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ALAMEDA COUNTY

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ALAMEDA

Wendell G. Moen, Jay Davis, Donna Ventura, Robert
Becker, Gregory M. Bianchini, Geores Buttner, Alan
Hindmarsh, Cal Wood and Sharon Wood, on behalf of
Themselves and Others Similarly Situated,

Petitioners,

v.

Regents of University of California, and Does, 1 through
99, inclusive,

Respondents.

No. RG 10530492

Assigned For All Purposes to

Judge: Hon. Winifred Y. Smith
Dept.: 21

**[PROPOSED] ORDER
GRANTING PRELIMINARY
APPROVAL OF STIPULATION
OF CLASS ACTION
SETTLEMENT AND RELEASE**

Moen, et al. v. Regents of Univ. of Cal. et al., No. RG 10530492

**[PROPOSED] ORDER GRANTING PRELIMINARY APPROVAL OF STIPULATION OF CLASS
ACTION SETTLEMENT**

1 This matter came before the Court on Petitioners' Notice of Motion and Motion for Preliminary
2 Approval of Stipulation of Class Action Settlement and Release on December 20, 2019 at 10:00 a.m., in
3 Department 21 of the Superior Court of California, County of Alameda. The Parties have entered into a
4 Stipulation of Class Action Settlement on or about December 11, 2019 (the "Settlement Agreement")
5 which has been filed with the Court and which, if approved, would resolve the above-captioned class
6 action lawsuit (the "Action" or the "Class Action Lawsuit"). Upon review and consideration of the
7 motion papers and the Settlement Agreement and all exhibits thereto, including the proposed Notice of
8 Settlement to the Class, the Court finds that there is sufficient basis for (1) granting preliminary approval
9 of the Settlement Agreement; (2) granting approval and ordering the proposed Notice of Settlement to be
10 sent to the Class; (3) appointing a Settlement Administrator to conduct the duties assigned to that position
11 in the Settlement Agreement; and (4) setting a schedule for the final approval process, including setting a
12 hearing date (the "Fairness Hearing") at which time the Court will consider: (a) whether to grant Final
13 Approval of the Settlement Agreement; and (b) Class Counsels' Application for Attorney's Fees and
14 Costs.

15 The Court hereby FINDS, CONCLUDES, and ORDERS as follows:

16 1. Petitioners Wendell G. Moen, Jay Davis, Donna Ventura, Gregory M. Bianchini, Alan
17 Hindmarsh, Calvin D. Wood and Sharon Wood ("Petitioners" or "Class Representatives") and The
18 Regents of the University of California ("Respondent" or "The Regents") through their counsel of record
19 in this Action, have reached an agreement to settle all claims in the Class Action Lawsuit.

20 2. The Court has reviewed the terms of the proposed Settlement Agreement, the exhibits and
21 attachments thereto, as well as the supporting declarations in support of the motion for preliminary
22 approval describing investigation into the claims and defenses in this matter, the information exchanges
23 by the parties, the past proceedings, and the settlement process. The Court finds that the proposed
24 Settlement Agreement is the product of informed, non-collusive, and arm's-length negotiations. Based
25 on the papers submitted, the Court finds that the proposed Settlement Agreement to be within the range
26 of possible approval as fair, reasonable, and adequate, such that notice should be given to the Class.

1 3. The moving papers presented for the Court's review set forth a plan to provide notice to
2 the Class Members of the terms of the Settlement Agreement and the options facing the Class Members
3 including, *inter alia*: to be represented by counsel of their choosing and to object to the terms of the
4 Settlement Agreement. Petitioners have submitted to the Court a proposed Notice of Settlement. The
5 Notice of Settlement will be mailed to all Class Members, at their last known addresses, and as set forth
6 in the Settlement Agreement. For returned envelopes, the Settlement Administrator will use reasonable
7 diligence to obtain a current address for the Class Member and re-mail the Notice of Settlement. As set
8 forth in the Settlement Agreement, the Settlement Administrator will also create a settlement website
9 containing the notice and maintain a toll-free number to answer questions from the Class Members
10 regarding the proposed settlement. This plan provides the best notice practical under the circumstances.

11 Good cause appearing therefor, **IT IS HEREBY ORDERED** that:

12 1. The Court PRELIMINARILY APPROVES the proposed Settlement Agreement as filed
13 with the Court on December 11, 2019, and the terms and conditions of the Settlement set forth in the
14 Settlement Agreement.

15 2. All defined terms contained herein shall have the same meanings as set forth in the
16 Settlement Agreement;

17 3. On October 30, 2014, the Court certified a class as to Petitioners' claim for breach of
18 implied contract. The class was defined as follows:

19 (1) University of California Retirees who worked at LLNL who were eligible for
20 University-sponsored group health plan coverage when they retired, but lost this coverage
21 in late 2007 or early 2008 in connection with transfer of LLNL's management to
Lawrence Livermore National Security (LLNS); or

22 (2) Spouses, surviving spouses, or dependents who were eligible for University-
23 sponsored group health plan coverage as a consequence of a University of California
24 employee's retirement after working at LLNL, or death while working at LLNL, but who
25 lost this coverage in connection with transfer of LLNL's management to Lawrence
26 Livermore National Security (LLNS).

1 Subsequently, the Court required that the class definition be modified to include an end date for the class
2 period, limiting the class to retirees whose retirement date was effective prior to October 1, 2007. To
3 address this issue, and the fact that the transfer to the LLNS Health and Welfare Benefit Plan for Retirees
4 (“LLNS Plan”) did not occur until the end of November 2007, the Court on December 3, 2014 approved
5 a form of notice to the Class Members that contained a modified class definition, as follows:

6 All University of California Retirees who worked at Lawrence Livermore National
7 Laboratory (LLNL), who were eligible for University of California-sponsored group
8 health plan coverage when they retired, and who retired prior to October 1, 2007 and
9 received University-sponsored group health plan coverage after retiring until November
10 30, 2007 in connection with transfer of LLNL’s management to Lawrence Livermore
11 National Security (LLNS), *and*

12 Spouses, surviving spouses, or dependents, who were eligible for University-sponsored
13 group health plan coverage as a consequence of a University of California employee's
14 retirement after working at LLNL, or death while working at Lawrence LLNL, and who
15 received University-sponsored group health plan coverage until November 30, 2007 in
16 connection with transfer of LLNL’s management to Lawrence Livermore National
17 Security (LLNS).

18 (12/2/2014 Renewed Ex Parte Application for Approval of Notice of Pendency of Class Action and
19 Petitioners’ Statement regarding Class Notice, Ex. A; *see also* 12/3/2014 Application Re: Other Ex Parte
20 Granted). This class definition was incorporated into the notice ordered by the Court and mailed on or
21 about January 21, 2015. When a second round of notice was provided to additional Class Members in
22 2017, the Court approved a form of notice containing the same class definition that was used in the prior
23 notice (with a typo corrected). (*See* 5/25/2017 Order re Supplementary Notice of Class Action and
24 Petitioners’ Statement re Class Notice in Support Thereof; *see also* 5/24/2017 Stipulation re Notice to
25 Updated Class List, Ex. A; *see also* 2/22/2017 Order, Motion Granted at 1 (describing Court’s earlier
26 modification of the class definition in 2014).

27 4. The Class is provisionally certified for Settlement purposes, pursuant to section
28 382 of the California Code of Civil Procedure, using the same class definition ordered by the
Court on December 3, 2014 and May 25, 2017. Specifically, for Settlement purposes, the
litigation may be maintained on behalf of a Class defined as follows:

1 All University of California Retirees who worked at Lawrence Livermore National
2 Laboratory (LLNL), who were eligible for University of California-sponsored group
3 health plan coverage when they retired, and who retired prior to October 1, 2007 and
4 received University-sponsored group health plan coverage after retiring until November
5 30, 2007 in connection with transfer of LLNL's management to Lawrence Livermore
6 National Security (LLNS), and

7 Spouses, surviving spouses, or dependents, who were eligible for University-sponsored
8 group health plan coverage as a consequence of a University of California employee's
9 retirement after working at LLNL, or death while working at LLNL, and who received
10 University-sponsored group health plan coverage until November 30, 2007 in connection
11 with transfer of LLNL's management to LLNS.

12 Excluded from the Class are any persons who timely and properly opted out of the class following notice
13 ordered by the Court and mailed on or about January 21, 2015, and on or about August 4, 2017.

14 5. Petitioners Wendell G. Moen, Jay Davis, Donna Ventura, Gregory M. Bianchini, Alan
15 Hindmarsh, Calvin Wood and Sharon Wood, who were previously appointed as the Class
16 Representatives, shall remain in those positions for Settlement purposes.

17 6. The Settlement Administrator selected and agreed to by the Parties, Archer Systems, LLC,
18 is approved as the Settlement Administrator.

19 7. The Court hereby approves the form of Notice of Settlement, which is attached to this
20 Order as Exhibit A.

21 8. The Notice of Settlement, and the rights of Class Members to object to the terms of the
22 Settlement Agreement, shall be given by mailing the Notice of Settlement by first class, postage prepaid,
23 to all Class Members pursuant to the applicable provisions in the Settlement Agreement. The Parties
24 shall provide the Settlement Administrator with the information necessary to conduct this mailing as set
25 forth in the Settlement Agreement.

26 9. The Court finds that the notice to the Class Members regarding settlement of this Action,
27 including the method of dissemination to the Class Members in accordance with the terms of this Order
28 constitute the best notice practicable under the circumstances and constitute valid, due and sufficient
notice to all Class Members, complying fully with the requirements of California Code of Civil

1 Procedure § 382 and California Rule of Court, Rule 3.766, the California and United States Constitutions,
2 and any other applicable law.

3 10. Written objections by Class Members to the proposed Settlement Agreement will be
4 considered if received by the Settlement Administrator in writing no later than forty-five (45) days after
5 the date of the initial mailing of the Notice of Class Settlement by the Settlement Administrator;

6 a. At the final approval hearing, Class Members may be heard orally in support of the
7 Settlement Agreement, or in opposition to the Settlement Agreement, provided
8 they submit a timely written objection to the Settlement Agreement and indicate
9 their intent to appear at the hearing. The Court will consider all timely objections
10 and Class Members do not need to appear at the final approval hearing to have
11 their objection considered;

12 b. Class Counsel and Respondent's Counsel should be prepared at the hearing to
13 respond to any objections filed by the Class Members and to provide other
14 information as appropriate, bearing on whether or not the Settlement Agreement
15 should be approved; and

16 c. The Court reserves the right to adjourn or continue the date of the Fairness Hearing
17 without further notice to the Class.

18 11. The Notice of Settlement shall also be posted on an Internet Website established by the
19 Settlement Administrator with information and documents regarding the Settlement including, in PDF
20 format, the Settlement Agreement, the Third Amended Petition, the Motion for Preliminary Approval, the
21 Preliminary Approval Order, any papers filed in support of Final Approval of the Settlement, and Class
22 Counsel's application for attorneys' fees and costs (after it is filed).

23 12. In the event the Effective Date occurs, all Class Members will be deemed to have forever
24 released and discharged the Class Members' Released Claims as set forth in the Settlement Agreement.
25 In the event the Effective Date does not occur for any reason whatsoever, the Settlement Agreement shall
26 be deemed null and void and shall have no effect whatsoever.

1 13. Neither the Settlement Agreement nor the Settlement contained therein, nor any act
2 performed or document executed pursuant to or in furtherance of the Settlement Agreement or the
3 settlement: (a) is or may be deemed to be, or may be used as an admission of, or evidence of, the validity
4 or lack thereof of any Released Claim, or of any wrongdoing or liability of The Regents; or (b) is or may
5 be deemed to be, or may be used as an admission of, or evidence of, any fault or omission of The
6 Regents, in any civil, criminal, or administrative proceeding in any court, administrative agency, or other
7 tribunal.

8 14. As agreed upon in the Settlement Agreement, The Regents shall pay \$500,000 within
9 seven days of the issuance of this Preliminary Approval Order, with such funds to be used to pay for
10 Administrative Costs necessary to achieve final approval including setting up the Benefit Counseling
11 Services called for in the Settlement Agreement. Such funds shall be paid into the Qualified Settlement
12 Fund ("QSF") in accordance with the terms of the Settlement Agreement.

13 15. By order of this Court, the QSF shall be established within the meaning of section 468B of
14 the Internal Revenue Code of 1986, as amended ("Code") and Treasury Regulation sections 1.468B-1, *et*
15 *seq.*, and remain subject to the continuing jurisdiction of this Court.

16 16. This Court has jurisdiction over the establishment of the QSF under Treas. Reg. Section
17 1.468B-1(c)(1), which states in relevant part that a QSF "is established pursuant to an order of, or is
18 approved by, the United States, any state (including the District of Columbia), territory, possession, or
19 political subdivision thereof, or any agency or instrumentality (including a court of law) . . . and is
20 subject to the continuing jurisdiction of that governmental authority."

21 17. Archer Systems, LLC ("Archer") and its successors and/or assigns, in addition to serving
22 as Settlement Administrator, shall also serve as the administrator of the QSF ("QSF Administrator.")
23 Archer possesses the requisite resources and experience to properly and effectively set-up and administer
24 the QSF. Archer is hereby granted the authority to conduct any and all activities necessary to administer
25 and ultimately wind down the QSF as described herein (including, without limitation, being authorized to
26 make disbursements from the QSF consistent with the Settlement Agreement). Should Archer

1 experience dissolution or bankruptcy, its appointment as QSF Administrator shall terminate and
2 Petitioners will seek Court approval of a successor QSF Administrator.

3 18. Archer shall select the financial institution at which the QSF Administrator will establish
4 bank and investment accounts for the QSF in accordance with this Order.

5 19. The Court orders the following implementation schedule for further proceedings:
6

7 Preliminary approval order.	TBD by Court.
8 Mail Notice of Settlement to Class Members 9 (“Notice Date”).	Thirty (30) calendar days after issuance of this Order.
10 Settlement Administrator shall create 11 settlement website and post Notice of 12 Settlement and other relevant documents.	Thirty (30) calendar days after the issuance of this Order.
13 14 Deadline for receipt by the Settlement 15 Administrator of any objections to the 16 Settlement.	Forty-five (45) days after the Notice Date.
17 Deadline for Class Counsel to file Motion for 18 Final Approval of Settlement.	Sixteen (16) calendar days before the Final Fairness and Final Approval 19 Hearing.
20 Deadline for Class Counsel to file reply papers 21 in support of Motion for Final Approval of 22 Settlement, if needed.	Five (5) calendar days before the Final Fairness and Final Approval Hearing.
23 24 Final Fairness and Final Approval Hearing.	April 10, 2020. Approximately 25 eighty (80) days after the first mailing 26 of the Notice of Class Settlement.

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IT IS SO ORDERED.

DATE: December 20 2019

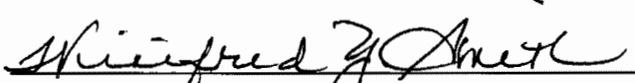

Hon. Winifred Y. Smith
Judge of the Superior Court

EXHIBIT A

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

A court authorized this notice. This is not a solicitation from a lawyer.

Wendell Moen, et al., on behalf of themselves and others similarly situated

v.

The Regents of the University of California, et al.,

Alameda County Superior Court Case No. RG-10530492

TO: ALL CLASS MEMBERS AND PERSONAL REPRESENTATIVES AND SUCCESSORS IN INTEREST
TO DECEASED CLASS MEMBERS (AS DEFINED BELOW)

Class Members Include:

All University of California Retirees who worked at Lawrence Livermore National Laboratory (LLNL), who were eligible for University of California-sponsored group health plan coverage when they retired, and who retired prior to October 1, 2007 and received University sponsored group health plan coverage after retiring until November 30, 2007 in connection with transfer of LLNL's management to Lawrence Livermore National Security (LLNS), and

Spouses, surviving spouses, or dependents, who were eligible for University-sponsored group health plan coverage as a consequence of a University of California employee's retirement after working at LLNL, or death while working at LLNL, and who received University-sponsored group health plan coverage until November 30, 2007 in connection with transfer of LLNL's management to LLNS.

Personal Representatives and Successors-in-Interest to Deceased Class Members include:

All personal representatives and successors-in-interest (usually "next of kin") of the Class Members who passed away after October 1, 2007.

If you are a member of the Class, your legal rights will be affected. Please read this notice.

- Retirees of the Lawrence Livermore National Laboratory ("LLNL" or "Lab") have sued The Regents of the University of California ("The Regents"), alleging that The Regents breached their obligation to provide University-sponsored group health care benefits.
- The Court has allowed the lawsuit to proceed as a class action on behalf of retirees, spouses, surviving spouses and dependents who are in the Class, as defined above.
- The purpose of this Notice is to inform you that there is a proposed settlement of the class action that will affect the rights of all Class Members. This Notice describes your legal rights and what steps you may take in relation to this action. This Notice is not an

expression of any opinion by the Court as to the merits of the proposed settlement or any claims or defenses asserted by Petitioners on behalf of the Class or The Regents.

- The general terms of the proposed settlement are as follows: (1) Class Members will remain part of the health benefit plan provided by Lawrence Livermore National Security, LLC (“LLNS”), but if such benefits are terminated or fall below certain levels in the next 20 years, Class Members will be restored to University-sponsored benefits; (2) Class Members who are still living will receive additional annual payments until 2040 to help defray the costs of their health insurance; (3) each Class Member (both living and deceased) will receive a payment of \$1,000 to provide immediate relief; (4) eligible Class Members may later receive additional monetary relief for certain past damages; and (5) Class Members will receive the services of benefits counselors. The amount that Class Members will receive depends on factors explained below.
- To ensure you receive the full benefits to which you are entitled, you should fill out and return the Class Member Data Form enclosed as **Attachment A**.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.
- **Deceased Class Members:** If the Class Member is deceased, please inform his/her personal representative or successor-in-interest (usually their “next of kin”) about this letter. If you are the personal representative or successor-in-interest, you must fill out and return the enclosed Class Member Data Form to receive benefits.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
OBJECT TO THE SETTLEMENT	Write to the Settlement Administrator if you don’t like the settlement. The postmark deadline to send an objection is [____]. See Sections 17-18 below.
ATTEND THE HEARING	The Court has set a hearing on _____ 2020 at ___ p.m. regarding the fairness of the settlement. You may appear at the hearing, but you don’t have to. You may hire your own attorney to appear for you. See Sections 20-22 below.
DO NOTHING	If the settlement is approved, you will be bound by its terms and will not be able to later sue The Regents about the claims in this lawsuit. Whether you act or not, if the settlement is approved, you will be entitled to receive the settlement benefits. However, deceased Class Members will not receive any benefits unless there is verification of their next of kin. Further, other Class Members may not receive their full benefits if the Settlement Administrator does not have accurate and complete information about them. Therefore, all Class Members should fill out and return the Class Member Data Form, enclosed as Attachment A . Returning the form does not waive your right to object. See Section 19 below.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION

1. Why did I get this notice?
2. What is this lawsuit about?
3. Why is this a class action?
4. Why is there a settlement?

WHO IS IN THE SETTLEMENT

5. Am I part of this Class?
6. Do I need to do anything to join the case and share in the settlement?
7. Can I exclude myself from the settlement?

THE SETTLEMENT BENEFITS

8. What does the settlement provide?
9. How is my share of the settlement calculated?
10. What if the Class Member is deceased?
11. When will the settlement be approved?
12. What am I giving up in the settlement?

THE LAWYERS IN THE CASE

13. Do I have a lawyer in this case?
14. Should I get my own lawyer?
15. How will the lawyers be paid?
16. How do I contact the lawyers?
17. What does it mean to object?
18. How do I object to the settlement?
19. What happens if I choose to do nothing?

THE COURT'S FAIRNESS HEARING

20. When and where is the Fairness Hearing?
21. Do I have to go to the Fairness Hearing?
22. May I speak at the Fairness Hearing?

MORE INFORMATION

23. What if I need more information?

BASIC INFORMATION

1. Why did I get this notice?

The Regents' records show that you and/or your family member(s) were employed by the University of California at the Lab and you and/or your family member(s) retired before Lab management changed from The Regents to LLNS in 2007. The Court allowed, or "certified," a class action lawsuit related to the loss of University-sponsored health benefits for retirees of the University of California when management of the Lab changed to LLNS.

You were sent this notice because you have the right to know about a proposed settlement of the class action lawsuit and about your options before the Court decides whether to approve the settlement. The terms of the settlement are described in section 8, below.

The Court directed that this notice be sent to you because you may be a member of the Class, and Class Members have a right to know about the lawsuit and the proposed settlement. This package explains the lawsuit, the settlement, your legal rights, the deadlines to exercise your rights, what benefits are available, who is eligible for them, and how those benefits will be provided.

2. What is this lawsuit about?

Lab retirees Joe Requa, Wendell G. Moen, Jay Davis, Donna Ventura filed a lawsuit against The Regents in California Superior Court for the County of Alameda, on August 11, 2010, called Requa v. Regents of the University of California, Case No. RG-10530492. Later, Geores Buttner, Robert Becker, Gregory Bianchini, Alan Hindmarsh, Steve Hornstein, Cal Wood and Sharon Wood were added. Joe Requa withdrew for medical reasons in 2011. The case then proceeded as Moen v. Regents of the University of California, et al. Two of the Petitioners, Geores Buttner and Robert Becker, passed away while the case was pending, and another Petitioner, Steve Hornstein, withdrew for medical reasons on November 21, 2019. Superior Court Judge Winifred Y. Smith is the judge overseeing the case. The persons who filed the lawsuit are called the "Petitioners." The Regents is called the "Respondent."

This lawsuit is about whether The Regents wrongfully stopped providing University-sponsored group health benefits to Retirees when the management of the Lab was transferred to LLNS in October 2007. The Petitioners allege that The Regents authorized University-sponsored group health insurance coverage for retirees, and, in booklets and handbooks over many years, promised Lab employees that they would continue to receive University-sponsored group health insurance coverage after they retired, provided they met certain eligibility criteria. Retirees allege that they met these criteria at all relevant times.

The Regents maintains that it provided University-sponsored group health plan coverage to Lab Retirees as a matter of policy, and that it neither offered nor promised Lab Retirees a right to lifetime University-sponsored group health plan coverage. The Regents further maintains that The Regents did not offer or promise that Lab Retirees would receive, in perpetuity, the same University-sponsored group health plan coverage as retirees from other University campuses. The Regents also maintains that University employee and retiree health benefits generally are subject to change and subject to available funding resulting from the state and federal appropriations processes and other funding processes and limitations. The Regents additionally maintains that individuals who worked at the Lab while the Lab was managed by the University of California worked under a specific contract with the federal government, and their continued compensation and benefits depended on the funding related to that contract. The Regents further maintains that when that contract ended in 2007, the new contractor (LLNS) assumed responsibility for the administration of health plan coverage for Lab Retirees.

In the lawsuit, the Petitioners asked the Court to rule that The Regents breached an implied contract and order The Regents to return members of the Class to the University-sponsored group health plan. The Petitioners also asked for the Class Members to receive damages for the difference between what they paid for Retiree health care benefits while they were excluded from the University-sponsored group health plans and what they would have paid if they had remained part of the University-sponsored group health plan. You can read the Petitioners' Third Amended Petition at [www. _____](http://www._____) and also at www.MoenvRegents.com.

The Court has not decided whether the Petitioners or The Regents are correct. If there is no settlement, the Court will make its decision after a trial. That decision would then be subject to appeal.

The Court scheduled the case for trial to begin on May 6, 2019. The Parties reached a proposed agreement on general settlement terms on April 29, 2019, and continued to negotiate additional terms. The Parties executed the proposed Settlement Agreement on December __, 2019.

3. Why is this a class action?

In a class action, one or more people (called "Class Representatives") sue on behalf of all people who have similar claims. The people who have claims are the "Class" or "Class Members." The Class Representatives who are still living are the Petitioners Wendell G. Moen, Jay Davis, Donna Ventura, Gregory Bianchini, Alan Hindmarsh, Cal Wood and Sharon Wood. Typically, the Court resolves the common issues for all members of the Class. Class actions are frequently brought when many people have been affected in the same or similar ways, and litigating each claim individually would be impractical.

4. Why is there a settlement?

In the interest of a timely resolution, and to avoid the risks of a trial and an appeal to determine issues relating to both liability and appropriate remedies, the Parties believe that settlement is in the best interest of Class Members. Moreover, by agreeing to a settlement, Class Members will receive substantial benefits more quickly than if the case had gone to trial. If the case had gone to trial, a court could have determined that Class Members were not entitled to be restored to University-sponsored coverage, or to any monetary compensation.

WHO IS IN THE SETTLEMENT

5. Am I part of this Class?

If you receive this notice by mail, it is because The Regents' records indicate that you or a family member are part of the Class. You are a part of this Class if:

- (a) you were an employee of the University of California who worked at the Lawrence Livermore National Laboratory ("LLNL" or "Lab");
- (b) your retirement date was effective prior to October 1, 2007 (i.e., you retired before the contract to manage the Laboratory was transitioned to LLNS);
- (c) you were eligible for University-sponsored group health plan coverage when you retired; and
- (d) you received University-sponsored group health plan coverage after retiring until University-sponsored benefits were terminated in connection with transfer of the Lab's management to LLNS in October 2007.

You are also a part of this class if:

- (a) you are a spouse, surviving spouse or dependent of a Lab employee; and
- (b) you were eligible for University-sponsored group health plan coverage as a consequence of a UC employee's retirement after working at the Lab, or death while working at Lab; and
- (c) you received University-sponsored group health plan coverage until University-sponsored benefits were terminated in connection with transfer of the Lab's management to LLNS in 2007.

If the Class Member to whom this is addressed is deceased, please follow the instructions in Section 10, below.

6. Do I need to do anything to join the case and share in the settlement?

You do not need to take any action to join the case. If the proposed settlement is approved by the Court, and you are a member of the Class, you will be entitled to receive the benefits described in this notice. However, to ensure that you receive the full amount of the benefits to which you are entitled, you should fill out and return the enclosed Class Member Data Form. If the Class Member is deceased, the personal representative or successor-in-interest (usually the "next of kin") must provide further information to the Settlement Administrator before any payment can be sent.

7. Can I exclude myself from the settlement?

No, you no longer have the option to exclude yourself (or "opt out") from the Class. If the settlement is approved, you will be bound by any judgments or orders that the Court enters in this case, you will be deemed to have released The Regents from any and all claims that were or could have been asserted in this case, and you will not be able to sue The Regents on those claims. Although you cannot exclude yourself from the case, you can object to the settlement and ask the Court not to approve it.

THE SETTLEMENT BENEFITS

8. What does the settlement provide?

The Settlement Agreement provides the following:

- **Right to Reinstatement of UC-Sponsored Benefits under Certain Conditions.**

Class Members currently receive retiree health care benefits from LLNS under the LLNS Health and Welfare Benefit Plan for Retirees ("LLNS Plan"). The LLNS Plan documents provide that these benefits can be terminated at any time. The Settlement Agreement provides that if LLNS or a successor contractor at the Lab fails to provide any health care benefits to the Class Members for any reason, The Regents will restore University-sponsored group health care benefits to the Class Members. This protection is in place until December 31, 2040 (or earlier if there is a final distribution of the Settlement Funds, as explained below).

Class Members will also be reinstated into University-sponsored group health care benefits if the benefits provided by LLNS fall below the following levels:

- For years one to seven after the court approves the settlement (barring delays, from 2020 to 2026):

- Medicare-eligible Class Members: \$2,450 per year to purchase health care benefits.
- Non-Medicare-eligible Class Members: at least one Gold tier plan is offered at a comparable employer premium cost share percentage for the health plans offered by LLNS in 2019.
- For years eight through twenty (if no delays, from 2027-2040):
 - Health benefits are the same as those offered to retirees of LLNS who retired between 2008 and 2019 and who are in the LLNS Plan.
 - For non-Medicare eligible Class Members only: annual dollar amount of the LLNS contribution to a Class Members is at least equal to the dollar amount of the LLNS contribution in year seven for that Class Member.
- **Settlement Fund**

The Regents will pay to the Settlement Administrator the sum of \$80,000,000 over the next seven years to create the Settlement Fund, which will be used for the purposes set forth below.

- **Initial \$1,000 Payment**

All Class Members (both living and deceased) will immediately receive a payment of \$1,000. There are approximately 9,080 Class Members, so this will use approximately \$9,080,000 of the Settlement Fund. This payment is meant to provide immediate relief to each Class Member or his/her heir(s) without a costly claims procedure, and in recognition that in this Action, the Class Members have endured ten years of litigation, have lost the peace of mind provided by University-sponsored benefits, and assert that they experienced damages not otherwise accounted for in the settlement as part of the transition of health care benefits from University-sponsored benefits to LLNS-sponsored benefits.

- **Past Damages Payments**

Approximately \$11,000,000 will be paid in Past Damages Payments to certain eligible Class Members and/or their heirs. The only Class Members who may be eligible for such payments are those (i) who are living and not eligible for Medicare, (ii) who are living and Medicare-eligible and elected Kaiser Senior Advantage Part B between October 15, 2010 to the Effective Date, or (iii) who died between October 15, 2010 and the Effective Date of the Settlement Agreement. Since most Class Members do not fall into these categories, most Class Members will not be eligible for Past Damages Payments.

The Past Damages Payments are intended to provide compensation for the groups of Class Members who suffered the most damage as measured by the difference in premium payments between the Class Member's LLNS-sponsored plan and what he/she would have paid under UC. It also is intended to provide compensation for past harm to deceased Class Members, the one group who will not receive the annual Supplemental Payments described below.

the Settlement Agreement, which is attached to this Notice as **Attachment C**. Class Members who are eligible for Medicare (95% of the living Class Members, or approximately 6,650 people) will receive about the same annual supplement, that is, between \$550 and \$558 per year. The remaining 5% of Class Members are not eligible for Medicare (approximately 350 people) and generally cost substantially more to insure. The formulas for the Supplemental Payments are designed so that these Class Members will be responsible for approximately 10% of the total cost of their plan choice, and will receive a Supplemental Payment of between \$2,009 and \$6,705, depending on their plan. However, the VEBA Trustee can alter the formulas year by year to make sure that the VEBA does not run out of money before its 20-year period expires. If you have questions about the formulas in Attachment C, or the VEBA in general, please contact the Settlement Administrator.

- **Benefits Counselors**

To support the best use of the Supplemental Payments to the Class Members, benefit counseling services will be made available to the Class Members in order to facilitate their selection, acquisition and utilization of health insurance (“Benefit Counseling Services”). The settlement will include an additional payment by The Regents of \$4 million for the Benefit Counseling Services. The Benefit Counseling Services will be made available to the Class Members free of charge until 2040 (or until the VEBA is terminated).

- **Taxability of Benefits**

The Petitioners have structured the Supplemental Payments to fall within IRC § 501(c)(9) so as not to be taxable. In contrast, the Initial \$1,000 Payment and Past Damages Payment will likely be deemed taxable and the Settlement Administrator will provide 1099 forms to individual Class Members.

- **Administrative Costs**

To deliver the benefits of the settlement to the Class Members, certain administrative costs must be paid. First, there are administrative costs associated with the Settlement Administrator’s providing notice of the settlement to the Class, assembling Class Member information into the Class Member Database, mailing checks to Class Members, etc. Second, over the next 20 years, the Settlement Administrator and VEBA Trustee must be paid for delivering checks to Class Members, overseeing the VEBA Trust, investing the VEBA funds, keeping the VEBA solvent, etc. The Regents have agreed to contribute \$500,000 for these costs; the remaining costs will come out of the Settlement Fund, and are estimated to be \$500,000 annually; however, the actual administrative costs will depend on future events and will entail oversight and approval by the Court.

9. How is my share of the settlement calculated?

All Class Members will receive the one-time Initial \$1,000 Payment.

The only Class Members eligible for Past Damage Payments are (i) people who are living and are not eligible for Medicare, (ii) people who are living and Medicare-eligible and elected Kaiser Senior Advantage Part B between October 15, 2010 to the Effective Date, and (iii) people who died between October 15, 2010 and the Effective Date of this Agreement. The formulas for the Past Damages Payments are set forth in Attachment B and summaries of the formulas are set forth above. If you think you may be eligible for a Past Damages Payment and have questions about how your payment will be calculated, please call the Settlement Administrator at 800-XXX-XXXX.

Living Class Members will also receive Supplemental Payments that will be provided each year. The amount of this payment depends on your specific circumstances, as set forth in Attachment C and summarized above. If you have questions about how your Supplement Payment will be calculated, please call the Settlement Administrator at 800-XXX-XXXX.

To ensure that you are paid the full amount to which you are entitled, you should return the attached Class Member Data Form to the Settlement Administrator executed under penalty of perjury. All information provided may be subject to verification.

10. What if the Class Member is deceased?

If the Class Member to whom this letter is addressed is deceased, please inform the personal representative or successor-in-interest (usually the "next of kin") of that Class Member about this letter. If you are the personal representative or successor-in-interest of a deceased Class Member, you must fill out and return the attached "Deceased Class Member" Section of the Class Member Data Form under penalty of perjury; otherwise no payment will be sent to the Deceased Class Member.

Where adequate verification is provided regarding the identity of the personal representative or successor-in-interest of a deceased Class Member, a payment for the Deceased Class Member's past damages may be mailed to their personal representative or successor-in-interest. Because Deceased Class Members are no longer purchasing health care insurance, they will not receive annual Supplemental Payments. Eligible surviving spouses and dependents of the Deceased Class Member who are themselves Class Members will receive Supplemental Payments, as well as the other benefits under the settlement.

11. When will the settlement be approved?

The Court will hold a hearing at [time] on [date] to decide whether to approve the settlement. It may take the Court several weeks after the hearing before it decides. If the Court approves the settlement, there may be appeals. If appeals are filed, it is uncertain how long it will take to resolve them. Please be patient. The current status of the case can be seen at www._____.

12. What am I giving up in the settlement?

Under this settlement, Class Members will give up or “release” the right to sue for any claim of entitlement to post-retirement healthcare insurance benefits against The Regents or LLNS. This includes any claims about the same events and subject matter involved in this case, including whether The Regents wrongfully stopped providing University-sponsored group health benefits to Retirees when the management of the Lab was transferred to LLNS in October 2007. This also includes any claim against The Regents, LLNS or any successor to LLNS that any changes made regarding your healthcare insurance benefits violate any agreement, ERISA or any other state or federal law. It also means the Class Members are giving up their claim to have a right to reinstatement in the UC system (except under the limited circumstances described above).

As stated in the Settlement Agreement, “Released Claims” means, subject to the limitations in Section IX of the Settlement Agreement, any and all judgments, liens, indebtedness, losses, claims, liabilities, actions, demands, rights, suits, and causes of action of whatever kind or nature that the Petitioners asserted in the Third Amended Petition for Writ of Mandate, including damages, costs, expenses, penalties, and attorneys’ fees. “Released Claims” includes all claims predicated on the allegations in the Third Amended Petition arising under the Employee Retirement Income Security Act of 1974 (ERISA), as amended, or other claims against all Released Parties relating to the provision or failure to provide health benefits, the level of health benefits coverage and/or the cost of health benefits. Class Members’ sole avenue to resolve any future dispute regarding LLNS or any Successor Contractor’s provision or failure to provide health benefits, the quality and/or quantity of the benefits, rights and features provided by the LLNS Plan or any Successor Contractor plan or the cost of the health benefits is provided for under Sections V.C and V.D of the Settlement Agreement, titled Reinstatement as Backstop for Catastrophic Events and Remedies for any Material Change in Benefits by LLNS. Notwithstanding the foregoing, Class Members are not prohibited from appealing eligibility or benefit determinations pursuant to the claims and administration procedures for the applicable plan in which the Class Member participates. For the avoidance of doubt, “Released Claims” excludes future claims, if any, against LLNS or a Successor Entity relating to actions or omissions by LLNS or a Successor Entity that take place or occur 20 years or more after the Effective Date. “Released Claims” excludes claims to enforce rights under pension plans, the University of California Retirement Plan (“UCRP”), the California Public Employees’ Retirement System

("CalPERS"); the Radiation Exposure Compensation Act ("RECA"), or any other state or federal statute limiting the release of claims based on employment.

This means that even if you discover facts in the future that were not known at the time of the settlement which you think demonstrate further violations by The Regents related to this case, you may not sue The Regents, except under the circumstances described above. Each Class Member assumes the risk that they may discover new information. Even if new information is discovered, the settlement will be binding.

THE LAWYERS IN THE CASE

13. Do I have a lawyer in this case?

The Court decided that (1) Sinclair Law Office, (2) Carter Carter Fries & Grunschlag, and (3) Calvo Fisher & Jacob LLP, represent all Class Members. Together these law firms are called "Class Counsel." They are experienced in handling similar cases against other individuals, companies and public agencies. More information about these law firms, their practices, and their lawyers' experience is available at www.sinclairlawoffice.com, www.carterfries.com and www.calvofisher.com.

14. Should I get my own lawyer?

You do not need to hire your own lawyer. Class Counsel are working on your behalf. You can ask your own lawyer to appear in Court for you if you want to be represented by someone other than Class Counsel, but you will need to make your own financial arrangements with your own lawyer.

15. How will the lawyers be paid?

Before the Fairness Hearing (explained below), Class Counsel will submit a petition to the Court for attorneys' fees and costs in the amount of \$ 12,000,000. Fees and costs will not be paid out of the Settlement Fund but by The Regents in an amount ordered by the Court as reasonable. You can read the Petitioners' Motion for Award of Attorneys' Fees and Costs at www._____.

16. How do I contact the lawyers?

COUNSEL FOR THE PETITIONERS:

Andrew Thomas Sinclair
Sinclair Law Office
300 Frank H. Ogawa Plaza
Rotunda Building, Suite 160
Oakland, CA 94612
Tel: (510) 465-5300
Fax: (510) 465-5356

Dov M. Grunschlag
Carter Carter Fries &
Grunschlag
The Hobart Building
582 Market Street, Suite 518
San Francisco, CA 94104
Tel: (415) 989-4800
Fax: (415) 989-4864

Kathleen V. Fisher
Maya J. Maravilla
Alex M. Freeman
Calvo Fisher & Jacob LLP
535 Pacific Avenue, Suite 201
San Francisco, CA 94133
Tel: (415) 374-8370
Fax: (415) 374-8373

WHAT ARE MY RIGHTS AND OPTIONS?

You can tell the Court that you do not agree with the settlement or some part of it, including the adequacy of the representation of the Class by the named Petitioners and Class Counsel; the fairness of the settlement; and/or the fees and expenses sought by Class Counsel. You have two options under this settlement, each of which is discussed below: (A) object to the settlement, or (B) do nothing. You have to make this decision on or before ____ [Date].

17. What does it mean to object?

Objecting is simply telling the Court that you do not like something about the settlement. It will not have any bearing on your right to receive benefits under the settlement if the settlement is approved.

18. How do I object to the settlement?

You can object to the settlement if you dislike any part of it. You also can object to Class Counsel's application for fees and expenses. You can give reasons why you think the Court should not approve the settlement or Class Counsel's application for fees.

You may object, personally or through an attorney at your own expense, to the proposed Settlement **by submitting in writing your objection to the Settlement Administrator no later than [DATE]**. You may appear, but are not required to appear, at the Fairness Hearing (or sometimes called Final Approval Hearing) where your objection will be heard and considered by the Court. Included in your objection must be a written notice of whether you desire to appear at the Fairness Hearing ("Notice of Intention to Appear") and briefly indicating the nature of your comments or objection. If you do not comply with this procedure, you may not be entitled

to be heard at the Fairness Hearing or to otherwise contest the approval of the Settlement, or to appeal from any related orders or judgments of the Court.

Class Members are hereby notified that even if they object, they will still be deemed as Class Members and will receive the benefits from the settlement if approved by the Court.

Any objections should be labeled "Moen v. The Regents of the University of California, Case No. RG 10530492" on the first page of all documents sent to the Settlement Administrator at the following:

[insert address]

19. What happens if I choose to do nothing?

If you do nothing, and the Court approves the settlement, you will be bound by the terms of the settlement and the release. Whether you act or not, if the settlement is approved, you will be entitled to receive the benefits of the settlement. However, deceased Class Members will not receive any benefits unless there is adequate verification of their next of kin (or successor-in-interest or personal representative). Further, other Class Members may not receive their full benefits if the Settlement Administrator does not have accurate and complete information about them. For example, the Settlement Administrator must have your correct mailing address to provide you with any benefits. Therefore, for your own benefit, you should fill out and return the Class Member Data Form, enclosed as Attachment A.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. This is called a Fairness Hearing (or Final Approval Hearing). You may attend and you may ask to speak, but you are not required to.

20. When and where is the Fairness Hearing?

The Court will conduct a Fairness Hearing on _____, 2020 in Department 21 of the Superior Court of California, located at 1221 Oak Street, Oakland, CA 94612. At that hearing, the Court will determine whether the settlement should be finally approved. The Court also will be asked to approve Class Counsel's request for attorneys' fees and costs, and other payments discussed above. The Fairness Hearing may be continued without further notice to Class Members.

21. Do I have to go to the Fairness Hearing?

No, Class Counsel will answer questions the Court may have. You are, however, welcome to come at your own expense. Even if you send an objection, you do not have to go to Court to talk about it. As long as your objection is postmarked by [date], the Court will consider it. You also have the right to retain a lawyer at your own expense to represent you at the Fairness Hearing, but it is not necessary to do so.

22. May I speak at the Fairness Hearing?

If you are a Class Member and have submitted an objection to the settlement, you may ask the Court for permission to speak—with or without an attorney—at the Fairness Hearing. To do so, you must send a letter to the Settlement Administrator (“Notice of Intention to Appear”). Be sure to include your name, address, telephone number, and your signature (and, if applicable, the name, address and telephone number of your attorney). Any Notice of Intention to Appear must be postmarked no later than [date].

MORE INFORMATION

23. What if I need more information?

The foregoing is only a summary of the lawsuit and the proposed settlement and does not purport to be comprehensive. The pleadings and other records in this lawsuit, including the Settlement Agreement, may be examined online on the Alameda County Superior Court's website, known as "DomainWeb," at <https://publicrecords.alameda.courts.ca.gov/PRS/>. After arriving at the website, click the “Search By Case Number” link, then enter RG10530492 as the case number and click “SEARCH.” Images of every document filed in the case may be viewed through the “Register of Actions” at a minimal charge. You may also view images of every document filed in the case free of charge by using one of the computer terminal kiosks available at each court location that has a facility for civil filings.

In addition, you can find a copy of this Notice of Class Settlement, the Third Amended Petition, the proposed Settlement Agreement, the Motion for Preliminary Approval, the Order Granting Preliminary Approval, the Motion for Attorneys’ Fees and Costs, and, when available, the Motion for Final Approval, at the following website [URL for website].

If you have any questions, please call the Settlement Administrator at 1-800-XXX-XXXX, toll free. You may also contact Class Counsel for free to ask about the settlement.

PLEASE DO NOT CONTACT THE CLERK OF THE COURT OR THE JUDGE WITH INQUIRIES ABOUT THE SETTLEMENT

ATTACHMENT A
to
Notice of Proposed Settlement of Class Action

CLASS MEMBER DATA FORM

Please fill out the following form with your current information and return following the instructions below. Each Class Member should fill out a separate form.

<<First Name>> <<Last Name>>
<<Address Line 1>>
<<Address Line 2>>

1. The person listed above is alive: _____ Yes _____ No

If the person listed above is not alive, please give this form to the deceased person's next-of-kin (or, in legal terms, their "successor-in-interest" or "personal representative"). If you are the next-of-kin, successor-in-interest or personal representative of the deceased Class Member, please fill out this entire form on that person's behalf per the instructions below.

2. Please fill out the following:

_____ I confirm that the name and address listed above are correct and accurate OR

_____ Change my address to the following: _____

If your name has changed please contact us at 1-800-XXX-XXXX as soon as possible

3. Please fill out the following:

Home Phone: _____ Social Security Number: _____ - _____ - _____

Cell Phone: _____

Additional Phone: _____ Additional Phone Type: Home Cell Work

Email Address: _____

Preferred Method of Contact: Phone Call Text Message Email

4. Please fill out the following relating to your health insurance. If you don't know the answer to a question, please contact us at 1-800-XXX-XXXX

Date of birth: _____

Medicare Eligibility: _____ I am over 65 and eligible for Medicare _____ I am over 65 and not eligible for Medicare

_____ I am under 65 and will not be eligible for Medicare when I turn 65

_____ I am under 65 and will be eligible for Medicare when I turn 65

In 2019, my health insurance plan was the following:

If prior to 2019, you had a different health insurance plan than you do now, please tell us the name of your plan for each year dating back to 2010:

2018 _____	2017 _____	2016 _____
2015 _____	2014 _____	2013 _____
2012 _____	2011 _____	2010 _____

If at some time between 2010 and now, you elected Kaiser Senior Advantage Part B, please tell us the years that you did so:

Most Class Members (but not all) purchased their health insurance through Via Benefits (formerly known as One Exchange). Please let us know any years in which you did not purchase your health insurance through Via Benefits (or One Exchange):

If someone other than you, such as a spouse, child, or dependent, receives health insurance under your health insurance policy or plan, please tell us their names, ages and social security numbers: _____. Please note that if such persons are Class Members, they should also fill out their own Class Member Data Form.

5. Deceased Class Members: If you are the next-of-kin (or personal representative or successor-in-interest) of a deceased Class Member, you must fill out and return this form to receive benefits.

If the person listed at the top of this form is deceased, please provide us the following information about the deceased Class Member:

The Class Member to whom this form is addressed died on the following date: _____

The next-of-kin (or successor-in-interest or personal representative) of the deceased Class Member is:

Name _____
Relationship to deceased person: _____
Address _____
Telephone No. _____
Email: _____

If you are the next-of-kin (or successor-in-interest or personal representative) of the deceased Class Member, please confirm this by signing below:

Signature

Please return this form as soon as possible and no later than _____.

If you have questions, please call: ~~1-800-XXX-XXXX~~

ATTACHMENT B
to
Notice of Proposed Settlement of Class Action

Schedule B – Past Damages

A. Eligibility

Class Members who (i) are living and not eligible for Medicare, (ii) are living and Medicare-eligible and elected Kaiser Senior Advantage Part B between October 15, 2010 to the Effective Date, or (iii) who died between October 15, 2010 and the Effective Date, may be eligible for a Past Damages Payment. Not all Class Members falling into these three categories will receive a Past Damages Payment. Eligibility for Past Damages Payments for Class Members who fall into these categories will depend on the Class Members' circumstances and plan selections between October 15, 2010 and the Effective Date.

The Settlement Administrator has received substantial information provided in the litigation to identify Class Members eligible for Past Damages Payments and to calculate the amount of such payments pursuant to the methodologies set forth below. In addition, pursuant to the Agreement, all Class Members will receive notice of the Settlement of this Action, and will be given the opportunity to provide additional or corrected information to the Settlement Administrator to demonstrate eligibility for Past Damages Payments or adjustments to the proposed calculation for Past Damages Payments.

B. Description of Past Damages Methodology.

Past damages for each eligible Class Member will be calculated according to the methodologies below. Some Class Members fall into different categories in different years. Past damages will be calculated based on each Class Member's circumstances and plan selection each year, to the extent such information is available.

1. Non-Medicare-Eligible Class Members Who are Still Living

a. Currently 65 or older

- i. Past damages for these Class Members have been calculated for each year from 10/15/2010 through 12/31/2020.
- ii. Past damages for each year were calculated by taking the difference between the Class Member's required contribution for the premium for his/her LLNS-sponsored plan, and a retiree's required contribution for the premium for the most similar University-sponsored plan that same year using the rates in effect in each year.
- iii. For each year, it was determined whether the Class Member was older or younger than age 65, so that the proper rates were used.
- iv. LLNS-sponsored plans were mapped to similar University-sponsored plans, as follows:

	LLNS-Sponsored	University-Sponsored
Kaiser	Kaiser	Kaiser
Pre-2014 Blue	Blue Cross Plus	Blue Cross Plus

Cross Plans	Blue Cross PPO	Blue Cross PPO
	Blue Cross EPO	Blue Cross EPO
	Blue Cross Core	Blue Cross Core
2014 and later Blue Cross Plans	Blue Cross Plus	UC Care
	Blue Cross PPO	
	Blue Cross EPO	
	Blue Cross Core	Blue Cross Core

v. Other Assumptions and Adjustments

1. The 2018 non-Medicare election (plan option and coverage category) was used as a proxy for each Class Member's plan election in all years (i.e. it was assumed that the same election was in force for all years prior and subsequent to 2018).
2. For 2010, the annual damage was calculated and prorated to reflect 2.5 months of damages from 10/15/2010.
3. Past damages for 2020 damage were calculated as 1.0425 times the Class Member's 2019 past damages (4.25%).
4. No interest was added.

b. Currently younger than 65

- i. It is not clear from the data if any Class Member falls into this category.
- ii. If it is determined that there are Class Members in this category, Past Damages Payments for these Class Members will be calculated using the same formula as above for non-Medicare-eligible Class Members who are currently 65 or older. However, the amount of Past Damages Payments for Class members younger than 65 may be different since they generally have lower required contributions.

2. Kaiser Senior Advantage Members Who Are Still living

- a. Past damages for these Class Members have been calculated for each year from 10/15/2010 through 12/31/2020.
- b. Past damages for each year were calculated by taking the difference between the Class Member's required contribution for the LLNS-sponsored Kaiser Senior Advantage plan selected and a retiree's required contribution for the premium for the University-sponsored Kaiser Senior Advantage plan.
 - i. For purposes of this calculation, the Class Member's required contribution for the LLNS-sponsored Senior Advantage plan included the premium for the Medicare Part B Supplement.
- c. For each year, it was determined whether the Class Member was older or younger than age 65, so that damages for Kaiser Senior Advantage members were only applied when the member was 65 or older.

- d. Assumptions/Adjustments
 - i. The 2018 Kaiser Senior Advantage election (plan option and coverage category) was used as a proxy for each Class Member's plan election in all years (i.e. it was assumed that the same election was in force for all years prior and subsequent to 2018).
 - ii. For 2010, the annual damage was calculated and prorated to reflect 2.5 months of damages from 10/15/2010.
 - iii. Past damages for 2020 damage were calculated as 1.0425 times the Class Member's 2019 past damages (4.25%).
 - iv. No interest was added.

3. All Class Members who died between 10/15/2010 and the Effective Date

- a. For each year, age was calculated to determine whether the member was older or younger than age 65.
- b. Past plan election information for each year up to and including the year of death was used, where available. Where no plan election information was available, no damages were calculated. However, as described above, all Class Members will receive notice of the Settlement of this Action, and will be given the opportunity to provide additional or corrected information.
- c. Past damages for non-Medicare eligible Class Members who died between 10/15/2010 and the Effective Date were calculated in the same manner as set forth above for non-Medicare eligible Class Members who are still living, except past damages were prorated based on the date of death.
- d. Past damages for Medicare-eligible Class Members who were Kaiser Senior Advantage members and who died between 10/15/2010 and the Effective Date were calculated in the same manner as set forth above for Medicare-eligible Class Members who were Kaiser Senior Advantage Members and who are still living, except past damages were prorated based on the date of death.
- e. All other Class Members who died between 10/15/2010 and the Effective Date were Medicare-eligible and were eligible for LLNS-sponsored benefits through ViaBenefits (formerly OneExchange). Past damages for these members were calculated as follows:
 - i. Past damages for these Class Members have been calculated for each year from 10/15/2010 through date of death.
 - ii. For OneExchange members who were California residents, past damages for each year were calculated by taking the difference between the Class Member's total premium paid for the OneExchange coverage selected after offsetting it by the HRA contribution (\$2,400 prior to 2016, \$2,450 thereafter), and a retiree's required contribution for the premium for the most similar University-sponsored plan that same year using the rates in effect in each year. OneExchange plans were mapped to similar University-sponsored plans, as follows:

OneExchange Plans	University-Sponsored
Medicare Supplement Plans	UC High Option Supplement

Medicare Advantage Plans	UC Medicare PPO
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iii. For OneExchange members who were not California residents, past damages for each year prior to 2014 were calculated using the same methodology used for California residents. For OneExchange members who were not California residents, past damages for 2014 and 2015 were determined to be \$600/year, and past damages for 2016 and later were determined to be \$550/year based on the difference in the HRA contributions by LLNS and The Regents in those years.

f. Other Assumptions and Adjustments

- i. Premium data for One Exchange elections was available only for the initial election year. For example, if a Class Member first selected a plan in 2009, no data regarding the premium rate after 2009 was available. As a result, medical trend factors were used to increase the original premium to a reasonable estimate for future years.
- ii. Medical trend factors used were based upon Medicare trend survey data at the time for Medicare Advantage Plans and Medicare Supplement Plans as follows:

Year	Medicare Advantage Trend	Medicare Supplement Trend
2010	8.2%	9.5%
2011	7.4%	7.0%
2012	7.9%	6.4%
2013	8.2%	5.3%
2014	6.6%	4.9%
2015	5.6%	3.2%
2016	4.2%	3.2%
2017	4.4%	4.3%
2018	4.5%	3.6%
2019 and later	4.25%	4.25%

- iii. Member plan election data for the One Exchange members was only provided through 2016. If a member died after 2016, it was assumed the same election was in place thereafter and the trend factors in the table above were applied.
- iv. Members with no state code data available were assumed to be California residents.
- v. For 2010, the annual damage was calculated and prorated to reflect 2.5 months of damages from 10/15/2010.
- vi. Damages were prorated to the date of death.
- vii. No interest was added.

C. Calculation of Past Damages Payments

Approximately \$11,000,000 will be paid in Past Damages Payments to Class Members and their heirs, such that Past Damages Payments plus the Initial \$1,000 Payment will equal \$20,000,000. The Settlement Administrator will apply the above methodologies to calculate past damages for each eligible Class Member. The Settlement Administrator will then subtract \$1000 from the total past damages for each eligible Class Member to account for the initial \$1000 in damages paid to each Class Member after the Effective Date. The Settlement Administrator will then determine each eligible Class Member's pro rata share, if any, of the approximate \$11,000,000 total for Past Damages Payments and issue checks to eligible Class Members and/or their heirs in those amounts.

ATTACHMENT C

to

Notice of Proposed Settlement of Class Action

Schedule C- Supplemental Payments

A. Discretion of Trustee

Each year, the Settlement Administrator or VEBA Trustee will use its discretion and professional judgment to determine the amount of the Supplemental Payments and the formulas used to calculate them consistent with the goal of maximizing payments for health care coverage for Class Members for the next 20 years. After the earlier of 20 years, or when there are 1,000 Class Members who are still living, the Trustee shall terminate the Trust and distribute any remaining funds to the living Class Members, estimated to be 1,000 people whose average age will be approximately 91. The Settlement Administrator or VEBA Trustee will aim to provide increases to the Class Members' Supplemental Payments over the 20 year period as determined appropriate and feasible.

Due to uncertainties with respect to the cost of health care and health care coverage, the rate of return on investment, the life expectancy of the class, the needs of the class, and potential changes in the health care delivery system and/or coverage for health care, as well as other uncertainties, the amount of the Supplemental Payments and the formulas used to calculate them are subject to change and are at the discretion and within the professional judgment of the Settlement Administrator or VEBA Trustee.

B. Eligibility

All living Class Members are eligible for an annual Supplemental Payment unless otherwise not eligible under Section V.A.7 and/or Section V.A.8 of the Stipulation of Class Action Settlement and Release ("Agreement"). Where a Class Member is covered under a health plan under the name of another Class Member who is the Policy Holder of said plan, the Supplemental Payments for all such individuals will be paid to the Policy Holder.

C. Description of Supplemental Payment Formulas.

Non-Medicare-eligible and Pre-65 Not Currently Eligible for Medicare: The Supplemental Payment for these Class Members will be calculated initially so that Class Members in this category will be responsible for 10% of the total cost of their plan choice. If, prior to receiving any Supplemental Payment, the Class Member is paying less than 10% of the total cost to cover the Class Member under the plan, the Supplemental Payment for that Class Member will be zero.

Example Calculation for Anthem PPO for Non-Medicare-eligible 65 and Older:

1. Annual Cost of Anthem PPO Plan	$\$1,792.60 \times 12 = \$21,511.20$
2. Annual Retiree Contribution	$\$ 440.00 \times 12 = \$5,280.00$
3. Desired Retiree Contribution	$\$21,511.2 \times .10 = \$2,151.12$
4. Amount of Supplement (2) - (3)	$\$ 5,280.00 - \$2,151 = \$3,128.88$

Kaiser Senior Advantage Medicare-eligible: The Supplemental Payment for these Class Members will be calculated initially so that Class Members in this category will be responsible for 20% of the total cost of their plan choice. The total cost to cover these Class Members under the plan is defined initially to be the sum of the total premium plus \$1,028, which reflects the current cost of the 2019 Medicare Part B reimbursement.

Example Calculation for Kaiser Sr. Adv:

1. Annual Cost of KSA Plan ¹	$(\$2,732.16 + 1,028) = \$3,760.16$
2. Annual Retiree Contribution	$(\$3,760.16 - \$2,450) = \$1,310.16$
3. Desired Retiree Contribution	$(\$3,760 \times .20) = \752
4. Amount of Supplement (2) – (3)	$\$1,310.16 - \$752 = \$558.16$

¹ Includes the 2019 out of pocket premium plus the \$1,028 Part B Supplement.

ViaBenefits Medicare Eligible: Both The Regents and LLNS provide benefits to some of their retirees through ViaBenefits. The Regents provides \$3,000 per year to its out-of-state retirees through ViaBenefits, while LLNS provides \$2,450 per year to Class Members who select ViaBenefits. The initial Supplemental Payment for these Class Members will be \$550 per year, which equals the difference between what The Regents and LLNS provide to their retirees through ViaBenefits.

If the methodology for calculating the Supplemental Payments for Medicare-Eligible Class Members who receive health benefits through ViaBenefits becomes not feasible due to changed circumstances, invalid assumptions or other reasons, an alternative initial methodology to calculate the Supplemental Payments to these Class Members will be to identify a Medicare Supplement plan found on the ViaBenefits exchange that is substantially similar to the UC preferred provider organization (PPO) for Medicare-eligible members, and calculate Supplemental Payments so that the Class Members would be responsible for 20% of the total cost of the ViaBenefits plan identified as substantially similar. See below for an example of the mapped calculation.

Example for Mapped ViaBenefits Plan to UC's PPO:

1. Annual Cost of Equivalent Plan ¹	$\$3,660$
2. Annual Retiree Contribution	$(\$3,660 - \$2,450) = \$1,210$
3. Desired Retiree Contribution	$(\$3,660 \times .20) = \732
4. Amount of Supplement (2) – (3)	$\$1,210.16 - \$732 = \$478$
5. Greater of (4) and \$550 ²	$\$550$

¹ Cost was determined by taking the sum of the Blue Shield Medicare Supplement plan rates as of April 1, 2019 for Plan F and Plan D Region 8 $(\$171 + \$134) = \$305 \times 12 = \$3,660$.

² The \$550 amount was chosen to match the difference between the UC HRA contribution of \$3,000 to its non-California HRA members and the LLNS contribution of \$2,450.

D. Rates Based on 2019 Data and Actuarial Analysis

A spreadsheet showing the Supplemental Payment Rates based on 2019 data is attached hereto as Exhibit 1. Attached as Exhibit 2 is an actuarial evaluation of the anticipated Supplemental Payments, with assumptions regarding healthcare expense market trends, return on investments, and the life span of the Class Members, to assess the viability of the corpus of the VEBA Trust over time.

E. Future Changes to Supplemental Payments

The VEBA Trustee shall have the discretion to increase or decrease Supplemental Payments based on actual costs, market trend, or other relevant information, while staying in conformance with the terms and goals of the Agreement. The methodology set forth above for determining the initial Supplemental Payment is not required hereafter but may be a guide for future year's supplements.

Exhibit 1
to
Schedule C

2019 Non-Medicare 65 and Over Retiree Medical Monthly Contributions

	Kaiser - North	Kaiser - South	Anthem Blue Cross PLUS	Anthem Blue Cross PPO	Anthem Blue Cross Core Value	Anthem Blue Cross EPO
20+ years of service						
Retiree only	\$338.00	\$338.00	\$773.00	\$440.00	\$82.00	\$339.00
Spouse only	\$373.00	\$373.00	\$852.00	\$483.00	\$91.00	\$375.00
Retiree + Spouse	\$711.00	\$711.00	\$1,624.00	\$923.00	\$173.00	\$713.00
Retiree + Children	\$610.00	\$610.00	\$1,392.00	\$791.00	\$150.00	\$612.00
Spouse + Children	\$644.00	\$644.00	\$1,470.00	\$836.00	\$158.00	\$648.00
Retiree + Spouse + Children	\$983.00	\$983.00	\$2,243.00	\$1,275.00	\$240.00	\$986.00
Children only	\$67.00	\$67.00	\$506.00	\$319.00	\$67.00	\$262.00
0% Subsidy (Access Only)						
Retiree only	\$1,706.16	\$1,706.16	\$2,142.12	\$1,792.96	\$1,307.20	\$1,688.96
Spouse only	\$1,876.76	\$1,876.76	\$2,356.28	\$1,972.16	\$1,437.88	\$1,857.84
Retiree + Spouse	\$3,582.88	\$3,582.88	\$4,498.44	\$3,765.08	\$2,745.16	\$3,546.80
Retiree + Children	\$3,071.08	\$3,071.08	\$3,855.80	\$3,227.24	\$2,353.00	\$3,040.08
Spouse + Children	\$3,241.64	\$3,241.64	\$4,070.00	\$3,406.56	\$2,483.72	\$3,209.04
Retiree + Spouse + Children	\$4,947.84	\$4,947.84	\$6,212.08	\$5,199.48	\$3,790.92	\$4,897.96
Children Only	\$622.40	\$622.40	\$1,116.44	\$934.40	\$681.28	\$880.24
Supplemental Payment						
Retiree only	\$2,009	\$2,009	\$6,705	\$3,128	\$0	\$2,041
Spouse only	\$2,224	\$2,224	\$7,396	\$3,429	\$0	\$2,271
Retiree + Spouse	\$4,233	\$4,233	\$14,090	\$6,558	\$0	\$4,300
Retiree + Children	\$3,635	\$3,635	\$12,077	\$5,619	\$0	\$3,696
Spouse + Children	\$3,838	\$3,838	\$12,756	\$5,944	\$0	\$3,925
Retiree + Spouse + Children	\$5,859	\$5,859	\$19,462	\$9,061	\$0	\$5,954
Children only	\$57	\$57	\$4,732	\$2,707	\$0	\$2,088

2019 Non-Medicare Pre-65 Retiree Medical Monthly Contributions

	Kaiser - North	Kaiser - South	Anthem Blue Cross PLUS	Anthem Blue Cross PPO	Anthem Blue Cross Core Value	Anthem Blue Cross EPO
20+ years of service						
Retiree only	\$84.00	\$84.00	\$633.00	\$398.00	\$82.00	\$328.00
Spouse only	\$92.00	\$92.00	\$696.00	\$438.00	\$91.00	\$362.00
Retiree + Spouse	\$176.00	\$176.00	\$1,330.00	\$837.00	\$173.00	\$689.00
Retiree + Children	\$151.00	\$151.00	\$1,139.00	\$717.00	\$150.00	\$591.00
Spouse + Children	\$158.00	\$158.00	\$1,203.00	\$757.00	\$158.00	\$624.00
Retiree + Spouse + Children	\$243.00	\$243.00	\$1,836.00	\$1,155.00	\$240.00	\$953.00
Children only	\$67.00	\$67.00	\$506.00	\$319.00	\$67.00	\$262.00
0% Subsidy (Access Only)						
Retiree only	\$778.00	\$778.00	\$1,395.52	\$1,168.04	\$851.64	\$1,100.28
Spouse only	\$855.76	\$855.76	\$1,535.04	\$1,284.76	\$936.72	\$1,210.32
Retiree + Spouse	\$1,633.80	\$1,633.80	\$2,930.56	\$2,452.84	\$1,788.36	\$2,310.64
Retiree + Children	\$1,400.40	\$1,400.40	\$2,511.96	\$2,102.48	\$1,532.92	\$1,980.52
Spouse + Children	\$1,478.20	\$1,478.20	\$2,651.44	\$2,219.24	\$1,618.08	\$2,090.56
Retiree + Spouse + Children	\$2,256.16	\$2,256.16	\$4,047.00	\$3,387.32	\$2,469.64	\$3,190.88
Children Only	\$622.40	\$622.40	\$1,116.44	\$934.40	\$681.28	\$880.24
Supplemental Payment						
Retiree only	\$74	\$74	\$5,921	\$3,374	\$0	\$2,616
Spouse only	\$77	\$77	\$6,510	\$3,714	\$0	\$2,892
Retiree + Spouse	\$151	\$151	\$12,443	\$7,101	\$0	\$5,495
Retiree + Children	\$132	\$132	\$10,654	\$6,081	\$0	\$4,715
Spouse + Children	\$122	\$122	\$11,254	\$6,421	\$0	\$4,979
Retiree + Spouse + Children	\$209	\$209	\$17,176	\$9,795	\$0	\$7,607
Children only	\$57	\$57	\$4,732	\$2,707	\$0	\$2,088

	<u>One Exchange</u>	<u>Kaiser Senior Advantage</u>				
2019 LLNS Total Cost	\$305.00	\$313.35				
Annual Cost	\$3,660	\$3,760				
Est. Class Members	N/A	N/A				
Participation Pct.	N/A	N/A				
Target Percent Cost Sharing	20%	20%				
Total Cost	\$3,660	\$3,760				
LLNS Subsidy	\$2,450	\$2,450				
2019 Actual Member Cost	\$1,210	\$1,310				
2019 Cost Sharing Pct.						
Expected Contribution	\$732	\$752				
Difference	\$478	\$558				
Supplement	\$478	\$558				
Actual Supplement Used	\$550	\$558				

Exhibit 2

to

Schedule C

VEBA Settlement Solvency Projections

Version as of August 6, 2019

Via Benefits/One Exchange Supplement Scenario: \$550

Administrative Cost Scenario: \$500,000 Per Year

Valuation Year 2019
 Annual Administrative Costs \$500,000
 Investment Return 4.75%
 One Exchange Supplement \$550
 Annual Benefit Increase 4.25%
 Mortality Table RP2014(adj) with MP18 Projection Scale, Total Dataset

Contributions		Liabilities					Fund Solvency Calculations						
Date	Contribution	Date	Benefit Payments	Head-count*	Average Payment/Head-count	Beginning Balance	Contribution	Benefit Payments	Administrative Costs	Investment Return	Ending Balance	Terminal Balance	Per Capita Payout
1 2019	12/31/2019 15,000,000	12/31/2019	10,000,000	6,361	n/a	0	15,000,000	(10,000,000)	-	-	5,000,000		
2 2020	12/31/2020 15,000,000	12/31/2020	10,000,000	6,044	n/a	5,000,000	15,000,000	(10,000,000)	(500,000)	225,625	9,725,625		
3 2021	12/31/2021 15,000,000	1/1/2021	4,417,013	5,732	771	9,725,625	15,000,000	(4,417,013)	(500,000)	240,284	20,048,897		
4 2022	12/31/2022 10,000,000	1/1/2022	4,352,957	5,433	801	20,048,897	10,000,000	(4,352,957)	(500,000)	733,682	25,929,621		
5 2023	12/31/2023 10,000,000	1/1/2023	4,276,011	5,132	833	25,929,621	10,000,000	(4,276,011)	(500,000)	1,016,671	32,170,282		
6 2024	12/31/2024 10,000,000	1/1/2024	4,191,826	4,838	866	32,170,282	10,000,000	(4,191,826)	(500,000)	1,317,102	38,795,558		
7 2025	12/31/2025 5,000,000	1/1/2025	4,100,033	4,551	901	38,795,558	5,000,000	(4,100,033)	(500,000)	1,636,162	40,831,687		
8 2026	-	1/1/2026	3,997,287	4,267	937	40,831,687	-	(3,997,287)	(500,000)	1,737,759	38,072,160		
9 2027	-	1/1/2027	3,886,594	3,990	974	38,072,160	-	(3,886,594)	(500,000)	1,611,939	35,297,505		
10 2028	-	1/1/2028	3,766,807	3,718	1,013	35,297,505	-	(3,766,807)	(500,000)	1,485,833	32,516,531		
11 2029	-	1/1/2029	3,639,096	3,453	1,054	32,516,531	-	(3,639,096)	(500,000)	1,359,803	29,737,238		
12 2030	-	1/1/2030	3,502,301	3,194	1,097	29,737,238	-	(3,502,301)	(500,000)	1,234,284	26,969,221		
13 2031	-	1/1/2031	3,357,806	2,941	1,142	26,969,221	-	(3,357,806)	(500,000)	1,109,667	24,221,083		
14 2032	-	1/1/2032	3,205,370	2,696	1,189	24,221,083	-	(3,205,370)	(500,000)	986,371	21,502,085		
15 2033	-	1/1/2033	3,048,675	2,461	1,239	21,502,085	-	(3,048,675)	(500,000)	864,662	18,818,072		
16 2034	-	1/1/2034	2,885,913	2,235	1,291	18,818,072	-	(2,885,913)	(500,000)	744,903	16,177,061		
17 2035	-	1/1/2035	2,719,173	2,018	1,347	16,177,061	-	(2,719,173)	(500,000)	627,375	13,585,263		
18 2036	-	1/1/2036	2,550,814	1,814	1,406	13,585,263	-	(2,550,814)	(500,000)	512,261	11,046,710		
19 2037	-	1/1/2037	2,381,143	1,621	1,469	11,046,710	-	(2,381,143)	(500,000)	399,739	8,565,307		
20 2038	-	1/1/2038	2,211,548	1,439	1,536	8,565,307	-	(2,211,548)	(500,000)	289,929	6,143,687		
21 2039	-	1/1/2039	2,043,418	1,270	1,608	6,143,687	-	(2,043,418)	(500,000)	182,888	3,783,158		
22 2040	-	1/1/2040	1,878,111	1,114	1,685	3,783,158	-	(1,878,111)	(500,000)	78,615	1,483,661	1,483,661	1,331
Total							80,000,000	(86,411,894)	(10,500,000)	18,395,556			

* Lifetime projection for "single", last-survivor for "joint", lifetime up to age 26 for "child"

Please refer to page 3 of the July 10, 2019 deliverable for disclosures regarding data, assumptions, and methods used in these projections. The only change with this deliverable is the addition of administrative costs.