

CITY OF DETROIT POLICE AND FIRE RETIREE HEALTHCARE TRUST



Board Meeting Minutes

Monday, March 27, 2017

The meeting was held at the office of ABS located in Sterling Heights Michigan. Chairman Opolski called the meeting to order at 9:30 AM. A quorum was present.

Trustees:	Chet Opolski	Chairman
	John Clark	VP Chairman
	Shirley A. Berger	Secretary
	Thomas Sheehan	Trustee
	Floyd Allen	Trustee (T)
	Andy Dillon	Trustee – Excused)
	Don Taylor	Trustee
	John Barr	Trustee – (Excused)

ABS Representative: Lisa Duncan, Denise Allport
Melanie Taliercio

VMT: Aaron Castle

Graystone Representatives: Eric Burger, Bill Messner and Burton Carlson

GRS Consulting Representatives: Eric St. Pierre and Jim Cherundolo

Approval of Agenda

Motion made by Sheehan and seconded by Clark to approve the March 27, 2017 agenda. Minutes. Motion carried – Unanimously.

Approval of Minutes

Motion made by Sheehan and seconded by Clark to approve the February 27, 2017 minutes with corrections. Motion carried -unanimously.

Graystone Consulting Update

Graystone Representative provided an updated to the Trustees regarding the Cash Flow Summary and B Notes Summary.

Motion made by Sheehan and seconded by Clark to acknowledge receipt of Graystone update. Motion carried - Unanimously.

GRS consulting, Eric St. Pierre and Jim Cherundolo

The Aetna representatives distributed a handout to Trustees from Aetna to share with retirees regarding primary care doctors and options. Aetna will have the results in several weeks for claims and utilization to determine how the plan is working. This circular will be mailed to the members at the cost to Aetna. This information should be uploaded on the website.

GRS Summit- Discussed the upcoming summit on Healthcare. Trustees that will attend is Berger, Sheehan, Opolski, Clark, Castle, Duncan. Tabled to next agenda for action.

Health Exchange for pre 65 members – Received

Break 10:45 am – 10:50 am

Correspondence

Motion made by Sheehan and seconded by Clark to acknowledge receipt and filing of the Wilmington February 2017 Bank Statement. Motion carried - Unanimously.

Motion made by Sheehan and seconded by Clark to acknowledge receipt and filing of the February 2017 Fifth Third Bank Statement. Motion carried - Unanimously.

Motion made by Sheehan and seconded by Clark to acknowledge receipt and filing of the Segal compensation report. Motion carried - Unanimously.

Accounting Report

The Cash Activity Report for February 2017 was presented. The Trustees acknowledged receipt.

Receipts and Disbursements – **Motion** made by Sheehan and seconded by Clark to accept the report and approve all payables. Motion carried – Unanimously.

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HRA Claims Processed YTD H RA report was presented. The Trustees acknowledged receipt.

Financials - The February 2017 finance report was presented. **Motion** made by Sheehan and seconded by Clark to approve reports. Motion carried - Unanimously.

The Segal Compensation Report was for information only.

Motion made by Clark and seconded by Sheehan to change order of agenda and move unfinished business.

ABS indicated that the Fifth Third Navia account has been closed and moved into the Trust.

Date Changes for full Trustee Board Meeting.

June 26 2017 meeting changed until June 19, 2017 at 9:30 am for full board meeting.

May 22, 2017 meeting changed to May 15, 2017 at 9:30 am for full board meeting.

Appeal for [REDACTED] – Retiree requested that he be allowed to receive retroactive claims from January 1, 2016. **Motion** made by Sheehan and seconded by Taylor to approve retroactive claim for [REDACTED]. Motion carried - Unanimously.

Motion made by Sheehan and seconded by Taylor to return to regular agenda motion carried – Unanimously.

Legal Report

SSDC Service Corporation

General Counsel has inquired of SSDC's willingness to reimburse the RHC Trust for mailing costs incurred by the Trust in connection with the services to be provided by SSDC. An update will be provided at Monday's meeting should we receive a response from SSDC in the interim.

Aetna 2017 Medicare Group Agreement

Aetna has revised their Medicare Group Agreement (Addendum A) to include provisions that allow for automatic renewal of the Group Agreement each plan year, unless the Group Agreement is terminated by the Plan Sponsor or Aetna. General Counsel has reviewed the Agreement for consistency with last year's Group Agreement with Aetna and is recommending the revised Agreement's terms.

Legal counsel will follow back up with Aetna and report back to Trustees.

Citibank Loan Facility

Legal Counsel presented document amending and restating the terms of the loan facility that have been negotiated and finalized with Citibank with a tentative closing date of March 30, 2017, pending Board's approval.

Motion made by Sheehan and seconded by Allen to approve the terms of the Citibank amendments.

WHEREAS, the City of Detroit Police and Fire Retiree Health Care Trust (the “RHC Trust”) is established under the Plan for the Adjustment of Debts of the City of Detroit to provide health care benefits to certain retirees and their eligible dependents, and

WHEREAS, the RHC Trust was primarily funded with Financial Recovery B-Notes, Series 2014B (1) issued by the City of Detroit in the aggregate principal amount of \$253,900,999 (the “Depositor Notes”), and

WHEREAS, the Board of Trustees (the “Board”) of the RHC Trust is vested with the authority and responsibility for the management and administration of the RHC Trust, including, but not limited to managing the assets of the RHC Trust, and

WHEREAS, in managing the assets of the RHC Trust the Board shall consider the following factors, among other circumstances: the general economic conditions, the possible effect of inflation or deflation; the role that each investment or course of action plays within the overall portfolio; the expected total return from income and the appreciation of capital; needs for liquidity, regularity of income, and preservation or appreciation of capital; and the adequacy of funding for the plan based on reasonable actuarial factors, and

WHEREAS, in accordance with the foregoing factors as well as its general fiduciary responsibilities for the management of the assets of the RHC Trust, the Board has the authority to authorize the disposition of the Depositor Notes in such amount(s) and at such time(s) as the Board determines it is prudent to do so, and

WHEREAS, the RHC Trust and Wilmington Trust, N.A., are party to a Trust Agreement, dated as of June 26, 2015 (as amended prior to the date hereof, the “*Existing Trust Agreement*”) pursuant to which the RHC Trust established P&F Retiree VEBA Trust 2014B-1, a Delaware statutory trust (together with its successors and assigns, “*Trust*”) to acquire the Depositor Notes and enter into certain transaction documents with Citibank, N.A. (together with its successors and assigns, “*Lender*”), and

WHEREAS, Trust and Lender entered into a certain Loan and Security Agreement, dated as of June 26, 2015 (as amended prior to the date hereof, the “*Existing Loan Agreement*”), pursuant to which Lender, among other things, agreed to extend credit to Trust from time to time during the Availability Period (as defined in the Existing Loan Agreement) in the form of delayed draw term loans in an aggregate principal amount not in excess of \$25,750,000 (the “*Original Availability Amount*”), and

WHEREAS, the Original Availability Amount was reduced prior to the date hereof to \$10,750,000, and

WHEREAS, the Existing Loan Agreement contemplates an expiration of the Availability Period as of June 30, 2017; and

WHEREAS, the Board, with the assistance of its third party administrator and investment consultant, has evaluated the short-term cash flow needs of the RHC Trust based on current asset levels, benefit levels, projected income, and membership info, and

WHEREAS, based on current circumstances the Board is aware of a projected cash flow shortfall beyond the June 30, 2017 expiration of the Availability Period, and

WHEREAS, the RHC Trust desires to amend and restate the Existing Loan Agreement and Existing Trust Agreement to, among other things, extend the Availability Period currently contemplated thereunder and provide for an initial commitment from the Lender in the aggregate principal amount of \$10,750,000, and

WHEREAS, the Board has been presented with an Amended and Restated Loan and Security Agreement and Amended and Restated Trust Agreement (collectively, the "Amended Transaction Documents") which provide for a final maturity date of June 29, 2018, and the Board believes that it is advisable and in the best interests of the RHC Trust that it enter into such Amended Transaction Documents and consummate such transactions.

NOW, BE IT RESOLVED, that the forms of the Amended and Restated Trust Agreement and the Amended and Restated Loan and Security Agreement are hereby approved. The Chairperson and Secretary of the Board (or, if either officer is absent or incapacitated, then the Vice Chairperson of the Board in place of such officer) (collectively, the "Authorized Officers" and each, an "Authorized Officer") are hereby directed to (i) execute and deliver, on behalf of the RHC Trust, the Amended Transaction Documents to which it is a party, substantially in the form of the drafts previously provided to the Secretary, with such revisions or completions to the drafts as such Authorized Officers shall approve (and their execution of the Amended Transaction Documents to which the RHC Trust is a party, respectively, shall be conclusive evidence of their approval to such revisions or completions) and (ii) to execute and deliver any other ancillary agreements to which the RHC Trust is a party and such other agreements, documents and instruments (including, without limitation, any financing statements), and to do and perform such other acts and things as such Authorized Officers deem necessary, expedient or appropriate to effect the resolutions set forth above; and be it

FURTHER RESOLVED, that all actions previously taken by the officers and agents of the RHC Trust or the Board with respect to the sale and contribution of the B-Notes to the Trust in exchange for a 100% beneficial interest in the Trust evidenced by a residual certificate and the borrowing by the Trust from the Lender are hereby approved, confirmed, and ratified; and be it

FURTHER RESOLVED, that the officers, employees, and agents of the Board and the RHC Trust are authorized and directed to do any and all things reasonably necessary to complete the transactions approved by this resolution, including (without limitation) the payment of any fees and expenses incurred in connection with the closing of the transactions and the making of the loans under the Amended and Restated Loan and Security Agreement; and be it

FURTHER RESOLVED, that the Board hereby finds and determines that the execution and delivery by the RHC Trust of the Amended and Restated Loan and Security Agreement and the Amended and Restated Trust Agreement serve a public purpose, namely, to help provide for the payment of post-employment benefits to participants and beneficiaries of the RHC Trust; and be it

FURTHER RESOLVED, that if any prior action of the Board or RHC Trust conflicts with this resolution, the Board and/or the RHC Trust hereby rescinds that action, but only to the extent necessary to eliminate any conflict; and be it

FURTHER RESOLVED, that if a court holds any provision of this resolution to be illegal or invalid, the illegality or invalidity will not affect any other provision of this Resolution; and be it

FURTHER RESOLVED, that any Authorized Officer be and each of them, acting alone is hereby authorized to certify and deliver to the Lender a true copy of the foregoing resolutions; and be it

FURTHER RESOLVED, that this resolution takes effect upon its adoption in the manner provided by law.

Motion carried - Unanimously.

Rules of Procedure

A revised draft of the Board's Rules of Procedure was updated and presented to the Board to incorporate the requirements of the Open Meetings Act and expanding the composition of the Board's Administrative Benefits Committee.

Motion made by Clark and seconded by Sheehan to approve the Rules of Procedures for the Police and Fire RHC Trust as amended and By-Laws. Motion carried - Unanimously.

FOIA Policy

A revised draft of the FOIA Policy & Procedures. Legal Counsel recommended approval of the Policy and post the to the RHC Trust website as required under the FOIA.

Motion made by Sheehan and seconded by Clark to approve the FOIA Policy and Procedures. Motion carried - Unanimously.

Gabriel, Roeder, Smith & Company

GRS has requested that the RHC Trust enter into a Business Associate Agreement ("BAA") in accordance with applicable federal laws due to protected health information from the Trust. General Counsel has made additional changes to the proposed BAA and those changes were accepted by BAA. Counsel recommended approval of the agreement.

Motion made by Sheehan and seconded by Taylor to approve the Business Associate Agreement with GRS. (Addendum D) Motion carried - Unanimously.

Trustee Handbook

General Counsel prepared Trustees Handbooks for each Trustee. This item was tabled.

Administrative Committee Board

Trustees reviewed the minutes of March 13, 2017. Trustees Clark requested that the minutes be revised to include in his motion that the Administrative Committee agreed to expand the membership of the committee. **Motion** made by Sheehan and seconded by Clark to appoint Trustee John Barr to the Committee and approve the Administrative Committee Minutes with corrections.

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Next Committee Board Meeting April 10, 2017

Finance Committee Board NONE

New Business / Open Forum

Chair Opolski appointed Trustee John Barr to the Administrative Committee.

Next Board Meeting is scheduled for April 24, 2017 at 9:30 a.m.

Adjournment

Meeting was adjourned at 12:00p.m. Motion made by Sheehan and seconded by Taylor. Motion carried - Unanimously.

Respectfully Submitted,

Shirley A. Berger

Secretary