

**CITY OF PONTIAC VEBA TRUST  
BOARD OF TRUSTEES SPECIAL MEETING  
September 15, 2023**

A special meeting of the Board of Trustees was held on Friday, September 15, 2023

**Trustees Present**

Claudia Filler, Chairperson  
Linda D. Watson  
Lon Britton, Secretary  
Khalfani Stephens, Deputy Mayor  
Tim Greimel, Mayor  
Carolyn Clark

**Others Present**

Matt Henzi, Asher Kelly  
Violet Gjorgjevski, BeneSys  
Jennifer Crosby, BeneSys  
Kim Kulas, Manquen Vance (via Zoom)  
Colleen Atchison, Foster & Foster (via Zoom)  
Keith Keesling, Retiree (via Zoom)  
Herb Hudolin, Member  
Pam Britton, Member

**Absent Trustee**

NZ Bryant

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*Chairperson Filler declared that a quorum was present and called the meeting to order at 2:01 p.m.*

**AGENDA CHANGES - None**

**CONSULTANT REPORT**

**A. Foster & Foster – Colleen Atchison**

**a. Actuarial Impact Study of Proposed VEBA Benefit Enhancements for 2024**

Ms. Atchison stated that they performed an actuarial analysis to determine the impact on the Trust's actuarial liabilities and funded status associated with the proposed VEBA medical plan enhancements as outlined in the Manquen Vance 2024 Renewal Analysis and presented to the Board on August 10, 2023.

The result of the enhanced benefits is an increase in pre-Medicare medical premiums of 16%, and an increase in post-Medicare medical premiums of 53% compared to the 2024 renewal premium rates without the enhancements. Note that the pre-Medicare premium renewal rate in 2024 with or without enhancements is still lower than the pre-Medicare premium rate for 2023.

This analysis is based on the same data, assumptions, and methods as utilized in the December 31, 2021, actuarial valuation, except where otherwise noted. The enhancements to the VEBA plan are based on the Manquen Vance 2024 VEBA Renewal Analysis as presented to the Board on August 10, 2023.

They included the projected liabilities and actual assets as of December 31, 2022, in order to show the impact of the decline in asset values that occurred during 2022.

While the pre-Medicare costs are lower overall in 2024 compared to 2023, even after the enhancements, the post-Medicare costs are significantly higher and that is driving the increase in actuarial liabilities. The increase is less pronounced in the Police and Fire VEBA population since their liability is more weighted towards pre-Medicare retirees than the GERS population.

**b. Answers to Trustee Questions re: Impact Study**

Ms. Atchison had provided answers to questions posed by the Trustees in an email to Legal Counsel, Matt Henzi. These were reviewed as well. The decline in assets during 2022 was mostly due to market returns. The stated asset total does include the amount held by the City for opt-outs. The report assumed that the enhancements would continue long-term. They did NOT consider any potential liability expansions in this analysis. There is a couple of reasons why post-Medicare costs drive the impact: post-Medicare benefits are typically paid for a much longer period compared to pre-Medicare retiree benefits and most of the population is in the post-Medicare group.

**A. Manquen Vance – Kim Kulas**

**a. 2024 Open Enrollment Timeline**

This item was provided at the last Board meeting and included today and a reminder.

**b. 2024 Potential Benefit Enhancements**

Ms. Kulas reviewed the 2024 Renewal Analysis with the Board again. The City of Pontiac’s Police and Fire retirees will be merging into the VEBA population, with the benefit transition to occur January 1, 2024. This caused BCBSM to re-rate both the Pre65 and MAPD coverage for January 1, 2024. Delta Dental elected to hold the current VEBA rates for 2024 with the inclusions of the P&F. BCBSM Vision coverage as part of the commercial VEBA contract will also need to be re-rated. Rates were reviewed for 2024 with current coverage. If current coverage is maintained for 2024 the rates for BCBSM Pre65 went down by 26.6%. Current coverage for 2024 rates for BCBSM MAPD went down by 1.3%. BCBSM Vision current coverage went down by 0.3%.

Discussion took place regarding potential benefit enhancements and the costs that would be associated with that.

**RESOLUTION by Deputy Mayor Stephens; seconded by Mayor Greimel**

Further Resolved, to renew benefits effective January 1, 2024 using existing benefit levels and to revisit potential enhancements at a later time.

Yea – 2      Nay – 3, Claudia Filler, Carolyn Clark, and Linda D. Watson      Abstain – 1, Lon Britton

**Motion Failed**

Further discussion took place, and a poll was taken. Each Trustee stated his/her position and recommendation for a benefit renewal resolution that could be approved.

**RESOLUTION by Mr. Britton; seconded by Ms. Clark**

Further Resolved, to renew medical, dental, and vision benefits at the current benefit levels, but with the proposed enhanced medical deductibles, only. In the event the carriers cannot price the current benefits with enhanced deductibles, only, then to renew at current benefit levels without enhancements. In this scenario, Manquen Vance shall price alternatives that would accomplish the goal of this resolution.

Yea – 4      Nay – 2, Mayor Greimel and Deputy Mayor Stephens

**Motion Carried**

## **REPORTS**

### **A. CHAIRPERSON**

Chairperson Filler updated the Board regarding the status of the litigation, and contemporaneous negotiation between CPREA and the City, regarding modifying the Settlement Agreement.

### **B. SECRETARY - None**

### **C. TRUSTEE COMMITTEES - None**

### **D. LEGAL REPORT**

#### **2024 Open Enrollment – Benefit Renewal**

Attorney Henzi addressed this matter for the Board in the Attorney Report. The VEBA has scheduled two open enrollment open houses. These will occur as follows: November 15, 2023, 10:00 a.m.-1:00 p.m. at Bowens Center and November 30, 2023, 4:00 p.m.-6:00 p.m. at Bowens Center. There will be Zoom options as well. A question arose at the August 10 VEBA meeting about whether the police and fire members would be auto enrolled or whether they would be required to execute an open enrollment packet. BeneSys and Manquen Vance advised that auto enrollment is possible and, in fact, easier since Blue Cross already has the demographic data for the police and fire members. Under this option, BeneSys would not be able to verify the eligibility of police and fire members through an enrollment form process. BeneSys has this responsibility as administrator for the VEBA. The Trustees may want to condition any recommendation for auto enrollment with a resolution provisionally verifying VEBA eligibility for current PF VEBA members. BeneSys would also verify eligibility through ongoing eligibility audits.

#### **RESOLUTION by Mr. Britton; seconded by Ms. Clark**

Further Resolved, to auto enroll the existing police and fire VEBA members into the VEBA effective January 1, 2024, with BeneSys verifying eligibility through its audit process.

Yea – 6      Nay – 0

#### **Motion Carried**

#### **Revised Merger Agreement**

Attorney Henzi addressed this matter for the Board in Attorney Report. Since the last meeting, the Court entered an Order granting the bargaining parties' Joint Motion to Modify Settlement Agreement to allow for the PF VEBA/VEBA merger. There are two components to the merger, which will be effective December 31, 2023. One is the merger of membership which will occur through open enrollment. Second, the merger will be effectuated when the PF VEBA assets for the period ending 12/31/23 are transferred to the VEBA on or about January 1, 2024. It has been discussed with Bonadio the alternatives for paying the final PF VEBA administrative expenses. One option would be to hold some money back in the PF VEBA as of January 1, 2024 in order to pay Q4 2023 investment management fees, and any other PF VEBA administrative expenses which would not be billed until Q1 2024. Alternatively, the PF VEBA and VEBA could mutually resolve that any PF VEBA expenses incurred after the merger would become the responsibility of the VEBA. Under either of these scenarios, the administrative expenses would be paid from the approximately \$40M in assets being transferred from the PF VEBA to the VEBA.

**RESOLUTION by Deputy Mayor Stephens; seconded by Mr. Britton**

Further Resolved, to authorize the Chairperson to sign the Revised Merger Agreement and approve that PF VEBA expenses incurred after the merger would become the responsibility of the VEBA and would be paid from the approximately \$40M in assets being transferred from the PF VEBA to the VEBA.

Yea – 6      Nay – 0

**Motion Carried**

**TRUSTEE COMMENTS –**

Mayor Greimel inquired whether the City could jointly approach BCBSM with the VEBA to request benefit renewal rate quotes for 2025. The City would include actives receiving coverage from the City into the demographic group. The City would maintain responsibility for payment of this coverage. The inquiry was made to see if the two groups could enjoy economies of scale by receiving more favorable rate quotes with a larger participant population. Legal counsel and BeneSys directed to ask Manquen Vance if this would be possible and if BCBSM would entertain such a request for quote.

**PUBLIC COMMENTS**

Retiree Keith Keesling addressed the Board requesting for a resolution in adding retirees that had 10 years of service but continued to work for the City past the December 22, 2011 date in the Merger Agreement. This matter is currently part of the mediation process between the City of Pontiac and CPREA.

Retiree Pam Britton addressed the Board stating that she was very pleased with the compromise they showed today in keeping the best interest of the members in mind.

**NEXT MEETING DATE – November 9, 2023, at 9:00 a.m.**

**ADJOURNMENT**

**RESOLUTION by Ms. Clark; seconded Ms. Watson**

Further Resolved, that the meeting be adjourned at 4:12 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on September 15, 2023.

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*As recorded by BeneSys*