

# **FINAL**

## **CITY OF FARMINGTON RETIREE HEALTH CARE FUND**

**February 13, 2018**

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, February 13, 2018 at Farmington City Hall, 23600 Liberty Street, Farmington, Michigan. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 9:06 a.m. by Chairman Schneemann.

**PRESENT:** Murphy, Schneemann, Weber.

**ABSENT:** None.

**OTHERS PRESENT:** Amy Cole, Vice President, MSSB Graystone; Erik Burger, Financial Advisor, MSSB Graystone, Sue Halberstadt, Recording Secretary.

### **APPROVAL OF AGENDA**

MOTION by Weber, seconded by Murphy, to approve the agenda as presented. MOTION CARRIED UNANIMOUSLY.

### **MINUTES OF PREVIOUS MEETINGS**

MOTION by Murphy, seconded by Weber, to approve the regular meeting minutes of December 5, 2017. MOTION CARRIED UNANIMOUSLY.

### **TREASURER'S REPORT**

Financial Report: quarter ending December 31, 2017.

MOTION by Murphy, seconded by Weber, to accept the Treasurer's Report for quarter ending December 31, 2017 as presented. MOTION CARRIED UNANIMOUSLY.

### **ADMINISTRATOR'S REPORT**

**Summary Report – quarter ending December 31, 2017**

**Quarterly Report – quarter ending December 31, 2017**

Weber reviewed the Administrator's reports for quarter ending December 31, 2017. He discussed anticipated annual premiums and trends based on the current retirees and the number of active employee participants in the plan.

Schneemann requested a graph showing the number of employees in the defined benefit plan versus the number in the defined contribution plan.

Discussion followed regarding expansion of the Retiree Health Care Plan Board.

**Fund Manager’s Report: Morgan Stanley Smith Barney (MSSB), Graystone Consulting - Quarter Ending December 31, 2017**

Amy Cole and Erik Burger of MSSB, Graystone Consulting, provided a report on investments through quarter ending December 31, 2017. Cole discussed the basis for the recent market volatility and Morgan Stanley’s outlook for 2018.

Discussion ensued regarding markets, investment climate and factors to consider going forward.

MOTION by Murphy, seconded by Weber, to approve the Administrator’s Report as presented.  
MOTION CARRIED UNANIMOUSLY.

**PRESENTATION**

**Monte Carlo Scenario and Proposed Change to Asset Allocation**

Cole provided a statistical comparison of three proposed changes to the current Retiree Health Care Plan asset allocation. The comparisons included the value of each proposal at the 16 year investment horizon. She pointed out the difference in the three proposals as compared to the current portfolio is the target allocation to alternative investments.

**INVESTMENT REBALANCE**

MOTION by Murphy, seconded by Weber, to approve the recommended rebalance of the portfolio as presented. [SEE ASSET ALLOCATION DISTRIBUTION] MOTION CARRIED UNANIMOUSLY.

**ANNUAL REVIEW OF INVESTMENT POLICY**

MOTION by Weber, seconded Murphy, to amend the Retiree Health Care Investment Policy reducing the assumed rate of return from 8.00% to 7:00% (Page 7); and modifying Exhibit A, Asset Allocation Guidelines, to reflect Proposal One offered by Morgan Stanley. [SEE ATTACHED STRATEGIC ASSET ALLOCATION PROPOSAL]

**OTHER BUSINESS**

**Review of Retiree Health Care Costs**

Weber reviewed a 10-year history of Retiree Health Care premiums noting the cost containment efforts that have taken place over the last several years.

**MISCELLANEOUS**

**Public Comment**

No public comment was heard.

**Trustee Comments**

Schneemann requested City Administration draft a proposal to Council to expand the Retiree Health Care Board to five members including: Councilmember, City Manager, community representative, current employee plan participant and a retiree. The Treasurer would continue to attend meetings as a liaison to the Board.

**ADJOURNMENT**

MOTION by Murphy, seconded by Weber, to adjourn the meeting. MOTION CARRIED UNANIMOUSLY.

Meeting adjourned at 11:15 a.m.

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Christopher M. Weber, Secretary

APPROVED: May 22, 2018