

**CITY OF PONTIAC VEBA TRUST  
BOARD OF TRUSTEES MEETING  
August 28, 2025**

A meeting of the Board of Trustees was held on Thursday, August 28, 2025

**Trustees Present**

Claudia Filler, Chairperson  
Khalfani Stephens, Deputy Mayor/Vice Chair  
Lon Britton, Secretary (*via Zoom*)  
Julie Moll, Trustee  
Mayor Tim Greimel  
Linda D. Watson

**Others Present**

Matt Henzi, AsherKelly  
Steve Roth, Dahab  
Violet Gjorgjevski, BeneSys  
Jennifer Crosby, BeneSys  
Kim Kulas, Manquen Vance  
Craig Kuenzer, Manquen Vance  
Shawna Cook, Manquen Vance  
Trinie Allen, Manquen Vance

**Absent Trustees**

Matt Nye

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*Chairperson Filler declared that a quorum was present and called the meeting to order at 1:00 p.m.*

**AGENDA CHANGES – None**

*Deputy Mayor Stephens joined the meeting at 1:02 p.m.*

*Mayor Greimel joined the meeting at 1:08 p.m.*

**MANQUEN VANCE – Kim Kulas, Craig Kuenzer, Shawna Cook and Trinie Allen**

**A. 2026 Renewal and Potential Enhancement Options**

Ms. Kulas provided the 2026 renewal analysis to the Board. She explained that the VEBA is seeing increases in both the Pre65 Med/RX and MAPD for 2026. The Pre65 increase is primarily being driven by significantly higher trend assumptions being utilized by BCBSM for 2026. The MAPD increase is due to mandated changes to underlying RX benefits being driven by the Inflation Reduction Act (IRA). These changes were implemented in 2025, but because the VEBA had a 2-year rate guarantee, the impacts are just now being felt to pricing in 2026. In addition, Manquen Vance also included the 2026 pricing for a few benefit enhancements.

The base BCBSM renewal for 2026, with no enhancements, is about 27% higher than rates for 2025. If enhancements were given the renewal would be 58% higher for Pre65 and 45% higher for MAPD.

The Dental premium renewal with enhancements would remain at the same cost from 2025 to 2026.

The Vision premium renewal also stays the same from 2025 to 2025. If an enhancement is approved for 2026, the enhancement would increase the current premium by 14%.

**RESOLUTION by Mayor Greimel; seconded by Mr. Britton**

Further Resolved, to direct Manquen Vance to obtain a request for a quote from Aetna for medical, dental and vision coverage both at the current levels and with the potential enhancements.

Roll Call Vote:

- Filler – Yea
- Mayor Greimel – Yea
- Deputy Mayor Stephens - Yea
- Britton – Yea
- Watson – Yea
- Moll - Yea

Yea – 6      Nay – 0

**Motion Carried**

*Mayor Greimel left the meeting at 1:58 p.m.*

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

Further Resolved, to authorize a Cost Study be conducted by Foster & Foster based on the BCBSM renewal rates for 2026 both with and without enhancements. The actuary should include 125 potentially added retirees and include a \$32.5M transfer from Old GERS excess funding pursuant to CPREA v. Pontiac Settlement Agreement amendments. Foster & Foster should calculate the financial impact to the Trust for each of the enhancements and shall also calculate the cumulative financial impact if all enhancements are approved.

Roll Call Vote:

- Filler – Yea
- Deputy Mayor Stephens - Yea
- Britton – Yea
- Watson – Yea
- Moll - Yea

Yea – 5      Nay – 0

**Motion Carried**

**B. BCBS 2026 NASCO Group Transition**

Ms. Kulas informed the Board that as of January 1, 2026, the PPO Medicare Advantage Group Plan for the VEBA will be on a new claims system platform with BCBSM, known as NASCO. As a result, group number and divisions with change, all members will receive new ID Cards with a new ID number (prefix will be X3L) which will be mailed out mid-November.

### C. Communication Regarding Acquisition by Gallagher

Ms. Kulas updated the Board that The Assured Partners (Manquen Vance) sale to Gallagher was finalized on Monday, August 18, 2025. They expect business to continue to operate as status quo for the foreseeable future. There may need to be a new consulting contract with Manquen Vance, a subsidiary of Gallagher, put in place.

#### CONSENT AGENDA

- A. Meeting Minutes – February 27, 2025 (Corrected)
- B. Meeting Minutes – June 4, 2025
- C. Financial Statements April - June 2025
- D. Opt-Out Balance Remaining as of May 21, 2025 = \$3,800,000.00
- E. Bills for Ratification August 28, 2025
- F. Bills for Approval

<u>Date</u>	<u>Payee</u>	<u>Amount</u>
6/12/2025	Asher Kelly	\$7,020.00
7/9/2025	Asher Kelly	\$4,794.20
8/6/2025	Asher Kelly	\$2,205.00
7/14/202	Fifth Third Bank	\$1,881.11
8/18/2025	GJC	\$11,150.00
7/7/2025	GJC	\$11,100.00
7/21/2025	Miller Law Firm	\$18,828.96
6/24/2025	Miller Law Firm	\$9,313.36
		<b>\$66,292.63</b>

- G. Comerica Bank Balance as of June 30, 2025
- H. Fifth Third Bank Balance as of June 30, 2025
- I. Total Benefit Enrollees as of June 30, 2025 = 971
- J. Added Enrollees May 1, 2025, to June 30, 2025 = 0
- K. Terminated Enrollees May 1, 2025 to June 30, 2025 = 4
- 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 amended, with a correction to the last resolution roll call vote at page 4 of the June 4, 2025 minutes.

Roll Call Vote:

Filler – Yea

Deputy Mayor Stephens – Yes

Britton – Yea

Watson - Yea

Moll - Yea

Yea – 5

Nay – 0

## **Motion Carried**

## **CONSULTANT REPORTS**

### **Dahab Associates – Steve Roth**

#### **A. Performance Review June 2025**

Mr. Roth updated the Board regarding investment returns as of June 30, 2025. The City of Pontiac VEBA Plan was valued at \$111,709,236, representing an increase of \$4,963,471 from March quarter's ending value of \$106,745,765. Last quarter, the Fund posted withdrawals totaling \$2,237,498, which offset the portfolio's net investment return of \$7,200,969. Income receipts totaling \$563,818 plus net realized and unrealized capital gains of \$6,637,151 combined to produce the portfolio's net investment return.

#### **B. Preliminary Performance Summary – July 31, 2025**

Mr. Roth reviewed the investment return as of July 31, 2025. The City of Pontiac VEBA Plan was valued at \$112,034,530, an increase of \$325,294 from June 30, 2025, ending value of \$111,709,236.

#### **C. Proposal to Rebalance Excess GERS Funding as of August 18, 2025**

Mr. Roth reviewed the preliminary values as of August 18, 2025. He informed the Board that, according to the CPREA v. Pontiac revised Settlement Agreement, the Old GERS will have 15 days within which to transfer 50% of its assets (approximately \$32.5M as of August 18, 2025) to the VEBA. At this time, it is unknown when the Court would enter a final Order approving the revised Settlement Agreement.

Therefore, Mr. Roth proposed to have a policy for rebalancing these assets in advance so that the money can be allocated according to the Trustees' decision. Mr. Roth proposed to allocate the GERS excess assets to the VEBA's target allocations, with the exception of real estate. The VEBA will be unable to hit the real estate target due to a lack of investments. As such, Mr. Roth proposes that portion of the portfolio be moved to the Baird Fixed Income Account.

### **RESOLUTION by Deputy Mayor Stephens; seconded by Ms. Watson**

Further Resolved, that, since it is unknown when excess funding from the Old GERS will be transferred to the VEBA due to the CPREA v. Pontiac revised Settlement Agreement, the Trustees, at the recommendation of the Investment Consultant, authorize the allocation of the Old GERS assets to the VEBA's target allocation. The proportionate share of the excess assets allocable to the real estate target shall instead be allocated to the Baird Fixed Income account. when cash is received from GERS, upon the amendment of the Settlement Agreement, invest to target allocation.

Roll Call Vote:

Filler – Yea  
Deputy Mayor Stephens – Yes  
Britton – Yea  
Watson - Yea  
Moll - Yea

Yea – 5      Nay – 0

**Motion Carried**

**REPORTS**

**A. CHAIRPERSON**

Chairperson Filler informed the Board that Ms. Crosby of BeneSys and Mr. Martin with the City of Pontiac made some improvements to the City of Pontiac’s website as it references the VEBA. She is very pleased with the changes and ease of use.

Ms. Filler went on to state that CPREA and the City of Pontiac last met on June 25, 2025, and reached an agreement. On August 19, 2025, a joint for the 2<sup>nd</sup> Amendment to the Settlement Agreement. This will allow for enhanced GERS pension benefit and the VEBA to get 50% of the money currently retained by GERS. In addition, it will allow for an expansion of the Class, reduce the City’s potential liability, not allow the VEBA to enhance benefits that would cause it to become less than 115% funded. The City Council has approved the amendment, and legal counsel is working on a draft ordinance. There will be communication to the newly expanded class.

**B. SECRETARY**

Mr. Britton updated the Board that Miller Law had a hearing with the City of Pontiac and received a Stay of proceedings. If the 2<sup>nd</sup> Amendment to the Settlement Agreement goes through the case will just be dismissed. The City of Pontiac submitted a Motion to dismiss but the VEBA prevailed.

**C. INVESTMENT COMMITTEE**

**RESOLUTION by Ms. Moll; seconded by Deputy Mayor Stephens**

Further Resolved, in accordance with the Board’s Policy, to ratify the recommended cash flows of moving \$1M from Fidelity Large Cap (FSPGX) and \$500,000 from Fidelity Small Cap (FSSNX) to cash to pay benefits, as recommended in writing by the Investment Consultant and as approved by the Investment Committee.

Roll Call Vote:

Filler – Yea  
Deputy Mayor Stephens – Yes  
Britton – Yea  
Watson - Yea  
Moll - Yea

Yea – 5      Nay – 0

**Motion Carried**

## **D. LEGAL REPORT**

### **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 the Trust Amendment. Legal counsel forwarded the Trust Amendment to City Council May 15, 2025. This amendment was approved at the City Council meeting held on June 3, 2025. We do not yet have a signed amendment from the City.

### **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 the Trust Amendment. Legal counsel forwarded the Trust Amendment to City Council on May 15, 2025. See attached. This amendment was approved at the City Council meeting held on June 3, 2025. We do not yet have a signed amendment from the City.

### **December 31, 2024 Actuarial Valuation Report**

Attorney Henzi addressed this matter for the Board in Attorney Report. Legal counsel requested that Foster & Foster prepare an actuarial valuation report for the period ended December 31, 2024. Foster & Foster agreed to begin work on the project. We do not yet have a report but expect it within the next 1-2 months.

### **January 1-December 31, 2024 Audit**

Attorney Henzi addressed this matter for the Board in Attorney Report. Legal counsel followed up with Gerge Johnson & Company to notify GJC that the VEBA's fiscal year changed from July 1-June 30 to January 1-December 31. Further, the VEBA is requesting an audit period for the period January 1-December 31, 2024. GJC had previously audited the period January 1-June 30, 2024. It is expanding the audit to include all 12 months of the fiscal year. The audit is in process.

### **2026 Benefit Renewal and Enhancements**

Attorney Henzi addressed this matter for the Board in Attorney Report. Since the last meeting, legal counsel met with the Chair, BeneSys, and Manquen Vance about benefit renewal and enhancements.

### **Updated Investment Policy Statement**

Attorney Henzi addressed this matter for the Board in Attorney Report. The Trustees previously resolved to create an Investment Committee with certain enumerated authorities. This included an amendment to the Policy that would permit the consultant and BeneSys to rebalance assets to target based on a written proposal to do so from the consultant to the Investment Committee and approval by the Investment Committee, subject to ratification by the full Board. The amended Policy is ready for approval.

## **2023 Summary Annual Report**

Attorney Henzi addressed this matter for the Board in Attorney Report. Following recent guidance from the Michigan Department of Treasury that Retiree Health Care Trusts should file Summary Annual Reports, legal counsel prepared the 2023 Summary Annual Report and will prepare a 2024 Summary Annual Report for the next meeting. The 2023 SAR is complete. Legal counsel recommends that it is approved and published on the website. Discussion took place and this item was tabled.

## **Fiduciary Liability and Cyber Liability Insurance Policies**

Attorney Henzi addressed this matter for the Board in Attorney Report. The existing fiduciary liability and cyber liability insurance policies expire September 1, 2025. Since the last meeting, legal counsel worked with the Board's insurance agent to renew the policies. The fiduciary liability policy includes a reduced premium at a similar cost. Both policy renewals are recommended by the insurance agent and should be approved by the Trustees.

### **RESOLUTION by Ms. Moll; seconded by Deputy Mayor Stephens**

Further Resolved, to renew the Fiduciary Liability policy with \$10,000 deductible and renew the Cyber Liability policy.

Roll Call Vote:

Filler – Yea

Deputy Mayor Stephens – Yes

Britton – Yea

Watson - Yea

Moll - Yea

Yea – 5

Nay – 0

### **Motion Carried**

## **AsherKelly Audit Response Letter to George Johnson & Company**

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

## **Custodial Authorization Letters to Fifth Third**

Attorney Henzi addressed this matter for the Board in Attorney Report. Following the transition of custodian bank services from Comerica to Fifth Third, legal counsel drafted letters of direction that would permit the VEBA's portfolio monitoring firms access to the new custodian bank. These letters were executed and sent to Fifth Third.

- Berstein Litowitz Berger & Grossmann LLP
- Labaton Keller Sucharow LLP
- Robbins Geller Rudman & Dowd LLP
- Wolf Popper LLP

## **PA 314 Disclosures**

Attorney Henzi addressed this matter for the Board in Attorney 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.

At the Board meeting held June 4, 2025, Mr. Benion and his legal counsel appeared at the meeting to reiterate his appeal seeking retiree health care. Mr. Benion could not recall when he initiated employment with the City of Pontiac as a police officer and when that employment ended. His appeal was solely based on the argument that, since the City does not have personnel records evidencing that he withdrew his accumulated contributions from the PFRS in the 1970s, he is necessarily entitled to retiree health care. His appeal did not produce any evidence that he did not withdraw his accumulated contributions. Assuming he did withdrawal the contributions, like all other known persons did in his circumstance, he forfeited his credited service with the City of Pontiac as a police officer. There is no record evidence as to what his credited service as a police officer was at the time of his separation. Even if he could combine credited service between the Police & Fire and General service, there is no evidence that he has more than 10 years of credited service. Legal counsel prepared a denial letter based on the decision made at the last Trustee meeting.

### **Portfolio Monitoring Reports**

- Robbins Geller May 30, 2025
- Robbins Geller June 27, 2025
- Robbins Geller July 25, 2025
- Berstein Litowitz 2<sup>nd</sup> QTR 2025 Portfolio Monitoring Report
- Wolf Popper August 7, 2025 Portfolio Monitoring Report

## **E. TRUSTEE COMMENTS**

Prior to the Mayor leaving the meeting he requested that BeneSys bring a Vital Information Form to the next Board Meeting so a discussion can take place regarding confirming members are alive and should be receiving benefits.

## **F. PUBLIC COMMENTS - None**

### **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 this matter. On May 22, 2025, Ms. Crosby emailed Felecia Ryans, Vice Present, Senior Relationship Manager at Comerica and requested that a complete reconciliation of the VEBA's invoicing versus payments made be conducted and a final invoice be provided since services with Comerica had ended on April 30, 2025. This reconciliation was never received despite several attempts by Ms. Crosby to obtain the information. On August 21, 2025, BeneSys received another invoice from Comerica. Ms. Crosby shared this invoice with Mr. Roth, Investment Consultant, to have him check for accuracy. Mr. Roth pointed out that the VEBA was being invoiced for the period of March 31, 2025, to June 30, 2025, when once again services with Comerica ended April 30, 2025. Ms. Crosby again reached out via email to Ms. Ryans reiterating the previous request for complete reconciliation and asking why an invoice was sent for a full quarter when the VEBA terminated services April 30, 2025. She informed Ms. Ryan that no invoices would be paid until the reconciliation is received. As of today's meeting, she has not gotten a response from Ms. Ryan.

### **NEW BUSINESS**

#### **A. Open Enrollment 2026**

This matter was discussed with Manquen Vance earlier in the meeting.

#### **B. Using iPads for Meetings**

Ms. Crosby explained to the Board that the company that provides BeneSys with the materials to make the meeting books is going out of business. BeneSys is looking for a replacement vendor, however, there may be a shortage of supplies to make the books in the future. She recommended that the Board move to using BeneSys providing iPads for meetings going forward. The Board agreed to try utilizing the iPads.

**CORRESPONDENCE**

**A. BeneSys Navigator 2<sup>nd</sup> Quarter 2025**

**B. MAPERS Fall Conference 2025 Agenda**

**NEXT REGULAR MEETING DATE – December 11, 2025, 1:00 p.m.**

**Special Meeting September 25, 2025, 10:00 a.m.**

**ADJOURNMENT**

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

Further Resolved, that the meeting be adjourned at 3:50 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on August 28, 2025.

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*As recorded by BeneSys*

4910-4373-6948, v. 1