



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

August 26, 2016

Chet Opolski (T)	Chairman
John Clark	Vice Chairman
Shirley A. Berger	Secretary
Tom Sheehan	Andy Dillon (T)
Floyd Allen (T)	Don Taylor (T)
John Tucker	

The meeting was held at the office of VanOverbeke, Michaud & Timmony, P.C., 79 Alfred Street, Detroit, Michigan 48207.

Chairman Opolski called the meeting to order at 2:00 p.m.

- Roll call of Trustees were held and a quorum was present
- Legal representation present: Michael VanOverbeke, General Counsel
- ABS representation present: Lisa Duncan (T)

No Agenda Presented

No Minutes Presented

Written Motion by Trustee Taylor to the RHC Trustees

Motion made by Trustee Taylor and seconded by Chairman Opolski to “to table the meeting and reconvene September 1, 2016 at 6:30PM at 33204 Maple Lane Sterling Heights, Michigan”.

Roll Call Vote – Supported by: Taylor. Opposed by: Clark, Sheehan, Tucker, Dillon and Opolski.

Motion Failed.

Motion by Trustee Dillon

Trustee Dillon introduced a “compromise motion”. **Motion** by Trustee Dillon and seconded by Trustee Taylor to “instruct ABS to hold final printing of the open enrollment materials until after the September 1, 2016 meeting of the (RDPFFA) to provide the Board the opportunity to call for a special meeting and revisit the open enrollment decisions made at the August 26 meeting if the majority of (4) trustees deemed it appropriate prior September 5, 2016”.

Roll Call Vote – YEAS: Allen, Dillon, Opolski and Taylor. Opposed/NAYS: Sheehan, Clark and Tucker.
Motion carried.

Legal Counsel Memorandum Regarding 2017 Open Enrollment

Attorney VanOverbeke presented a memorandum dated August 26, 2016 which provided an outline of the open issues for the 2017 open enrollment.

The Board was also presented a draft resolution for the Board's review and consideration. The purpose of today's meeting was a follow-up from the August 22, 2016 meeting to establish benefit levels and eligibility for the 2017 Open Enrollment.

Legal Counsel reviewed the memo with the Board and offered various considerations for the Trustees. Trustee Sheehan offered an addendum to Legal Counsel's memo regarding the open enrollment memorandum.

Motion by Trustee Allen and seconded by Trustee Sheehan, that the following provisions be incorporated into the Board's draft resolution:

- A. Keep the participant's monthly premium contribution at \$29.43, thereby reducing the VEBA's monthly payment to \$84.33;
- B. Decrease the VEBA's monthly HAP premium payment to \$84.33, thereby increasing the participants' monthly payment to \$48.73;
- C. Allow Medicare eligible Spouses to enroll in the VEBA's Medicare Advantage program even if their retiree elects to opt-out;
- D. Offer the opt-out HRA benefit to Medicare eligible Spouses as well as retirees;
- E. Decrease the opt-out HRA benefit for both the retiree and spouse to \$80.00 to essentially match the VEBA's monthly Aetna and HAP Medicare Advantage premium payments at \$84.73 less the HRA administrative cost;
- F. Allow ALL Non-Medicare eligible spouses to participate regardless of total household income;
- G. Maintain current retiree HRA benefit amounts at \$120/month; and
- H. Establish the new non-Medicare eligible spousal HRA benefit at \$80.00/month to coincide with the opt-out HRA spousal benefit.

After initial discussion, Trustee Tucker requested a friendly amendment which was accepted by Trustees Allen and Sheehan and the motion was modified as follows:

- A. Increase the VEBA's contribution for the monthly Aetna premium to \$90.00, thereby reducing the participant's monthly premium payment to \$23.76;
- B. Decrease the VEBA's monthly HAP premium payment to \$90.00, thereby increasing the participants' monthly payment to \$43.06;
- C. Allow Medicare eligible Spouses to enroll in the VEBA's Medicare Advantage program even if their retiree elects to opt-out;
- D. Offer the opt-out HRA benefit to Medicare eligible Spouses as well as retirees;

- E. Decrease the opt-out HRA benefit for both the retiree and spouse to \$85 to essentially match the VEBA's monthly Aetna and HAP Medicare Advantage premium payments at \$90.00 less the HRA administrative cost;
- F. Allow ALL Non-Medicare eligible spouses to participate regardless of total household income;
- G. Maintain current retiree HRA benefit amounts at \$120/month; and
- H. Establish the new non-medicare eligible spousal HRA benefit at \$85/month to coincide with the opt-out HRA spousal benefit.

Full Disclosure Statement: Trustee Opolski and Trustee Clark disclosed that their spouses would be a beneficiary of the Non-Medicare HRA.

Motion to Amend the Motion

After further discussion on the main motion, Trustee Clark made a **Motion**, supported by Trustee Tucker to amend the Non-Medicare eligible spousal HRA benefit portion of the main motion on the table to:

“Establish the new Non-Medicare eligible spousal HRA benefit at \$120/month”.

After discussion, a roll call vote on the Motion to Amend was taken.

Roll Call Vote – YEAS: Dillon, Tucker, Clark, Opolski and Taylor. Opposed/NAYS: Sheehan, Floyd.

Motion carried.

After further discussion the Chair called for a roll call vote on the main motion as amended and restated as follows:

- A. Increase the VEBA's contribution for the monthly Aetna premium to \$90.00, thereby reducing the participant's monthly premium payment to \$23.76;
- B. Decrease the VEBA's monthly HAP premium payment to \$90.00, thereby increasing the participants' monthly payment to \$43.06;
- C. Allow Medicare eligible Spouses to enroll in the VEBA's Medicare Advantage program even if their retiree elects to opt-out;
- D. Offer the opt-out HRA benefit to Medicare eligible Spouses as well as retirees;
- E. Decrease the opt-out HRA benefit for both the retiree and spouse to \$85 to essentially match the VEBA's monthly Aetna and HAP Medicare Advantage premium payments at \$90.00 less the HRA administrative cost;
- F. Allow ALL Non-Medicare eligible spouses to participate regardless of total household income;
- G. Maintain current retiree HRA benefit amounts at \$120/month; and

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- H. Establish the new non-Medicare eligible spousal HRA benefit at \$120/month to coincide with the opt-out HRA spousal benefit.

Roll Call Vote – YEAS: Tucker, Clark, Dillon. Opposed/NAYS: Allen, Taylor, Opolski and Sheehan.

Motion failed.

After further discussion, Trustee Dillon made a **Motion** and supported by Trustee Allen, that the following provisions be incorporated into the Board's draft resolution:

- A. Increase the VEBA's contribution for the monthly Aetna premium to \$90.00, thereby reducing the participant's monthly premium payment to \$23.76;
- B. Decrease the VEBA's monthly HAP premium payment to \$90.00, thereby increasing the participants' monthly payment to \$43.06;
- C. Allow Medicare eligible Spouses to enroll in the VEBA's Medicare Advantage program even if their retiree elects to opt-out;
- D. Offer the opt-out HRA benefit to Medicare eligible Spouses as well as retirees;
- E. Decrease the opt-out HRA benefit for both the retiree and spouse to \$85 to essentially match the VEBA's monthly Aetna and HAP Medicare Advantage premium payments at \$90.00 less the HRA administrative cost;
- F. Allow ALL Non-Medicare eligible spouses to participate regardless of total household income
- G. Maintain current retiree HRA benefit amounts at \$120/month; and
- H. Establish the new non-Medicare eligible spousal HRA benefit at \$85/month to coincide with the opt-out HRA spousal benefit.

Roll Call Vote – YEAS: Dillon, Allen, Tucker, Clark, Sheehan. Opposed/NAYS: Opolski, and Taylor.

Motion carried.

The Resolution as presented with incorporation of the 2017 Open Enrollment information was APPROVED by a majority vote of the Board and provides as follows:

WHEREAS, the City of Detroit Police and Fire Retiree Health Care Trust (the "RHC Trust") is established under the Plan for the Adjustment of Debts of the City of Detroit (the "Plan of Adjustment") to provide health care benefits to certain retirees and their eligible dependents, and

WHEREAS, the Board of Trustees of the RHC Trust (the "Board") is vested with the authority and responsibility for the management and administration of the RHC Trust, including, but not limited to designing, adopting, maintaining and administering the Health Care Plan for Police and Fire Retirees of the City of Detroit (the "Plan"), through which all health care benefits to eligible retirees and beneficiaries are provided, and

WHEREAS, in accordance with the foregoing the Board has the authority to determine who is eligible to receive retiree health or other welfare benefits from the Plan, and the annual level, design and cost of such benefits, and

WHEREAS, Section 9.2 of the RHC Trust Agreement contemplates that “the Plan may provide for different benefit structures or programs for different groups of Participants, as determined by the Board in its sole discretion”, and

WHEREAS, the Board is aware that in valuing the OPEB Claim of the RHC Trust’s membership at \$2,208,000,000, the benefits that the RDPFFA negotiated in the settlement of *Weiler et al. v. City of Detroit*, Case No. 06-619737-CK (Wayne County Circuit Court) were included in said valuation, and

WHEREAS, Article I.A.259 of the Plan of Adjustment defines the term “OPEB Benefits” as follows:

“OPEB Benefits” means, collectively, post-retirement health, vision, dental, life and death benefits provided to retired employees of the City, the Detroit Public Library or the Detroit Regional Convention Facility Authority and their surviving beneficiaries pursuant to the Employee Health and Life Insurance Benefit Plan, the Employees Death Benefit Plan or any comparable plan, including the members of the certified class in the action captioned *Weiler et al. v. City of Detroit*, Case No. 06-619737-CK (Wayne County Circuit Court), pursuant to the “Consent Judgment and Order of Dismissal” entered in that action on August 26, 2009.

and

WHEREAS, Section II of the Settlement Agreement between the City of Detroit and the *Weiler* class identifies the class members as follows:

- A. retired City police officers and their spouses, and City firefighters, who retired at a rank having parity with that of police officers, and their spouses, who were receiving health benefits from the City as a result of their status as retirees and spouses of retirees as of April 9, 2007;
- B. retired City police lieutenants, sergeants and investigators and their spouses, and City firefighters, who retired at ranks having parity with those of lieutenants, sergeants and investigators, and their spouses, who were receiving health benefits from the City as a result of their status as retirees and spouses of retirees as of August 1, 2008; and
- C. retired City police command officers and their spouses, and City firefighters, who retired at ranks having parity with police command officers, and their spouses, who were receiving health benefits from the City as a result of their status as retirees and spouses of retirees as of August 1, 2008; and

WHEREAS, the benefits provided under the current Plan design, as implemented by the City during its bankruptcy and continued by the Board thereafter, restrict certain spousal members of the *Weiler* class and non-*Weiler* Spouses from participating in the Plan based upon household income levels

and other non-economic factors as outlined in the Retiree Healthcare Settlement Agreement (the "RHC Settlement") incorporated into the Plan of Adjustment, and

WHEREAS, the benefits provided under the current Plan design, as implemented by the City during its bankruptcy and continued by the Board thereafter, restrict certain spousal members of the *Weiler* class and non-*Weiler* Spouses from participating in the Plan based upon household income levels and other non-economic factors as outlined in the Retiree Healthcare Settlement Agreement (the "RHC Settlement") incorporated into the Plan of Adjustment, and

WHEREAS, neither the Board nor the RHC Trust is a party to the RHC Settlement and were not involved in negotiating its terms and conditions, and

WHEREAS, the Board, in consultation with its actuary and financial consultant, has evaluated the potential financial impact of allowing all members of the *Weiler* class to participate in the Plan under the current benefit structure and has also considered several alternative scenarios for allowing the currently ineligible Spouses to participate, and

WHEREAS, in light of the foregoing the Board has considered various options for addressing the apparent inequities existing under the current Plan design, and

WHEREAS, having discussed such options with its professional advisors and consultants, the Board desires to revise the benefits provided under the Plan, effective January 1, 2017, therefore be it

RESOLVED, that effective January 1, 2017, the VEBA's responsibility for all Medicare Advantage premiums shall be capped at \$90.00 based upon the Aetna premiums for the 2017 calendar year, and individual participants shall be responsible for payment of all amounts in excess of the \$90.00 cap, and further

RESOLVED, that the Plan's Medicare Opt-Out HRA benefit shall be reduced to \$85.00 per month effective January 1, 2017, and further

RESOLVED, that effective January 1, 2017, all eligible Spouses shall be eligible to participate in the Plan regardless of household income levels or purchase of an individual insurance policy through a public exchange, and further

RESOLVED, that Medicare eligible Spouses shall be eligible to elect to participate in either the Plan's Medicare Advantage Program or its Medicare Opt-Out HRA as of January 1, 2017, and further

RESOLVED, that, commencing January 1, 2017, all eligible Spouses of living retirees who are not currently eligible for Medicare shall be entitled to a minimum monthly HRA benefit of \$85.00 unless otherwise qualified under the Plan, and further

RESOLVED, that all HRA benefits provided to retiree members of the VEBA shall remain unchanged for the 2017 plan year and the Board shall reconsider all HRA benefit amounts next year after further information is available with respect to Plan enrollment, HRA utilization, and the VEBA's funded status, and further

RESOLVED, that all newly eligible individuals shall be offered the opportunity to elect to participate in the Plan through the annual open enrollment process, and further

RESOLVED, that in light of the foregoing the Plan document shall be updated to reflect the revised eligibility rules and benefits levels approved by the Board.

Trustee Dillon exited meeting at 4:00 p.m.

ABS Representative Lisa Duncan made a recommendation that ABS be allowed to include in the Open Enrollment letter a Town Hall meeting notice to retiree's contingent upon the availability of the RHC Trust professional advisors, GRS and Morgan Stanley.

All RHC Trustees were invited to the RDPFFA meeting on September 1, 2016 meeting.

Adjournment - Motion made by Clark and seconded by Sheehan to adjourn the meeting. Motion carried - Unanimously.

The meeting was adjourned at **4:15 P.M.**

Respectfully submitted,

Shirley A. Berger
Secretary