

FINAL

CITY OF FARMINGTON RETIREE HEALTH CARE FUND August 17, 2021

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, August 17, 2021 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 9:01 am by Vice Chair Murphy.

PRESENT: Murphy, Weber

ABSENT: Bowman

OTHERS PRESENT: Erik Burger and Amy Cole of MSSB Graystone Consulting Financial Advisors, Recording Secretary Mary Mullison, and Deputy Clerk Halley Hilton.

MINUTES OF PREVIOUS MEETINGS

MOTION by Weber, seconded by Murphy, to approve the regular meeting minutes of May 18, 2021.
MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT

Financial Report: quarter ending June 30, 2021.

MOTION by Murphy, seconded by Weber, to accept the Treasurer's Report for quarter ending June 30, 2021 as presented.
MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Summary Report – quarter ending June 30, 2021

Detail Report – quarter ending June 30, 2021

Weber reviewed the Administrator's reports for quarter ending June 30, 2021. He gave an overview of the fund's current position and discussed anticipated annual earnings and premiums.

Fund Manager's Report: Morgan Stanley Smith Barney (MSSB), Graystone Consulting - Quarter Ending June 30, 2021

Amy Cole of MSSB, Graystone Consulting provided a report on investments through quarter ending June 30, 2021.

Cole summarized Farmington's position as of March 31, 2020. She spoke about present and future liquidity and support, present monetary and fiscal stimulus, and market response. Record earnings were recorded for the second quarter, the labor market still looks good, and holdings surpass where Farmington was before the pandemic. She noted that there was a need to reset before moving forward and that asset studies would help with diversifying assets. Morgan Stanley thinks inflation will move closer to 2% or 2.25% and that higher-, not hyper-, inflation is here to stay.

Burger went over the first quarter performance report. The Fiscal YTD saw a 29% return over the past year and the present year to date was up 13.2%. He went over the reasons the fund had done so well this year, and went through allocations by manager and dividend index. The real estate portfolio continues to do phenomenally and is up 12%. He reported that the switch to Aristotle had been beneficial.

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

INVESTMENT REDISTRIBUTION

Infrastructure managers were discussed for a rebalance to provide downside protection and a fixed income compliment. Cole interjected about the qualities of Lazard and Cohen & Steers. The City should decide whether they would like to remain more of a US or a global approach.

Cole suggested that Cohen & Steers would be a better fit for the fund. She acknowledged that she likes the idea of a portfolio that is looking at this from a US standpoint, and suggested the redistribution come from trimming domestic equities.

After discussion, the Board voted to redistribute as recommended toward Cohen & Steers.

MOTION by Weber, seconded by Murphy, to do redistribution as recommended.
MOTION CARRIED UNANIMOUSLY.

ACTUARIAL VALUATION

Weber reported on the valuation from last year, which reported being 94.1% funded as of June 2020.

MOTION by Murphy, seconded by Weber, to accept and file the Actuarial Valuation report.
MOTION CARRIED UNANIMOUSLY.

MISCELLANEOUS

Public Comment

No public comment was heard.

Trustee Comments

No trustee comment was heard.

ADJOURNMENT

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

Meeting adjourned at 9:55 am.

Christopher M. Weber, Secretary

APPROVED: