

**RETIREE HEALTH CARE BENEFITS PLAN AND TRUST  
BOARD OF TRUSTEES REGULAR MEETING**

**Tuesday, May 10, 2016  
Room #112 – Parks & Recreation Building  
26000 Evergreen Road, Southfield, MI**

**MEETING MINUTES**

**BOARD MEMBERS PRESENT:** John Fisher, Chair; Duane Garth; Audrey Harvey; Coretta Houge; Shirley Lightsey; Irv Lowenberg; Julius Maisano; L. Susan Mannisto; James Pierce; ; Shawn Wells; Frederick E. Zorn, Jr.

**BOARD MEMBERS ABSENT:** Jeannie Jackson

**OTHERS PRESENT:** Lauri Siskind, Human Resources Director; RHC Administrator  
Michael Holycross; 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 6:05 p.m.*

**AGENDA**

*Review and approval of the Agenda.*

Mr. Pierce requested the annual drawdown be added for approval at the end of the meeting.

**MOTION #RHC-16-016**

Motion by Mannisto, supported by Houge to approve the Agenda for this evening's meeting with an addition under *Other Items*.

Motion carried.

**MINUTES**

*Review and approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Regular Meeting of February 10, 2010.*

**MOTION #RHC-16-017**

Motion by Mannisto, supported by Houge to approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Regular Meeting of February 10, 2016.

Motion carried.

*Ms. Harvey joined the meeting at this time.*

**INVESTMENT CONSULTANT REPORT**

***Quarterly Performance Report***

Mr. Holycross reported on the 2016 first quarter performance report along with Morgan Stanley's market outlook. The Southfield Healthcare portfolio displayed positive results for the quarter despite the turbulent market. The Total Fund was up +1.32% for the quarter which was 14 basis points above the policy index (+1.18%). 2016 started off on a bad foot as the markets priced in the probability of a recession occurring and the FANG (Facebook, Amazon, Netflix and Google) stocks, which drove 2015 performance, were detractors in Q1 for the most part. Performance out of the Utilities and Telecomm sectors were very strong, while we saw the Financials and Healthcare sectors lag. Strong performance came from our Domestic positions (equity, fixed income, and real estate), while developed international and hedged strategies had a rough quarter.

*Mr. Lowenberg joined the meeting at this time.*

Loomis Sayles rebounded above their benchmark this quarter as did Clarkston and WAM S & P. WAM BC Aggregate and Vanguard REIT ran neck and neck against their respective benchmarks. Euro Pacific Growth and Corbin Capital fund continue in the negative are but creeping back; and the remaining portfolio funds remain below their policy rankings. There is however, a marginally positive outlook for the future months as the global economy appears to be slowly strengthening.

**MOTION #RHC-16-018**

Motion by Mannisto, supported by Pierce to receive and file the Retiree Health Care Quarterly Performance Report as of 3/31/16, presented by Michael Holycross, Graystone Consulting/Morgan Stanley.

Motion carried.

**Consultant Recommendations**

Mr. Holycross suggested rebalancing the portfolio with \$4M from the Templeton Global Bond Fund which was still negative. After discussion, Mr. Lowenberg raised the following motion:

**MOTION #RHC-16-019**

Motion by Lowenberg, supported by Pierce to transfer \$4M from Templeton Global Bond Fund and distribute \$1M to Clarkston Capital- Smid Cap, \$1M to Loomis Sales Investment Grade Bond, \$1M to Hamlin Equity Income, and \$1M to WAM Aggregate Bond Index.  
Motion carried.

Mr. Holycross also reviewed the letter from EnTrust advising investors that the merge with The Permal Group was finalized; the new company known as EnTrustPermal This merger will give them expanded capabilities and resources to optimize the combined business.

**ACTUARIAL VALUATION REPORT**

The board received a copy of the completed actuarial valuation report as of June 30, 2015. Formatting changes had been made on page 13, as requested at the last meeting, and a motion was raised to approve the final version.

**MOTION #RHC-16-020**

Motion by Mannisto, supported by Pierce to approve the City of Southfield Retiree Health Care Benefits Plan and Trust Actuarial Valuation Report as of June 30, 2015, indicating the annual required contribution for Fire & Police and SERS groups.  
Motion carried.

**LEGAL REPORT**

Mr. VanOverbeke reported on HB 5421, an amendment to the Retiree Health Care Fund Investment Act to codify the process for removing bankruptcy trust trustees, establish trust meeting requirements, and cap compensation for trustees. The bill would have no fiscal impact on state or local units of government. The VEBA is a separate, tax exempt entity and would only affect the trust fund balance and future payouts to trust beneficiaries. The bill has been referred to Committee on Appropriations.

**MOTION #RHC-16-021**

Motion by Pierce, supported by Lowenberg to receive and file the legal report provided by Michael VanOverbeke; VanOverbeke, Michaud & Timmony, P.C.  
Motion carried.

**FINANCIAL REPORT**

The Board reviewed Financial Reports for the Retiree Healthcare Benefits Plan & Trust for the periods ending November 30, 2015, December 31, 2015, January 31, 2016, February 29, 2016, and March 31, 2016. The net assets as of the March date were \$58,753,179.

**MOTION #RHC-16-022**

Motion Mannisto, supported by Lightsey to receive and file the Retiree Healthcare Benefits Plan & Trust Financial Reports for the periods ending November 30, 2015, December 31, 2015, January 31, 2016, February 29, 2016, and March 31, 2016.  
Motion carried.

**CONTRIBUTION REFUNDS**

1. *Authorization to Refund Accumulated Contributions to Kelly McMillan.*

Ms. McMillan terminated her employment with vested retirement eligibility on February 16, 2016, and requested a refund of her accumulated contributions from the Retiree Healthcare fund.

**MOTION #RHC-16-023**

Motion by Pierce, supported by Mannisto to approve a refund of accumulated Retiree Health Care contributions to Kelly McMillan, distributed on February 29, 2016.  
Motion carried.

2. *Authorization to Refund Accumulated Contributions to Joni McCracken.*

Ms. McCracken terminated her employment with vested retirement eligibility on March 4, 2016, and requested a refund of her accumulated contributions from the Retiree Healthcare fund.

**MOTION #RHC-16-024**

Motion by Pierce, supported by Mannisto to approve a refund of accumulated Retiree Health Care contributions to Joni McCracken, distributed April 25, 2016.  
Motion carried

3. *Authorization to Refund Accumulated Contributions to Robert Ellis.*

Mr. Ellis terminated his employment on March 7, 2016, and requested a refund of his accumulated contributions from the Retiree Healthcare fund.

**MOTION #RHC-16-025**

Motion by Pierce, supported by Mannisto to approve a refund of accumulated Retiree Health Care contributions to Robert Ellis, distributed on April 29, 2016.

Motion carried

**FINANCIAL ITEMS**

1. *Acknowledge receipt of Management Fee invoices.*

**MOTION #RHC-16-026**

Motion by Pierce, supported by Houge to acknowledge receipt of the Management Fee invoices provided by Comerica Bank for the Health Mutual, Hamlin & WAM Accounts for period January 1, 2016 through March 31, 2016.

Motion carried.

2. *Review and approve quarterly management fee from Morgan Stanley/Graystone, for investment consulting services during the period April 1, 2016 – June 30, 2016 in the amount of \$3,750.00.*

**MOTION #RHC-16-027**

Motion by Pierce, supported by Houge to approve payment of the invoice from Morgan Stanley/Graystone, for quarterly investment consulting services for the period April 1, 2016 – June 30, 2016, in the amount of \$3,750.00.

Motion carried.

3. *Review and approve payment to Clarkston Capital Partners for investment management services for the period January 1, 2016 – March 31, 2016, in the amount of \$7,665.00.*

**MOTION #RHC-16-028**

Motion by Pierce, supported by Houge to approve payment to Clarkston Capital Partners for investment management services for the period January 1, 2016 – March 31, 2016, in the amount of \$7,665.00.

Motion carried.

4. *Review and approve payment to Hamlin Capital Management, LLC for investment management services for the period January 1, 2016 – March 31, 2016, in the amount of \$15,979.11.*

**MOTION #RHC-16-029**

Motion by Pierce, supported by Houge to approve payment of the invoice from Hamlin Capital Management, LLC for investment management fees for the period January 1, 2016 – March 31, 2016, in the amount of \$15,979.11.

Motion carried.

5. *Review and approve reimbursement to John Fisher for expenses incurred during attendance at EnTrust Training Conference, NYC, February 23-24, 2016, in the amount of \$1,401.59*

**MOTION #RHC-16-030**

Motion by Pierce, supported by Houge to approve reimbursement to John Fisher for expenses incurred during attendance at EnTrust Training Conference, NYC, February 23-24, 2016, in the amount of \$1,401.59

Motion carried.

6. *Review and approve reimbursement to L. Susan Mannisto for expenses incurred during attendance at EnTrust Training Conference, NYC, February 23-24, 2016, in the amount of \$1,053.44.*

**MOTION #RHC-16-031**

Motion by Pierce, supported by Houge to approve reimbursement to L. Susan Mannisto for expenses incurred during attendance at EnTrust Training Conference, NYC, February 23-24, 2016, in the amount of \$1,053.44.

Motion carried.

7. *Review and approve payment to Gabriel Roeder Smith & Company for the Actuarial Valuation Report as of June 30, 20165, for the Retiree Health Care Benefits Plan & Trust, in the amount of \$28,000.00.*

**MOTION #RHC-16-032**

Motion by Pierce, supported by Houge to approve payment to Gabriel Roeder Smith & Company for the Actuarial Valuation Report as of June 30, 20165, for the Retiree Health Care Benefits Plan & Trust, in the amount of \$28,000.00.

Motion carried.

8. *Review and approve MasterCard Platinum Business Rewards Credit Card activity.*

**MOTION #RHC-16-033**

Motion by Pierce, supported by Houge to approve payment to MasterCard Platinum Business Rewards Credit Card for activity from January 7 2016 – April 5, 2016.

Motion carried.

*Mr. Zorn joined the meeting at this time.*

**SELECTION OF MAPERS DELEGATES**

Voting delegates were needed for the upcoming MAPERS conference Saturday, May 21, 2016 - Tuesday, May 24, 2016 at Soaring Eagle Resort Hotel, Mt. Pleasant, Michigan. Mr. Pierce and Mr. Maisano volunteered and a motion was raised.

**MOTION #RHC-16-034**

Motion by Pierce, supported by Mannisto to appoint Julius Maisano and James Pierce as voting delegates for RHC at the MAPERS Spring Conference, May 21, 2016 – May 24, 2016, Soaring Eagle Resort Hotel, Mt. Pleasant, Michigan.

Motion carried.

**OTHER MATTERS**

1. *Annual Drawdown for SERS & Police & Fire Medical Reimbursements*

Mr. Pierce explained that the annual drawdown was due however, last year the amount was undercharged. Therefore, this year they added 5%, and will review and reconcile when the actual numbers are available.

**MOTION #RHC-16-035**

Motion by Mannisto, supported by Pierce to approve reimbursement to the City of Southfield in the amount of \$310,510.00 for the SERS group and \$416,048.00 for the Police and Fire group.

Motion carried.

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

**MOTION #RHC-16-036**

Motion by Houge, supported by Mannisto to adjourn the Retiree Healthcare Benefits Plan & Trust Board of Trustees of May 10, 2016, at 7:30 p.m.

Motion carried.

*Approved this 21<sup>st</sup> day of September 2016  
John Fisher, Chair  
Retiree Health Care Benefits Plan & Trust Board*