

**CITY OF PONTIAC VEBA TRUST
BOARD OF TRUSTEES MEETING
August 22, 2024**

A meeting of the Board of Trustees was held on Thursday, August 22, 2024

Trustees Present

Claudia Filler, Chairperson
Lon Britton, Secretary
Tim Greimel, Mayor
Matt Nye, Trustee

Others Present

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

Absent Trustee

Khalfani Stephens, Deputy Mayor
Linda D. Watson, Trustee

Chairperson Filler declared that a quorum was present and called the meeting to order at 1:18 p.m.

AGENDA CHANGES

RESOLUTION by Mr. Britton; seconded by Mr. Nye

Further Resolved, to amend the agenda to move the benefit renewal/enhancement discussion with Manquen Vance to the beginning of the meeting.

Yea – 4 Nay – 0

Motion Carried

CONSULTANT REPORTS

A. Manquen Vance

Ms. Kulas began by reviewing the Delta Dental benefits which are currently in a price/coverage guarantee until December 2026. If these benefits were to be enhanced by lower the annual deductible. There would be a premium increase of about 19%.

Vision coverage through BCBS/VSP is currently in a price/coverage guarantee until 2027 and there are no enhancements being looked at right now.

BCBS states that they will have the renewal quotes with no enhancements by August 30, 2024. If the Board wants to inquire about potential enhancements, it would be at least an additional 4-6 weeks before a quote could be provided. Extensive discussion took place.

RESOLUTION by Mr. Britton; seconded by Mr. Nye

Further Resolved, to obtain rates from Delta Dental and BCBS for the three enhancements the Board would like to try to put into place, engage the Actuary to conduct a cost study to include separate reporting for the projected financial impact each enhancement and a report showing the cumulative financial impact for all the enhancements.

Yea – 4 Nay – 0

Motion Carried

RESOLUTION by Mr. Nye; seconded by Mr. Britton

Further Resolved, to renew the BCBSM Pre-65 Plan and the BCBSMA Plan for 2024 at the existing, guaranteed rates, with no enhancements and to authorize the Chairperson to sign contracts once received.

Yea – 4 Nay – 0

Motion Carried

CONSENT AGENDA

- A. Meeting Minutes May 23, 2024
- B. PF VEBA Financial Statements April – June 2024
- C. Financial Statements April - June 2024
- D. Opt-Out Balance Remaining as of July 31, 2024 = \$3,800,000.00
- E. Bills for Ratification August 22, 2024
- F. Bills for Approval

Date	Payee	Amount
6/24/2024	American Graphics Printing	\$200.44
6/24/2024	American Graphics Printing	\$200.98
7/25/2024	American Graphics Printing	\$200.44
8/6/2024	American Graphics Printing	\$5,437.99
8/5/2024	American Graphics Printing	\$1,602.80
6/6/2024	Asher Kelly	\$1,225.50
7/8/2024	Asher Kelly	\$1,397.50
8/12/2024	Asher Kelly	\$193.50
6/6/2024	Asher Kelly	\$3,497.65
7/8/2024	Asher Kelly	\$630.00
8/14/2024	Asher Kelly	\$3,645.00
4/1/2024	Attucks Asset Mgmt.	\$9,409.61
5/31/2024	Bonadio Group	\$10,000.00
6/30/2024	Bonadio Group	\$12,000.00
7/31/2024	Bonadio Group	\$8,000.00
6/22/2024	Comerica Bank	\$16,468.73
7/18/2024	WCM	\$7,732.56
7/15/2024	YCM	\$10,590.58
7/15/2024	YCM	\$2,570.03
7/15/2024	YCM	\$1,619.69
		\$96,623.00

- G. Comerica Bank Balance as of July 31, 2024
- H. Total Benefit Enrollees as of July 31, 2024 = 996
- I. Added Enrollees May 1, 2024 to July 31, 2024 = 13
- J. Terminated Enrollees May 1, 2024 to July 31, 2024 = 6
- I. Total Number of Appeals to Date = 42
 - a. Approved = 14
 - b. Denied = 10
 - c. On Hold = 15
 - d. Member Withdrew = 1
 - e. New = 1

RESOLUTION by Ms. Britton; seconded by Mr. Nye

Further Resolved, to approve the Consent Agenda as presented.

Yea – 4 Nay – 0

Motion Carried

CONSULTANT REPORTS

B. Dahab Associates

Mr. Roth reviewed performance as of June 2024. On June 30th, 2024, the City of Pontiac VEBA Plan was valued at \$105,650,175, a decrease of \$2,853,549 from March ending value of \$108,503,724. Last quarter, the account recorded total net withdrawals of \$2,834,329 in addition to \$19,220 in net investment losses. The fund’s net investment loss was a result of incoming receipts totaling \$484,146 and realized and unrealized capital losses totaling \$403,366.

During the second quarter, the Composite portfolio returned 0.0%, which was 0.1% better than the Shadow Index's return of -0.1% and ranked in the 96th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 9.0%, which was 0.7% below the benchmark's 9.7% performance, and ranked in the 80th percentile. Since March 2022, the account returned 2.7% per annum and ranked in the 84th percentile. For comparison, the Shadow Index returned an annualized 3.2% over the same time frame.

In addition, a preliminary performance summary was provided for period ending July 31, 2024. Discussion took place.

RESOLUTION by Mr. Nye; seconded by Mr. Britton

Further Resolved, that if/when the \$30M in old GERS assets, which represents 50% of the total assets held in old GERS, pursuant to ongoing negotiations between the City and CPREA, is transferred to the VEBA, then a redistribution of VEBA invested assets be completed to bring the portfolio back to policy targets.

Yea – 4 Nay – 0

Motion Carried

REPORTS

A. CHAIRPERSON

Chairperson Filler updated the Board regarding the negotiation between CPREA and the City, regarding modifying the Settlement Agreement. She stated that they are very close to coming to an agreement.

B. SECRETARY

Trustee Britton brought a concern to the Board regarding situations where a GERS retiree gets divorced and therefore medical/dental/vision benefits for the spouse would terminate. For Police and Fire retirees BeneSys Pension Department received the EDRO information and informs eligibility to terminate coverage for spouse and effective date. For GERS retirees there is no communication to BeneSys Eligibility Department. Discussion took place and the Board Chairperson directed Legal Counsel to draft a request to the ReGERS to disclose this information to BeneSys when received.

C. TRUSTEE COMMITTEES – None

D. LEGAL REPORT

PF VEBA Audit for Year Ended December 31, 2023

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

PF VEBA Fiduciary Liability Tail Policy

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

PF VEBA 2023 Audit

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

Fiduciary Liability Insurance Proposals

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

Cyber Liability Insurance Renewal

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

Amendment No. 3 to Trust Agreement

Attorney Henzi addressed this matter for the Board in the Attorney Report. He provided a proposed amendment to the VEBA Trust Agreement. The Amendment would only change the fiscal year from July 1-June 30 to January 1-December 31.

At the last meeting, the Trustees considered the request and agreed that the VEBA should take necessary steps to ease the burden of timely completing an audit on all firms. However, the proposed fiscal year change posed a practical question, which is whether the VEBA should conduct an audit in 2024 for a shorten period or whether it should perform an audit in 2025 for an 18-month period.

Since the last meeting, the City's auditors contacted legal counsel to request that the VEBA audit the period July 1, 2023-December 31, 2023.

Nondiscrimination in Health Programs and Activities – Affordable Care Act 1557

Attorney Henzi addressed this matter for the Board in the Attorney Report. BeneSys contacted legal counsel to question whether the fully insured VEBA Trust is subject to § 1557 of the Affordable Care Act and, if so, does

the Plan need to send a Notice of Nondiscrimination on behalf of the Fund to Plan Participants. Legal counsel responded that the Plan is subject to the Affordable Care Act but that the Notice should be distributed (and may have already been distributed by) Blue Cross Blue Shield of Michigan. Legal counsel asked BeneSys to contact Manquen Vance to see if the Notice had been sent.

Trustee Election

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

Legal Services Agreement

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

2025 Benefit Renewal

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

Member Request for Combined Credited Service Under Michigan's Reciprocal Retirement Act

Attorney Henzi addressed this matter for the Board in the Attorney Report. A retired Pontiac Police Officer contacted BeneSys to inquire as to whether he could combine credited service from Pontiac and another City to receive a pension. Under Michigan's Reciprocal Retirement Act, combined credited service can vest an individual in a pension benefit. Legal counsel sent a response setting forth that the individual is not eligible to combine credited service with Pontiac and another community to create eligibility since the individual was not eligible for health care as of December 22, 2011 (because he did not have 10 years credited service by that date with the City of Pontiac) he is not eligible for the VEBA.

Securities Litigation Portfolio Monitoring Agreements

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

TRUSTEE COMMENTS - None

PUBLIC COMMENTS - None

UNFINISHED BUSINESS

A. Tabled Appeals

- a. 0139159276SS
- b. 0139159276MB
- c. 0139159276LR
- d. 2679039353
- e. 2684822459
- f. 2692662515
- g. 2706082502
- h. 2721200367
- i. 2734064624
- j. 2754925324
- k. 2777199310
- l. 2819359750
- m. 2845931904

B. Questionable Opt-Out Retirees

This item is on hold until the settlement agreement has been modified.

C. iPad Policy/MacBooks

Legal Council provided this policy for the Trustees who utilize iPads or MacBooks provided by the Trust.

NEW BUSINESS

A. Trustee Election Results

Ms. Crosby presented the results of the most recent election. Matt Nye was reelected and will serve his term through May 30, 2028.

B. Selection of 7th VEBA Trustee

RESOLUTION by Mayor Greimel; seconded by Mr. Nye
Further Resolved, to appoint Julie Moll as the 7th VEBA Trustee.
Yea – 4 Nay – 0

Motion Carried

C. Appeal 2832943236

RESOLUTION by Mr. Britton; seconded by Mr. Nye
Further Resolved, to table this Appeal pending further investigation by Legal Counsel.

Yea – 4 Nay – 0

Motion Carried

D. GASB 74/75 December 31, 2023

CORRESPONDENCE

- A. BCBSM Drug Coverage Changes
- B. BCBSM Letter re: Saxenda, Wegovy and Zepbound
- C. BeneSys DOL Cyber Security Program Response Q2 2024
- D. GJC Letter re: Transparency and Integrity of Services
- E. MAPERS Fall 2024 Conference Preliminary Agenda

NEXT REGULAR MEETING DATE – December 5, 2024, at 1:00 p.m.

Mayor Greimel left meeting at 3:08 p.m., quorum lost.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on August 22, 2024.

As recorded by BeneSys