

CITY OF FARMINGTON RETIREE HEALTH CARE FUND
November 24, 2015

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, November 24, 2015 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, Murphy, Weber.

ABSENT: None.

OTHERS PRESENT: Michael Holycross, MSSB Graystone Consulting; Sue Halberstadt, Recording Secretary.

MINUTES OF PREVIOUS MEETINGS

MOTION by Weber, seconded by Murphy, to approve the regular meeting minutes of August 18, 2015. MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT

Financial Report: quarter ending September 30, 2015.

MOTION by Murphy, seconded by Weber, to accept the Treasurer's Report for quarter ending September 30, 2015 as presented. MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Summary Report: Fiscal Year Ending September 30, 2015

Quarterly Report – Fiscal Year Ending September 30, 2015

Fund Manager's Report: Morgan Stanley Smith Barney (MSSB) Graystone Consulting Group, Quarter Ending September 30, 2015

Mike Holycross of Morgan Stanley Smith Barney (MSSB) Graystone Consulting provided a report on investments through quarter ending September 30, 2015. Discussion ensued regarding markets, investment climate and factors to consider going forward.

Holycross recommended the following rebalance of the portfolio:

1. Cash rebalance to cover premium payments and investment manager expenses for the next 6 months. Raise \$295,000 from fixed income; half coming from Loomis Sayles Bond (LSBDX) and half from JP Morgan Strategic Income (JSOSX).

2. Terminate First Eagle Global due to an extreme defensive position with proceeds going to Delaware Large Cap Value.
3. Replace Calamos All Cap Growth due to poor performance and replace with Edgewood Large Cap Growth.
4. Replace CRM Small/Mid Cap Value fund due to a drop in coverage at the firm and replace with Ziegler Capital Small Cap Core strategy.

Responding to a question from Galvin, Holycross stated he is recommending the changes, not a research staff.

Holycross advised the rebalance would result in cost savings of over \$10,000 a year in fees.

Galvin requested at the next meeting a review of the Retiree Health Care Investment Policy Statement and a review of expenses and fees.

Holycross offered to include a fee disclosure spreadsheet at the end of future Performance Reports.

Galvin asked for a reminder to invite a Councilmember to the next meeting. He would like a rotation of Councilmembers at the meeting.

Motion by Murphy, seconded by Weber, to accept the Summary and Quarterly Reports for quarter ending September 30, 2015; and receive and file the MSSB Graystone Consulting report for quarter ending September 30, 2015. MOTION CARRIED UNANIMOUSLY.

REVIEW OF RECOMMENDED MANAGER CHANGES AND REBALANCE OF PORTFOLIO

Motion by Weber, seconded by Murphy, to approve the recommended Fund Manager changes and rebalance of the portfolio as presented. MOTION CARRIED UNANIMOUSLY.

APPLICATION FOR RETIREE HEALTH CARE BENEFITS: Gary Novakowski, Department of Public Works

MOTION by Murphy, seconded by Weber, to approve an application from Gary Novakowski for retiree healthcare benefits at 100% of premium cost, benefits effective October 1, 2015, eligibility verified by the City Treasurer's Office as meeting the requirements for a 100% paid healthcare benefit. MOTION CARRIED UNANIMOUSLY.

OTHER BUSINESS

- a. Board Meeting Schedule for 2016
 - i. February 16, 2016
 - ii. May 17, 2016
 - iii. August 16, 2016
 - iv. November 22, 2016

MOTION by Weber, seconded by Murphy, to approve the Board of Trustees 2016 Meeting Schedule; all meetings will be held at 9:00 a.m. MOTION CARRIED UNANIMOUSLY.

MISCELLANEOUS

Public Comment

No public comment was heard.

Trustee Comment

In response to a previous request from Galvin, Weber provided a chart showing when the number of retirees in the system will peak.

Galvin requested Weber provide the chart during budget discussions on OPEB. He would like to ensure Council has a complete understanding on how OPEB works.

Weber suggested the OPEB discussion with Council take place when the June 30, 2016 Actuarial Report is available which will probably be in October 2016.

ADJOURNMENT

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

Meeting adjourned at 9:56 a.m.

Christopher M. Weber, Secretary

APPROVED: February 16, 2016