



Police and Fire RHC Trust Special Meeting
Board of Trustees Minutes (Revised)

September 6, 2016

The meeting was held at the office of ABS Office located in Sterling Heights Michigan.

Chairman Opolski called the meeting to order at 8:37 a.m.

- Roll call of Trustees was held and a quorum was present: Opolski, Clark, Berger, Sheehan, Dillon (T), Allen (T), Taylor and Tucker
- Legal representation present: Michael VanOverbeke, General Counsel
- ABS representation present: Lisa Duncan and Laura Haggerty

No Agenda Presented

No Minutes Presented

Statement by Chairman Opolski

Chair Opolski opened the meeting with the statement that "Trustee John Tucker is in attendance as a guest not a Trustee and will not be allowed to vote". The Board did not concur with the Chair and the issue regarding Trustee Tucker's continuation as a Trustee. It was discussed later in the meeting.

Purpose of Special Meeting

Issue One – Attorney VanOverbeke did an overview of why the Special Meeting was convened. He indicated that according to the Board's action at the August 26, 2016 meeting, the Trustees would reconsider the Board's approved Plan design for Open Enrollment if a majority (4) of the Trustees approved the Special Meeting. Since the Board took final action on the Open enrollment, some Trustees wanted the option to reconsider the benefits after a recent retiree's meeting. Attorney VanOverbeke read the Rules and Procedures regarding a Special Meeting.

Motion made by Dillon and seconded by Taylor to proceed with a Special Meeting and waive the notice request for Trustees. Motion carried unanimously.

Roll Call Vote Requested – Yea's Clark, Sheehan, Taylor, Dillon, Allen, Tucker and Opolski.

Issue Two: Whether Trustee Tucker should be allowed to vote or be recognized by Chair Opolski in light of the RDPFFA Boards' action to remove him from the Board. Attorney VanOverbeke indicated that the RHC Board did not declare a vacancy. In his opinion, the authority to remove a Trustee was vested in the Police and Fire RHC Board and not an outside entity. If an outside entity wanted to remove a Trustee, it must be done in Circuit Court.

Attorney VanOverbeke indicated that his office was in the process of preparing a written legal opinion on this issue which would be presented to the Board at a future meeting. It was his verbal opinion at the meeting that the RDPFFA had no authority to remove Trustee Tucker pursuant to the RHC Plan Trust as adopted pursuant to the Plan of Adjustment.

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Motion made by Clark and seconded by Sheehan to postpone taking action to remove Trustee Tucker until the completion of the legal opinion and recommendation of Legal Counsel. During discussion on the motion, Trustee Clark requested that the minutes reflect that as a Fiduciary it is his belief that the Trustees should wait for the official written opinions in this matter.

Motion carried. Yea's Clark, Sheehan, Dillon, Allen, Tucker. Nay's Taylor and Opolski.

Trustee Sheehan was concerned about miscommunication being sent out to the retirees of RDPFFA and requested that the following statement and attachment be recorded into the minutes and be posted on the Police and Fire website.

September 6, 2016
Police & Fire VEBA Meeting

I wish to make the following statement and have it included in the minutes of this meeting. Correct information should be made available on our VEBA website for all members to view and understand.

On August 31, 2016, the Police & Fire VEBA Trustees were forwarded a copy of a Retired Detroit Police and Fire Fighter Association (RDPFFA) E-mail that appears to have been sent by President Don Taylor to their membership ... The information in the E-mail contained numerous factual misrepresentations of the action taken by the VEBA Board at their meeting on August 26, 2016 where the 2017 medical rates were approved by a majority (5/2) of the seven Trustees.

I believe this E-mail communication was intended to confuse, misinform, and to make it appear that the VEBA trustees were not acting in the best interest of the members of this VEBA. Nothing can be further from the truth. We spent many hours discussing, analyzing, and debating numerous options with our actuary, Gabriel Roeder, to establish medical rates for 2017 that were fair and equitable.

Attachment

August 31, 2016 E-mail with corrections to the original statements.

Trustee Tom Sheehan

Chair Opolski requested that the record reflect also that there were other facts that were in Trustee Taylor's email sent to RDPFFA retirees that were not addressed by Attorney VanOverbeke.

Amendment of Non Medicare Eligible Spouses 2017 Health Plan

Motion made by Taylor and seconded by Opolski to include the non-Medicare eligible spouses/class members in parity with non-Medicare eligible retirees to receive \$120.00. Motion carried. Yea's - Clark, Opolski, Taylor, Dillon and Tucker. Nay's Sheehan and Allen.

Full Disclosure Statement: Trustee Opolski and Trustee Clark disclosed that their spouses would be an eligible beneficiary of the HRA accounts.

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Trustee Allen exited the meeting at 9:36 a.m.

Chair Opolski submitted a letter from the Retire Detroit Police and Fire Fighters Association (RDPFFA) removing Trustee John Tucker, effective September 1, 2016.

Upcoming Meeting Dates

September 12, 2016 – Administrative Meeting

September 23, 2016 – Regular Scheduled Meeting

October 10, 2016 – Administrative Meeting

October 24, 2016 – Regular Scheduled Meeting

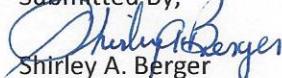
Adjournment

Motion to adjourn made by Sheehan and seconded by Tucker. Motion carried unanimously.

Attachment Included

(1) August 31, 2016 E-mail from Legal Counsel with corrections to the original statements sent out to retirees by Trustee Taylor.

Submitted By,



Shirley A. Berger

Secretary

September 6, 2016
Police & Fire VEBA Meeting

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with corrections to the original
statements.

Trustee Tom Sheehan

Dear Members of the Board,

I had some true concerns with the some of inaccurate information and characterizations noted in the below email that was sent to all RPDFFA members in advance of tonight's meeting. I am not sure if any of you will be attending tonight but I wanted you all to be aware of my concerns. I have annotated my concerns in red text below. Please do not hesitate to contact me directly if you need any additional information.

VEBA 2017 Plan Design **Many to See reductions in their Benefits**

On Friday August 26th, The Police and Fire VEBA Board of Trustees approved the 2017 Plan Design.

*With the approval of this 2017 Plan Design **all eligible Medicare participants will have lost over 25% of the benefit** that the VEBA Trustees had in place when the funds from the Bankruptcy Settlement Agreement became responsible for the payment of the benefits.*

[That "all eligible Medicare participants will have lost over 25% of the benefit in place" as of the VEBA's commencement, is absolutely inaccurate as more fully set forth below.]

I am going to attempt to recap the approved 2017 Plan as I understand it;

Medicare eligible participants were/are receiving a \$115 benefit from the VEBA, HRA (Pre-Medicare) currently receiving \$120.

[Medicare eligible participants were receiving an Aetna plan at a cost to the VEBA of \$118.33, a HAP plan at a cost \$120 or an opt out HRA at \$115.]

Those with the AETNA Plan;

The total premiums for the 2017 Plan will be \$113.76 of this amount the participant will pay is \$23.76, this means the VEBA is only covering \$90 of the cost of the Plan. The VEBA use to cover \$120 of the cost. This is a loss of approximately 25% of your benefit you once received.

[The 2016 Aetna premium is \$118.33 with the VEBA paying \$88.90 (not \$120) and the participant pays \$29.43. The participant will be paying \$23.76 in 2017 rather than their current cost of \$29.43. This is a \$5.67 savings to the retiree (20%) with the same plan offered at a lower cost to the retiree and an increased cost to the VEBA. This is an incorrect statement.]

Those with the HAP Plan;

The total premiums for the 2017 Plan will be \$133.06 of this the VEBA will cover \$90 and the participant will pay \$43.06. Current 2016 Plan total premiums are \$128.29 of which the participant pays \$8.29, and the VEBA covers \$120. This is a loss of approximately 25% of your benefit you now receive.

[This was done to align the cost of the both Medicare Advantage plans to the VEBA at \$90].

Medicare Eligible Opt-Out HRA

If you Opt-Out currently you receive \$115, in 2017 this amount will be reduced to \$85. A loss of approximately 25% of your benefit.

[The cost to the VEBA for the Medicare Advantage Plan is \$90. If an individual elects to opt-out, there is a monthly cost to the plan for the administration of the individual HRA account and the Opt-Out HRA was set at \$85 (rather than \$90) to reflect this increased cost.]

Non-Medicare Eligible HRA

Currently eligible participants are receiving \$120, in 2017 the Retiree will continue to receive \$120, but the spousal benefits will be reduced to \$85.00, once again approximately a 25% benefit reduction.

[The current spousal benefit is \$0. The new spousal benefit is \$85.00. This is 850% increase in the current benefit structure not a decrease.]

Other Groups/classifications;

Below Federal Poverty Level currently \$145.58, 2017 no change

Income Level Retiree only under \$75,000, currently \$170, 2017 no change

Duty Disability currently \$395, 2017 no change

Over 65 not eligible for Medicare currently \$295, 2017 no change

Prior to moving on, I once again want to point out that the Plan Design that has been carried forward from the Bankruptcy was not what you voted for in the Bankruptcy. I have stated a number of times, and if you review the tape from the June 2014 General meeting Carole Neville one of Dentons the lead-attorneys representing all retirees identified how the claim value was established. This was based on the value of the coverage you were receiving and life expectancy. There was no special value added to the claims of any special groups, other than the members of the Weiler Class.

[There was NO Plan Design established in the bankruptcy. Retirees did not vote on any "Plan Design". They voted on a lump sum payment via the B-Notes into the VEBA with a Plan Design to be established by the Board.]

It has been the position of the RDPFFA because the settlement was based on claim value of approximately 10% of the value of your claim and in fairness everyone should receive equal treatment.

[Claim value was based in part on life expectancy. If you spend all the trust fund assets in the near term, you are not giving equal treatment because there will be no money left for the younger retirees in the future. These younger retirees had larger claim values. Also, claim values treated single retirees the same as married retirees and no separate claim values were established for spouses if the retiree was living.]

The VEBA Meeting itself, and what I understand happened and some of the justification given;

*At the start of the meeting I made the following motion;
"Motion to table the meeting and reconvene on September 1, 2016 at 6:30PM at 33204 Maple Lane Sterling Heights, MI"*

This is the scheduled meeting of the RDPFFA/beneficiaries of the VEBA. I felt that you should have the opportunity to witness the VEBA Board of Trustees meeting and hear first-hand the discussions and the Trustees reasoning for their position.

Following some discussion this motion failed, with only one Trustee in support, me.

Trustee Andy Dillon then introduced what he referred to as a compromise motion, "A motion for the VEBA Board to move forward with the meeting and make a decision on the 2017 Plan Design, but not release the decision to ABS (Third Party Administer) for publication until after September 1 meeting of the RDPFFA/beneficiaries so they could have time to weigh in".

This motion did pass by 4 to 3 vote.

Voting in support, Trustees Allen (city of Detroit appointee), Dillon, Opolski and Taylor (RDPFFA appointees)

Voting against, Trustees Sheehan and Clark (Official Committee of Retirees appointees) and John Tucker (RDPFFA appointee)

*The Motion for final approval of 2017 VEBA Plan Design was passed by 5 to 2 vote,
Voting in support, Trustees Dillon, Allen, Clark, Sheehan and Tucker
Voting against, Trustees Opolski and Taylor*

As for justification of the final approval of 2017VEBA Plan Design, because the VEBA Trustees are now going to allow some of the Weiler Class Members that had been denied any benefit to now participate and receive a reduced benefit, that the benefit of others had to be adjusted. The Trustees choose not to make any changes to the benefit level to some special groups, because they feared if they did so, they may face legal challenges. Under this logic the Trustees were not concerned with any repercussions with their action to reduce Medicare eligible participants and the Weiler Class members.

[The Aetna Plan is a savings to the retirees with a reduction in their individual premium. The ONLY increase this year is to those Medicare eligible participants that elect the Aetna alternatives; HAP or the Opt-out HRA. Every other benefit will be either the same or an increase to what was offered last year. In other words, the vast majority of VEBA Plan retirees and beneficiaries will see either an increase in their benefit or no change.]

Don Taylor
President RDPFFA and VEBA Board Member