

Police and Fire RHC Trust

June 8, 2015

Meeting of the Board of Trustees

Greg Trozak	Chairman
Greg Best	VP/ Recording Secretary
Floyd Allen	Andy Dillon
Tom Sheehan	John Clark
Shirley Berger - excused	Chet Opolski

The Chairman called the Board meeting to order at 1000  
Roll Call of Trustees was held and a quorum was present.  
Legal representatives of the Board: M. VanOverbeke and A. Castle  
were also present along with Rob Nederhood of Foley & Lardner LLP.  
Daniel Siegel of Citi Group, Jay Smith of Wilmington Trust and Heidi Jeffery of  
Foley & Lardner were on conference call.

**Motion-** To elect Greg Best as Board Secretary for the remainder of this calendar year - By C. Opolski, seconded by T. Sheehan Motion carried - Unanimously

**Motion-** To recognize the newly appointed Secretary and Trustee C. Opolski as to update The Authorized Signers Resolution - By T. Sheehan, seconded by J. Clark Motion carried- Unanimously

**Motion-** To approve First Southwest as municipal financial advisor to the Board- By T. Sheehan, seconded by F. Allen Motion carried - Unanimously

**Motion-** To have the commitment fee (2.25%) and the upfront fee included in the Retiree Health Care Trust document - By C. Opolski, seconded by J. Clark - Motion carried - Unanimously

**Citibank**

**WHEREAS**, the City of Detroit Police and Fire 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 police and fire 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 monetizing 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 Board, with the assistance of its 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**, the Board, intends to engage the services of a municipal financial advisor to evaluate the securitization structure and related pricing and interest rates, and

**WHEREAS**, based on current circumstances the Board is aware of a projected cash flow shortfall arising on or about July 30, 2015, and

**Whereas**, there has been presented to the Board forms of documents which would permit the monetization of an aggregate principal amount of \$232,000,000 of the Depositor Notes (the "B-Notes"), including the following:

- (a) a Sale Agreement (the "Sale Agreement"), to be entered into between P&F VEBA Trust 2014B-1 (the "Trust") and the RHC Trust and, pursuant to which the RHC Trust will sell and contribute its interest in the B-Notes to the Trust in exchange for a 100% beneficial interest in the Trust evidenced by a residual certificate;

(b) a Trust Agreement (the "Trust Agreement"), to be entered into between RHC Trust and Wilmington Trust, National Association, as trustee (the "Trustee"), providing for the powers and duties of the Trust; and

(c) a Loan and Security Agreement (the "Loan Agreement"), to be entered into between the Trust and Citibank, N.A. (the "Lender"), pursuant to which the Lender will make delayed draw term loans in an aggregate principal amount not in excess of \$25,750,000 to the Trust; and

(d) an Account Control Agreement (the "Control Agreement"), to be entered into between the Trust, the Lender and Wilmington Trust, National Association (the "Custodian"), pursuant to which the Trust shall deposit the B-Notes in an account maintained by the Custodian, and

**WHEREAS**, in connection with the Sale Agreement, the RHC Trust is required to grant the Trust a security interest in and lien on the B-Notes, all as more fully described in the Sale Agreement, and

**WHEREAS**, in connection with the Loan Agreement, the Trust is required to grant the Lender a security interest in and lien on certain assets of the Trust now existing or hereafter acquired, including, but not limited to, the B-Notes, all as more fully described in the Loan Agreement, and

**WHEREAS**, in connection with the Sale Agreement, the Trust Agreement, the Loan Agreement and the Control Agreement, the RHC Trust is or may be required to enter into certain other ancillary agreements, certificates and instruments (such documents, together with the Sale Agreement, the Trust Agreement, the Loan Agreement and the Control Agreement, the

"Transaction Documents"); and

**Whereas**, the RHC Trust desires to enter into the Transaction Documents to which it is a party and to consummate the transactions contemplated thereby, and the Board believes that it is advisable and in the best interests of the RHC Trust that it enter into such documents and consummate such transactions.

**NOW, BE IT RESOLVED**, that the Board authorizes 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 in a principal amount not to exceed \$25,750,000, bearing an interest rate equal 5.58% per annum.

**FURTHER RESOLVED**, that the Board authorizes the borrowing by the Trust from the Lender and the payment to the Lender of (i) a commitment fee (a "Commitment Fee"), at a rate equal to 2.25% per annum of the average daily unused amount of the Commitment during the period from and including the closing date (anticipated to be June 15) to but excluding the date on which such Commitment terminates, and (ii) an upfront fee payable on the closing date (anticipated to be June 15) in an amount equal to \$96,562.50.

**FURTHER RESOLVED**, that the forms of the Sale Agreement, the Trust Agreement, the Loan Agreement and the Control 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 Sale Agreement and the Trust Agreement, 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 Sale Agreement and Trust Agreement, respectively, shall be conclusive evidence of their approval to such revisions or completions) and (ii) pledge or grant to the Trust, on behalf of the RHC Trust, a lien on and security interest in the B-Notes, and (iii) to execute and deliver any other Transaction Document 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;

**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. The officers and agents of the RHC Trust and the Board are hereby authorized and directed, for and in the name and on behalf of the RHC Trust, to do any and all things and take any and all actions and execute any and all certificates, agreements, and other documents, which any of them may deem necessary or advisable to consummate the borrowing, in accordance with this resolution.

**FURTHER RESOLVED**, that First Southwest is hereby engaged to serve as municipal financial advisor to the Board; and the execution and delivery of the Transaction Documents are hereby

conditioned on receipt of a satisfactory report from such advisor relating to the structure described herein.

**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) (i) a sale of the B-Notes, as contemplated by the Sale Agreement, (ii) the payment of any fees and expenses incurred in connection with the sale of the B-Notes and the making of the loans under the Loan Agreement, and (iii) the appointment of the Trustee.

**FURTHER RESOLVED**, that the Board hereby finds and determines that the creation of the Trust, the borrowing(s) by the Trust, and the execution and delivery by the RHC Trust of the Sale Agreement and the 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.

**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.

**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.

**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.

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

**Motion**- To accept the agenda dated June 8, 2015, by T. Sheehan, seconded by C. Opolski.

Motion carried- Unanimously

**Motion**- to accept the minutes for May 26, 2015, by C. Opolski, seconded by T. Sheehan

Motion carried- Unanimously

#### **Legal Report**

HRA claims reimbursements have been processed through June 2, 2015, with \$ 234,039.44 paid out from the RHC Trust.

**Motion-** To transfer \$200,000.00 from its Investment Account at Fifth Third Bank to its commercial checking account for payment of HRA claims - by T. Sheehan, seconded by J. Clark Motion carried - Unanimously

**Motion-** To authorize execution of the Master Treasury Management Agreement with Fifth Third Bank and to authorize General Counsel to proceed with setup of the Fifth Third Direct services for the RHC Trust's HRA reimbursement account By T. Sheehan, seconded by C. Opolski - Motion carried - Unanimously

**Motion-** To authorize payment of the June 2015 HAP invoices, as adjusted, and to direct Fifth Third Bank to pay the adjusted amounts via wire transfers indicated on the attached schedule - By T. Sheehan, seconded by J. Clark - Motion carried - Unanimously

**Motion-** To authorize execution and mailing of the correspondence to the GRS regarding BCBS premium contributions By T. Sheehan, seconded by, C. Opolski - Motion carried - Unanimously

#### **Confirmations - Receipts / Disbursements**

#### **Old Business**

#### **New Business**

Received responses to the (RFP) Request for Proposal for Third Party Administrator services from ABS, Benefit Express, Benesys, Group Administrators, TASC and Zenith.

Next meeting June 29, 2015

**Motion-** to adjourn meeting at 1155 hrs., by C. Opolski and seconded by J. Clark Motion carried - Unanimously