

CITY OF FARMINGTON RETIREE HEALTH CARE FUND
May 13, 2014

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, May 13, 2014 at Farmington City Hall, Council Chambers, Conference Room A, 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 9:07 a.m. by Chairman Galvin.

PRESENT: Galvin, Pastue, Weber.

ABSENT: None.

OTHERS PRESENT: Brian Green, MSSB Graystone Consulting; Sue Halberstadt, Recording Secretary.

MINUTES OF PREVIOUS MEETINGS:

MOTION by Pastue, seconded by Weber, to approve the regular meeting minutes of February 18, 2014. MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT:

Financial Report, quarter ending March 31, 2014.

Weber proposed a new format for the Treasurer's Report. Galvin responded with his preference to continue to receive the current report, but would like to receive the information in the new format as well.

Galvin recommended City Administration submit an annual report to Council on the Retiree Healthcare Fund. Discussion followed regarding the timing of the report on whether it should be submitted in November or December.

MOTION by Pastue, seconded by Weber, to accept the Treasurer's Report for quarter ending March 31, 2014 as presented. MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT:

Summary Report: quarter ending March 31, 2014.

MOTION by Pastue, seconded by Weber, to accept the Administrator's Report for quarter ending March 31, 2014 as presented. MOTION CARRIED UNANIMOUSLY.

Fund Manager's Report, Morgan Stanley Smith Barney, Graystone Consulting, quarter ending March 31, 2014.

Brian Green of Morgan Stanley Smith Barney (MSSB) Graystone Consulting provided a report on investments through quarter ending March 31, 2014. He noted this is the first report that includes the bond proceeds account. He concluded his report stating there are no recommended changes to the portfolio. Discussion followed regarding markets, investment climate and factors to consider going forward.

Motion by Pastue, seconded by Weber, to receive and file the MSSB Graystone Consulting report for quarter ending March 31, 2014. MOTION CARRIED UNANIMOUSLY.

OTHER BUSINESS

Investment Policy Revision

Green advised the Statement of Investment Policy is identical in language to what was originally adopted in 2012 by the Board except for proposed changes to the Asset Allocation Guidelines under Exhibit A. Green discussed the table of target allocations for each asset class. He noted there is some flexibility in the minimum and maximum targets except for the Global Equities maximum which can no higher than 70% under PA 314.

Green noted additional language under the Asset Allocation Guidelines was added as follows:

Cash allocated to pay annual premiums for healthcare premiums shall fall outside of this maximum allocation.

It is understood that while bond proceeds are being invested, the cash allocation will fall above the maximum threshold as stated for cash. The Board of Trustees and Investment Consultant shall monitor the investment of the cash balance.

Green stated additional language also provides that the Board of Trustees and Investment Consultant will monitor the investment of the cash balance.

Green stated the Asset Allocation Guideline is a living, breathing document that can be changed at any point in time. He noted the asset allocations today will not be the same in five years.

Discussion followed regarding how to ensure the language clearly indicates the cash allocation will exceed the maximum threshold as stated in the guidelines as long as bond proceeds are being invested.

Pastue requested the board delay taking action on the proposed written guidelines until he and Weber have had the opportunity to develop clear policy language. He suggested scheduling a special meeting for the following Monday night either before or after the regular Council meeting.

The Board concurred to schedule at Special Meeting for Monday, May 19, 2014, at a time to be determined.

MISCELLANEOUS:

Public Comment

No public comment was heard.

Trustee Comment

No trustee comment was heard.

ADJOURNMENT:

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

Meeting adjourned at 10:30 a.m.

Christopher M. Weber, Secretary

APPROVED: August 21, 2014