

FINAL

CITY OF FARMINGTON RETIREE HEALTH CARE FUND May 18, 2021

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, May 18, 2021 via a virtual meeting on the Zoom platform. Notice of the meeting was posted in compliance with Public Act 267-1976 and electronically as authorized under the Open Meetings Act, MCL 15.261, et seq., as amended by HB 1108.

The meeting was called to order at 9:02 am by Bowman.

PRESENT: Bowman, Murphy, Weber

OTHERS PRESENT: Erik Burger and Amy Cole of MSSB Graystone Consulting Financial Advisors and Recording Secretary Mary Mullison.

APPROVAL OF AGENDA

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

MINUTES OF PREVIOUS MEETINGS

MOTION by Murphy, seconded by Weber, to approve the regular meeting minutes of February 16, 2021.
MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT

Financial Report: quarter ending March 31, 2021.

MOTION by Murphy, seconded by Bowman, to accept the Treasurer's Report for quarter ending March 31, 2021 as presented.
MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Summary Report – quarter ending March 31, 2021

Detail Report – quarter ending March 31, 2021

Weber reviewed the Administrator's reports for quarter ending March 31, 2020. 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 March 31, 2021

Amy Cole of MSSB, Graystone Consulting provided a report on investments through quarter ending March 31, 2021.

Cole summarized Farmington's position as of March 31, 2020. She touched on interest rates, market movement, inflation, and valuations. She called the next market a bull market and touched reasons for the coming inflation. Over the last period there seemed to be easy money but she is now looking at volatility. Supply chain problems, shortage on raw materials to pick back up activity, and shortage of labor creates a bottleneck and leads to volatility. With inflation just over 4% and with negative growth rates, the expectation for the bond market is very low. She suggested reevaluating the equities the City owns, looking for growth at a reasonable price. She indicated that it makes sense now to reallocate to take advantage of inflation in a positive way.

Burger went over the first quarter performance report. The Fiscal YTD saw a 21% return over the past year. He went through allocations by manager and dividend index. Delaware and Cambiar were not as profitable as predicted and will be recommended for rebalance. Real estate holdings did very well this quarter. Burger summarized large cap returns and looked at Manager vs. Benchmark return, comparing Delaware to their peers. He spoke well of Aristotle as a replacement for Delaware.

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

INVESTMENT REBALANCE

Burger showed a recommended rebalance after April 30. He suggested a rebalance from Delaware to Aristotle and then moving proceeds from Cambiar to the existing position in the high shares development market to meet the coming challenges. Cole spoke of indexing and how it helps to direct rebalancing. She mentioned that they were thinking forward a bit for the next restructuring, looking at the overall efficiency of the plan.

After discussion, the Board voted to rebalance as recommended.

MOTION by Murphy, seconded by Weber, to do rebalancing as presented.
MOTION CARRIED UNANIMOUSLY.

MISCELLANEOUS

Public Comment

No public comment was heard.

Trustee Comments

Bowman thanked Cole and Burger for bringing an optimistic view to a volatile year.

ADJOURNMENT

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

Meeting adjourned at 9:46am.

Christopher M. Weber, Secretary

APPROVED: August 17, 2021