



CITY OF GROSSE POINTE WOODS

20025 Mack Plaza Drive
Grosse Pointe Woods, Michigan 48236-2397

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NOTICE OF MEETING AND AGENDA

COMMITTEE-OF-THE-WHOLE

Mayor Robert E. Novitke has called a meeting of the City Council, meeting as a Committee-of-the-Whole, for **Monday, June 13, 2011, at 7:30 p.m.** The meeting will be held in the Conference Room of the Municipal Building, 20025 Mack Plaza, and is accessible through the Municipal Court doors. In accordance with Public Act 267, the meeting is open to the public and the agenda items are as follows:

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Pension Ordinance – Retiree Health Care Benefit Plan & Trust
 - A. Pension Minutes Excerpt 06/09/11, w/recommendation
 1. Draft Retiree Health Care Benefits Plan and Trust 06/09/11
5. Water/Sewer Rates
 - A. Table 14B-Annual Costs & Percentages
 - B. Memo w/attachments 06/09/11 – City Engineer
6. New Business
7. Adjournment

Alfred Fincham
City Administrator

IN ACCORDANCE WITH PUBLIC ACT 267 (OPEN MEETINGS ACT) POSTED AND COPIES GIVEN TO NEWSPAPERS

The City of Grosse Pointe Woods will provide necessary, reasonable auxiliary aids and services, such as signers for the hearing impaired, or audio tapes of printed materials being considered at the meeting to individuals with disabilities. All such requests must be made at least five days prior to a meeting. Individuals with disabilities requiring auxiliary aids or services should contact the City of Grosse Pointe Woods by writing or call the City Clerk's office, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236 (313) 343-2440, Telecommunications Device for the Deaf (TDD) 313 343-9249, or e-mail the City Clerk at cityclk@gpwmi.us.

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CITY OF GROSSE PTE. WOODS

FOR IMMEDIATE CERTIFICATION – EXCERPT FROM 06/09/2011 PENSION MINUTES:

Motion by Granger supported by Zarb that the Pension Board recommend to City Council the adoption of the Retiree Health Care Benefits Plan and Trust, by Ordinance.

Motion CARRIED by the following vote:

YES: Novitke, Crook, Zarb, Crook

NO: None

ABSENT: Chalut

Motion by Granger supported by Zarb to immediately certify the portion of the minutes of the Pension Board meeting dated 06/09/2011 for the Retiree Health Care Benefits Plan and Trust.

Motion CARRIED by the following vote:

YES: Novitke, Crook, Zarb, Crook

NO: None

ABSENT: Chalut

**CITY OF GROSSE POINTE WOODS
RETIREE HEALTH CARE BENEFITS PLAN AND TRUST**

GENERAL PROVISIONS

1:100. Purpose.

This Retiree Health Care Plan (the "Plan") and the Retiree Health Care Trust (the "Trust") are created, under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999 (MCL §38.1211 et seq.). The Trust shall constitute a governmental trust pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Trust is established to allow the City of Grosse Pointe Woods (the "City") to fund required retiree health care benefits as provided by the Plan – an essential governmental function. The Plan is created for the exclusive purpose of providing, through a group health and insurance benefits plan, health care, optical and life insurance benefits or such other benefits approved by the City Commission or the applicable Collective Bargaining Agreements for the welfare of certain Retirees of the City who are eligible to receive a retirement benefit from the City of Grosse Pointe Woods Employees Retirement System and the eligible Spouses and eligible Dependents of such Retirees.

1:101. Short Title.

This Plan may be known and cited as the City of Grosse Pointe Woods Retiree Health Care Benefits Plan and Trust ("Plan").

1:102. Definitions.

For the purposes of this Plan and Trust, the following words shall have the meanings respectively ascribed to them by this section:

- (1) *Base Plan* means the benefits in effect at the time of the employee's retirement for the applicable collective bargaining unit, as provided by the policy or the comprehensive program in place at the time of retirement (exclusive of HMO, PPO and other alternative plans) or by any such higher benefit, offered by the City, at the discretion of the City. Pursuant to the terms of an applicable Collective Bargaining Agreement, upon the retiree or spouse's attainment of Medicare eligibility, the Base Plan shall be a secondary, complimentary plan to Medicare which shall be the primary plan.
- (2) *City* means the City of Grosse Pointe Woods.

- (3) *Code* means the Internal Revenue Code of 1986, as amended. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provision of any legislation which amends or replaces such section or subsection and any regulations thereto.
- (4) *Collective Bargaining Agreement(s)* means any written agreement, supplemental agreement, memorandum of understanding, final arbitrator's decision, judicial decision or decision of any public board or agency, by and between applicable Collective Bargaining Associations and the City, and any amendments, continuations, or renewals, which require the City or any other entity to make payments into group health insurance programs for employees of the City.
- (5) *Collective Bargaining Associations* means those associations which have negotiated to participate in this Plan.
- (6) *Contributions* means the payment to be made to the Trust by the City under the terms of the Plan and Trust or payment to be made to the Trust by Employees pursuant to the terms of an applicable collective bargaining agreement or City personnel policy for the purpose of providing group health insurance for Retirees and beneficiaries covered by the Plan.
- (7) *Dependent* generally means a Participant's or Retiree's unmarried child until the end of the year in which he or she reaches age 18 and a Participant's or Retiree's unmarried child who is totally and permanently disabled by either a physical or mental condition prior to age 18. (The Base Plan definition of Dependent above applies unless the Participant or Retiree selects an alternate insurance policy offered by the City, in which case the definition is controlled by the insurance policy covering the Participant or Retiree, which may or may not vary from the definition listed above.)
- (8) *Effective Date* means April 18, 2011.
- (9) *Employee* means a person employed by the City on a full-time basis who meets one of the following requirements:
 - (a) A non-union person employed by the City; or
 - (b) A person employed by the City who is a member of a Collective Bargaining Association which has negotiated to participate in this Plan.

Part-time employees, retired employees, and persons employed on a retainer or fee basis are not to be considered Employees for purposes of this Plan.

- (10) *Employer* means the City of Grosse Pointe Woods, Michigan.
- (11) *Family Continuation Dependent* shall be defined in the Participant's or Retiree's applicable insurance policy offered by the City.
- (12) *Health Care Benefits* means group health care benefits as currently provided and any other future health care related benefits as may be determined to be part of the Plan pursuant to City decisions and Collective Bargaining Agreements.
- (13) *Insurance Agreement* means the health insurance plan(s) and any amendment(s) thereto, including any substitute insurance agreement with a commercial insurance carrier, health maintenance organization, preferred provider organization, or any other qualified entity currently existing or created for the purpose of providing benefits under the Plan. The term "Insurance Agreement" shall include the plural where applicable.
- (14) *Insurance Carrier* means a commercial health insurance carrier, health maintenance organization, preferred provider organization or other qualified entity designated by the City to provide benefits under the Plan.
- (15) *Investment Fiduciary* means the Board of Trustees of the Retiree Health Care Benefits Plan and Trust.
- (16) *Major Life Event Changes* means birth of a child, legal adoption, legal separation, divorce, legal guardianship, death, or marriage of a dependent child.
- (17) *Participant* means an Employee who is either: (a) a member of the City of Grosse Pointe Woods Employees Retirement System and whose participation has not terminated under other applicable provisions of the Plan; or (b) an employee granted health coverage under a separation agreement, settlement or court order. No person shall be considered a Participant of the Plan who is compensated for services to the City on a fee or independent contractual basis. In all cases of doubt, the Board of Trustees shall decide who is a Participant within the meaning of the provisions of this Plan and Trust provided such decision is consistent with any established City policy.
- (18) *Plan* means the City of Grosse Pointe Woods Retiree Health Care Benefits Plan and Trust as described in this document and any subsequent amendments, and any Insurance Agreement(s), Collective Bargaining Agreements, personnel policies, or other applicable insurance policy documents incorporated by reference into the Plan. A description of the health benefits provided to Retirees, Spouses and Dependents under this plan is maintained by the Plan Administrator.

- (19) *Plan Administrator* means the person, persons, firm, corporation or insurance company or companies, appointed by the Board of Trustees to administer the Plan. The Plan Administrator shall be responsible for the day-to-day operations of the Plan and shall carry out the directives of the Board of Trustees.
- (20) *Plan Year* means the period commencing on July 1 and ending on June 30 of each year.
- (21) *Qualified Beneficiary* means any person satisfying the benefit eligibility requirements of the Plan and shall be in accordance with the resolutions and decisions of the Trustees.
- (22) *Retiree* means an individual who meets the following requirements or who satisfies the requirements of a collective bargaining agreement, personnel policy or personal services contract.
 - (a) For members of Benefit Group Police Officers Bargaining Unit – an individual receiving a retirement benefit allowance from the City of Grosse Pointe Woods Employees Retirement System.
 - (b) For members of Benefit group Command Officers Bargaining Unit – an individual receiving a retirement benefit allowance from the City of Grosse Pointe Woods Employees Retirement System.
 - (c) For members of Benefit group Fire, EMT, Dispatch Bargaining Unit – an individual receiving a retirement benefit allowance from the City of Grosse Pointe Woods Employees Retirement System.
 - (d) For members of Benefit group DPW & Clerical Workers Bargaining Unit – an individual receiving a retirement benefit allowance from the City of Grosse Pointe Woods Employees Retirement System.
 - (e) For members of Benefit group Non-union employees – an individual receiving a retirement benefit allowance from the City of Grosse Pointe Woods Employees Retirement System.
- (23) *Retirement Plan* means the City of Grosse Pointe Woods Employees Retirement System.
- (24) *Spouse* means a Participant's or Retiree's spouse by legal marriage who is the Participant's spouse on the date the Participant retires from employment with the City.
- (25) *Trust* means the Declaration of Trust of the City of Grosse Pointe Woods Retiree Health Care Benefits Plan as provided for in this Plan.

- (26) *Trustee(s) or Board* means the Board of Trustees of the Trust or a member of the Board of Trustees of the Trust as provided for in this Plan.

1:103. Interpretation and law; Construction.

- (1) The Plan and Trust are established in accordance with the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999 (MCL §38.1211 et seq.), and shall be administered consistent with applicable Federal and Michigan law. The Plan is intended to qualify as an accident and health plan and a group health plan under applicable provisions of the Code, (Sections 105, 106, and 162), the regulations promulgated under each, and applicable Federal and Michigan law.
- (2) The Trust shall constitute a governmental trust pursuant to Section 115 of the Code, as amended and shall be construed, enforced and administered and the validity thereof determined in accordance with the Code and the laws of the State of Michigan. If any provision of the Trust is held to violate the Code or to be illegal or invalid for any other reason, that provision shall be deemed to be null and void, but the invalidation of that provision shall not otherwise affect the Plan or Trust.
- (3) Neither the establishment of the Plan and Trust, nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any person covered under the Plan, or any other person, any legal or equitable right against the City, its elected or appointed officials or employees, the Trustees or any individual Trustee, except as may otherwise be provided in this Plan and Trust.
- (4) Neither the City nor the Trustees shall be responsible for the validity of any Insurance Agreement issued in connection with the Plan or for the failure on the part of the Insurer to make payments provided by such Insurance Agreement, or for the action of any person which may delay payment or render an Insurance Agreement wholly or partially void.
- (5) The headings and subheadings in this Plan and Trust are inserted for convenience of reference only and are not to be considered in the construction of any provision of the Plan and Trust.
- (6) Words herein in the masculine gender shall be construed to include the feminine gender where appropriate, and words used herein in the singular or plural shall be construed as being in the plural or singular where appropriate.
- (7) In resolving any conflict among provisions of this Plan and Trust or any uncertainty as to the meaning or intention of any provision of this Plan and Trust, the interpretation that causes both the Trust to be exempt from tax and the Plan and Trust to comply with all applicable requirements of the Code shall prevail over any different interpretation.

- (8) This Plan and Trust shall be binding upon all Participants and Qualified Beneficiaries under the Plan, or their applicable heirs, executors, administrators, successors, and assigns.

1:104. Collective Bargaining Agreements.

The benefit provisions of this Plan are subject to relevant provisions of applicable Collective Bargaining Agreements between the City and the various Collective Bargaining Associations of the City. The provisions of a Collective Bargaining Agreement relative to retiree health care benefits are controlling in the event of a conflict between the terms of the Collective Bargaining Agreement and the Plan.

Nothing contained in this Plan shall be deemed to modify or limit in any way the rights that the parties to a Collective Bargaining Agreement may have, any supplements or memoranda thereto, or any arbitrator's award to enforce the terms of the Plan, inclusive of the collection of any amounts due to the Plan and the right of the parties to sue for same.

1:105. Personnel Policies.

The benefit provisions of this Plan are subject to relevant provisions of any personnel policies that the City may have for Non-Union Employees or personal service contracts between the City and an individual employee. The provisions of any personnel policies for Non-Union Employees or personal service contracts relative to retiree health care benefits are controlling in the event of a conflict between the terms of the Personnel Policies or applicable personal service contract and the Plan.

1:106. Notice.

Notice given to all interested parties shall, unless otherwise specified in this Plan, be sufficient if in writing and delivered or sent by prepaid first class mail. Except as otherwise noted, the distribution or delivery of any statements or documents required under the Plan and Trust shall be sufficient if delivered in person or prepaid first class mail.

1:107. Reporting and Disclosure.

The Board and the Plan Trustees, or their respective designees, shall complete and provide to Participants, Retirees, Spouses and/or Dependents and to the appropriate government agencies any reports as may be required by the Code, applicable federal, state or local law.

1:108. Amendments.

The provisions of the Plan and Trust may be amended at anytime by the City Council in accordance with applicable law.

HEALTH CARE BENEFIT PLAN

1:200 Health Care Plan, Established.

Retiree health care benefits shall be provided through policies issued by a duly licensed commercial insurance company, through a fund of self-insurance, or through any other lawful means of providing group health insurance in accordance with City decisions and in accordance with any and all Collective Bargaining Agreements between the City and applicable Collective Bargaining Associations and personnel policies or personal services contracts for any non-union employees who are eligible to participate in accordance with the Plan. Dental insurance shall be available only to those eligible Retirees and Spouses who have purchased a rider for such coverage.

The City intends the benefits to be provided by the establishment and maintenance of a Plan in conformance with all applicable federal statutes and regulations, state and local law. The Plan is intended to qualify as an accident and health plan and a group health plan under applicable provisions of the Code, (Sections 105, 106, and 162), the regulations promulgated under each, and applicable Federal and Michigan law.

The City reserves the right to enter into insurance agreements, and to modify, alter or amend such agreements from time to time, with commercial insurance carriers, health maintenance organizations, preferred provider organizations or any other qualified entity currently existing or created for the purpose of providing benefits under the Plan.

1:201 Benefit Groups

(1) Composition.

The following benefit groups are designated for the purpose of determining benefit eligibility conditions, benefit amounts, including co-pay amounts, and member contribution rates.

- (a) Benefit group *Police Officers Bargaining Unit* – All employees of the City who are members of the Police Officers Bargaining Unit in the Police Officers Association of Michigan (POAM).
- (b) Benefit group *Command Officers Bargaining Unit* – All employees of the City who are members of the Command Officers Association in the Police Officers Labor Council (POLC).

- (c) Benefit group *Fire/EMT/Dispatch Bargaining Unit* – All employees of the City who are members of the Fire/EMT/Dispatch Bargaining Unit in the Police Officers Labor Council (POLC).
- (d) Benefit group *DPW & Clerical Workers Bargaining Unit* – All employees of the City who are members of the Department of Public Works and Clerical Workers Bargaining Unit in the Technical, Professional and Office Workers Association of Michigan (TPOAM).
- (e) Benefit group *Non-union Employees* – All employees of the City who are not a part of a collective bargaining unit as described above who are eligible for benefits under this Plan.

In case of doubt, the Board of Trustees shall determine the benefit group that applies to a particular member.

- (2) Benefit eligibility conditions shall be those applicable to the member's benefit group at the time of that member's termination of employment.

1:202. Eligibility

In order to be eligible for post-retirement health care benefits during any Plan Year, an individual must:

- (1) Be a Retiree of the City that had been a Participant of this Plan; and
 - (a) had been an Employee on the date preceding the effective date of the Retiree's retirement and commencement of benefits from the City; or
 - (b) met the requirements of the member's benefit group as described in Section 1:102(22); or
- (2) Be a Retiree, who was a Participant of the Plan, receiving duty or non-duty disability benefits from the Retirement Plan; or
- (3) Be a Retiree who was in receipt of benefits as of the Effective Date of this Plan; or
- (4) Be a Spouse of an individual who meets the eligibility requirements in subsection (1), (2), or (3) above.

The cost of Spousal coverage shall be in accordance with Section 1:208 unless otherwise provided by an applicable Collective Bargaining Agreement or decision of the City; or

- (5) Be a Dependent of an individual who meets the eligibility requirements in subsection (1), (2), or (3) above.

The cost of Dependent coverage shall be in accordance with Section 1:208 unless otherwise provided by an applicable Collective Bargaining Agreement or decision of the City; or

- (6) Be a Family Continuation Dependent of an individual who meets the eligibility requirements in subsection (1), (2), or (3) above.

The cost of Family Continuation Dependent coverage shall be in accordance with Section 1:208 unless otherwise provided by an applicable Collective Bargaining Agreement or decision of the City; or

- (7) Be an individual granted health coverage under a settlement agreement between the City and the individual; or

- (8) Be an individual granted health coverage under a court order entered pursuant to applicable law, provided that:

- (a) the individual produces satisfactory documentation at the time of application for benefits and satisfies plan eligibility requirements, and
- (b) the City reserves the right to challenge the validity of the court order and, if such a challenge proves successful, the cost of any benefits provided be reimbursable to the Trust.

1:203. Commencement of Benefit.

Subject to all applicable provisions of the Plan and/or Insurance Agreement, a Participant shall commence eligibility for benefits from the Plan on the first day he or she satisfies the eligibility requirements of Section 1:202, provided the Participant has enrolled for coverage on such date.

1:204. Enrollment.

- (1) The City shall give each Participant timely written notice of his or her eligibility and his or her right to enroll for coverage under the Plan. A Participant or Retiree may enroll for coverage on a form or forms provided by and filed with the City. In connection with his or her enrollment for coverage, the Participant or Retiree shall furnish all pertinent information requested by the City, Plan Administrator and the Insurance Carrier. The Plan Administrator or the Insurance Carrier may rely upon all such forms and information furnished. The Participant, Retiree, Spouse, and eligible Dependent may be held responsible for costs for the false or incorrect information reported.

- (2) The Retiree shall enroll for coverage at the time of retirement or within the time periods as

specified by the provisions of the applicable Collective Bargaining Agreement or policy.

- (3) Spouse and Dependents shall be eligible for coverage as provided in the Plan or Insurance agreement and in Section 1:202 above. Spouse and Dependents shall be enrolled for coverage under the Plan by the Participant or Retiree at the time the Participant or Retiree enrolls for coverage under the Plan or as provided for in subsection (4).
- (4) Participants or Retirees must report Major Life Event Changes to the City within thirty (30) days of the event in order to change persons covered by their benefit plans (health insurance). Major Life Event Changes may impact eligibility for benefits. If failure to report the event within thirty (30) days results in additional benefit costs by the Plan and Trust due to non-termination of benefits, the Participant or Retiree may be held responsible for such costs.
- (5) In the event a Participant, Retiree, Spouse or Eligible Dependent elects not to receive benefits as provided in the Plan, such individual may enroll for coverage at any time due to a Major Life Event Change provided they satisfy the eligibility requirements for coverage as provided in the Plan pursuant to provisions of any applicable Collective Bargaining Agreement or personnel policy.

1:205. Suspension of Benefits.

Except as provided in Sections 1:206 and 1:207, Participation in the Plan shall be suspended in accordance with the Plan and Insurance Agreement or Applicable Collective Bargaining Agreement in the event of:

- (1) Non-payment of any required Participant or Retiree Contributions.
- (2) A Retiree, Spouse, or Dependent fails or refuses to give notice of other health care coverage, the Plan Administrator shall suspend entitlement to benefits under this Plan until and unless the individual reimburses the Trust for any and all excess costs incurred.

1:206. Termination of Benefits.

Except as provided in Section 1:205, participation in the Plan shall terminate in accordance with the Plan, Insurance Agreement, or applicable Collective Bargaining Agreement, on the earliest of:

- (1) termination of the Plan;
- (2) non-payment of any required Participant or Retiree contributions;
- (3) death of the individual receiving benefits under the Plan;

- (4) a Participant's or Retiree's election in writing to cease coverage under the Plan;
- (5) in the case of a Spouse or Dependent, the date the Spouse or Dependent ceases to be a Spouse or Dependent as defined in this Plan; or
- (6) in the case of a Retiree, if that individual had a contractual agreement with the City to provide health benefits at retirement which did not include benefits for a surviving spouse or surviving dependents, upon the death of the Retiree.

1:207. COBRA Continuation Coverage.

Notwithstanding the provisions of Section 1:204, continuing coverage shall be provided under the Plan to eligible Participants, Retirees, their Spouses and Dependents in accordance with Internal Revenue Code provisions (currently Section 4980B, and Title XXII of the Public Health Services Act ("COBRA continuation coverage"), as amended.

1:208. Health Care Benefits, General.

Beginning on the Effective Date, the City shall provide Health Care Benefits to each eligible Retiree and, if elected, to his or her eligible Spouse and, eligible Dependents, unless modified by an applicable Collective Bargaining Agreement or decision of the City. The benefits provided under the Plan are those set forth in the Plan, Insurance Agreement(s), Collective Bargaining Agreements, personnel policies, personal services contracts and decisions of the Board of Trustees. The Insurance Agreement(s), Collective Bargaining Agreements, personnel policies, and personal services contracts are incorporated herein by reference. A complete description of benefits provided under the Plan and the Insurance Agreement(s), inclusive of those set forth in the Collective Bargaining Agreements, personnel policies, and personal services contracts, shall be maintained by the City or the Plan Administrator.

In accordance with the Plan and Insurance Agreement with the Insurance Carrier, Retirees and their Spouses and Dependents will be entitled to the benefits in effect at the time of such Retiree's retirement from employment with the City ("Base Plan"). The City, at its discretion, may offer Retirees a different benefit. All Retirees, Spouses, and Dependents in receipt of Health Care Benefits at the time of enactment of this Plan and Trust shall continue to be eligible for benefits and shall continue to receive those benefits until the benefits are altered or terminated pursuant to the health care provisions in effect at the time of the Retiree's retirement.

1:209. Health Care Benefits, Cost.

Collective Bargaining Agreements, personnel policies, or personal services contracts may modify this section. In the event of a conflict between this section and a collective bargaining agreement, personnel policy or a personal services contract, the collective bargaining agreement, personnel policy or personal services contract will control.

- (1) For members of Benefit group Police Officers Bargaining Unit – upon retirement, the applicable portion of the cost for the applicable medical, optical and dental coverage for the Retiree, Spouse, and eligible Dependents as delineated in the applicable Collective Bargaining Agreement shall be paid by the Plan and Trust.
- (2) For members of Benefit group Command Officers Bargaining Unit – upon retirement, the applicable portion of the cost for the applicable medical, optical and dental coverage for the Retiree, Spouse, and eligible Dependents as delineated in the applicable Collective Bargaining Agreement shall be paid by the Plan and Trust.
- (3) For members of Benefit group Fire/EMT/Dispatch Bargaining Unit – upon retirement, the applicable portion of the cost for the applicable medical, optical and dental coverage for the Retiree, Spouse, and eligible Dependents as delineated in the applicable Collective Bargaining Agreement shall be paid by the Plan and Trust.
- (4) For members of Benefit group DPW & Clerical Workers Bargaining Unit – upon retirement, the applicable portion of the cost for the applicable medical, optical and dental coverage for the Retiree, Spouse, and eligible Dependents as delineated in the applicable Collective Bargaining Agreement shall be paid by the Plan and Trust.
- (5) For members of Benefit group Non-union employees – upon retirement, the applicable portion of the cost for the applicable medical, optical and dental coverage for the Retiree, Spouse, and eligible Dependents as delineated in the applicable Personnel Policy shall be paid by the Plan and Trust.

1:210. Alternative Policies or Programs.

The City, in its discretion, may offer alternative policies or benefit structures to Participants, Retirees, Spouses and Dependents in addition to the Base Plan. In the event that the City chooses to offer alternative policies or benefit structures, Participants or Retirees and their Spouses and Dependents may transfer from one policy or benefit structure to another policy or benefit structure during open enrollment periods. However, any additional cost above the Base Plan shall be borne by the Participant or Retiree or the Participant's or Retiree's Spouse or Dependents.

1:211. Duplicate Coverage.

In the event that there are two or more Participants or Retirees who (a) are each independently eligible for health care benefits from the City or the Plan, (b) are each also eligible for health care benefits from the City or the Plan as a Spouse or Dependent of a Participant or a Retiree, and (c) wish to receive coverage under this Plan, said parties shall each receive individual coverage as a Retiree. If said Retirees also have eligible Dependents, then both Retirees and all eligible

Dependents shall be eligible to participate in only one policy or program so that one party participates in the one policy or program as the principal insured and the other party(ies) participates in the same policy or program as a Spouse or Dependent of the Participant or Retiree. The Dependent shall suffer no detriment as a result of the disallowance of duplicate coverage.

If the cost to provide separate, individual coverage for two parties who are eligible to receive coverage as both a Retiree and as a Spouse or Dependent exceeds the cost to cover both parties under one policy or program so that only one party participates as the principal insured and the other party participates as a Dependent or Spouse, duplicate coverage may not be provided. The City may, in its sole discretion, require that said parties shall be eligible to participate in only one policy or program so that one party participates in the one policy or program as the principal insured and the other party(ies) participates in the same policy or program as a Spouse or Dependent of the Participant or Retiree. The Dependent shall suffer no detriment as a result of the disallowance of duplicate coverage.

1:212. Medicare Eligibility

Upon attaining the age of Medicare eligibility, pursuant to the terms of the applicable Collective Bargaining Agreements and personnel policies, those eligible Retirees and Spouses shall enroll in both Medicare A and B, and are obligated to pay for Medicare Parts A and B. Once a Retiree is in receipt of Medicare A and B coverage, this Plan will provide medical coverage on a substantially equivalent basis as that coverage provided prior to Medicare eligibility, which shall supplement coverage from Medicare. The Retiree may be required to enroll in any other federal government Medicare program.

1:213. Coordination of Benefits

The City intends that the Plan shall provide each Retiree with payment for health care expenses incurred by the Retiree and, if eligible, his or her Spouse and his or her Dependents, as provided in the Plan and Insurance Agreement. The City does not intend that payment under this Plan shall exceed the amount of the expenses incurred. For this reason, the Plan coordinates benefits with other insurance policies according to industry standards and applicable laws.

(1) Reimbursement.

If an expense is paid under the Plan by the Plan Administrator on behalf of a Retiree, his or her Spouse or Dependents, and such expense subsequently is paid from any other source, in whole or in part, the Retiree, his or her Spouse or Dependents, shall remit to the Plan an amount equal to the duplicated benefits. In addition, the Plan Administrator may reimburse any other Plan, person or entity that has paid an expense on behalf of a Retiree, his or her Spouse or Dependents which expense was payable under this Plan. In such event, the Plan, Plan Administrator, and the Insurance Carrier shall be relieved of all further responsibility with respect to that expense.

(2) Subrogation.

In the event any payment is made by the Trust under the Plan, the Plan and the Trust shall be subrogated and shall succeed to the rights of any Retiree, his or her Spouse and Dependents against any other plan, person or entity for recovery of health care expenses for which such other plan, person or entity legally is liable. All amounts so recovered, by settlement, judgment or otherwise, shall be paid to the Trust. Retirees, their Spouses and Dependents shall furnish such information, execute and deliver such assignments, documents or other instruments, and take whatever steps are necessary to secure the rights of the Plan. Retirees, their Spouses and Dependents shall take no action to prejudice the rights and interests of the Plan hereunder.

(3) Effect of Exclusions.

The provisions of this Section shall not be construed to create any independent right to payment of any benefit under this Plan. Any exclusion or limitation contained in the Plan or Insurance Agreement shall supersede any provision of this Section regarding coordination of benefits.

1:214. Plan Administration, City Duties.

- (1) The City shall be responsible for complying with the Code's reporting and disclosure requirements and for the purpose of fulfilling such other Plan administrative functions as are not specifically assigned to the Plan Administrator or Insurance Carrier. The City may employ a Plan Administrator or Insurance Carrier who will be responsible for the interpretation, administration and the payment of health care claims under the Plan.
- (2) The City also shall be responsible for the performance of its duties as employer and Plan sponsor under applicable Code Sections. The City may delegate all or any part of its Plan administration responsibilities. Any such delegation shall be done in writing.
- (3) The City may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Plan. Any fiduciary, agent, representative or other person performing services to or for the Plan shall be entitled to reasonable compensation for services rendered, unless such person is employed by the City and already receives full pay from the City, and to reimbursement for expenses properly and actually incurred.
- (4) The City shall furnish the Plan Administrator or Insurance Carrier, while this Plan is in effect, any information as may be required, at intervals and in the form prescribed by the Plan Administrator or Insurance Carrier, for the enrollment of Retirees, Spouses and/or

Dependents for coverage under the Plan and for the processing of terminations or other changes in coverage of Retirees, Spouses and Dependents and also shall furnish to the Plan Administrator or Insurance Carrier such other information required for the administration of the Plan.

1:215. Plan Administration, Insurance Carrier Duties.

Each Insurance Carrier shall have the responsibility for interpreting and administering its respective Insurance Agreement and for processing and paying benefit claims thereunder, and shall provide the City with such information as the City may deem necessary to permit the timely filing of all reports required by law. The Insurance Carrier also shall provide a description of the benefits provided under its respective Insurance Agreement to the Retirees, Spouses and Dependents, or to the City for distribution to Retirees, Spouses and Dependents.

1:216. Plan Administration, Plan Administrator Duties.

The Plan Administrator as set forth in Section 1:102(19) shall have the responsibility for interpreting and administering the Plan and for processing and paying benefit claims thereunder, and shall provide the Trustees with such information necessary to permit the timely filing of all reports required by applicable laws or regulations governing the Trust.

1:217. Health Care Benefits, Claims Procedures.

A claim for benefits under the Plan must be submitted in writing to the Plan Administrator or Insurance Carrier in accordance with procedures established by the Plan Administrator or the Plan or Insurance Carrier as communicated in writing to Retirees, Spouses and Dependents. The Plan Administrator or Insurance Carrier shall provide written notice within 30 days to any Participant or Qualified Beneficiary whose claims for benefits under this Plan have been denied, setting forth the specific reasons for such denial, written in a manner calculated to be understood by the party. The Plan Administrator or respective Insurance Carrier has responsibility for the resolution of disputes involving payment of benefits under the portion of the Plan assigned to the Plan Administrator or Insurance Agreement with the Insurance Carrier. The Plan Administrator or Insurance Carrier shall afford a reasonable opportunity to any Participant or Qualified Beneficiary whose claim for benefits has been denied for a full and fair review of the decision denying the claim.

DECLARATION OF TRUST

1:300. Irrevocable Trust, Established.

The Trust, established in accordance with the Public Employee Health Care Fund Investment

Act, Public Act 149 of 1999, as amended (MCL §38.1211 et seq.), shall be an irrevocable trust administered consistent with applicable federal and Michigan law, and shall constitute a governmental trust under Section 115 of the Code, as amended, Revenue Rulings 77-261 and 90-74, and other relevant guidance. The Trust is intended to fund the City's accident and health plan, which is a group health plan established under applicable provisions of the Internal Revenue Code, the regulations promulgated under each, and applicable federal and Michigan law. The Trust shall conform to all applicable sections of the Internal Revenue Code, the applicable Collective Bargaining Agreements, the statement of purpose in this Trust, and all statutes, ordinances, rules, regulations, arbitrators' awards and judicial decisions interpreting the foregoing provisions.

The Trust shall consist of City Contributions, any Contributions which may be paid by Employees, Retirees and other Qualified Beneficiaries due pursuant to the provisions of an applicable Collective Bargaining Agreement or City personnel policy, all investments made or held under Trust, and all income therefrom, both received and accrued, and any other property, which may be received or held by reason of this Trust. Any funds paid by Retirees and other Qualified Beneficiaries as a result of premium sharing required pursuant to an applicable Collective Bargaining Agreement or City policy, shall be paid directly to the City and/or the applicable Insurance Carrier and shall not be paid into the Trust.

1:301. Use of Trust Assets.

- (1) No part of the net earnings of the Trust may inure to the benefit of any Participant, Retiree or other beneficiary other than by benefit payments or for services provided to the Trustees in their administration of the Trust. The Trust assets shall not be used for or diverted to purposes other than to provide the benefits contemplated under the Plan for the exclusive benefit of Retirees and their eligible Spouses and eligible Dependents, except any administrative expenses for which the Trust is liable. A portion of net earnings may be used for payment for reasonable and necessary professional services, costs and expenses related to assisting the Trustees in the operation of the Trust.
- (2) All income, profits, recoveries, contributions, forfeitures and any and all monies, securities and properties of any kind at anytime received or held by the Trustees hereunder, shall become part of the Trust when received, and shall be held for the use and purposes hereof.

1:302. Funding.

- (1) For the purpose of creating and maintaining a fund for the payment of health care benefits payable as provided in this Plan, the City will pay to the Trust an amount consistent with the actuarial valuations and calculations made by the Actuary for the Trust to result in a pre-funded plan. The City reserves the right to fund these health care benefits on a "pay-as-you-go" basis and the right to provide such lesser amount as the City determines. Such contributions shall also be made in accordance with any regulations of the Board of Trustees as are not inconsistent with the authority stated in this Plan and any Collective Bargaining Agreements between the Collective Bargaining Associations and the City regarding this Plan.

- (2) Commencing at such date as shall be determined by City Council, all active, non-union Participants shall contribute a percentage of their applicable wages to the Trust. The percentage shall be set by resolution of the City Council, or an applicable personnel policy, and may be amended by resolution of the City Council, or an applicable personnel policy. The Participants will pay such contributions, to the extent allowable under applicable law, to the Trust on a post-tax basis.
- (3) Participants who are members of a Collective Bargaining Association shall make contributions to the Trust in such amounts as required pursuant to the provisions of their applicable Collective Bargaining Agreement.
- (4) The officer or officers responsible for making up the payroll shall cause the contributions provided for in this subsection to be deducted from the compensation of each Participant on each and every payroll, for each and every payroll period, so long as he or she is a Participant of the plan. The Participant's contributions provided for in this subsection shall be made notwithstanding that the minimum compensation provided by law for any Participant is thereby changed, each Participant shall be deemed to consent and agree to the deductions made and provided for in this subsection. When deducted, the contribution shall be paid to the trust and shall be credited to the Participant's individual account from whose compensation such deduction was made.
- (5) Participants who cease employment prior to satisfying the eligibility requirements for the receipt of health care benefits payable as provided in this Plan, or who are otherwise ineligible for receipt of the health care benefits payable as provided in this Plan, shall receive a refund of his or her Participant contributions standing to his or her credit in the Trust upon his or her demand in writing on forms furnished by the Board. No interest shall be credited or paid on Participant contributions.
- (6) Qualified Beneficiaries shall contribute those amounts required for additional coverage as required by an applicable Collective Bargaining Agreement and/or City personnel policy, and otherwise as determined by the Trustees.
- (7) Subject to the tax provisions of applicable ordinances, resolutions and state law, the Trustees may, to the extent matters are not set forth in the Trust, in their discretion decide the manner and means of payments, the procedures to be followed in making the payments, and the forms required to accompany the payments to the Trust. Upon determination by the Trustees of these matters, the Trustees shall provide written notice to the City and will provide for payments by the City to be made pursuant to the rules and regulations of the Trust.
- (8) Time is of the essence in making and processing all payments to the Trust. The parties recognize that the regular and timely payments of Contributions are essential to the operation of the Trust and the providing of benefits under various insurance programs.

1:303. Board of Trustees.

- (1) The Board of Trustees shall consist of five (5) trustees which shall be the same elected and appointed individuals that serve on the City of Grosse Pointe Woods Employees Retirement System Board of Trustees, as follows:
 - (a) The Mayor, by virtue of his/her position.
 - (b) A member of the City Council as selected by the Council, and serving at the pleasure of the Council.
 - (c) A citizen, who is an elector and taxpayer of the City and who is not a member, retiree or beneficiary of the Retirement System, appointed by the mayor with the consent of Council.
 - (d) A public safety member elected by the public safety members.
 - (e) A general member elected by the general members.
- (2) The general administration, management and responsibility for the proper operation of the Trust and for making effective and construing the provisions of the Trust shall be vested in the Board of Trustees established by this Section, consistent with applicable state and federal laws and regulations. A Trustee or other fiduciary under the Trust shall discharge his or her duties with respect to the Trust solely in the interest of the Participants and Qualified Beneficiaries for the exclusive purpose of providing benefits to Participants and Qualified Beneficiaries and paying reasonable expenses of administering the Trust. A Trustee shall discharge his or her duties with the care, skill, and caution under the circumstances then prevailing which a prudent person, acting in a like capacity and familiar with those matters, would use in the conduct of an activity of like character and purpose.
- (3) The election of the Trustees as provided in subsection (1) of this section shall be held under such rules and regulations, as the Board of Trustees shall adopt.

1:304. Trustees' Terms of Office.

- (1) The regular terms of office of the Trustees shall be as follows:
 - (a) The Mayor, for the duration of his/her position as Mayor of the City.
 - (b) The member of City Council, for the duration of his/her position, or if earlier, until such time as City Council selects another member of City Council.
 - (c) The citizen Trustee shall have a three (3) year term of office.
 - (d) The public safety Trustee shall have a three (3) year term of office.

- (e) The general member Trustee shall have a three (3) year term of office.

The term of the Trustees shall be identical to and coincide respectively with the term each Trustee serves as a member of City of Grosse Pointe Woods Employees Retirement System Board of Trustees. Upon expiration of his or her term, each Trustee shall continue to serve until a successor has been appointed.

- (2) Each Trustee shall serve until the expiration of his or her term of office or until his or her death, incapacity, resignation or removal.
- (3) In the event an employee member Trustee leaves the employ of the City, he or she shall be considered to have resigned from the Board. The Board shall, by resolution, declare his/her office of Trustee vacated as of the date of such resolution. Any vacancy occurring in the office of Trustee shall be filled within sixty (60) days following the date of the vacancy, for the unexpired portion of the term, in the same manner in which the office was previously filled.
- (4) If a Trustee as provided in 1:303(1)(b)-(e) shall fail to attend scheduled meetings of the Board for three consecutive meetings, unless in each case excused for cause by the remaining Trustees attending such meeting, the Trustee shall be considered to have resigned from the Board, and the Board shall, by resolution, declare the office of the Trustee vacated as of the date of adoption of such resolution. Any vacancy occurring in the office of Trustee shall be filled within sixty (60) days following the date of the vacancy, for the unexpired portion of the term, in the same manner in which the office was previously filled.
- (5) A vacancy or vacancies in the office of the Trustees shall not impair the powers of the remaining Trustees to administer the affairs of the Trust, provided there are sufficient Trustees to constitute a quorum.

1:305. Officers and Administration.

- (1) At its first meeting in the calendar year, the Trustees shall elect a chairperson, a vice chairperson, and a secretary. The chairperson, vice chairperson, and secretary shall serve a term of one (1) year or until a new chairperson, vice chairperson, and secretary are elected.
- (2) Consistent with applicable state and federal laws and regulations, the Trustees shall have the power to promulgate rules and regulations for the day-to-day management of the Trust, the investment of monies held by the Trust, to determine all questions regarding the interpretation of the Trust, and such other Trust related subjects as shall be deemed necessary and proper by the Trustees. If any rule or regulation of the Trust or part thereof is found to be in conflict with any law, statute, judicial decision, arbitration decision or any other competent body or tribunal, such rule or regulation or part thereof shall be deemed voided and, all other rules and regulations of the Trust shall remain in full force and effect.

- (3) Whenever the signature of a Trustee is required on any document, signature of the chairperson or the vice chairperson, only as authorized by the Board of Trustees, shall be required.
- (4) In the event of any suit brought against the Trustees arising out of the acts within the scope and powers and duties of the Trustees, or in the event of any lawsuit brought by the Trustees as authorized by the Plan and Trust, the cost of defense or prosecution of such lawsuit shall be charged to the Trust, and shall be paid directly from the Trust, provided such costs are not incurred by reason of bad faith, gross negligence, or breach of a fiduciary obligation to the Trust or to the beneficiaries thereof.
- (5) The Board of Trustees may employ such other clerical staff or administrative staff to perform whatever administrative activities are required in the proper performance of the Trust. In addition thereto, the Trustees may, if they desire, utilize other staff to perform such clerical and administrative duties as they may, in their sole discretion, determine is reasonably and prudently necessary to carry out the Trust's activities and purposes. Under no circumstances shall said staff have control or authority with respect to the management of the Trust or its assets. The said staff shall not be clothed with any type of authority or power which will constitute the staff as a fiduciary. Said staff will not have the power or authority to act as an investment counselor or manager and will not be authorized to furnish investment advice.
- (6) The Board of Trustees may utilize City staff for such functions as personnel administration, accounting, banking and purchasing and will comply with all established City control procedures and policies related to these services. The Board will annually reimburse the City for actual costs of these services as determined by a method jointly agreed upon by the Board of Trustees and the City.
- (7) Employees of the City, upon the request of the Board of Trustees, may also be assigned to the Trust for the proper operation of the Trust. Said employees shall be subject to the supervision of the Board of Trustees. The Board of Trustees shall have the authority to establish job descriptions and promulgate rules and regulations appropriate for the Trust in addition to those adopted by the City. The Board will annually reimburse the City for the actual costs of these employees as determined by a method jointly agreed upon by the Board and the City.
- (8) The Board of Trustees may employ an investment manager(s) to manage the assets of the Trust. Such investment manager(s) must be registered under the Investment Advisor's Act of 1940, as amended, (15 USCS 80b-1) and must meet any applicable state and federal requirements to act as an investment manager. The Trustees may, if they deem proper in their discretion, or if the circumstances require it, appoint such investment manager, managers, banks or insurance companies as fiduciaries and enter into an agreement with such institutions, naming it a fiduciary and conveying to such fiduciary all or a portion of the assets of the Trust, so that said fiduciary may handle, manage and hold those assets conveyed

to it. All assets conveyed to said fiduciary shall be subject to the provision of the agreement or agreements between the Trustees and the fiduciary.

- (9) The Board of Trustees may employ legal counsel with whom they may seek advice, consult, require attendance at meetings, and to otherwise represent the Trustees in matters relating to the Trust. The City attorney shall also be legal advisor to the Board of Trustees.
- (10) The Board of Trustees may authorize the purchase of insurance for the Trust and for the Trustees to cover liability or losses occurring for any reason, including but not limited to, an act or omission (errors or omissions) of a fiduciary, including the Trustees; provided however, that such insurance policy permits recourse by the insured against the fiduciary, including the Trustee or Trustees involved, in case of breach of fiduciary obligation by the fiduciary.
- (11) The Board of Trustees shall appoint an Actuary who shall advise the Trustees on the actuarial operation of the Plan and Trust. The Trustees shall, from time to time, adopt such mortality and other tables of experience and a rate or rates of regular interest as are necessary in the operation of the Trust on an actuarial basis.

1:306. Board Meetings.

- (1) The Trustees shall meet at least once quarterly. The Trustees shall determine the time for the regular meetings of the Trustees and the place or places where such meetings shall be held. The Plan Administrator or his or her designee shall be responsible for giving notice of the time and place of such meetings to the other Trustees.
- (2) Notice and conduct of all meetings of the Trustees, both regular and special, shall be given in accordance with applicable law including the Michigan Open Meetings Act (MCL 15.261 et seq.).
- (3) The Board of Trustees shall adopt its own rules of procedure and shall keep a record of its proceedings. Three (3) Trustees shall constitute a quorum at any meeting of the Board of Trustees. Each Trustee shall be entitled to one vote on each question before the Board of Trustees and at least three (3) concurring votes.

1:307. Compensation.

All Trustees shall serve without compensation as members of the Board of Trustees, except that employee Trustees shall suffer no loss in compensation on account of their services as Trustees.

1:308. Trustees' Powers and Responsibilities.

The Trustees shall hold all the powers that are necessary to carry out the purposes of the Trust and are generally available to Trustees under the laws of the State of Michigan, except as limited by

the Trust and by federal law and regulations. It is intended that the Plan and Trust shall be tax exempt and shall qualify under the Internal Revenue Code and any amendments of the Code applicable to plans of this type. The Trustees shall have the continuing duty to propose, to the City, amendments to this Plan to the extent it becomes necessary to qualify said Plan under the Internal Revenue Code and to continue the tax exempt status of the Trust. The Trustees shall take no action nor make any determination inconsistent with any qualification or ruling of the Internal Revenue Service, an arbitrator or the courts with respect to the Trust. In the case of amendments to the Internal Revenue Code or changes of regulations by the Internal Revenue Service or the Labor Department, the Trustees are empowered to take all necessary action(s) authorized by the Plan and Trust, federal and state law and regulations, to continue the qualification of the Trust as a qualified Trust. In carrying out the purposes of the Trust, the Trustees shall have the following powers and duties:

- (1) The Trustees shall, in order to effectuate the purposes of the Trust, be bound by the terms of the Plan and any applicable Collective Bargaining Agreements between the City and the Collective Bargaining Associations, or applicable personnel policies.
- (2) Consistent with applicable state and Federal laws and regulations, the Trustees shall have the power to promulgate rules and regulations for the day-to-day management of the Trust, the investment of monies held by the Trust, to determine all questions regarding the interpretation of the Trust, and such other Trust related subjects as shall be deemed necessary and proper by the Trustees. If any rule or regulation of the Trust or part thereof is found to be in conflict with any law, statute, judicial decision, arbitration decision or any other competent body or tribunal, such rule or regulation or part thereof shall be deemed void and all other rules and regulations of the Trust shall remain in effect.
- (3) Whenever the signature of a Trustee is required on any document, signature of the chairman or the Plan Administrator, only as authorized by the Board of Trustees, shall be required.

1:309. Investment of Trust Assets.

Except as otherwise provided, the Board shall have complete control of the management and administration of the Trust and shall have all powers necessary or convenient to enable it to exercise such control.

- (1) The Trustees shall be authorized, pursuant to the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999, as amended, (MCL §38.1211 et seq.) to invest the assets of the Trust in accordance with the provisions of the Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended (MCL §38.1132 et seq.).
- (2) The Board shall invest and reinvest the principal and income of the Trust, without distinction between principal and income, in its sole discretion. The Board in its sole discretion may keep such portion of the Trust in cash or cash balances as the Board may from time to time deem to be in the best interests of the Trust.

- (3) To the extent permitted by law, the Board may commingle the investment of the Trust with other funds that it administers.

1:310. Board Liabilities.

The Board's responsibilities and liabilities shall be subject to the following limitations and other limitations as set forth in the Trust:

- (1) The Board shall have no duties other than those expressly set forth in this Trust and those imposed on the Board by applicable laws.
- (2) The Board shall be responsible only for money and property actually received by the Board, and then to the extent described in this Trust.
- (3) The Board shall not be responsible for the correctness of any determination of payments or disbursements from the Trust.
- (4) The Board shall have no liability for the acts or omissions of any predecessor or successor in office.
- (5) The Board shall have no liability for the acts or omissions of any (i) Investment Manager or Managers; (ii) insurance company; (iii) investment fund; or (iv) contractor.
- (6) In the event of any suit brought against the Trustees arising out of the acts within the scope and powers and duties of the Trustees, or in the event of any lawsuit brought by the Trustees, the cost of defense or prosecution of such lawsuit shall be charged to the Trust, and shall be paid directly from the Trust, provided such costs are not incurred by reason of bad faith, gross negligence, or breach of a fiduciary obligation to the Trust or to the beneficiaries thereof.
- (7) The Board may authorize the purchase of insurance for the Trust and for the Trustees to cover liability or losses occurring for any reason, including, but not limited to, an act or omission (errors or omissions) of a fiduciary, including the Trustees; provided however, that such insurance policy permits recourse by the insured against the fiduciary, including the Trustee or Trustees involved, in case of breach of fiduciary obligation by the fiduciary.

1:311. Trust Liabilities.

- (1) The City shall not be liable for payment to the Trust of any amount. Neither the City, nor any Participant or Qualified Beneficiary or Trustee shall be liable for any debts, liabilities or

obligations of the Trust except as provided for in this Chapter. Neither the City nor any Participant or Qualified Beneficiary shall have any right to the return of any money properly paid into the Trust, except as otherwise specifically provided in this Plan and Trust, or to money improperly paid which has already been invested or distributed. Any contribution improperly paid into the Trust by the City or on behalf of a Participant or Qualified Beneficiary shall be returned by the Trustees upon the request of the City, the Participant or the Qualified Beneficiary or upon discovery by the Trustees that such monies have been improperly paid into the Trust, unless those monies have already been invested or distributed.

- (2) Neither the City nor the Board or its Trustees shall be responsible for the validity of any Insurance Agreement issued in connection with the Trust or for the failure on the part of the Insurer to make payments provided by such Insurance Agreement, or for the action of any person which may delay payment or render an Insurance Agreement null and void or unenforceable in whole or in part. Notwithstanding the establishment of the Trust or anything contained in this agreement, the Trustees shall not be empowered to interpret the rights and obligation of the City or any Collective Bargaining Agreements.
- (3) No part of the Trust or any benefits payable by the Trustees shall be subject to alienation, sale, transfer, assignment, pledge or encumbrance charge by any person. No Participant or Qualified Beneficiary shall be entitled to receive any part of the Contributions made by the City or payments required to be made by the Trust, in lieu of such benefits provided under the Plan as determined by the Trustees in accordance with the Trust.

1:312. Reports.

- (1) The Trustees, or their respective designees, shall establish a uniform system for the timely transmission of required reports and contributions.
- (2) The Trustees, in accordance with the requirements of law, may direct an impartial firm of independent certified public accountants to act as agent of the Trustees to examine the payroll records and reports as may be necessary to determine the monies due on behalf of a Participant or Qualified Beneficiary covered by this Trust and to make a written report to the Trustees.
- (3) The Trustees shall maintain, or cause to be maintained, proper books of accounts and records of and for the administration of the Trust, including the minutes of all meetings, make them available for inspection during reasonable business hours by the City, or any Participant or Qualified Beneficiary covered by the Plan and Trust.
- (4) The financial records of the Trust shall be subject to the annual audit of the City. The Trustees shall fully comply with all applicable statutory and municipal budgetary and accounting procedures and provide access to or documentation of all assets and liabilities of

the Trust and a resume of the operations of the Trust for the preceding year together with such other data as may be required by law or as part of the City's annual financial report.

- (5) The records of the Trust shall be maintained to protect the confidentiality of Participants and Qualified Beneficiaries. The following shall be excluded from the above reporting requirements, except with the written authorization of the individual concerned:
- (a) An individual's statement of previous service and other information that must or may be kept confidential under Michigan or Federal law;
 - (b) The amount of a benefit paid from the Trust for an individual's Medical Expenses;
 - (c) The individual's personal history record, which means information maintained by the Plan Administrator on an individual who is a Participant or Qualified Beneficiary, that includes the address, telephone number, social security number, record of contributions, correspondence with the Plan Administrator, or other information the Plan Administrator determines to be confidential.
 - (d) For purposes of this section, all medical reports and recommendations required by the Plan are privileged, except that copies of such medical reports or recommendations shall be made available to the personal physician, attorney, or authorized agent of the individual concerned upon written release from the individual or the individual's agent, or when necessary for the proper administration of the Plan, to the physician or medical personnel assigned by the Plan Administrator.

I:313. Termination of the Trust.

- (1) Subject to the limitations of this Plan and Trust, the parties hereby contemplate that new employment benefit decisions may be made by the City and new Collective Bargaining Agreements may be entered into which continue or modify the provisions of the Trust. The Trust shall continue during such period of time as may be necessary to carry out the provisions of any Plan or Collective Bargaining Agreement requiring payment to the Trust and the fact that such Collective Bargaining Agreements or employment benefit decisions are not extended, shall not by itself terminate the Trust, which shall continue for a period of time sufficient to wind up the affairs of the Trust.
- (2) Provided there are no longer any retirees or Qualified Beneficiaries eligible for benefits from the Trust, the Trust may be terminated at any time by the Trustees so long as the termination is not inconsistent with any then existing City decisions. It shall not be necessary for the City to execute such an agreement for the Trust to terminate.

Draft Dated June 9, 2011

- (3) If the Trust shall terminate, the Trustees shall notify any Insurance Carrier or Carriers then providing insurance to Retirees and Qualified Beneficiaries in the Trust as soon as administratively feasible.
- (4) In the event of the termination of the Trust, the remaining funds available after providing for all the outstanding obligations, shall be used in a manner as will, in the opinion of the Trustees, best effectuate the purposes of the Trust, including, but not limited to, the purchase of insurance benefits.

THE REST OF THIS PAGE REMAINS BLANK INTENTIONALLY.

Draft Dated June 9, 2011

IN WITNESS WHEREOF, this document has been signed and sealed on behalf of the City of Grosse Pointe Woods by its duly authorized officers, on this ____ day of _____, 2011.

CITY OF GROSSE POINTE WOODS

ATTEST:	BY: _____
_____	ITS: _____

ATTEST:	BY: _____
_____	ITS: _____

ATTEST:	BY: _____
_____	ITS: _____

5A

TABLE 14B-Annual Costs & Percentages

	Estimated Fee or Charge Value								
Water Fund	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Meter Charge (2 Month) - Per Equivalent Meter	\$ 10.50	\$ 10.50	\$13.88	\$14.82	\$15.83	\$16.92	\$18.08	\$19.33	\$20.67
Capital Improvements Charge (2 Mo.) - Per Account Meter	\$ 7.50	\$ 7.50	\$16.31	\$20.03	\$20.16	\$20.30	\$20.30	\$20.30	\$20.30
Billing Charge (2 Month) - Per Account Meter	\$ 0.85	\$ 0.85	\$1.00	\$1.05	\$1.08	\$1.13	\$1.18	\$1.24	\$1.30
Commodity Charge / HCF	\$ 2.45	\$ 2.64	\$2.04	\$2.09	\$2.36	\$2.42	\$2.65	\$2.90	\$3.05
Avg. Annual Residential Rate @ 20 CCF/ 2 Mo.	\$ 407.10	\$ 429.90	\$ 431.94	\$ 466.20	\$ 505.62	\$ 520.50	\$ 555.36	\$ 593.22	\$ 619.62
Percent Water Increase		5.60%	0.47%	7.93%	8.46%	2.94%	6.70%	6.82%	4.45%
SEWER FUND									
Meter Charge (2 Month) - Per Equivalent Meter	\$ 10.50	\$ 10.50	\$29.82	\$31.87	\$32.56	\$36.42	\$38.94	\$41.63	\$44.54
Capital Improvements Charge (2 Mo.) - Per Account Meter	\$ 4.69	\$ 7.50	\$4.69	\$6.97	\$9.20	\$9.20	\$10.41	\$11.63	\$11.65
Billing Charge (2 Month) - Per Account Meter	\$ 0.85	\$ 0.85	\$1.00	\$1.05	\$1.08	\$1.13	\$1.18	\$1.24	\$1.30
Commodity Charge / HCF	\$ 1.65	\$ 1.80	\$1.60	\$1.65	\$1.74	\$2.07	\$2.29	\$2.54	\$2.75
Avg. Annual Residential Rate @ 20 CCF/ 2 Mo.	\$ 294.24	\$ 329.10	\$ 405.06	\$ 437.34	\$ 465.84	\$ 528.90	\$ 577.98	\$ 631.80	\$ 674.94
Percent Sewer Increase		11.85%	23.08%	7.97%	6.52%	13.54%	9.28%	9.31%	6.83%
Avg. Annual Residential Rate @ 20 CCF/ 2 Mo.	\$ 701.34	\$ 759.00	\$ 837.00	\$ 903.54	\$ 971.46	\$ 1,049.40	\$ 1,133.34	\$ 1,225.02	\$ 1,294.56
Percent Water & Sewer Increase		8.22%	10.28%	7.95%	7.52%	8.02%	8.00%	8.09%	5.68%

MEMORANDUM

TO: Alfred Fincham, City Administrator

FROM: Scott Lockwood, Consulting City Engineer

DATE: June 9, 2011

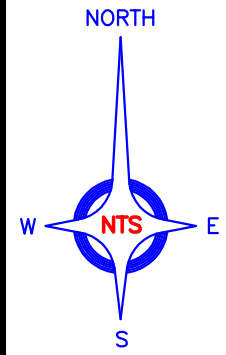
SUBJECT: Sewer Revolving Fund Projects
AEW Project No. 0160-0344

We have reviewed the proposed State Revolving Fund (SRF) Projects. The attached sewer map shows which sections will be addressed as part of the SRF project. Critical priority is highlighted with color and high to low priority is shaded in gray. The estimated costs by priority for the projects included in the City's SRF are as follows:

Critical-	\$1,250,000
High-	\$2,350,000
Medium-	\$2,400,000
Low-	\$500,000
Total	\$6,500,000

The system was televised in late 2007 and early 2008. Our experience leads us to believe the condition of the sewer system has since further deteriorated. The cost estimates above primarily include sewer lining. However, if nothing is done with the sewer and a failure was to occur, the cost to repair by open cut methods would range from 4 to 20 times the costs in the estimates above. It is our recommendation the rehabilitation work outlined above and shown on the attached map (critical to low priority) be completed as soon as SRF funds are available.

If the City's project does not make the SRF fundable range, an annual surplus of approximately \$300,000 would be generated based on the proposed User Charge System. We recommend using the surplus funds to address the most critical sections of sewer included in the SRF until which time the City receives SRF funds. The critical projects we would recommend this year are highlighted in yellow on the attached map. They have been selected based on the number of users that would be affected if the sewer were to fail.



CITY OF ST. CLAIR SHORES
MACOMB COUNTY

CITY OF HARPER WOODS

CITY OF GROSSE POINTE SHORES

CITY OF GROSSE POINTE FARMS

CITY OF DETROIT



- CRITICAL FCPP LOCATIONS
- CRITICAL POINT REPAIR LOCATIONS
- CRITICAL SCIPP LOCATIONS
- CRITICAL OPEN CUT LOCATIONS
- NON-CRITICAL FCPP LOCATIONS
- NON-CRITICAL POINT REPAIR LOCATIONS
- NON-CRITICAL SCIPP LOCATIONS
- NON-CRITICAL OPEN CUT LOCATIONS
- SANITARY SEWERS

REVISIONS / UPDATES	DATE	REMARKS	DATE	REMARKS

ANDERSON, BECKSTEIN AND WESTRICK, INC.
Civil Engineers • Surveyors • Architects
4400 Riverchase Blvd., Suite 200, Houston, TX 77056
Phone: 281-760-0200 Fax: 281-760-0201

PLOT DATE: JUNE 9, 2011 DRAWING DATE: JUNE 2, 2011
PLOT SCALE: N.T.S. DRAWING SCALE: N.T.S.
PROJECT NO.: 0180-0344
SHEET NO.: 01 OF 01
ATTACH: NONE
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CITY OF GROSSE POINTE WOODS
MAYOR: ROBERT E. NOVITKE
ADMINISTRATOR: ALFRED J. PINCHAM III
COUNCIL:
ARTHUR W. BRYANT
VICTORIA GRANGER
LISA PINKOS HOWLS
KEVIN KETELS
TODD A. MCCONAGHY
JOSEPH R. SUCHER

City of Grosse Pointe Woods

Critical Sanitary Repair Locations