

RETIREE HEALTH CARE BENEFITS PLAN AND TRUST
BOARD OF TRUSTEES REGULAR MEETING
Wednesday, February 8, 2017
Room #112 – Parks & Recreation Building
26000 Evergreen Road, Southfield, MI

MEETING MINUTES

BOARD MEMBERS PRESENT: John Fisher, Chair; Audrey Harvey; Jeannie Jackson; Shirley Lightsey; Julius Maisano; L. Susan Mannisto; Frederick E. Zorn, Jr.

BOARD MEMBERS ABSENT: Duane Garth; Coretta Houge; Irv Lowenberg; James Pierce; Shawn Wells

OTHERS PRESENT: Lauri Siskind, Human Resources Director; RHC Administrator
Michael Holycross & Amy Cole; Graystone Consulting- Morgan Stanley
Michael VanOverbeke; VanOverbeke Michaud & Timmony P.C.
Penelope Scharmberg, Administrative Assistant HR/LR; RHC Secretary

Chair Fisher called the meeting to order at 6:03 p.m.

AGENDA

Review and approval of the Agenda.

MOTION #RHC-17-001

Motion by Mannisto, supported by Jackson to approve the Agenda for this evening's meeting.
Motion carried.

MINUTES

Review and approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Regular Meeting of December 14, 2016.

MOTION #RHC-17-002

Motion by Mannisto, supported by Jackson to approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Regular Meeting of December 14, 2016.
Motion carried.

ELECTION OF OFFICERS

The standing officers from 2016 agreed to sit for 2017 and a motion was raised.

MOTION #RHC-17-003

Motion by Jackson, supported by Harvey to accept the current slate of officers for year 2017 as follows:
John Fisher – Chair
L. Susan Mannisto – Vice Chair
Coretta Houge – Secretary
Motion carried.

INVESTMENT CONSULTANT REPORT

Quarterly Performance Report

Mr. Holycross and Ms. Cole discussed the Performance Measurement Report as of December 31, 2016. Mr. Holycross reviewed the capital markets, with update from the post-election rally to current. U.S. stocks are up 2-4% year to date. While 5% to 10% corrections are anticipated in the next 15 months, the fund is positioned to protect against a 20% correction. Ms. Cole reviewed the plan performance for the period ending 12/31/16. Peer rankings were not available. The quarterly return was 1.23% vs. benchmark of (0.16)%. The year to date return was 8.47% vs. benchmark of 5.95%. Individual managers were discussed, with specific discussion of the Thornburg and EnTrust Diversified investments, their trailing performance, and recommendation to re-allocate the assets in each of the holdings. Mr. Holycross was asked about the McMorgan investment, which is not fully-called despite being near the end of the stated period. Mr. Holycross indicated that they may ask for an extension, and that they have not called funds for the right reasons, e.g., they declined an opportunity to invest where there was leverage. Funds are invested in the meantime in the S&P 1500 index.

Consultant Recommendations

1. The Thornburg Developing World fund has lagged in the market therefore it was recommended to move the account funds to the Vanguard Emerging Market, a passive emerging market account.

MOTION #RHC-17-004

Motion by Harvey, supported by Mannisto to remove \$1.4M from Thornburg Developing World and invest the proceeds into Vanguard Emerging Market after review and approval from VanOverbeke Michaud & Timmony, PC.
Motion carried.

2. EnTrust Special Ops IV is anticipated to open in 2017 and with EnTrust Diversified not performing as expected, the board agreed to liquidate the Diversified account to fund Special Ops IV.

MOTION # RHC-17-005

Motion by Mannisto, supported by Maisano to liquidate the EnTrust Diversified funds as soon as possible and hold in a cash account for funding EnTrust Special Ops IV when it opens in 2017.

Motion carried.

Mr. Holycross and Ms. Cole left the meeting at this time.

LEGAL REPORT

Mr. VanOverbeke reviewed with the board his activity with respect to drafting the necessary changes to the Retiree Healthcare ordinance to conform to new City Council resolutions regarding eligibility and retiree premium payments for non-union employees. The corresponding changes for union employees would occur in their collective bargaining agreements.

Mr. VanOverbeke notified the board that he had been chosen by the governor to sit on the RHC Task Force. Representatives of all parties included (i.e.: IAFF, POAM, AFSCME, MML, MERS, MTA, legislators, etc.) were given the duty to review the current status of public employee pensions and retiree healthcare funding and liabilities, and furnish recommendations to the legislature by April. He will keep the board updated.

MOTION #RHC-17-006

Motion by Mannisto, supported by Lightsey to receive and file the legal report presented by Michael VanOverbeke, VanOverbeke Michaud & Timmony, P.C.

Motion carried.

FINANCIAL ITEMS

1. *Acknowledge receipt of Management Fee invoices.*

MOTION #RHC-17-007

Motion by Mannisto, supported by Lightsey to acknowledge receipt of the Management Fee invoices provided by Comerica Bank for the Health Mutual, Hamlin & WAM Accounts for period October 1, 2016 through December 31, 2016.

Motion carried.

2. *Review and approve quarterly management fee from Morgan Stanley/Graystone, for investment consulting services during the period January 1, 2017 – March 31, 2017 in the amount of \$3,750.00.*

MOTION #RHC-17-008

Motion by Mannisto, supported by Lightsey to approve payment to Morgan Stanley/Graystone, for quarterly investment consulting services for the period January 1, 2017 – March 31, 2017, in the amount of \$3,750.00.

Motion carried.

3. *Review and approve payment to VanOverbeke Michaud & Timmony, P.C. for legal services provided during the period April 1, 2016 – June 30, 2016, in the amount of \$522.00.*

MOTION #RHC-17-009

Motion by Mannisto, supported by Lightsey to approve payment to VanOverbeke, Michaud & Timmony, P.C. for legal services provided during the period April 1, 2016 – June 30, 2016, in the amount of \$522.00.

Motion carried.

4. *Review and approve payment to VanOverbeke Michaud & Timmony, P.C. for legal services provided during the period July1, 2016 – September 30, 2016, in the amount of \$36.00.*

MOTION #RHC-17-010

Motion by Mannisto, supported by Lightsey to approve payment to VanOverbeke, Michaud & Timmony, P.C. for legal services provided during the period July1, 2016 – September 30, 2016, in the amount of \$36.00.

Motion carried.

5. *Review and approve payment to VanOverbeke Michaud & Timmony, P.C. for legal services provided during the period October 1, 2016 – December 31, 2016, in the amount of \$1,440.00.*

MOTION #RHC-17-011

Motion by Mannisto, supported by Lightsey to approve payment to VanOverbeke, Michaud & Timmony, P.C. for legal services provided during the period October 1, 2016 – December 31, 2016, in the amount of \$1,440.00.

Motion carried.

6. *Review and approve payment to Clarkston Capital Partners for investment management services for the period October 1, 2016 –December 31, 2016, in the amount of \$10,851.00.*

MOTION #RHC-17-012

Motion by Mannisto, supported by Lightsey to approve payment to Clarkston Capital Partners for investment management services for the period October 1, 2016 – December 31, 2016, in the amount of \$10,851.00.

Motion carried.

7. *Review and approve payment to Hamlin Capital Management, LLC for investment management services for the period October 1, 2016 –December 31, 2016, in the amount of \$20,256.15.*

MOTION #RHC-17-013

Motion by Mannisto, supported by Lightsey to approve payment to Hamlin Capital Management, LLC for investment management fees for the period October 1, 2016 –December 31, 2016, in the amount of \$20,256.15.

Motion carried.

PUBLIC COMMENTS

No member of the public was present.

OTHER MATTERS

Ms. Siskind reminded everyone of the upcoming MAPERS 1 Day Conference. Those interested in attending should contact her promptly.

With no further matters to discuss, a motion to adjourn was raised.

MOTION #RHC-17-014

Motion by Maisano, supported by Lightsey to adjourn the Retiree Healthcare Benefits Plan & Trust Board of Trustees of February 8, 2017, at 7:27 p.m.

Motion carried.

*Approved this 13th day of June 2017
John Fisher, Chair
Retiree Health Care Benefits Plan & Trust Board of Trustees*