

# TRUSTEES' OPEN MEETING MINUTES

**PLACE:** Claims Conference Room/Okemos, MI

**DATE:** December 14, 2015

**TIME CALLED TO ORDER: 9:03 a.m**  
**OPEN SESSION ADJOURNED: 10:28 a.m.**

**MEMBERS PRESENT:**

Trustees: Douglas A. Green, Mark C. Long

Assistant Attorney General: Dennis Raterink, Brian Galin

Funds Staff: Richard Smith, Janice Remer, Allison Kelly & Beth VanElls

**PRESIDING PERSON:**

John W. Schrock, Acting Funds Administrator

**RESPECTFULLY SUBMITTED:**

Beth VanElls, Executive Secretary

#	TOPIC	MOTIONS/SECOND/AMENDMENTS MEMORANDUMS/LETTERS	SUMMARY/RESULT
1.	Open Minutes from October 14, 2015 Trustee Meeting	October 14, 2015 Open Meeting Minutes  Motion by Mark Long to approve the open minutes of October 14, 2015 as written. Doug Green supported.	Unanimous approval. Minutes approved.
2.	Financial Statements	August and September 2015 Financial Statements, including Delphi FY 2015	Mark Long questioned why the number of SDDF and Dual reimbursements are significantly lower as compared to last year; Janice Remer didn't have a specific explanation but expected an increase towards the end of 2015. Rick Smith explained these are interim statements for September and they are currently working on the final statements which will be completed soon. The final SISF statements will report excess reimbursements as expenditure credits not as revenue. The Delphi statement has been adjusted to reflect the trustee decision not to call the additional 1.5% with the last assessment.

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3.	AAG/SAAG Activity and Reports	October and November 2015 General Litigation Reports and SAAG Billing Reports	Brian Galin explained no significant changes have occurred. He indicated the majority of cases continue to be handled internally versus through the SAAG's.
4.	High Profile Litigation Report	Report	Brian Galin explained the only high profile case is <i>Florian</i> , which was lost at the Magistrate level and overturned by MCAC. The plaintiff then sought application for leave at the Court of Appeals and was granted. Mr. Galin indicated they haven't received the brief yet.
5.	2015 BOM & MCAC Outcomes	Report	Nothing to report.
6.	Redemption Activity: October 9 – December 9, 2015	Report	John Schrock explained that the Delphi cases continue to be resolved. Brian Galin added that a couple voluntary T & P cases have also been resolved.
7.	FAIS Rewrite	None	Rick Smith explained there is a dedicated team of six DTMB developers and one project manager (scrum master) for this project. DTMB is utilizing the agile approach to the Funds system rewrite, which involves receiving a new portion of the system and sign off at 2-week intervals. They are currently on the third sprint. The first sprints of the project were initially slow with the team getting acclimated, but things appear to be progressing. The current focus is CRS and setting up the security design. The Funds staff has been pleased with the results thus far. The projected completion date is two years.
8.	Delphi update	None	Brian Galin explained Delphi cases were inherited in three categories: open, voluntary and disputed. The open award cases are mostly resolved. The voluntary pay cases are moving forward, anticipating half with resolutions by the end of January. The disputed category still has the most pending. ACE has been removed as a party on the Delphi cases. The Attorney General's office and a majority of plaintiff attorneys representing Delphi workers met with General Motors. The status of the cases before the Board of Magistrates was discussed. Certain cases

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8.	Delphi update		<p>will be moved to the trial docket when requested by the parties. Steps are being taken to obtain dismissal on behalf of the SISF from the Saginaw Steering cases that General Motors is responsible for; however, the defendant isn't willing to dismiss at this point. Mark Long explained he spoke with the chief magistrate regarding having ACE not shown as a carrier on hearing notices. On individual contested cases, green dismissal sheets need to be issued. Regarding resolution of cases, John Schrock questioned whether we have been in contact with a majority of plaintiff attorneys. Brian Galin indicated contact has been made by most plaintiff attorneys whose cases were voluntarily paid by Delphi; however, contact has not been made in a number of those cases that were in the disputed category.</p>
9.	Auditor General Report on Internal Control	Office of the Auditor General Report on Internal Control, Compliance and Other Matters of the Self-Insurers' Security Fund	<p>John Schrock explained management took exception to certain findings presented however has addressed those findings cited by the Auditor General in their report. The first finding regarding complete and accurate SISF claim data has been addressed by implementing a plan to input information in FAIS and making certain data in the claims files correlates to that in FAIS. The second finding relates to timely and accurately prepared SISF statements, which are prepared by LARA Finance. Management has a meeting scheduled with Finance to discuss steps to be taken to address this issue. The third finding relates to validating indemnity amounts to ensure receipt of accurate assessments. To address this finding the agency Self-Insured Program staff will be sending letters to a random sampling of self-insured employers to verify indemnity paid in 2015. This data will be compared to the indemnity data received by Funds Administration for verification purposes. Mark Long explained this process was previously questioned by the Office of the Auditor General with no specific action taken on their part. The OAG report did not reflect any adverse findings related to the current cash</p>

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9.	Auditor General Report on Internal Control		receipt process. The indemnity validation process is also going to be addressed in the Lean Process Improvement discussions for 2016.
10.	2015 Actuary and Audit Report Update	None	<p>John Schrock indicated that the second finding in the OAG Report on Internal Control indicated the Funds' staff delayed the issuing of the audit report, management takes exception to this finding. Mark Long explained further that changing from a special revenue fund to an enterprise fund was a massive change. In addition we had to delve into prior years' numbers which hadn't been done in the past. It was a very tight timeline to accomplish by April 1. Going forward, actuary numbers will be month ending November 30 with projected figures for December. All other numbers provided will be year end. Staff feels confident they are in a much better position this year as more information is available up-front.</p> <p>John Schrock explained the Auditor General brought up the issue of minimum trust fund balances and what policy has been established regarding when and if balances should be rolled into the SISF to pay claims. The decision to move monies from a trust to the SISF rests with the Funds Administration Trustees as governed by the Trust documents. Mark Long explained the reason for the concern is that the money in the trust could be used for claims while still collecting assessments. The auditor made a verbal recommendation a policy be established. In 2009 the trustees made a decision in certain circumstances to pay out of trusts versus SISF. Mr. Schrock posed the question to the trustees whether they would like to develop a plan to hold money in a trust for a certain time period after the claims are all paid. Dennis Raterink commented they could work with the Director when trusts are established to insert language in the trusts addressing this issue. This would not require a very substantial deviation from current language. Doug Green opposed any changes to the current</p>

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10.	2015 Actuary and Audit Report Update		policy. Dennis Raterink cautioned putting further controls on these trusts as it could have legal repercussions related to bankruptcy and court proceedings. After further discussion no changes will be made to existing policy.
11.	Change to Trustee Policy Manual	Funds Administration Policy Manual, pages 1-1 thru 1-9	The manual pages were updated to reflect the deletion of Mike Reid as current trustee.
11.	Moved into Closed Session	Motion made by Doug Green to move into closed session to discuss issues of trial or settlement strategy with Council and attorney-client privileged documents. Mark Long supported.	Unanimous approval. Moved into closed session at 9:46 a.m.
12.	Closed Minutes from October 14, 2015	Motion by Mark Long to approve the closed minutes from August 18, 2015 as presented in closed session. Doug Green supported.	Unanimous approval
13.	Collison, Lawrence v Delphi Corporation & SISF	Motion by Doug Green to authorize settlement authority as agreed upon in the closed session for Lawrence Collison v Delphi Corporation & SISF case. Mark Long supported.	Unanimous approval.
14.	Next Trustee Meeting	None	It was decided that 2016 Meetings will occur bi-monthly on Monday mornings at 9:00 a.m. beginning in February and will be scheduled in the middle of the month.
15.	Adjourn Session	Motion by Mark Long to adjourn the meeting. Doug Green supported.	Unanimous approval. Session adjourned at 10:28 a.m.

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Douglas A. Green, Trustee Chair

Date

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John W. Schrock, Funds Administrator

Date