

**CITY OF PONTIAC VEBA TRUST  
BOARD OF TRUSTEES MEETING  
February 27, 2025**

A meeting of the Board of Trustees was held on Thursday, February 27, 2025

**Trustees Present**

Claudia Filler, Chairperson  
Khalfani Stephens, Deputy Mayor/Vice Chair (*arrived 1:03 p.m.*)  
Lon Britton, Secretary (*via Zoom*)  
Tim Greimel, Mayor  
Matt Nye, Trustee (*via Zoom*)  
Linda D. Watson, Trustee  
Julie Moll, Trustee

**Others Present**

Matt Henzi, AsherKelly (via Zoom)  
Steve Roth, Dahab  
Violet Gjorgjevski, BeneSys  
Jennifer Crosby, BeneSys  
E. Powell Miller, Miller Law Rochester  
Michael Schwartz, Zausmer, P.C.  
John Lewsley, Zausmer, P.C.  
Mark Zausmer, Zausmer, P.C.

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

**AGENDA CHANGES – None**

**CONSENT AGENDA**

- A. Meeting Minutes – December 5, 2024
- B. Special Meeting Minutes – January 28, 2025
- B. PF VEBA Financial Statement October 2024
- C. Financial Statements October - December 2024
- D. Opt-Out Balance Remaining as of January 31, 2025 = \$3,800,000.00
- E. Bills for Ratification February 27, 2025
- F. Bills for Approval

<u>Date</u>	<u>Payee</u>	<u>Amount</u>
12/5/2024	Asher Kelly	\$2,205.00
1/21/2025	Asher Kelly	\$4,477.50
2/12/2025	Asher Kelly	\$4,140.00
8/23/2024	Comerica Bank	\$5,889.00
11/23/2024	Comerica Bank	\$6,132.00
2/23/2025	Comerica Bank	\$6,132.00
2/18/2025	Foster & Foster	\$3,500.00
1/10/2025	WCM	\$7,507.67
1/9/2025	YCM	\$10,813.43
1/9/2025	YCM	\$2,732.81
1/9/2025	YCM	\$1,737.92
		<b>\$55,267.33</b>

- G. Comerica Bank Balance as of January 31, 2025
- H. Total Benefit Enrollees as of January 31, 2025 = 986
- I. Added Enrollees November 1, 2024, to January 31, 2025 = 11
- J. Terminated Enrollees November 1, 2024, to January 31, 2025 = 8
- I. 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 Ms. Watson; seconded by Deputy Mayor Stephens**

Further Resolved, to approve the Consent Agenda as presented, with the following amendments to meeting minutes: January 28 -to delete “extensive discussion took place” on under Chairperson’s report on pg 15 of the meeting packet; December 5 – to move reference to Trustee Nye leaving the meeting at 1:24pm to the bottom of pg 7 of the meeting packet, just above a motion made Trustee Britton and seconded by Trustee Moll.

Roll Call Vote:

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

Yea – 7      Nay – 0

**Motion Carried**

**CONSULTANT REPORTS**

**Dahab Associates – Steve Roth**

**A. Performance Review December 2024**

Mr. Roth reviewed the investment return, on December 31<sup>st</sup>, 2024, the City of Pontiac VEBA Plan was valued at \$108,573,777, a decrease of \$2,032,277 from the September ending value of \$110,606,054. Last quarter, the account recorded total net withdrawals of \$1,013,052 in addition to \$1,019,225 in net investment losses. The fund’s net investment loss was a result of income receipts totaling \$916,994 and realized and unrealized capital losses totaling \$1,936,219.

During the fourth quarter, the Composite portfolio lost 0.9%, which was 0.4% better than the Shadow Index’s return of -1.3% and ranked in the 44<sup>th</sup> percentile of the Public Fund universe. Over the trailing year, the portfolio returned 9.7%, which was 0.2% below the benchmark’s 9.9% performance, and ranked in the 62<sup>nd</sup> percentile. Since March 2022, the account returned 4.1% per annum and ranked in the 69<sup>th</sup> percentile. For comparison, the Shadow Index returned an annualized 4.4% over the same time frame.

**B. Preliminary Performance Summary – January 31, 2025**

Mr. Roth reviewed the investment return, on January 31, 2025, the City of Pontiac VEBA Plan was valued at \$111,279,585, an increase of \$2,705,808 from the December ending value of \$108,573,777.

**C. Rebalance Recommendation – February 19, 2025**

Mr. Roth provided the Board with a recommended rebalance for cash flow for benefit payments.

**RESOLUTION by Ms. Moll; seconded by Mayor Greimel**

Further Resolved, to approve the rebalance of assets recommended by the investment consultant and to transfer \$1.5M, \$1M from Fidelity Large Cap Growth Fund and \$500,000 from Fidelity Small Cap Core Fund, to the Cash account.

Roll Call Vote:

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

Yea – 7      Nay – 0

**Motion Carried**

**REPORTS**

**A. CHAIRPERSON**

Chairperson Filler informed the Board that there has been no movement regarding the pending amendment of the Settlement Agreement between CPREA and the City of Pontiac. In addition, GERS is still holding in escrow the \$62M in funds.

CPREA met with the City of Pontiac Council President this week as well.

**B. SECRETARY**

**C. TRUSTEE COMMITTEES**

Ms. Moll spoke for the Investment Committee. She provided the Board with the purpose of the investment committee which is to assist the Board of Trustees of the City of Pontiac VEBA Trust in fulfilling its responsibilities to monitor and oversee the performance of the Trust’s investment programs. She went on to state the key responsibilities of the investment committee as follows: review and recommend to the Board investment policies, objectives and strategies for the Trust;

provide oversight and review the asset allocation, monitoring of investments, liquidity requirements and risk analysis; report on the investment performance for all programs to the Board of Trustees; review and recommend for approval, upon review by Investment Consultant, for investment services, specifically invoices from investment managers and custodiam, to be ratified by the Board of Trustees.

**RESOLUTION by Ms. Moll; seconded by Mr. Nye**

Further Resolved, whereas, the Board of Trustees has established an Investment Committee to assist in establishing policies and procedures to be followed in managing the investments of the VEBA Trust.

In conjunction with the advice of the Investment Consultant, the Investment Committee will establish an asset allocation plan, monitor performance, define guidelines for each asset class as well as the total fund.

In addition, the Investment Committee will have the authority to review and recommend for approval, after review by the Investment Consultant, any invoices presented by investment managers and custodian, to be ratified by the Board of Trustees.

The Investment Committee will provide periodic reports to the Board of Trustees specific to the investments of the VEBA Trust, with recommendations to be considered and adopted by the Board of Trustees.

Roll Call Vote:

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

Yea – 7      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. Legal counsel is following up with those entities to accelerate approval so the Trust Amendment can be submitted to City Council for approval.

**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. Legal counsel is following up with the bargaining parties' attorneys for approval.

**Amended Contracts re: May 1, 2025, Benefit Enhancements**

Attorney Henzi addressed this matter for the Board in Attorney Report. At a Special Meeting held on January 28, 2025, the Trustees reviewed a cost study that evaluated the financial impact to the Trust if five potential benefit enhancements were implemented effective May 1, 2025. Following discussion, the Trustees authorized implementing the benefit enhancements. Since the last meeting, the Chair executed the contract amendments with Blue Cross Blue Shield of Michigan and Delta Dental. Manquen Vance is preparing a notice for participants.

**First Amendment to BeneSys’ Administrative Services Agreement**

Attorney Henzi addressed this matter for the Board in Attorney Report. At the last regularly scheduled meeting, the Trustees approved a fee increase for its third-party administrator. Since the last meeting, BeneSys has provided a contract amendment.

**RESOLUTION by Mr. Nye; seconded by Ms. Moll**

Further Resolved, to approve and authorize execution of the First Amendment to the BeneSys Administrative Service Agreement.

Roll Call Vote:

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

Yea – 7      Nay – 0

**Motion Carried**

**Plan Amendment re: Terminating Dependents at Age 26**

Attorney Henzi addressed this matter for the Board in Attorney Report. At the last meeting, the Trustees directed that legal draft a Plan amendment clarifying when a 26-year-old dependent shall be terminated from coverage. Further, that the termination rule does not apply to disabled dependents.

**RESOLUTION by Mr. Nye; seconded by Ms. Moll**

Further Resolved, to approve and recommend to City Counsel a Plan amendment clarifying when a 26-year-old dependent shall be terminated from coverage. Further, that the termination rule does not apply to disabled dependents.

Roll Call Vote:

- Filler – Yea
- Mayor Greimel – Yea
- Deputy Mayor Stephens – Yes
- Britton – No
- Watson – Yea
- Nye – No
- Moll – Yea

Yea – 5      Nay – 2

**Motion Carried**

**Nondiscrimination in Health Programs and Activities – Affordable Care Act § 1557**

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

**Custodian Bank Transition**

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

**RESOLUTION by Mr. Nye; seconded by Ms. Moll**

Further Resolved, to approve and authorize execution of the Fifth Third Custodial Bank documents and begin the custodial bank transition.

Roll Call Vote:

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

Yea – 7      Nay – 0

**Motion Carried**

**Cybersecurity Questionnaire**

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

**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.

**RESOLUTION by Mr. Nye; seconded by Ms. Moll**

Further Resolved, to approve Outstanding Check Policy as presented and in addition have a VOID after 90 Days disclaimer added to all checks.

Roll Call Vote:

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

Yea – 7      Nay – 0

**Motion Carried**

**Request to REGERS to Share Changes in Demographic Information**

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, currently tabled, is based on the members' claim that his four years of credited service as a police officer in the 1970's should be combined with 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. Since the last meeting, legal counsel sent correspondence to the REGERS asking for the relevant file materials on Mr. Benion's REGERS pension, with the hope that there would be helpful information to evaluate whether Mr. Benion withdrew his accumulated employee contributions in the 1970's, thereby forfeiting his membership, and, if so, whether he paid that money back when becoming reemployed as a general City employee.

**RESOLUTION by Mr. Nye; seconded by Ms. Moll**

Further Resolved, to deny the Appeal for Donnie Benion since Mr. Benion withdrew his accumulated employee contributions when separating from employment with the Pontiac Police Department in 1977. This withdrawal caused him to forfeit his 3 years of credited service as a police officer. Since he had less than 10 years' credited service with the City, he was not eligible for retiree health care as of December 22, 2011. Thus, he is not eligible for VEBA benefits.

Roll Call Vote:

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

Yea – 7      Nay – 0

**Motion Carried**

**Neil Dennis Appeal Approval Letter**

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

**2025 IRS Standard Mileage Rate**

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

**Robbins Geller Portfolio Monitoring Reports**

- November 29, 2024
- December 27, 2024
- January 31, 2025

**E. TRUSTEE COMMENTS – None**

**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 presented Comerica’s response and the Investment Consultant’s review of outstanding invoices which, now that they have been clarified, can be paid.

**E. BeneSys 1<sup>st</sup> Amendment to Admin Service Agreement**

This was discussed during the Legal Report.

**F. Custodial Bank Change Comerica to Fifth Third**

This was discussed during the Legal Report.

**NEW BUSINESS**

***Matt Henzi recused himself from the meeting***

*Matt Henzi (Asher Kelly) and Steve Roth (Dahab Associates) left the meeting at 3:00 p.m. so that the Board could meet with invited legal firms to discuss 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.*

## NEW BUSINESS

### **A. Miller Law Rochester – E. Powell Miller (3:00 p.m.)**

E. Powell Miller and Sharon Almonrode met with the Board to discuss the services they would be able to provide to the City of Pontiac VEBA to review and make recommendations regarding potential litigation as stated above. Discussion took place.

### **B. Zausmer, P.C. – Michael Schwartz, John Lewsley and Mark Zausmer (3:30 p.m.)**

Michael Schwartz, John Lewsley and Mark Zausmer met with the Board to discuss the services they would be able to provide to the City of Pontiac VEBA to review and make recommendations regarding potential litigation as stated above. Discussion took place.

### **RESOLUTION by Mr. Britton; seconded by Mr. Nye**

Further Resolved, to retain Miller Law Rochester, specifically E. Powell Miller, to represent the City of Pontiac VEBA in litigation to compel the City of Pontiac, the City of Pontiac General Employees Retirement System (GERS) and the Reestablished GERS (RGERS) to pay the remaining sum of money still due to the VEBA as ordered in the consent judgment entered on November 2018.

#### Roll Call Vote:

Filler – Yea  
Mayor Greimel – Abstain  
Deputy Mayor Stephens – No  
Britton – Yea  
Watson – Yea  
Nye – Yea  
Moll - Yea

Yea – 5      Nay – 1      Abstain - 1

#### **Motion Carried**

*Matt Henzi (Asher Kelly) rejoined the meeting at approximately 4:12 p.m.*

*Matt Henzi returned to the meeting at 4:30 p.m.*

### **C. MAPERS Spring Conference Agenda**

Ms. Crosby provided the MAPERS Spring Conference agenda for informational purposes.

*(Trustee Matt Nye left at 4:57 p.m.)*

## CORRESPONDENCE

**A. BeneSys DOL CyberSecurity Program Response Q1 2025**

**B. BCBS Communication re Drug Replacement**

**C. Robbins Geller – Note from Darren Robbins**

**NEXT REGULAR MEETING DATE – May 22, 2025 (Annual Meeting), at 1:00 p.m.  
Meeting moved to June 4, 2025, at 9:00 a.m.**

**ADJOURNMENT**

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

Further Resolved, that the meeting be adjourned at 5:03 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on February 27, 2025.

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*As recorded by BeneSys*