

**CITY OF PONTIAC VEBA TRUST
BOARD OF TRUSTEES MEETING
December 5, 2024**

A meeting of the Board of Trustees was held on Thursday, December 5, 2024

Trustees Present

Claudia Filler, Chairperson
Tim Greimel, Mayor
Khalfani Stephens, Deputy Mayor (via Zoom)
Lon Britton (via Zoom 1:08 p.m.)
Linda D. Watson
Matt Nye
Julie Moll

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

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

AGENDA CHANGES

RESOLUTION by Ms. Watson seconded by Mr. Nye

Further Resolved, to amend the agenda to move the cost summary for benefit enhancements and summary of rates discussion with Manquen Vance to the beginning of the meeting.

Yea – 6 Nay – 0

Motion Carried

CONSULTANT REPORTS

A. Manquen Vance

- a. Cost Summary – Benefit Enhancements**
- b. Summary of Rates for 2025 Options**

Ms. Kulas reviewed the annual cost summary of the 2025 benefit renewal versus the enhanced options that the Board had requested Manquen Vance to price out with the vendors. Manquen Vance reported that the soonest the Board could implement these enhancements would be effective April 1, 2025, if the Board approved the enhancements by January 10, 2025. If the Board approved the enhancements by February 10, the enhancements could be implemented by May 1, 2025. Discussion took place and the Board directed legal counsel to request Foster & Foster to complete a cost study of the financial impact to the VEBA if the proposed benefit enhancements are implemented. Further, to calculate the financial impact using two assumptions about matters that may be included in the CPREA v. City of Pontiac Settlement Agreement. First, to assume that 125 persons will be eligible pursuant to the revised Settlement Agreement. Second, to assume that \$34M is transferred from the Old GERS to the VEBA pursuant to the revised Settlement Agreement. The Board also asked Benesys to confirm whether the list of 125 persons, to be provided, includes pending/tabled appeals for eligibility brought before the Board.

CONSENT AGENDA

- A. Meeting Minutes - August 22, 2024
- B. PF Meeting Minutes – August 22, 2024
- C. Special Meeting Minutes – October 14, 2024
- B. PF VEBA Financial Statements July & August 2024
- C. Financial Statements July - September 2024
- D. Opt-Out Balance Remaining as of October 31, 2024 = \$3,800,000.00
- E. Bills for Ratification December 5, 2024
- F. Bills for Approval

Date	Payee	Amount
8/21/2024	American Graphics Printing	\$1,176.37
8/22/2024	American Graphics Printing	\$200.44
10/25/2024	American Graphics Printing	\$200.44
10/25/2024	American Graphics Printing	\$566.15
9/17/2024	Asher Kelly	\$1,720.00
9/19/2024	Asher Kelly	\$9,586.20
10/15/2024	Asher Kelly	\$6,277.50
11/7/2024	Asher Kelly	\$5,782.50
8/31/2024	Bonadio Group	\$5,600.00
3/25/2024	GJC	\$2,400.00
10/28/2024	GJC	\$10,800.00
11/11/2024	GJC	\$10,850.00
3/31/2024	Northern Trust	\$724.35
10/7/2024	WCM	\$8,131.21
10/7/2024	YCM	\$11,154.72
10/7/2024	YCM	\$2,754.41
10/7/2024	YCM	\$1,731.83
		\$79,656.12

- G. Comerica Bank Balance as of October 31, 2024
- H. Total Benefit Enrollees as of October 31, 2024 = 985
- I. Added Enrollees August 1, 2024 to October 31, 2024 = 13
- J. Terminated Enrollees August 1, 2024 to October 31, 2024 = 5
- I. Total Number of Appeals to Date = 39
 - a. Approved = 14
 - b. Denied = 10
 - c. On Hold = 13
 - d. Member Withdrew = 1
 - e. New = 1

RESOLUTION by Ms. Britton; seconded by Mr. Nye

Further Resolved, to approve the Consent Agenda, as amended. Those amendments include: one revision to the minutes reflecting vote results, one adjustment to the number of (13) Appeals, removing invoice from Comerica so balance can be verified.

Yea – 7 Nay – 0

Motion Carried

Trustee Matt Nye left the meeting at 1:24 p.m.

CONSULTANT REPORTS

B. Dahab Associates

Mr. Roth reviewed performance as of June 2024. On September 30, 2024, the City of Pontiac VEBA Plan was valued at \$110,604,852, representing an increase of \$4,952,817 from the June quarter’s ending value of \$105,652,035. Last quarter, the Fund posted withdrawals totaling \$1,509,297, which offset the portfolio’s net investment return of \$6,462,114. Income receipts totaling \$480,421 plus net realized and unrealized capital gains of \$5,981,693 combined to produce the portfolio’s net investment return.

For the Third Quarter, the Composite portfolio returned 6.1%, which was 0.3% below the Shadow Index’s return of 6.4% and ranked in the 21st percentile of the Public Fund universe. Over the trailing year, the portfolio returned 19.6%, which was 1.3% below the benchmark of 20.9% return, ranking in the 55th percentile. Since March 2022, the portfolio returned 4.9% annualized and ranked in the 72nd percentile. The Shadow Index returned an annualized 5.5% over the same period.

A preliminary performance summary was provided for period ending October 31, 2024, and a recommend rebalance was provided.

RESOLUTION by Mr. Britton; seconded by Deputy Mayor Stephens

Further Resolved, to approve the recommended rebalance of selling \$1M of both Fidelity Growth Fund and Fidelity Value Fund and using those assets to purchase \$2M in Baird. Also to transfer \$1M in Fidelity Small Cap Fund to the cash account to be used for future benefit payments.

Yea – 7 Nay – 0

Motion Carried

Discussion took place regarding changing custodial banks from Comerica to Fifth Third due to continued concerns regarding accuracy, timeliness, and responsiveness.

RESOLUTION by Mr. Britton; seconded by Ms. Moll

Further Resolved, to change custodial banks from Comerica to Fifth Third and to direct Benesys, Dahab, and legal to work with Fifth Third to target a transition date of June 30, 2025.

Yea – 5 Nay – 0 Abstain – 1, Deputy Mayor Stephens

Motion Carried

Mr. Roth provided educational materials regarding the Core Real Estate Manager search for the purpose of diversifying. Materials were reviewed and discussion took place. It was determined to wait until the outcome of the CPREA and City of Pontiac mediation regarding modification of the Settlement Agreement before deciding.

Lastly, Mr. Roth discussed with the Board doing a sweep of the remaining Police & Fire cash from Comerica now that sufficient time has passed for any outstanding checks to clear. The Board approved to have the cash sweep completed.

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. The agreement would be to add 25 District Court retirees and actives which is a closed group, 99 retirees who have the required 10+ years of service by December 22, 2011, and 1 retiree who doesn't have 10 years but has an employment agreement. The agreement would allow the VEBA to make decisions on anyone who may approach later for eligibility. There would also be a 50/50 split of the funds still retained by the old GERS. She stated that this would allow for up to \$400 per month for GERS pension recipients. The City's would see a reduction in their liability and would reimburse legal fees to CPREA. She will continue to keep the Board informed.

B. SECRETARY - None

C. TRUSTEE COMMITTEES

Discussion took place about having an Investment Committee for the VEBA.

RESOLUTION by Deputy Mayor Stephens: seconded by Mayor Greimel

Further Resolved, to convene an Investment Committee with Trustee Britton and Trustee Moll.

Yea – 6 Nay – 0

Motion Carried

D. LEGAL REPORT

Fiduciary and Cyber Liability Insurance Renewals

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

Amendment No. 3 to Trust Agreement

Attorney Henzi addressed this matter for the Board in the Attorney Report. The Amendment would only change the fiscal year from July 1-June 30 to January 1-December 31. This proposed amendment to the Trust was initially suggested by the City of Pontiac's auditing firm. However, the VEBA's auditor concurs that it would make sense. Currently, the PF VEBA and PFRS have a fiscal year ending December 31. The VEBA Trust selected July 1 as the fiscal year beginning date, presumably to match the City of Pontiac's fiscal year. However, this caused hardship for the VEBA auditor and City of Pontiac auditor, especially over the last two years because both audits are completed at the same time. If the VEBA has a fiscal year ended December 31, the PF VEBA audit should be completed in the 2nd Quarter of the following year. The City's audit for the period ended June 30 is due by December 31.

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 met with the City's auditors and representatives from George J. Johnson. They recommended that it would be an efficient use of resources if the VEBA did not perform an audit in 2024. Rather, that it audits the period July 1, 2023-December 31, 2024 in 2025. CPREA has agreed to approve the Amendment at its next meeting. When approved, it will be forwarded to City Council for approval.

Amendment No. 4 to Trust Agreement

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

July 2-December 31, 2023 Audit

Attorney Henzi addressed this matter for the Board in the Attorney Report. The City's auditors contacted legal counsel in August 2024 to request that the VEBA audit the period July 1, 2023 through December 31, 2023. Counsel met with George J. Johnson, who agreed to perform the audit, BeneSys, legal counsel, and the auditor met since last meeting to discuss the audit. BeneSys has produced necessary books and records for the auditor. The auditor is ready to complete its audit, pending receipt of the actuarial valuation report.

Audit Response Letter for Period Ended December 31, 2023

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

Actuarial valuation for the period ended December 31, 2023 and Cost Study of Potential Benefit Enhancements

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

Nondiscrimination in Health Programs and Activities – Affordable Care Act 1557

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.

Neil Dennis – Spousal Benefits after Remarriage

Attorney Henzi addressed this matter for the Board in the Attorney Report. During the last VEBA meeting on August 22, 2024, a question arose as to whether the spouse of Pontiac Police retiree Neil Dennis should be entitled to benefits following their remarriage. Officer Dennis deferred retirement on July 30, 2011. At the time, he was married to Anne Marie Dennis. The couple divorced in April 2016 but remarried in April of 2024. On July 15, 2024, Mr. Dennis officially retired and requested that his spouse be eligible for benefits. BeneSys subsequently denied coverage for Mrs. Dennis as the divorce voided the original coverage for all spouses who were married to vested deferred retirees prior to December 22, 2011. Legal counsel opined that the spouse is entitled to coverage based on the applicable language in the Settlement Agreement.

RESOLUTION by Ms. Watson: seconded by Mr. Britton

Further Resolved, to approve Appeal 2832943236 and allow member to enroll his spouse effective January 1, 2025.

Yea – 6 Nay – 0

Motion Carried

Eligibility Verification for Bargaining Parties

Attorney Henzi addressed this matter for the Board in the Attorney Report. Since the last meeting, legal counsel has provided information, documents, and personnel records that the VEBA possesses to CPREA and to the City in the furtherance of verifying information on individuals who may be eligible for the VEBA under expanded eligibility rules. These individuals include those with executed Employment Agreements that promised retiree health care, and who retired after December 22, 2011; those with 10 years of credited service as of December 22, 2011, and who retired after that date; and certain District Court actives and retirees.

PA 314 Disclosures

Attorney Henzi addressed this matter for the Board in the Attorney Report. Legal received the following disclosures from Dahab, BeneSys, George Johnson, Wellington, Yousif Capital Management, Manquen Vance, Invesco, WCM, Crescent, AsherKelly, Foster & Foster, and Bloomfield Capital.

Legal is awaiting Comerica’s Political Contribution Statement.

Cybersecurity Questionnaire

Attorney Henzi addressed this matter for the Board in the Attorney Report. Legal received responses to the cybersecurity questionnaire from Dahab, BeneSys, George Johnson, Wellington, Yousif Capital Management, Manquen Vance, Invesco, WCM, Crescent, AsherKelly, Foster & Foster, and Bloomfield.

RESOLUTION by Ms. Watson: seconded by Ms. Moll

Further Resolved, to have Cybersecurity Questionnaires completed by all vendors every 3 years and new vendors when added.

Yea – 6 Nay – 0

Motion Carried

Comerica MNDA

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

Termination of Dependent Coverage When Member Loses Coverage

Attorney Henzi addressed this matter for the Board in the Attorney Report. BeneSys sought guidance from legal when a member failed to pay his Medicare Part B supplement. Consequently, the member was terminated from coverage by BCBSM. BeneSys asked whether the spouse was also to be terminated. BeneSys and legal met to discuss the situation. Based on the Plan document language, any dependent loses coverage when the member loses coverage due to failure to pay a required contribution.

Robbins Geller Portfolio Monitoring Reports

- August 30, 2024
- September 27, 2024
- October 25, 2024

TRUSTEE COMMENTS

Trustee Britton stated that he feels it is reasonable to request divorce/EDRO discover from the REGERS as it pertains to benefits eligibility of former spouses and dependent children. Attorney Henzi is working on developing the communication between REGERS and BeneSys.

Mayor Greimel stated that he wanted to thank Chairperson Filler for her work toward the modification of the Settlement Agreement.

PUBLIC COMMENTS - None

UNFINISHED 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. 2832943236 (handled during Legal Report)

B. Questionable Opt-Out Retirees

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

NEW BUSINESS

A. Appeal 2830966583

Ms. Gjorgjevski presented Appeal 2830966583 to the Board. Discussion took place.

RESOLUTION by Mr. Britton; seconded by Ms. Watson

Further Resolved, to table this Appeal pending further investigation by Legal Counsel.

Yea – 6 Nay – 0

Motion Carried

B. Comerica Invoices

Ms. Crosby requested permission to pay Comerica invoices upon receipt going forward. The Board felt that considering concerns regarding the invoice presented today and the intent to change custodial banks they would like for invoices to be presented for approval by the Board to pay.

C. Dependent Age Out Clarification

Ms. Crosby informed the Board that BeneSys needs clarification as to when a dependent ages out of coverage for the VEBA. Is it the end of the month they turn 26 or the end of the year they turn 26? For P&F VEBA it was the end of the year. Discussion took place.

RESOLUTION by Ms. Watson; seconded by Mr. Britton

Further Resolved, that Legal counsel is directed to revise the Plan document to state that dependents will be terminated from coverage at the end of the month of the dependent's 26th birthday.

Yea – 6 Nay – 0

RESOLUTION by Ms. Watson; seconded by Mr. Britton

Further Resolved, that legal counsel is directed to research and revise the plan to state that disabled dependents will be covered without age limit as long as at least one of the disabled dependent's parents is alive and the dependent is deemed disabled under Social Security administration rules.

Yea – 6 Nay – 0

Motion Carried

D. MAPERS Fall Conference Certificate – Claudia Filler

E. BeneSys Contract Renewal

Ms. Gjorgjevski presented the BeneSys Contract Renewal to the Board. Discussion took place.

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

Further Resolved, to approve Benesys' requested contract amendment as Third-Party Administrator, to include a fee increase for services performed of 3% per year, for each of the years 2025, 2026, and 2027, effective January 1, 2025. All other terms of the contract to remain unchanged.

Yea – 6 Nay – 0

Motion Carried

F. MAPERS 2025 Renewal

RESOLUTION by Ms. Mayor Greimel; seconded by Ms. Watson

Further Resolved, to renew the Board membership in MAPERS for 2025

Yea – 6 Nay – 0

Motion Carried

G. Board Meeting Schedule for 2025

Ms. Crosby presented the 2025 Board Meeting Schedule for consideration.

RESOLUTION by Ms. Mayor Greimel; seconded by Deputy Mayor Stephens

Further Resolved, to accept and approve the 2025 Board Meeting schedule as provided.

Yea – 6 Nay – 0

Motion Carried

CORRESPONDENCE

- A. BCBSM Drug Coverage Changes
- B. BCBSM Simlandi Replacing Humira
- C. BCBSM Prior Auth Changes for GLP-1 (August-December 2024)
- D. BCBSM No Coverage GLP-1 Drugs for Weight Loss (January 2025)
- E. BeneSys DOL Cybersecurity Program Response Q3 2024
- F. BeneSys DOL Cybersecurity Program Response Q4 2024
- G. BeneSys Navigator Q3 2024
- H. BeneSys Navigator Q4 2024

Special Meeting Scheduled for January 8, 2025, at 9:00 a.m. to discuss Cost Study for Potential Benefit Enhancements.

NEXT REGULAR MEETING DATE – February 27, 2025, at 1:00 p.m.

ADJOURNMENT

RESOLUTION by Mr. Britton; seconded Ms. Watson

Further Resolved, that the meeting be adjourned at 4:15 p.m.

I certify that the foregoing are the true minutes of the City of Pontiac VEBA Trust on December 5, 2024.

As recorded by BeneSys