

## **FINAL**

### **CITY OF FARMINGTON RETIREE HEALTH CARE FUND February 28, 2017**

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, February 28, 2017 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 9:03 a.m. by Vice-Chairman Murphy.

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

**ABSENT:** Galvin.

**OTHERS PRESENT:** Sue Halberstadt, Recording Secretary.

#### **MINUTES OF PREVIOUS MEETINGS**

MOTION by Weber, seconded by Murphy, to approve the regular meeting minutes of November 22, 2016. MOTION CARRIED UNANIMOUSLY.

#### **ELECTION OF OFFICERS**

MOTION by Schneemann, seconded by Weber, to re-elect Mayor Galvin as Chairman; City Manager Murphy as Vice-Chairman; and Treasurer Weber as Secretary. MOTION CARRIED UNANIMOUSLY.

#### **TREASURER'S REPORT**

Financial Report: quarter ending December 31, 2016.

MOTION by Murphy, seconded by Schneemann, to accept the Treasurer's Report for quarter ending December 31, 2016 as presented. MOTION CARRIED UNANIMOUSLY.

#### **ADMINISTRATOR'S REPORT**

**Summary Report – quarter ending December 31, 2016.**

**Detail Report – quarter ending December 30, 2016.**

**Fund Manager's Report: Morgan Stanley Smith Barney (MSSB), Graystone Consulting - Quarter Ending December 31, 2015**

Weber advised that a representative from MSSB was unable to attend the meeting due to a family emergency. He proceeded to review financial results for quarter ending December 31, 2016. He advised they will start the next actuarial process using data as of June 30, 2017. He discussed upcoming changes to Retiree Healthcare financial reporting. He commented that buying health insurance through Farmington Hills, which allows the city to be self-insured, has turned out to be a good arrangement for both cities. He noted premiums went down 1% for the coming year.

Weber read comments from an email received from Mike Holycross of MSSB as follows:

The total fund performance was very strong at 11.32% on all assets. He is not recommending any manager/fund changes. He stated overall investment thesis remains intact. MSSB's chief strategist is still optimistic for equity returns this year compared to bonds.

MOTION by Schneemann, seconded by Weber, to receive and file the Administrator's Reports for quarter ending December 31, 2016 as presented. MOTION CARRIED UNANIMOUSLY.

### **OTHER BUSINESS**

Weber advised Graystone Consulting creates a Monte Carlo scenario every couple of years. They take the RHC investments and run them through a 1000 different market scenarios to determine if funds will last through the term of the bond. The results show the RHC system has 71% chance of funds being sufficient to cover retiree healthcare expenses. He stated the system's probabilities for funds being sufficient have increased since 2013.

Schneemann suggested informing Council regarding the status of the Retiree Healthcare Fund.

### **MISCELLANEOUS**

#### **Public Comment**

No public comment was heard.

#### **Trustee Comment**

No trustee comment was heard.

### **ADJOURNMENT**

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

Meeting adjourned at 9:35 a.m.

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Christopher M. Weber, Secretary

APPROVED: June 6, 2017