

FINAL

CITY OF FARMINGTON RETIREE HEALTH CARE FUND November 19, 2019

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, November 2019 2019 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 Murphy.

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

Agenda was amended, adding election of officers before Minutes of Previous Meetings.

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

ELECTION OF OFFICERS

MOTION by Murphy, seconded by Weber, to appoint Bowman as Chair, Murphy as Vice-Chair, and Weber as Secretary.
MOTION CARRIED UNANIMOUSLY.

MINUTES OF PREVIOUS MEETINGS

MOTION by Murphy, seconded by Weber, to approve the regular meeting minutes of August 20, 2019.
MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT

Financial Report: quarter ending September 30, 2019.

MOTION by Murphy, seconded by Weber, to accept the Treasurer's Report for quarter ending September 30, 2019 as presented.
MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Summary Report – quarter ending September 30, 2019

Detail Report – quarter ending September 30, 2019

Weber reviewed the Administrator's reports for quarter ending September 30, 2019. He stated an overview of current position and discussed anticipated annual earnings and premiums. He stressed that trends should be based on current retirees and the number of active employee participants in the plan. Liabilities and assets were reviewed.

Fund Manager’s Report: Morgan Stanley Smith Barney (MSSB), Graystone Consulting - Quarter Ending September 30, 2019

Erik Burger and Amy Cole of MSSB, Graystone Consulting provided a report on investments through quarter ending September 30, 2019.

Discussion ensued regarding changes since the last quarter, a rebalance, and fixed income items. Protection against interest rate risk, shortening maturity of bonds, and slowed global and domestic growth were targeted. He suggested consolidation and if market conditions are right, performance resets. A higher quality portfolio will protect from holding junk in case of a recession. Cole spoke of global economy, trends in market, preparing for the worst, and the Federal response to markets. Farmington’s percentage of stocks and strategies for protecting the fund were also reviewed. The current blended portfolio has been at 12-14% this year. Earnings projections for growth and price targets were discussed. Burger spoke of performance versus value, the policy index, real estate performance, and investment earnings. Managers were reviewed, along with allocations and bond proceeds. Active management versus passive management was considered. Asset classes, specific positioning, and diversification were emphasized. Management change was proposed from Loomis to Western, as it makes sense to add quality to the portfolio. Cole recommended to trim Loomis and exit some of the JP Morgan to improve performance and limit risk.

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

MOTION by Weber, seconded by Murphy, to rebalance portfolio as presented.
MOTION CARRIED UNANIMOUSLY.

REVIEW OF ACTUARY REPORTS

City of Farmington Retiree Health Care Plan Actuary Report – June 30, 2018

City of Farmington Retiree Health Care Plan GASB Statement No. 74 and 75, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans – June 30, 2019

MOTION by Weber, seconded by Murphy, to accept and file reports.
MOTION CARRIED UNANIMOUSLY.

OTHER BUSINESS

Proposed Board Meeting Schedule for 2019-2020

- December 9, 2019
- February 18, 2020
- May 19, 2020
- August 18, 2020
- November 17, 2020

MOTION by Weber, seconded by Murphy, to approve the upcoming meeting schedule as presented.
MOTION CARRIED UNANIMOUSLY.

MISCELLANEOUS

Public Comment

No public comment was heard.

Trustee Comments

Weber noted that for the next meeting investment policy should be reviewed, a Monte Carlo Scenario should be considered, along with a review of Retiree Healthcare Costs.

ADJOURNMENT

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

Meeting adjourned at 10:06 a.m.

Christopher M. Weber, Secretary

APPROVED: February 18, 2020