CITY OF PONTIAC VEBA TRUST
BOARD OF TRUSTEES MEETING
June 4, 2025

A meeting of the Board of Trustees was held on Wednesday, June 4, 2025

Trustees Present
Claudia Filler, Chairperson
Khalfani Stephens, Deputy Mayor/Vice Chair
Lon Britton, Secretary *(via Zoom)*
Julie Moll, Trustee

Others Present
Matt Henzi, AsherKelly
Steve Roth, Dahab
Violet Gjorgjevski, BeneSys
Jennifer Crosby, BeneSys
Frances Finnegan, Retiree Counsel
Donnie Benion, Retiree

Absent Trustees
Mayor Tim Greimel
Linda D. Watson
Matt Nye

Chairperson Filler declared that a quorum was present and called the meeting to order at 9:08 a.m.

AGENDA CHANGES – None

CONSENT AGENDA

A. Meeting Minutes – February 27, 2025
B. Special Meeting Minutes – April 10, 2025
C. Financial Statements January – March 2025
D. Opt-Out Balance Remaining as of May 21, 2025 = $3,800,000.00 (Money Market Confirmed)
E. Bills for Ratification June 4, 2025
F. Bills for Approval

Date	Payee	Amount
2/17/2025	American Graphics Printing	$507.42
3/24/2025	Asher Kelly	$6,525.00
4/9/2025	Asher Kelly	$2,025.00
5/12/2025	Asher Kelly	$1,845.00
5/23/2025	Comerica Bank	$6,402.73
5/16/2025	Miller Law Firm	$12,112.10
4/7/2025	Miller Law Firm	$25,174.50
		$54,591.75

G. Comerica Bank Balance as of April 30, 2025
H. Fifth Third Bank Balance as of May 30, 2025
I. Total Benefit Enrollees as of April 30, 2025 = 973
J. Added Enrollees February 1, 2025, to April 30, 2025 = 2
K. Terminated Enrollees January 31, 2025 to April 30, 2025 = 6

L. Total Number of Appeals to Date = 40
   a. Approved = 15
   b. Denied = 10
   c. On Hold = 14
   d. Member Withdrew = 1
   e. New = 0

RESOLUTION by Deputy Mayor Stephens; seconded by Mr. Britton
Further Resolved, to approve the Consent Agenda as presented.

Roll Call Vote:
Filler – Yea
Deputy Mayor Stephens – Yes
Britton – Yea
Moll - Yea

Yea – 4   Nay – 0

Motion Carried

CONSULTANT REPORTS

Dahab Associates – Steve Roth

A. Performance Review March 2025

Mr. Roth reviewed the investment return, on March 31st, 2025, the City of Pontiac VEBA Plan was valued at \$106,748,762, a decrease of \$3,220,241 from the December ending value of \$109,969,003. Last quarter, the account recorded total net withdrawals of \$1,703,783 in addition to \$1,516,458 in next investment losses. The fund's net investment loss was a result of income receipts totaling \$436,471 and realized and unrealized capital losses totaling \$1,952,929.

During the first quarter, the Composite portfolio lost 1.4%, which was equal to the Shadow Index's return of -1.4% and ranked in the 91st percentile of the Public Fund universe. Over the trailing year, the portfolio returned 3.7%, which was 0.2% better than the benchmark's 3.5% performance, and ranked in the 94th percentile. Since March 2022, the account returned 3.3% per annum and ranked in the 87th percentile. For comparison, the Shadow Index returned an annualized 3.6% over the same time frame.

B. Preliminary Performance Summary – April 30, 2025

Mr. Roth reviewed the investment return, on April 30, 2025, the City of Pontiac VEBA Plan was valued at \$105,632,318, a decrease of \$1,116,444 from the March 2025 ending value of \$106,748,762.

C. Rebalance Ratification – May 23, 2025

RESOLUTION by Ms. Moll; seconded by Deputy Mayor Stephens
Further Resolved, to ratify the investment consultant's recommended rebalance of taking \$500,000 from Fidelity Large Cap (FLCOX), \$500,000 from Fidelity Small Cap (FSSNX) and \$500,000 from Vanguard Emerging Markets (VEMAX) and transfer it to cash to pay benefit premiums.

Roll Call Vote:
Filler – Yea
Deputy Mayor Stephens – Yes
Britton – Yea
Moll - Yea

Yea – 4 Nay – 0

Motion Carried

Handout Provided for Preliminary Values as of May 30, 2025

Mr. Roth provided a handout for the investment return, on May 30, 2025, the City of Pontiac VEBA Plan was valued at $108,789,490, an increase of $3,157,172 from April 2025 ending value of $105,632,318.

Mr. Roth discussed with the Board that there are two managers, YCM and WC, that are not using custodial values for calculating invoices. He recommended directing both YCM and WC to use the custodial values for calculating future invoices to stay in line with the other managers.

RESOLUTION by Ms. Moll; seconded by Deputy Mayor Stephens
Further Resolved, to communicate direction to both YCM and WC to use custodial values at the end of each quarter for calculating future invoices as recommended by the investment consultant.

Roll Call Vote:
Filler – Yea
Deputy Mayor Stephens – Yes
Britton – Yea
Moll - Yea

Yea – 4 Nay – 0

Motion Carried

REPORTS

A. CHAIRPERSON

Chairperson Filler informed the Board that CPREA and the City of Pontiac last met on May 5, 2025, and are very close to an agreement. There was a sticking point that seems to have been resolved. They are working on approved language so that the City can sign off. In addition, GERS is still holding in escrow the $60.8M in funds. The matter will still need to go to the City Council and the Judge for approval, so completion of the matter is still months out.

B. SECRETARY

Matt Henzi (Asher Kelly) and Steve Roth (Dahab Associates) left the meeting so that the Board could get an update regarding potential litigation to compel the City of Pontiac, the City of Pontiac General Employees Retirement System (GERS) and Reestablished GERS (RGERS) to obtain the remaining sum of money still due as ordered by the consent judgement entered on November 2018.

Mr. Britton gave a brief update regarding potential litigation of the VEBA vs GERS regarding the escrow funds totaling $60.8M.

Matt Henzi (Asher Kelly) and Steve Roth (Dahab Associates) rejoined the meeting.

C. TRUSTEE COMMITTEES – No report

D. LEGAL REPORT

Donnie Benion

Attorney Henzi addressed this matter for the Board in Attorney Report. The participant previously appealed a denial of VEBA benefits. The appeal was based on the member's claim that his four years' of credited service as a police officer in the 1970's should be combined with approximately eight years' credited service as a general City employee. Further, because his combined credited service totals more than 10 years, he is eligible for retiree health care.

At the last meeting, the Trustees reviewed the legal opinion from counsel (attached) and discussed the matter in depth. The Trustees resolved to deny the appeal on the basis that Mr. Benion forfeited his credited service as a police officer in the 1970s by withdrawing his accumulated contributions. When he was rehired by the City many years later, he did not repay the contributions. According to the PFRS Ordinance, the withdrawal of contributions serves to forfeit credited service in the System.

On March 13, 2025, the VEBA sent Mr. Benion a notification that his appeal was denied.

On May 5, 2025, Mr. Benion, through legal counsel, submitted another appeal of the Board's decision.

Today, Frances Finnegan and Donnie Benion attended the Board meeting to plead Mr. Benion's case for benefits through the VEBA to the Board. Ms. Finnegan and Mr. Benion were not able to provide the Board with any additional concrete information regarding his employment in the early 70's for the City of Pontiac Police Department and the City of Pontiac hasn't been able to provide any records. The claimant could not recall when he started employment as a police officer, when he separated from employment as a police officer, or how much credited service he earned as a police officer, if any. The claimant could not rule out he forfeited service credit as a result of the terms of his separation and/or by mutual agreement with the City. The claimant only argued that, because the City produced no record from the 1970's proving that he withdrew his accumulated contributions and forfeited service as a police officer, then the Board is obligated to conclude he did not withdraw his accumulated contributions. Therefore, he did not forfeit credited service as a police officer when he did not repay that sum. However, Mr. Benion provided no evidence that he did not withdraw his contributions. The Trustees asked Mr. Benion why they should believe he did not withdraw his contributions when every known person separating from the City who could or would not vest in a pension (like Mr. Benion's case in the 1970's) did withdraw the accumulations. Mr. Benion could not provide any evidence or information to prove he did not withdraw his contributions, unlike other persons in his circumstance.

RESOLUTION by Mr. Britton; seconded by Ms. Moll

Further Resolved, to uphold the Board's previous decision to deny Mr. Benion's Appeal to receive benefits through the VEBA Trust.

Roll Call Vote:
Filler – Yea
Deputy Mayor Stephens – Yes
Britton – Yea
Moll - Yea

Yea – 4 Nay – 0

Motion Carried

Amendment No. 3 to Trust Agreement
Attorney Henzi addressed this matter for the Board in Attorney Report. At the May 23, 2024, meeting, the Trustees authorized adopting VEBA Trust Amendment No. 3, which would change the fiscal year to January 1-December 31.

Legal counsel forwarded the Trust Amendment to the attorneys for CPREA and the City. On April 8, 2025, CPREA approved of the Trust Amendment. Legal counsel forwarded the Trust Amendment to City Council on May 15, 2025.

Amendment No. 4 to Trust Agreement
Attorney Henzi addressed this matter for the Board in Attorney Report. With the approval of the Trustees, legal counsel drafted Amendment No. 4 to the Trust Agreement, which clarifies and streamlines the process by which a seventh Trustee will be selected. On April 8, 2025, CPREA approved of the Trust Amendment. Legal counsel forwarded the Trust Amendment to City Council on May 15, 2025

Amendment to Investment Policy Statement
Attorney Henzi addressed this matter for the Board in Attorney Report.

First Amendment to BeneSys' Administrative Services Agreement
Attorney Henzi addressed this matter for the Board in Attorney Report. The Trustees previously approved a fee increase for its third-party administrator, subject to review of the contract by legal. Legal counsel reviewed the Agreement. The only change to the contract was the fee increase

Nondiscrimination in Health Programs and Activities – Affordable Care Act 1557
Attorney Henzi addressed this matter for the Board in Attorney Report.

Custodial Bank Transition
Attorney Henzi addressed this matter for the Board in Attorney Report. The Trustees directed its service providers to work together to transition custodian bank services from Comerica Bank to Fifth Third. Legal counsel sent notice to Comerica of the termination.

Further, legal counsel and Fifth Third negotiated a custodian bank services agreement, which is acceptable for signature. Legal and the Investment Consultant approved the Agreement, which was fully executed. Fifth Third is conducting testing to initiate the transition.

Outstanding Check Policy
Attorney Henzi addressed this matter for the Board in Attorney Report. At the last meeting, BeneSys reported that it discovered uncashed checks written by the System. The System's custodian bank does not automatically deem checks stale unless expressly stated on the check. The Board directed legal counsel to draft an Outstanding Check Policy. At the last meeting, the Board approved an Outstanding Check Policy

which deems checks older than 90 days stale. Further, BeneSys was directed to print on all checks “not valid after 90 days.”

Barbara Wynder Eligibility Appeal
Attorney Henzi addressed this matter for the Board in Attorney Report. This individual was deemed ineligible for the $20,000 opt out benefit because she did not have 10 years’ credited service with the City of Pontiac. Therefore, she is not a member of the defined class that is eligible for VEBA benefits. An attorney representing the individual sent correspondence to the City requesting an explanation for the denial, especially in light of the fact the individual was mailed an opt-out form. In addition, the attorney questioned why the individual could not use “reciprocal credit service” earned from another unit of government to gain eligibility. The attorney did not provide any proof that the individual has reciprocal credited service.

The City forwarded the letter to legal counsel, who drafted the attached response which sets forth the grounds in support of the prior determination that the individual is not eligible for the opt out benefit. Attorney Henzi advised that reciprocal credit of services is not permissible to gain eligibility for retiree health care. The

CPREA v. Pontiac settlement agreement defines the class as those individuals who are eligible for retiree health care as of December 22, 2011. This individual was not eligible for health care on that date because she did not have ten years’ credit for service with the City of Pontiac, a requirement by the prior GERS VEBA Trust.

The individual’s attorney acknowledged receipt of the letter.

Michigan Department of Treasury Update on PA 202 Actuarial Requirements
Attorney Henzi addressed this matter for the Board in Attorney Report. On May 9, 2025, the Michigan Department of Treasury Local Audit and Finance Division issued a letter that provides clarifying guidance that a retirement system’s obligation to conduct an actuarial experience study every five years, and to audit or replace its plan actuary every eight years, only applies to retiree health care plans.

Legal counsel has diaried the VEBA’s deadline date for conducting an actuarial experience study and auditing and/or replacing its actuary.

Portfolio Monitoring Reports

- Robbins Geller February 28, 2025
- Robbins Geller March 28, 2025
- Robbins Geller April 25, 2025
- Berstein Litowitz 1st QTR 2025 Portfolio Monitoring Report
- Wolf Popper January 2025 Portfolio Monitoring Report

E. TRUSTEE COMMENTS – None

F. PUBLIC COMMENTS

OLD BUSINESS

A. Tabled Appeals

a. 0139159276SS
b. 0139159276MB
c. 2679039353
d. 2684822459
e. 2692662515

f. 2706082502
g. 2721200367
h. 2734064624
i. 2754925324
j. 2777199310
k. 2819359750
l. 2845931904
m. 2830966583

C. Questionable Opt-Out Retirees

This item continues to be on hold pending an agreement between CPREA and The City of Pontiac to amend the Settlement Agreement.

D. Comerica Outstanding Invoices & Invoice Accuracy

Ms. Crosby updated the Board regarding further issues with the Invoices from Comerica Bank. She informed the Board that she has requested complete reconciliation of payments made versus invoices before any further payments are made from the VEBA to Comerica. As of this meeting she is still waiting for the results of this reconciliation.

E. May 2025 Benefit Enhancements

The information mailed by Manquen Vance pertaining to the May 2025 benefit enhancements were provided to the Board.

F. Custodial Bank Change Comerica to Fifth Third

This was discussed during the Legal Report and has been completed.

NEW BUSINESS

A. BCBS Special Division Invoicing

Ms. Crosby explained to the Board that earlier this year it was discovered that a Medicare Retiree had been enrolled in the Pre-65 BCBS plan along with his family in error. To correct this, Manquen Vance placed this gentleman into a Special Division to maintain his coverage while waiting for enrollment into the BCBSMA plan. BeneSys wasn't aware of this Special Division and was receiving separate invoices for the retiree. A meeting was held between BeneSys, Manque Vance and BCBS to expedite getting retiree enrolled in the MA plan and reduce the amount spent on the Special Division costs.

B. Trustee Officer Elections

RESOLUTION by Deputy Mayor Stephens; seconded by Ms. Moll
Further Resolved, to maintain Trustee Officers as follows:

Board Chair – Claudia Filler
Board Vice Chair – Deputy Mayor Khalfani Stephens
Secretary – Lon Britton

Roll Call Vote:
Filler – Yea
Deputy Mayor Stephens – Yea
Britton – Yea
Moll - Yea

Yea – 4 Nay – 0

Motion Carried

CORRESPONDENCE
A. BeneSys DOL CyberSecurity Program Response Q2 2025
B. BCBS Communication – Contacts Update
C. BCBS Communication – Missouri Disaster Alert Response
D. Crescent Leadership Update – April 2025
E. Manquen Vance Communication – Executive Order RX
F. Yousif Capital – PSN Top Gun Awards

Discussion took place regarding potential benefit enhancements for the 2026 benefit year. Any suggestions should be shared with Mr. Britton who will discuss with Manquen Vance for the next meeting.

NEXT REGULAR MEETING DATE – August 28, 2025

ADJOURNMENT

RESOLUTION by Ms. Moll; seconded Mr. Britton

Further Resolved, that the meeting be adjourned at 11:47 a.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on June 4, 2025.

As recorded by BeneSys
4916-0661-6929, v. 1