

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

THE CITY OF PONTIAC RETIRED
EMPLOYEES ASSOCIATION, DELMER
ANDERSON, JOHN CLAYA, THOMAS
HUNTER, HENRY C. SHOEMAKER,
YVETTE TALLEY and DEBRA WOODS,

Plaintiffs,

Case No. 2:12-cv-12830
Hon. Avern Cohn

v.

LOUIS SCHIMMEL, INDIVIDUALLY
AND IN HIS CAPACITY AS EMERGENCY
MANAGER OF THE CITY OF PONTIAC,
CATHY SQUARE, INDIVIDUALLY AND
IN HER OFFICIAL CAPACITY AS
DIRECTOR OF THE HUMAN RESOURCES
AND LABOR RELATIONS DEPARTMENT
OF THE CITY OF PONTIAC AND
THE CITY OF PONTIAC,

Defendants.

**IMPORTANT NOTICE ABOUT HEALTH BENEFITS FOR CITY OF
PONTIAC RETIREES AND THEIR FAMILIES**

Please read this notice carefully if:

1. You worked for the City of Pontiac and/or the City of Pontiac Housing Commission;
and
2. The terms of your employment with the City of Pontiac were controlled by a collective bargaining agreement;
and
3. You retired and are entitled to health benefits from the City of Pontiac or you are the spouse, surviving spouse or dependent of a City of

Pontiac retiree and are entitled to health benefits;
and

4. All or part of your health benefits were changed or eliminated in 2011 and 2012 by the then-Emergency Manager.

This notice is an official communication from a United States Federal Court. This notice is about the proposed settlement of a lawsuit that may affect your legal rights. This notice includes information about the proposed settlement, retiree health benefits, a settlement fairness hearing scheduled by the Court, and the process for being heard by the Court. **THE KEY POINTS OF THE SETTLEMENT ARE SUMMARIZED IN SECTION 10 OF THIS NOTICE.**

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1. THE PURPOSE OF THE NOTICE

This is an official notice from the United States District Court for the Eastern District of Michigan. A class action lawsuit is pending in the Court. The Court has been asked to approve a proposed settlement of that lawsuit. The lawsuit and the proposed settlement affect certain City of Pontiac retirees and their family members. If you are among those described above and in Section 2 of this notice, you likely are part of the class covered by the lawsuit. If so, the proposed settlement addresses your retiree health benefits.

The Court has preliminarily approved the proposed settlement. The Court will hold a hearing at which class members can present their views on the proposed settlement. At the hearing, the Court will consider giving final approval to the proposed settlement. The Court will only give final approval if, after considering all viewpoints presented by the parties to the lawsuit and class members, the Court decides that the proposed settlement is fair, reasonable and adequate under all the circumstances.

The terms of the proposed settlement are set out in the Settlement Agreement attached to this notice. This notice summarizes those terms. You can use the information in the Settlement Agreement and in this notice to assess the proposed settlement. If you approve of the proposed settlement, or if you do not wish to be heard, you do not need to take any action. If you want to object to the proposed settlement and ask that the Court not approve it, you must follow the objection procedure explained in Section 8 of this notice. Again, if you do not object to the proposed settlement, you do not need to contact the Court or take any other action after reading this notice.

2. THE LAWSUIT

The Lawsuit – titled *The City of Pontiac Retired Employees Association, Delmer Anderson, John Claya, Thomas Hunter, Henry C. Shoemaker, Yvette Talley, and Debra Woods v. the City of Pontiac, et al*, Docket No. 2:12-cv-12830 – was filed in the U.S. District Court for the Eastern District of Michigan on June 27, 2012.

The Lawsuit was brought by the City of Pontiac Retired Employees Association, and by six individuals who are former City of Pontiac employees. They are: (1) Delmar Anderson, who was the Executive Director of the Downtown Development Authority at the time he retired from the City of Pontiac; and (2) John Claya, a City of Pontiac retiree, (3) Thomas Hunter, who was a Deputy City Attorney at the time he retired from

the City of Pontiac; (4) Henry C. Shoemaker, a City of Pontiac retiree; (5) Yvette Talley, a City of Pontiac retiree; and (6) Debra Woods, a City of Pontiac retiree. John Claya, Thomas Hunter, Henry C. Shoemaker, Yvette Talley and Debra Woods are the "class representatives." They sued for themselves and on behalf of approximately 1,500 retirees and the retirees' spouses and dependents and surviving spouses. The City of Pontiac Retired Employees Association, the six class representatives, and the class are collectively called the "Plaintiffs." The Plaintiffs sued the City of Pontiac, Louis Schimmel (a former City of Pontiac Emergency Manager) and Cathy Square (a former City of Pontiac Emergency Manager), who are collectively called the "Defendants."

The Plaintiffs are represented by attorneys Gregory T. Gibbs and Alec Scott Gibbs, of the Law Office of Gregory T. Gibbs in Flint, Michigan. The Plaintiffs' attorneys are collectively called "Class Counsel." The Defendants are represented by Giarmarco, Collins & Horton, P.C. of Troy, Michigan, and the City of Pontiac is also represented by the Miller, Canfield, Paddock & Stone Law firm in Detroit, Michigan.

The Court certified the class on June 11, 2018.

The Court found that the class is so numerous that joinder of all members as individual plaintiffs is impracticable, that there are questions of law and fact common to the class, that retirees Claya, Hunter, Shoemaker, Talley and Woods, and Class Counsel, will fairly and adequately represent the class, and that the requirements for class action status set out in Federal Rule of Civil Procedure 23 are otherwise satisfied.

3. THE CLAIMS AND SETTLEMENT NEGOTIATIONS

a. Plaintiffs' Claims

In the Lawsuit, Plaintiffs claim that the Defendants are obligated to keep promises made in various collective bargaining agreements to provide hourly retirees, spouses and dependents with certain lifetime health benefits. Plaintiffs claim that Defendants broke these promises beginning in 2011, when then-Emergency Manager Louis Schimmel modified those collective bargaining agreements and shifted the costs of premiums, prescription drugs and other co-payments to retirees, and eliminated disability, vision and hearing coverage for all retirees.

Plaintiffs sued the Defendants for an Unconstitutional Impairment of Contract Rights (Count I), a violation of the Bankruptcy Clause and the Supremacy Clause of the United States Constitution (Count II), and an Unconstitutional Deprivation of Property Interests without Due Process or Just Compensation (Count III). Plaintiffs claim that Defendants violated these laws by shifting costs to retirees and other class members, and by cancelling some health benefits for some class members.

Plaintiffs asked the Court to stop Defendants from making any changes to retiree health benefits, and to force Defendants to reinstate the level of health benefits provided to retirees before the changes were made by the Emergency Manager for the City of Pontiac.

b. Defendants' Claims

In response, Defendants claim that they did not promise lifetime retiree health benefits in collective bargaining agreements; that their obligations to provide retiree health benefits ended with the expiration of each collective bargaining agreement; that the City of Pontiac Emergency Manager had the legal right to reduce and cancel retiree health benefits and properly did so; that the reductions to retiree health benefits in 2011 were necessary and proper to save the City of Pontiac from a financial crisis and potential bankruptcy; that the City of Pontiac has the right to do so into the future; and that Defendants have no obligation under any collective bargaining agreement or any other law to provide any retiree health benefits.

Defendants have asked that the Court to determine that Defendants have not breached any collective bargaining agreement or otherwise broken any promises. Defendants asked that the Court dismiss the Lawsuit and all of Plaintiffs' claims.

c. Settlement Negotiations

The Federal Court has not determined which side is right about the existence, or non-existence, of enforceable legal obligations to provide retiree health benefits. If the Court were to conclude that Plaintiffs are correct, it would order the City of Pontiac to reinstate all retiree health benefits to prior levels. But if the Court were to conclude that Defendants are correct, the City of Pontiac would be entitled to make further changes to retiree health benefits, including completely eliminating those retiree health benefits.

Because the stakes are high and the risks and uncertainties to all parties and class members are great, the parties engaged in negotiations and reached the mutually-

acceptable compromise described in the Settlement Agreement. This Settlement Agreement was reached after two years of hard-fought negotiations, with both Plaintiffs and Defendants strongly advocating for their respective positions.

Under the Settlement Agreement, if approved by the Court, the City of Pontiac will pay a sum of money to resolve the Lawsuit and to be used to form a trust fund to provide retiree health benefits for class members into the future. Additional excess funds from the General Employee Retirement System will be added to the trust fund to provide retiree health benefits for class members into the future. The proposed settlement, set out in detail in the Settlement Agreement, is summarized next.

4. THE PROPOSED SETTLEMENT

The Plaintiffs and Defendants have agreed to settle the Lawsuit on the terms described in the Settlement Agreement, a copy of which is attached to this Notice. If the settlement is approved by the Court, the Lawsuit will end and all class members will be bound by the terms of the Settlement Agreement. Class members would be bound by the settlement will receive retiree health benefits, but will not be able to file their own individual lawsuits against the Defendants. Please read the Settlement Agreement carefully. To help you understand it, this Notice summarizes the proposed settlement. In addition, a letter from the City of Pontiac Retired Employees Association recommending that you accept the Settlement Agreement also accompanies this Notice.

a. The Settlement Amount and Terms

Under the Settlement Agreement, the City of Pontiac will pay an initial settlement amount totaling \$4,250,000. The City of Pontiac will pay this amount to a Voluntary Employees' Beneficiary Association ("VEBA"). A VEBA is a tax-exempt trust fund used to pay for health benefits. The VEBA would use settlement funds to contract with benefits carriers or others to provide health benefits coverage to class members into the future. This is described in more detail below. In addition to the initial \$4,250,000 payment, the City of Pontiac will make an annual payment – in any year in which actuaries determine that a contribution to the VEBA is required – of up to \$1,500,000. The City of Pontiac's obligation to make an annual payment of up to \$1,500,000 shall last while every class member is alive, and shall only cease when the last class member is deceased.

The City of Pontiac General Employees Retirement System (“GERS”) is significantly overfunded. Under the terms of the Settlement Agreement, a certain amount of that overfunding – in addition to the City of Pontiac’s payments described above – will be directed into the VEBA, and the VEBA will use those funds to provide health benefits to the class members. To accomplish this, the City of Pontiac will terminate the GERS Plan, will establish a new GERS Pension Plan, and will direct monetary assets equal to 130% of the Old GERS Pension Plan’s liabilities into the New GERS Pension Plan. The Plaintiffs and Defendants have agreed upon this 130% number because it will ensure that the New GERS Pension Plan will continue to provide pension benefits without any change. In other words, this Settlement Agreement will allow pension benefits for the class members to continue uninterrupted and without any change. This Settlement Agreement also does not change the City of Pontiac’s obligation to provide pension benefits to the class members as it has done since those class members retired.

The Settlement Agreement addresses health benefits only; it does not affect pensions or any other obligations Defendants may have to class members.

b. The VEBA

If the Settlement Agreement is approved, the VEBA will hold and manage the settlement amount and will use those assets, and additional revenue earned by investment of these assets, to provide health benefits for class members into the future. The VEBA would be controlled by a Board. The Board will be composed of seven (7) members. Three of those Board members will be chosen by the class members by election and ballot. Three of those Board members will be chosen by the Mayor of the City of Pontiac and approved by the City Council. Together, these 6 Board members will choose the seventh member of the Board.

The VEBA Board will receive and manage the settlement amounts according to a Trust Agreement. The VEBA Board will hire a professional management company experienced in managing public and private sector VEBA trust funds. The fee for these management services will be paid for out of the assets of the VEBA Plan. The VEBA Board will be responsible for making decisions about health benefits and trust assets and for operating the VEBA for the purpose of providing class members with health benefits into the future in accordance with the Trust Agreement.

Under the Trust Agreement, the Committee may make judgments about benefits, expenditures, and investments and other decisions necessary to serve the purposes specified in the Trust Agreement, and may retain experts and administrators

to help make these judgments and decisions and manage the VEBA in the interest of class members. The VEBA Board may amend the VEBA Plan from time to time to address changed circumstances.

c. Payment of the Settlement Amount and VEBA implementation

If the Settlement Agreement is approved, the City of Pontiac will pay the \$4,250,000 settlement amount to the VEBA within ninety (90) days of either the date the VEBA is approved by the Internal Revenue Service, or the date the VEBA is created, whichever comes later in time.

The City of Pontiac's first annual contribution of up to \$1,500,000 will be due within one (1) year and six (6) months of the date that an actuary determines that a contribution to the VEBA is required.

All class members would be able to receive health benefits through the VEBA as soon as the VEBA is able to enroll those class members and provide benefits. Prior to this time, the City of Pontiac will continue the retirees' supplemental pension increase that Emergency Manager Schimmel implemented in 2011 when he made changes to retiree health benefits.

It is anticipated that initially the VEBA will provide health benefits through insured programs under contracts with specific health benefits providers. The various programs planned to be initially available to class members are described in Section 5 of this notice.

d. Merger of the Pontiac Police and Fire VEBA

If the Settlement Agreement is approved, the VEBA that currently provides health benefits to the City of Pontiac Police and Fire retirees will be merged with the new VEBA that will provide retiree health benefits to the class members. The combined funds will allow the new VEBA to have greater purchasing and investment power. After the merger, the new VEBA will provide retiree health benefits to both the class members and the current police and fire retirees.

e. Fiduciary responsibilities

Under the Settlement Agreement and the Trust Agreement, the VEBA Board, and others engaged by the VEBA Board to serve the VEBA, are fiduciaries with the responsibilities to use VEBA assets for the purposes of providing class members with

post-retirement health benefits and to act in the interest of class members and for the benefit of the VEBA.

5. ANTICIPATED HEALTH BENEFITS

If the Settlement Agreement is approved, once the payment of settlement funds is made the VEBA Board will implement an initial Health Plan and make health benefits available to class members as soon as reasonably possible. The initial Plan includes the options discussed below and detailed in the benefits summary attached to this Notice. It is anticipated that the VEBA Board will review the benefits and VEBA assets from time to time and make judgments and adjustments consistent with the Trust Agreement and the interests of class members, and the VEBA's financial resources.

To be in a position to begin health benefits for class members at the earliest possible date after Settlement Agreement approval, CPREA and the City of Pontiac reviewed the features and costs of a number of available health programs and selected initial programs that will be provided through the VEBA. These programs, described in the next paragraphs and in the summary accompanying this notice, will be subject to review and may be changed or replaced by the VEBA Board from time to time as may be prudent to serve the purposes specified in the Trust Agreement into the future.

Each of the selected programs provides comprehensive health benefits, including doctor and hospital services and prescription drug coverage. The programs vary in features and costs. When the VEBA is established, premiums for those health benefits will be paid for entirely by the VEBA assets, and class members will not pay any premiums.

For Pre-Medicare retiree class members, CPREA and the City of Pontiac selected the Simply Blue 500 Health Care Plan. This Plan provides comprehensive health care benefits through a network of doctors, hospitals and other health care providers as well as prescription drug coverage. The Simply Blue 500 Plan carries a deductible of \$500, coinsurance of 20%, a coinsurance maximum of \$2,500, an office visit copay of \$20 and an emergency room visit copay of \$150. Monthly premiums are paid for out of the VEBA Plan's assets.

For Medicare Retirees, CPREA and the City of Pontiac selected an Alternative: Medicare Supplement and Part D Plan. This Plan provides comprehensive health care benefits through a network of doctors, hospitals and other

health care providers as well as prescription drug coverage. The Medicare Retiree plan has in and out of network deductibles of \$500, in and out of network coinsurance of 100%, and \$0 copays for office visits, emergency room visits and urgent care visits. Prescription drug copays under the Plan are \$10/\$10/\$40/\$80/\$80. Monthly premiums are paid for out of the VEBA Plan's assets.

If the Settlement Agreement is approved, the VEBA will also provide class members with retiree vision and dental care, with the premium costs paid for by the VEBA.

These initial programs were selected by CPREA and the City of Pontiac based on cost, benefits, and availability. Again, it is anticipated that over time the VEBA Board will review these programs and available alternatives and consider input from CPREA and others, and that the VEBA Board may change the programs or substitute other programs as may be consistent with the purposes of the Trust Agreement and the prudent use of VEBA funds in the interest of class members into the future.

Additionally, class members have the option of terminating their right to receive any health care benefits from the VEBA in exchange for a one-time payment of \$20,000. Class members who wish to exercise this option must do so at least 90 days before the VEBA begins providing benefits to class members – once a class member begins receiving benefits from the VEBA, that class member forfeits the option to receive the \$20,000 payment. Any class member who exercises this option, however, will forever lose the right to receive any and all health, dental, vision and prescription drug health care coverage from the VEBA.

6. ATTORNEYS' FEES AND EXPENSES

The lawyers for the class will petition the Court for attorneys fees and expenses incurred in the litigation and settlement of the lawsuit. Class counsel will file an initial application for fees and expenses within 21 days of this notice. Class counsel will seek the approval of the Court for payment of fees based on the "lodestar approach" which entails calculation of fees not as a percentage of the settlement amount but, rather, by multiplying the number of work hours on the case undertaken by class counsel, including attorneys and paralegals, by a reasonable hourly rate approved by the Court. Payment of these fees and costs is subject to Court approval and would compensate class counsel for work performed and costs advanced in the prosecution of the lawsuit since 2012. These fees and costs cannot now be calculated precisely, but they are

expected to be under \$400,000. To put these fees in context, the lawyers for the class – attorneys and paralegals – have spent approximately 1,050 work hours on this lawsuit from 2012 through June 2017 and will spend more work hours on the implementation of the Settlement Agreement and in the court approval process.

If the Settlement Agreement is approved, the lawyers for the class will ask Judge Cohn to award them attorneys' fees and costs. If Judge Cohn awards the lawyers for the class their fees and costs, the City of Pontiac will pay for these fees and costs, and the fees and costs shall not be paid for by the VEBA.

7. THE REASONS FOR THE PROPOSED SETTLEMENT

The class representatives, the City of Pontiac Retired Employees Association, and class counsel have concluded that the settlement as described in the Settlement Agreement is in the best interests of the class members. Without the settlement, the litigation would continue, leaving many class members without health benefits at least for an unknown period into the future, possibly for years. In addition, there is a risk that at the end of the litigation, the Plaintiffs would not be able to meet their burden of proof, and that the lawsuit would fail. If Plaintiffs lose the lawsuit, all class members will be at risk for being forever denied health benefits paid for by the City of Pontiac and/or the VEBA.

Plaintiffs and class counsel concluded that the certainty of the millions of dollars paid by the City of Pontiac, as well as the assets given to the VEBA by the GERS pension plan, which Plaintiffs believe to be sufficient to provide reasonable health benefits for all class members for years into the future, is a reasonable compromise. After extended negotiations with Defendants, Plaintiffs and class counsel concluded that this settlement is the best available course of action for the class members because it provides the certainty of a substantial plan of health benefits for class members into the future, and it eliminates the risk that class members would end up with nothing.

Again, please read the Settlement Agreement carefully. If approved, its terms will bind all class members and will supersede all other agreements and statements, oral or written, regarding class members' health benefits.

8. MAKING OBJECTIONS AND HEARING ON THOSE OBJECTIONS

The Court has scheduled a Fairness Hearing at the Theodore Levin United States Courthouse, 231 W. Lafayette Boulevard, Detroit, Michigan 48226. The hearing will take place beginning at 10:00 a.m. on **Wednesday, September 12, 2018**. The purpose of the hearing is to help the Court determine whether the proposed settlement on the terms set out in the Settlement Agreement is fair, reasonable and adequate and in the best interests of the class, and whether to give final approval to the settlement. The settlement will not be effective unless and until it is approved by the Court.

You do not have to attend the hearing. Lawyers for the Plaintiffs and the Class will attend the hearing on behalf of the class. You may attend the hearing. You may attend with or without your personal lawyer. Whether or not you attend the hearing, all class members will be bound by the settlement if it is approved. No class member will be individually excluded from the Settlement Agreement if it is approved. Any class member may object to the settlement, including the provisions regarding attorneys' fees and expenses, by filing a written objection in compliance with the procedure described in the next paragraph. If you file a written objection, you or your personal lawyer will have the opportunity to speak to the Court at the hearing to explain your objection and tell the Court why you do not believe that the proposed settlement should be approved. **You or your personal lawyer will not have the right to address the Court at the Fairness Hearing, however, unless you file a written objection postmarked 14 days prior to the Fairness Hearing, on or before August 29, 2018.**

If you want to object to the proposed settlement, you must mail written objection to the Court and at the same time mail copies to the lawyers for the Plaintiffs' and the lawyers for the Defendants. Any objection should have the following heading at the top: "*The City of Pontiac Retired Employees Association, et al. v. the City of Pontiac, et al*, Docket No. 2:12-cv-12830." Any objection should be titled "Objection to Proposed Settlement." **Any objection should be mailed, postmarked on or before August 29, 2018**, to Clerk of the Court, United States District Court for the Eastern District of Michigan, Southern Division, Theodore Levin United States Courthouse, 231 W. Lafayette Boulevard, Detroit, Michigan 48226.

At the same time that any objection is mailed to the Clerk, a photocopy of that objection must be mailed to each of the following: (1) Gregory Gibbs and Alec Gibbs, attorneys for the Plaintiffs and the Class, at Law Office of Gregory T. Gibbs,

717 Grand Traverse Street, Flint, MI 48502; and (2) John C. Clark, attorney for the Defendants, at Giarmarco, Collins & Horton, P.C., 101 West Big Beaver Road, 10th Floor, Troy, MI 48084.

If, after any objections are considered and after the hearing the Court determines that the proposed Settlement Agreement is fair, reasonable and adequate and is in the best interests of class members, the Court will issue a judgment approving the settlement. Once the judgment is final, the settlement will be binding on all Plaintiffs, Defendants, and class members, including class members who filed objections and those who did not. If the settlement is not approved, the Settlement Agreement will have no effect, the settlement amounts will not be paid, the VEBA will not be formed or provide health benefits to any class members, and the lawsuit will continue.

Again, if you do not want to object to the proposed settlement, you do not need to do anything.

9. REQUESTS FOR ADDITIONAL INFORMATION

This notice and a copy of the Settlement Agreement and the Trust Agreement have been sent to all known class members at their last known address. The notice and Settlement Agreement and the Trust Agreement and other papers associated with this case are also available (1) in the court file, during regular business hours, at the office of the Clerk of the Court, United States District Court for the Eastern District of Michigan, Southern Division, Theodore Levin United States Courthouse, 231 W. Lafayette Boulevard, Detroit, Michigan 48226 and (2) through the federal court electronic filing system, PACER, located at <http://pacer.psc.uscourts.gov>. A copy of the Settlement Agreement is also on the City of Pontiac's website, at http://www.pontiac.mi.us/council/city_documents/index.php

If you are aware of others who should have received this notice but did not, please ask them to *write* to Gregory Gibbs and John Clark, providing their contact information and requesting copies. If you would like to change your address or other contact information, please notify Mr. Gibbs and Mr. Clark *in writing* at the addresses set out in paragraph 7.

If you want additional information about the litigation, the proposed settlement, or the procedure described in this notice, you may contact class counsel

Gregory Gibbs, or Alec Gibbs, by *writing* to them at Law Offices of Gregory T. Gibbs, 717 S. Grand Traverse Street, Flint, MI 48502.

10. SUMMARY OF KEY POINTS IN THIS NOTICE

A. This is an official notice from the United States District Court for the Eastern District of Michigan.

B. You received this notice because Plaintiffs and Defendants believe you are a class member. The definition of the class is in Section 2 of this notice.

C. The Court preliminarily approved a settlement of the class action lawsuit brought by the City of Pontiac Retired Employees Association and retirees against the City of Pontiac and other Defendants.

D. If the settlement is approved by the Court, the City of Pontiac will pay an initial settlement payment of \$4,250,000, and an annual settlement payment of up to \$1,500,000. Those settlement funds would be used to create and operate a VEBA, an independent tax exempt trust formed to provide health benefits to class members. Payment of the settlement amounts would end the lawsuit and bind all class members.

E. The City of Pontiac General Employee Retirement System pension plan is significantly overfunded. As part of this settlement, a percentage of the amount of overfunding will be placed into the new VEBA to pay for the cost of health benefits for the class members. To make sure that the GERS pension fund remains stable and able to provide pension benefits, it will retain monetary assets equal to 130% of its current liabilities.

F. The VEBA would operate on the terms set out in the Settlement Agreement and the Trust Agreement and would use settlement funds, assets and investment revenue to provide and pay for health benefits for class

members into the future under the direction of the VEBA Board.

G. Among other things, if the settlement is approved, the VEBA would use settlement funds and assets to provide health benefits as determined by the VEBA Board to eligible class members into the future. Under the Settlement Agreement, class members are not required to pay any monthly premiums for those benefits.

G. Class members are not required to take any action. If the settlement is approved by the Court, all class members will be governed by the settlement and will be eligible for health benefits provided by and through the VEBA as determined by the VEBA Board under the Settlement Agreement and Trust Agreement.

H. Class members may object to the settlement, and may be heard by the Court at the September 12, 2018 Fairness Hearing, by following the procedures set out in Section 7 of this notice.

I. All class members may attend the hearing. Class members are not required to attend the hearing. Again, if the settlement is approved by the Court, it will apply to all class members.

J. The Court will approve the settlement *only* after considering all objections and information filed with the Court and presented at the hearing and *only* if the Court determines that the settlement is fair, reasonable, and adequate and in the best interest of all class members. If the settlement is not approved, the Settlement Agreement will have no effect, the settlement amounts will not be paid, and the lawsuit will continue.

K. If the Court finds that the settlement is fair, reasonable and adequate under all the circumstances, the Court will enter judgment approving the settlement and will address the application for approval of reasonable attorney fees and

expenses. After the judgment is final, the settlement amounts will be paid and the VEBA will begin to provide health benefits to class members under the direction of the VEBA and consistent with the Settlement Agreement and Trust Agreement.

L. If you want additional information about the litigation, the proposed settlement, or the procedure described in this notice, you may contact class counsel at the addresses set out in Section 8 of this notice.