 2026
- H. Total Benefit Enrollees as of March 31, 2025 = 997
- J. Added Enrollees January 1, 2026, to March 31, 2026 = 39
- K. Deceased Enrollees January 1, 2026 to March 31, 2026 = 7
- L. New Appeals = 0

RESOLUTION by Mayor McGuinness; seconded by Ms. Watson

Further Resolved, to approve the Consent Agenda, as amended, with a correction to the Consent Agenda Section on Appeals, removing the designation of “Total Number of Appeals to Date,” just include current/active appeals. The approval was also conditioned on adding invoices for payment as follows: GJC (\$11,450.00); Asher Kelly (\$900.00 and \$337.50).

Roll Call Vote:

Filler – Yea

Mayor McGuinness - Yea

Britton – Yea

Watson - Yea

Moll - Yea

Yea – 5

Nay – 0

Motion Carried

Discussion took place regarding moving the remaining Opt-Out funds from the City of Pontiac to the VEBA. Mr. Henzi will draft a recommendation for doing this and BeneSys will provide a count of those who are either aging in to the VEBA benefits or those not currently enrolled who could potentially take the Opt-Out for planning purposes.

CONSULTANT REPORTS

Dahab Associates – Steve Roth

A. Performance Review March 2026

Mr. Roth updated the Board regarding investment returns as of March 31, 2026. The City of Pontiac VEBA plan was valued at \$144,915,154, representing a decrease of \$3,227,092 from the December ending value of \$148,142,246. Last quarter, the account recorded total net withdrawals of \$3,131,868 in addition to \$95,224 in net investment losses. The fund's net investment result of income receipts totaling \$575,729 and realized and unrealized capital losses totaling \$670,953.

During the first quarter, the Composite Portfolio returned 0.0%, which was 0.5% above the Shadow Index's return of -0.5%. Over the trailing twelve-month period, the portfolio returned 14.2%, which was 0.5% below the benchmark's 14.7% return. Since March 2022, the Composite Portfolio returned 5.9% on an annualized basis, while the Shadow Index returned an annualized 6.3% over the same time frame.

Trustee Moll questioned the Shadow Index that is currently being used and would like to have a stronger option provided. She also expressed concern about the investment performance of WCM which Mr. Roth stated he will monitor closely.

Mr. Roth and Mr. Henzi addressed the Invesco Core Real Estate – U.S.A. proposed Third Amended and Restated LPA and ICRE. They have reviewed the document and both stated that they are comfortable with the proposed restatement.

REPORTS

A. CHAIRPERSON

Ms. Filler updated the Board that the Second Amendment to the Settlement Agreement has been finalized as well as the funds to pay attorney's fees have been settled.

B. SECRETARY

Mr. Britton updated the Board on the status of the VEBA's lawsuit against the City and GERS has been dismissed and the Order of Dismissal has been provided to the Board today.

C. INVESTMENT COMMITTEE

Ms. Moll stated that she had no formal report.

D. LEGAL REPORT

Amendment No. 3 to Trust Agreement

Attorney Henzi addressed this matter for the Board in Attorney Report.

Amendment No. 4 to Trust Agreement

Attorney Henzi addressed this matter for the Board in Attorney Report.

Amendment No. 5 to Trust Agreement

Attorney Henzi addressed this matter for the Board in Attorney Report. Since the last meeting, City attorney Brian Gallagher advised that Amendment No. 5 had already been approved by City Council. In order to accelerate execution of the Amendment, and because the VEBA Trust's proposed revisions were not substantive in nature, attorney Henzi agreed to withdraw the proposed revisions. However, legal counsel did insert signature lines for CPREA and made other procedural changes so that the executed document will look like prior amendments. CPREA approved the Amendment on March 3, 2026. We recommend that this version of the Amendment be signed.

RESOLUTION by Mr. Britton; seconded by Ms. Moll

Further Resolved, approved and execute Amendment No. 5 to the Trust Agreement as revised per recommendation of legal counsel.

Roll Call Vote:

Filler – Yea

Mayor McGuinness - Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 5 Nay – 0

Motion Carried

Michigan Medicine Contract Dispute

Attorney Henzi addressed this matter for the Board in Attorney Report.

Chauncy Hack Appeal

Attorney Henzi addressed this matter for the Board in Attorney Report. At the February 12, 2026 meeting, Mr. Hack's appeal was presented to the Trustees. Mr. Hack appealed an initial denial of his request to receive the \$20,000.00 buyout in exchange for a waiver of VEBA benefits. Mr. Hack's appeal indicated that he had 21 years of credited service with the City and that he has been in pay status with the Pontiac GERS for nearly 30 years. Accordingly, he opined that he is eligible for a benefit. However, his appeal did not attach records to evidence his stated tenure with the City. In fact, the GERS' records show that he has just over 5 years of credited service.

At the last meeting, Mr. Hack's appeal was tabled for more information. Legal counsel sent correspondence to Mr. Hack requesting more information. Mr. Hack did not provide any information. However, legal counsel investigated the matter and determined that Mr. Hack did work for the City of Pontiac and he was injured on the job in approximately 1989. He applied for and received workers comp benefits and was approved for a

duty disability benefit through the Pontiac GERS.

Based on our investigation, we also determined that Mr. Hack was converted a normal retirement benefit in 2016, after reaching age 65 as required by the GERS Ordinance. We confirmed that Mr. Hack did have prior service with the city that, although it does not get included in his pension, should be recognized for eligibility purposes. Therefore, Mr. Hack was converted to a normal benefit on the basis that he had more than 10 years of credited service as an employee with the City.

Based on these records, Mr. Hack did have 10 years of credited service with the City on or before December 22, 2011. As such, he is eligible for the opt-out benefit. Legal counsel recommends that his appeal is granted.

RESOLUTION by Mayor McGuinness; seconded by Ms. Watson

Further Resolved, per recommendation to remove Appeal from being tabled.

Roll Call Vote:

Filler – Yea

Mayor McGuinness - Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 5 Nay – 0

Motion Carried

RESOLUTION by Mayor McGuinness; seconded by Mr. Britton

Further Resolved, per recommendation of legal counsel, to approve the Appeal for Chauncy Hack and in doing so allow him to receive the \$20,000 Opt-Out.

Roll Call Vote:

Filler – Yea

Mayor McGuinness - Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 5 Nay – 0

Motion Carried

Stephanie Sumner Appeal

Attorney Henzi addressed this matter for the Board in Attorney Report. Ms. Sumner is eligible for the VEBA at age 60. At the February 12, 2026 meeting, the Trustees denied Ms. Sumner's appeal for immediate VEBA benefit eligibility.

Since the last meeting, legal drafted correspondence to be sent to Ms. Sumner advising that her appeal has been denied and that she will be eligible for benefits upon reaching age 60, or on or after September 29, 2032.

Trustee Election

Attorney Henzi addressed this matter for the Board in Attorney Report. At the last meeting, it was discussed that Trustee Lon Britton's term expires May 30, 2026.

Legal counsel worked with BeneSys to prepare the Notice of Elections documents, which were mailed to all eligible members.

Trustee Lon Britton declared himself a candidate in this election. No other individual submitted a Candidate Eligibility form, therefore ensuring that Mr. Britton ran for the position unopposed.

RESOLUTION by Mayor McGuinness; seconded by Ms. Watson

Further Resolved, to approve Mr. Britton's reelection declaration according to the Rules and Regulations with a new term expiration date of May 30, 2030.

Roll Call Vote:

Filler – Yea

Mayor McGuinness - Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 5 Nay – 0

Motion Carried

Karen Webster Financial Power of Attorney

Attorney Henzi addressed this matter for the Board in Attorney Report.

The Board moved to closed session at 2:47 p.m.

RESOLUTION by Ms. Moll; seconded by Ms. Watson

Resolved, to go into closed session to discuss pending litigation in the following matters: Donnie Benion, Manquen Vance/BeneSys Audit of BCBSM Invoicing, and Warner Bros. Discovery, Inc.

Roll Call Vote:

Filler – Yea

Mayor McGuinness - Yea

Britton – Yea

Watson – Yea

Moll – Yea

Yea – 5 Nay – 0

Motion Carried

The Board returned from closed session at 2:55 p.m.

RESOLUTION by Ms. Watson; seconded by Mayor McGuinness

Further Resolved, to approve the closed session minutes from February 12, 2026, meeting as presented.

Roll Call Vote:

Filler – Yea

Mayor McGuinness - Yea

Britton – Yea

Watson – Yea
Moll - Yea

Yea – 5 Nay – 0

Motion Carried

RESOLUTION by Ms. Watson; seconded by Mayor McGuinness

Further Resolved, to ratify Chairperson Filler’s signature on all required documents for the filing of a Section 220 Books and Records demand against Warner Bros. Discovery.

Roll Call Vote:

Filler – Yea
Mayor McGuinness - Yea
Britton – Yea
Watson – Yea
Moll - Yea

Yea – 5 Nay – 0

Motion Carried

E. TRUSTEE COMMENTS

Mayor McGuinness informed the Board that the City of Pontiac is currently digitizing all Human Resource Records.

F. PUBLIC COMMENTS – None

UNFINISHED BUSINESS

A. Miller Law – Order of Dismissal

Miller Law provided to the Board the courts Order of Dismissal of the case between the VEBA and the City of Pontiac, GERS and ReGERS.

B. Questionable Opt-Out Retirees

Ms. Crosby informed the Board that she completed her review of the records that BeneSys has regarding the 10 retirees that received the Opt-Out and perhaps should not have. Her review showed that of the 10 retirees, only 1 of them was eligible to receive the Opt-Out. Discussion took place.

RESOLUTION by Mr. Britton; seconded by Mayor McGuinness

Further Resolved, for cost efficiency purposes and in the prudent use of Plan assets, the VEBA shall take no further action to recoup the nine Opt-Outs paid in error. No further action will be taken.

Roll Call Vote:

Filler – Yea
Mayor McGuinness - Yea
Britton – Yea
Watson – Yea
Moll - Yea

Yea – 5 Nay – 0

Motion Carried

Mayor McGuinness left the meeting at 3:15 p.m.

C. Dependent Age Out Policy

Currently, retiree dependents age out of coverage eligibility at the end of the year they turn 26. The Board has had previous discussion regarding changing this to the end of the month that the dependent turns 26 but a final decision was not made. Ms. Crosby wanted to be able to develop a standard for the BeneSys Eligibility Department to have in place because the current standard of end-of-year dependent turns 26 is not the industry norm. BeneSys systems and processes will need to be changed if the Board wants to keep this standard. Discussion took place.

RESOLUTION by Mr. Britton; seconded by Ms. Moll

Further Resolved, effective January 1, 2027 a dependent's benefits through the VEBA will terminate at the end of the month in which the dependent turns age 26.

Roll Call Vote:

Filler – Yea
Britton – Yea
Watson – Yea
Moll – Yea

Yea – 4 Nay – 0

Motion Carried

D. BCBS Invoice Audit Update

Ms. Gjorgjevski updated the Board that BeneSys is actively working with BCBSM to determine how far back they will be willing to credit the VEBA for the double billing. Ms. Crosby continues to do 100% monthly audits of all invoices received and communicate outstanding issues with BCBSM for correction. The fund is still receiving monthly credits to their Pre-65 invoices as corrections are made.

E. BeneSys Statement of Work for Member Website Upgrade

Ms. Gjorgjevski presented the updated BeneSys Statement of Work for Member Website Upgrade that includes an estimated time frame for project completion.

RESOLUTION by Ms. Moll; seconded by Mr. Britton

Further Resolved, to approve and execute the statement of work with an estimated cost range of \$8,660 - \$12,450 with a completion date of September 2026 as provided.

Roll Call Vote:

Filler – Yea
Britton – Yea
Watson – Yea
Moll - Yea

Yea – 4 Nay – 0

Motion Carried

F. Vital Information Form Mailer

Previously, the Board had had extensive discussion regarding having an Annual Vital Information Form submission being required to maintain benefits through the VEBA. Continued discussion took place today. The Board directed BeneSys to include Vital Information Forms with the Open Enrollment materials and request that members return the forms regardless of enrollment changes. Benefits will not be contingent on the return of these forms at this time.

NEW BUSINESS

A. Trustee Officer Elections

RESOLUTION by Ms. Moll; seconded by Ms. Watson

Further Resolved, to maintain the current officer elections: Claudia Filler - Chairperson, Khalfani Stephens - Vice Chair, and Lon Britton - Secretary.

Roll Call Vote:

Filler – Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 4 Nay – 0

Motion Carried

B. Ineligible Retirees Auto Enrolled

Ms. Crosby stated that, in completing her monthly invoice audits, she has discovered that there are two people enrolled in BCBSM benefits that, with the information that she has available to her, may not be eligible. These people were auto enrolled in Medical and Vision coverage effective January 1, 2024 from Meadowbrook when the Police & Fire VEBA merged with the City of Pontiac VEBA. Franklin Moon and Alberto Ramos Vasquez should not have been enrolled, and she is asking for the Board to approve sending them communication informing them that their benefits will be terminated effective July 1, 2026. Discussion took place.

RESOLUTION by Mr. Britton; seconded by Ms. Watson

Further Resolved, to authorize BeneSys to send communication to Mr. Moon and Mr. Vasques informing them that they are not eligible for VEBA benefits and their coverage will be terminated effective July 1, 2026. Mr. Henzi will assist in drafting the communication.

Roll Call Vote:

Filler – Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 4 Nay – 0

Motion Carried

C. Medicare Age Retirees w/ Part A Only

Ms. Crosby requested guidance from the Board regarding participants who turn 65 and apply for Medicare Part A only because they are still working and wouldn't qualify for Part B. She requested permission for these participants to remain on the Pre-65 coverage until they stop working and obtain their Medicare Part B or their coverage, and their family's coverage if applicable, would have to be terminated. Discussion took place.

RESOLUTION by Mr. Britton; seconded by Ms. Watson

Further Resolved, to allow participants who turn 65 and only have Medicare Part A because they are still working, and their families, to remain enrolled in the Pre-65 coverage until the point in time that they stop working and obtain Medicare Part B. Mr. Henzi will draft communication that is to be mailed to the participants informing them they need to obtain Medicare Part B when they stop working, in order to remain eligible under the VEBA. Further, that the individual is responsible to provide BeneSys with proof of obtaining Part B.

Roll Call Vote:

Filler – Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 4 Nay – 0

Motion Carried

D. Medicare Information Not Provided Timely

Ms. Crosby informed the Board that BeneSys sends communication to members and their spouses 90 days prior to them turning 65, informing them that they need to enroll in Medicare and provide a copy of their Medicare card to the office. She stated that frequently participants are not doing this in a timely manner and as a result they are staying on the Pre-65 plan longer than they should. She requested guidance from the Board as to a protocol for these occurrences.

RESOLUTION by Mr. Britton; seconded by Ms. Moll

Further Resolved, in incidences where a Medicare Card is not provided to BeneSys within 45 days of the participant or spouse turning age 65, BeneSys is to mail correspondence to the participant/spouse informing them that their coverage will be terminated effective the first of the following month if the Medicare Card is not received.

Roll Call Vote:

Filler – Yea

Britton – Yea

Watson – Yea

Moll - Yea

Yea – 4 Nay – 0

Motion Carried

E. BCBSM – Important Network Update Regarding Michigan Medicine

This matter was discussed with Kim from Manquen Vance at the beginning of the meeting.

F. Audit December 31, 2025

Ms. Crosby provided the December 31, 2025, Audit Engagement Letter from George Johnson Company for the Board to approve and execute.

G. Actuarial Valuation December 31, 2025

This matter is in progress.

CORRESPONDENCE

A. HIPAA Privacy Notice Mailing

B. BCBSM – Late Enrollment Penalty Information

C. BeneSys – Navigator 1Q 2026

D. BeneSys – Response to DOL Cybersecurity Guidelines

E. Crescent Acquisition by Sun Life

Mr. Britton and Ms. Moll requested that the meeting books be reorganized by BeneSys, Dahab and Asher Kelly to include brief summaries of matters to be discussed. Professionals should make additional information available if the Board requests it.

NEXT REGULAR MEETING DATE – August 13, 2026, 1:00 p.m.

ADJOURNMENT

RESOLUTION by Ms. Watson; seconded Ms. Moll

Further Resolved, that the meeting be adjourned at 4:14 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on May 14, 2026.

As recorded by BeneSys

4906-1779-6031, v. 1