

CITY OF FARMINGTON RETIREE HEALTH CARE FUND
August 21, 2014

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Thursday, August 21, 2014 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 9:00 a.m. by Chairman Galvin.

PRESENT: Galvin, Pastue, Weber.

ABSENT: None.

OTHERS PRESENT: Brian Green, MSSB Graystone Consulting; Sue Halberstadt, Recording Secretary.

MINUTES OF PREVIOUS MEETINGS

MOTION by Weber, seconded by Pastue, to approve the regular meeting minutes of May 13, 2014 and the special meeting minutes of May 29, 2014. MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT

Financial Report: Fiscal Year Ending June 30, 2014.

MOTION by Pastue, seconded by Weber, to accept the Treasurer's Report for fiscal year ending June 30, 2014 as presented. MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Summary Report: Fiscal Year Ending June 30, 2014.

MOTION by Pastue, seconded by Weber, to accept the Summary Report for fiscal year ending June 30, 2014 as presented. MOTION CARRIED UNANIMOUSLY.

Detail Report – Fiscal Year Ending June 30, 2014

MOTION by Pastue, seconded by Weber, to accept the Summary Report for fiscal year ending June 30, 2014 as presented. MOTION CARRIED UNANIMOUSLY.

Fund Manager's Report: Morgan Stanley Smith Barney Graystone Consulting Group, Fiscal Year Ending June 30, 2014

Brian Green of Morgan Stanley Smith Barney (MSSB) Graystone Consulting provided a report on investments through fiscal year ending June 30, 2014. He noted overall results were still in positive territory. He stated the one big surprise during the first and second quarter was the degree of gains from a fixed income standpoint. He thought they would be flat if not in negative territory. He stated that one of the main causes for underperformance in the first and second quarter was the unanticipated rally of the European market. He pointed out long returns continue to be strong.

Green noted the report for Asset Allocation-Bond Proceeds shows two categories of cash: one used to pay premiums and the other for market investment. He stated they are making monthly transfers to the General Fund to cover a portion of the healthcare premiums.

Responding to a question from Galvin, Green stated the cash would be invested by September 15, 2014.

Green concluded his report stating there are no recommended changes to the portfolio.

Discussion followed regarding strategies other communities are using to address retiree healthcare liability.

Motion by Pastue, seconded by Weber, to receive and file the MSSB Graystone Consulting report for fiscal year ending June 30, 2014. MOTION CARRIED UNANIMOUSLY.

APPLICATION FOR RETIREE HEALTH CARE BENEFITS

Discussion took place regarding the need to address a change to the city's healthcare plan that would prevent double coverage, i.e. the employer of the employee's spouse also provides healthcare coverage.

MOTION by Pastue, seconded by Weber, to approve an application from Robert McDonald for retiree healthcare benefits at 100% of premium cost, benefits effective November 5, 2014, eligibility verified by the City Treasurer's Office as meeting the requirements for a 100% paid healthcare benefit. MOTION CARRIED UNANIMOUSLY.

MISCELLANEOUS

Public Comment

No public comment was heard.

Trustee Comment

Pastue commented that with regard to the City's participation in Farmington Hills' healthcare plan, Weber is looking at doing another actuarial valuation. He suspects they will see a dramatic drop in liability as a result. Discussion followed regarding the basis on which the cost for coverage will be formulated.

ADJOURNMENT

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

Meeting adjourned at 9:50 a.m.

Christopher M. Weber, Secretary

APPROVED: November 18, 2014