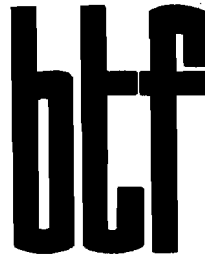


President PHILIP RUMORE



NYSUT
NEA/AFT

BUFFALO TEACHERS
FEDERATION, INC

271 PORTER AVENUE
BUFFALO, N.Y. 14201
(716) 881-5400
FAX (716) 881-6678

December 12, 2008

To: Dr. James Williams, Superintendent
Members, Buffalo Board of Education

From: Philip Rumore, President, BTF

Re: Contempt Proceedings

Enclosed please find copies of the relevant sections of the papers filed with the court. We look forward to the testimony, under oath, of the Superintendent and CEO's of the insurance companies in relation to the enclosed letters.

PR/mm

Enclosure



James A. Williams, Ed.D.
Superintendent

August 6, 2008

Philip Rumore, President
Buffalo Teachers Federation, Inc.
271 Porter Avenue
Buffalo, New York 14201

Re: Health Insurance / Rumore
Memorandum dated July 8, 2008

Dear Mr. Rumore:

It is necessary to respond to your memorandum dated July 8, 2008. The District has made no commitment to self insure the health care plans previously offered through Community Blue, Independent Health and Univera. To the contrary, we have investigated the possibility of complying with your demand that the District "return to individual multiple carriers as per our contract." Unfortunately, it appears that restoration of the *status quo ante*, as directed by the arbitrator in an award recently confirmed by the court, is not possible.

The collective bargaining agreement provides, in relevant part:

Employees covered under this agreement will have the option of participating in one of the three Health Maintenance Organizations, Independent Health (Encompass/Gold Plan), Community Blue I or Univera - Choice Care.

(Master Contract, Article XXVI(2) at page 68) (Subsequent to execution of the contract, Univera substituted its Premier Plan for Choice Care, and later replaced the Premier Plan with its Preferred Plan, all of which was done with the concurrence of the parties.)

In any event, the District cannot return to the insured plans previously in effect. Specifically, Independent Health "will not provide a fully insured quote to the Buffalo Board of Education" and Univera's "plan design that the BTF had prior to September 1, 2005 is no longer available and has been discontinued." See letter dated July 11, 2008, from Liane J. Reardon of Independent Health to John G. Berger, Jr., and letter dated July

712 City Hall Buffalo, New York 14202

Phone: 716.816.3575 • Fax: 716.851.3714 • Email: JAWilliams@buffaloschools.org

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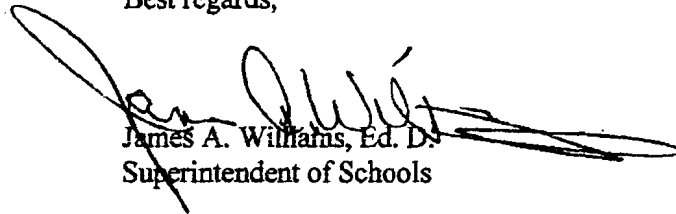
30, 2008, from Craig J. Arndt of Univera Healthcare to John G. Berger, Jr., copies of which are enclosed.

As indicated in the enclosed correspondence, however, both Independent Health and Univera would be willing to provide quotes for the administration of self insured plans. In summary, the insured HMO's provided for in the collective bargaining agreement are no longer available through Independent Health and Univera. These plans, on an insured basis, are available only through Blue Cross/Blue Shield as presently offered.

With respect to your further issue, the District sees no need to return to the arbitrator. He retained jurisdiction solely to review any unresolved disputes regarding losses incurred by members as the result of utilization of a single carrier. There have been none. His decision regarding the reinstatement of certain laid off teachers has been reversed and, therefore, there is no need for clarification as you contend. Finally, the arbitrator's "primary remedy . . . to restore the *status quo ante* which prevailed prior to September 1, 2005" cannot be effected, i.e. compliance is not possible for the reasons set forth above.

We are taking the liberty to provide a copy of this response to Mediator Dennis Campagna who I understand wishes to schedule a further mediation session in an effort to resolve the bargaining impasse. The District is more than willing to do so.

Best regards,



James A. Williams, Ed. D.
Superintendent of Schools

JAW:lmk

cc: Dennis J. Campagna

X:\Labor\Dr Williams\Rumore ltr 8-6-08.doc

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July 11, 2008

John G. Berger, Jr., ARM
Chief Executive Officer
CIC Benefits Group, LLC
5687 Main Street
Williamsville, NY 14221

Dear John:

I am writing in response to your email dated July 9, 2008 regarding offering coverage to Buffalo Board of Education. Attached is a proposed cost exhibit effective October 1, 2008 for self-funded administration of the benefits previously in place for the Buffalo Board of Education prior to September 1, 2005. Independent Health will provide a self-funded quote only. We will not provide a fully-insured quote to the Buffalo Board of Education.

A stop-loss proposal will follow under separate cover. We will require updated claims utilization and high-cost claims data, including diagnosis and prognosis. Independent Health will require a signed letter of intent by July 18, 2008 to implement this proposal beginning October 1, 2008. Benefits are reflected on the benefit chart you sent to me via email on 5/6/08 titled *BTF-FINAL revised 9.23.05*.

Independent Health will work with you to communicate our plan of benefits through mailings and on-site employee meetings. We are committed to making sure that Buffalo Board of Education members and their families understand their benefits which will enable them to make informed decisions.

We welcome the opportunity to meet with you very soon to discuss the details of our proposal and implementation timeline.

Sincerely,

Liane J. Reardon
Manager, Sales

univera.
H E A L T H C A R E
an excellus company

July 30, 2008

John G. Berger, Jr., ARM
Chief Executive Officer
CIC Benefits Group, LLC.
5687 Main Street
Williamsville, New York 14221

Dear John,

Univera Healthcare is excited about the opportunity to quote on the Buffalo Board of Education, Buffalo Teacher's Federation (BTF).

The HMO plan design that the BTF had prior to September 1, 2005 is no longer available and has been discontinued. An email sent by Jan Kurpiewski on May 6th, 2008 indicated the proposed experience rated plan we can offer on a fully-insured basis. I will move forward on that proposal and get that too you as soon as possible for your comparison.

I have also forwarded to our subsidiary RMSCO, the HMO plan that the BTF had prior to September 1, 2005 in an effort to restore that product on a self insured basis. A representative from RMSCO will be contacting you with the information required to provide a quote for the BTF.

If you have any questions, please contact me at 716-857-4524 or our RMSCO representative Joseph Morelli at 315-448-9233.

We look forward to working with you on the Buffalo Board of Education.

Sincerely,



Craig J. Arndt
Senior Account Executive

*James A. Williams, Ed.D.
Superintendent*



October 29, 2008

Mr. Philip Rumore, President
Buffalo Teachers Federation, Inc.
217 Porter Avenue
Buffalo, New York 14201

Dear Phil:

Hopefully, the recent Court of Appeals decision will conclude litigation regarding both health insurance and layoffs, and will enable the parties to work without preconditions toward a collective bargaining agreement which is in the best interest of the District, the teachers and the students whose education must remain our primary concern. It is time to engage in collaborative interest bargaining, and the District is prepared and willing to do just that.

The effect of the Court's decision is to deny the relief which each party sought in their respective motions for leave to appeal. The end of the road has been reached on litigation of those matters. On the insurance issue, the effect is to leave intact that portion of the Arbitrator's award which required restoration of the *status quo ante* with respect to health insurance. While the District has throughout the course of events consistently replicated the *benefit* options desired by your members, our employees, the business realities of our insurance partners have evolved and it is not possible to duplicate exactly the *business arrangements* that existed in the past. For the reasons set forth in my letter to you dated August 8, 2008, the District can no longer offer the HMO options previously made available through Univera and Independent Health. Let me reiterate, however, that the benefits have been replicated and remain available to your membership.

Univera no longer offers the Premium Plan, while Independent Health will not offer the District any insured plan, but will agree to administer a plan

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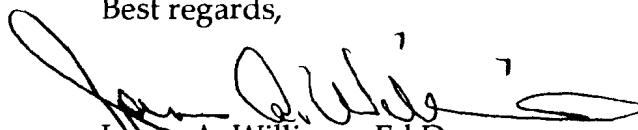
with benefits self-insured by the District. The only viable way to continue the former plans is through the present Blue Cross/Blue Shield program.

Accordingly, we propose the resumption of negotiations as soon as possible with special emphasis on resolution of the health insurance issues. Since the District is willing but unable to restore the *status quo ante*, we believe the appropriate course – and, frankly, the only course which does not impact teacher coverage – is to continue the present plan until and unless something different is agreed to by the parties.

We are prepared to immediately resume good faith bargaining with the BTF with regard to achieving an overall tentative agreement, without preconditions. We are also prepared, if you so choose, to engage in parallel discussions focused exclusively on the subject of alternatives for health insurance. We note that Article XXVI (2), subparagraph (14), at page 73 of the contract provides for formation of a committee to study alternative health insurance plans. Perhaps that is an avenue to be explored.

In any event, let's return to the bargaining table with Mediator Campagna as soon as possible to sort out these issues and formulate a plan for resolution.

Best regards,



James A. Williams, Ed.D.
Superintendent of Schools

cc: Dennis Campagna

Room 712 City Hall Buffalo, New York 14202

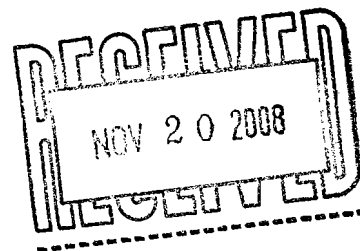
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Damon Morey

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James N. Schmit
Special Counsel

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jschmit@damonmorey.com

November 19, 2008

Robert W. Klingensmith, Jr., Esq.
Buffalo Teachers Federation
271 Porter Avenue
Buffalo, New York 14201

Re: Buffalo Teachers Federation v. Board of Education
of the City School District of the City of Buffalo
Index No.: 2006-010476

Dear Bob:

This will acknowledge your letter dated November 13, 2008, with enclosed order of the Court of Appeals. With respect to your client's demand that the District "forthwith" comply with Arbitrator Eischen's award, however, I must advise you that compliance is not possible.

The arbitrator, in directing the District to "reverse, rescind, cease and desist unilateral implementation of the 'health insurance resolution' of May 11, 2005," in effect directed restoration of the *status quo ante* with respect to health insurance.

Unfortunately, the District can no longer offer the HMO options previously made available through Univera and Independent Health. Univera no longer offers the Premium Plan, while Independent Health will not offer the District any insured plan, but will agree to administer a self-insured program. In fact, the only way for the District to provide the plans offered prior to implementation of the May 11, 2005 resolution, as well as the option to choose among those plans, is through the present program in which Blue Cross/Blue Shield of Western New York, Inc. replicated each of the plans then in effect.

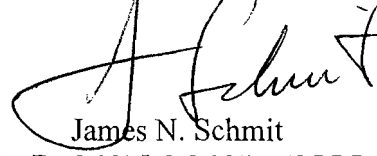
This situation has previously been explained by Superintendent Williams to BTF President Phil Rumore in letters dated August 6, 2008, and October 29, 2008, neither of which has received a response. For your information, I am enclosing copies of both letters, together with copies of correspondence from Independent Health and Univera which was enclosed with the Superintendent's letter dated August 6, 2008.

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Robert W. Klingensmith, Jr., Esq.
Buffalo Teachers Federation
November 19, 2008
Page 2

The Superintendent has, of course, urged the BTF to return to the bargaining table and from recent conversations with PERB Mediator Dennis Campagna, it appears that a meeting will be scheduled in the very near future. In the meantime, and in view of the realities discussed above and the need to resolve this issue through negotiations, we believe no further resources should be expended relative to Arbitrator Eischen's award. Please call with any questions you may have.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Schmit", written over the typed name below.

James N. Schmit
for DAMON & MOREY LLP

akp
Encs.
cc: Michael Looby (w/o Encs.)
-#1283240