

**RETIREE HEALTH CARE BENEFITS PLAN AND TRUST
BOARD OF TRUSTEES REGULAR MEETING
Tuesday, May 9, 2018
Room #112 – Parks & Recreation Building
26000 Evergreen Road, Southfield, MI**

MEETING MINUTES

BOARD MEMBERS PRESENT: John Fisher, Chair; Edward Gardella; Shirley Lightsey;
Irv Lowenberg; Julius Maisano; L. Susan Mannisto;
Donna Sanders; Brent Wilson; John Michrina

BOARD MEMBERS ABSENT: Duane Garth; Audrey Harvey; Ronald Miller

OTHERS PRESENT: Lauri Siskind, Human Resources Director; RHC Administrator
William Messner & Erik Burger; Graystone Consulting- Morgan Stanley
Michael J. VanOverbeke; VanOverbeke Michaud & Timmony P.C.
Penelope Scharmberg, Administrative Assistant HR/LR; RHC Secretary
Austen Michaels, Deputy Director of Fiscal Services
Christine Catalanotte, Human Resources Manager of Operations

Chair Fisher called the meeting to order at 6:00 p.m.

AGENDA

Review and approval of the Agenda.

Mr. Fisher requested an election of officers be added to the agenda.

MOTION #RHC-18-026

Motion by Mannisto, supported by Wells to approve the Agenda for this today's meeting,
with the addition of election of officers.

Motion carried.

ELECTION OF OFFICERS

The annual election of officers for Chair and Vice Chair took place. A motion was raised to retain the standing members.

MOTION #RHC-18-027

Motion by Lightsey, supported by Maisano to elect John Fisher as Chair and L. Susan Mannisto as Vice-Chair of the Retiree Health Care Benefits Plan and Trust Board.

Motion carried.

MINUTES

1. *Review and approve Retiree Health Care Benefits Plan and Trust Board Meeting Minutes of February 13, 2018.*

MOTION #RHC-18-028

Motion by Mannisto, supported by Maisano to approve the Retiree Health Care Benefits Plan and Trust Board Meeting Minutes of February 13, 2018.

Motion carried.

INVESTMENT CONSULTANT REPORT

Performance Overview

Mr. Messner reported on the RHC 2018 1st Quarter performance. With a return of volatility, the quarter ended with a solid performance of -0.3% against a BP of -0.5%. Capital markets overall were down, apart from U.S. Technology and Consumer Discretionary as well as internationally, Japan and Emerging Markets. unemployment remained steady at 4.1% for the last 6 months while inflation is on the increase. Managers will be focusing on risk and are expected to react better in the coming quarters.

MOTION #RHC-18-029

Motion by Mannisto, supported by Lowenberg to receive and file the 2018 1st Quarter performance review presented by William Messner & Erik Burger; Graystone Consulting - Morgan Stanley.

Motion carried.

Alidade Fund IV

Alidade is a diversified primary Real Estate fund which presented to the board in October 2017 and has now been through Morgan Stanley's vetting process. Fund IV closes June 30, and the fee is 1.5% on committed funds. Funds I thru III had 15+% net IRR. The consultant recommended a \$2 million investment.

MOTION #RHC-18-030

Motion by Mannisto, supported by Maisano to commit \$2MM to fund Alidade Fund IV. Funds will be transferred from the WAM 1500 account. The contract with Alidade is subject to legal review and approval.
Motion carried.

Portfolio Positioning

The following rebalance was recommended:

\$800,000 to Vanguard Emerging Markets ETF
\$500,000 to Templeton Global Bond Fund
\$400,000 to Loomis Sayles Investment Grade Bond
\$800,000 to JPM Strategic Income
\$750,000 withdrawal from WAM S&P 1500
\$750,000 withdrawal from Hamlin Equity Income
\$1,000,000 withdrawal from Cash; Graystone confirmed there is sufficient cash in the Cash account for the rebalance and the funding of monthly healthcare expenses.

MOTION #RHC-18-031

Motion by Mannisto, supported by Lightsey to rebalance the RHC Trust Fund by conducting the following transactions:
\$800,000 to Vanguard Emerging Markets ETF
\$500,000 to Templeton Global Bond Fund
\$400,000 to Loomis Sayles Investment Grade Bond
\$800,000 to JPM Strategic Income
\$750,000 withdrawal from WAM S&P 1500
\$750,000 withdrawal from Hamlin Equity Income
\$1,000,000 withdrawal from Cash
Motion carried.

EnTrust

EnTrust Special Opportunities

MOTION #RHC-18-032

Motion by Lowenberg, supported by Maisano to commit \$2MM to fund EnTrust Special Opportunities Fund IV (or may be called "Fund IIIG") from EnTrust Special Opportunities Fund III distributions, or if not available, from WAM 1500.
Motion carried.

Mr. Messner will bring Flexible Equity and Non-Correlated Asset Manager candidates for discussion at the next meeting.

LEGAL REPORT

Mr. VanOverbeke reported that he was cautiously optimistic on the legislatures discussion of uniform actuarial assumptions to preserve local government pension systems, which states: *The state treasurer shall annually establish uniform actuarial assumptions of retirement systems that include, but are not limited to, investment returns, salary increase rates, mortality tables, discount rates, and health care inflation.* Should the local government then be deemed underfunded there are a series of reports that must be completed or be placed in receivership with a state appointed emergency manager. He suggested the ranges needed to be worked on to afford the local governments more assistance.

MOTION #RHC-18-033

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

FINANCIAL REPORTS

The board members reviewed the RHC financial reports for the periods ending January 31, 2018, February 28, 2018 and March 31, 2018.

MOTION #RHC-18-034

Motion by Maisano, supported by Lightsey to approve the RHC financial reports for the periods ending January 31, 2018, February 28, 2018 and March 31, 2018.

Motion carried.

CONTRIBUTION REFUNDS

Review and approve refund of accrued contributions to Katlynn Jamerson.

MOTION #RHC-18-035

Motion by Maisano, supported by Michrina to approve the refund of accrued contributions to Katlynn Jamerson.

Motion carried.

FY 2018 – 2019 DRAWDOWN AUTHORIZATION

Ms. Siskind reported that in the June 30, 2017 Actuarial Valuation, the benefit claims projections for the fiscal year July 1, 2018 to June 30, 2019 had increased from the previous valuation report. Therefore, the monthly drawdowns were in need of revision.

MOTION #RHC-18-036

Motion by Maisano, supported by Mannisto to approve the revised monthly drawdown effective July 1, 2018 to \$571,044 for Fire & Police, and \$435,028 for SERS.

Motion carried.

FINANCIAL ITEMS

1. Acknowledge receipt of Management Fee invoices

MOTION #RHC-18-037

Motion by Maisano, supported by Gardella to acknowledge receipt of the RHC Management Fee invoices from Comerica Bank for the periods 1/1/18 – 3/31/18.

Motion carried.

2. Review and approve payment to Clarkston Capital Partners for investment management services provided during the period 1/1/18 – 3/31/18, in the amount of \$14,390.00.

MOTION #RHC-18-038

Motion by Maisano, supported by Gardella to approve payment to Clarkston Capital Partners for investment management services provided during the period 1/1/18 – 3/31/18, in the amount of \$14,390.00.

Motion carried.

3. Review and approve payment to Hamlin Capital Management for investment management services provided during the period 1/1/18 – 3/31/18, in the amount of \$22,444.91.

MOTION #RHC-18-039

Motion by Maisano, supported by Gardella to approve payment to Hamlin Capital Management for investment management services provided during the period 1/1/18 – 3/31/18, in the amount of \$22,444.91.

Motion carried.

4. Review and approve payment to L. Susan Mannisto for reimbursement of expenses incurred during attendance at EnTrust Capital Investment Summit, New York, NY, on 2/27/18 – 2/28/18.

MOTION #RHC-18-040

Motion by Maisano, supported by Gardella to approve payment to L. Susan Mannisto for reimbursement of expenses incurred during attendance at EnTrust Capital Investment Summit, New York, NY, on 2/27/18 – 2/28/18.

Motion carried.

5. *Review and approve payment to Comerica Bank Cardmember Service for activity during periods 1/518 – 2/5/18, 2/6/18 – 3/518 and 3/6/18 – 4/4/18.*

MOTION #RHC-18-041

Motion by Maisano, supported by Gardella to and approve payment to Comerica Bank Cardmember Service for activity during periods 1/518 – 2/5/18, 2/6/18 – 3/518 and 3/6/18 – 4/4/18.

Motion carried.

SELECTION OF DELEGATE FOR MAPERS SPRING 2018 CONFERENCE

Mr. Maisano and Mr. Gardella volunteered as delegates for the upcoming MAPERS Spring Conference.

Mr. Wilson and Ms. Lightsey would act as Alternates.

MOTION #RHC-18-042

Motion by Fisher, supported by Michrina to approve the selection of Julius Maisano and Edward Gardella as Voting Delegates at the MAPERS 2018 Spring Conference, Mount Pleasant, Michigan with Brent Wilson and Shirley Lightsey as Alternates.

Motion carried.

PUBLIC COMMENTS

No member of the public was present.

OTHER ITEMS DEEMED NECESSARY

1. *Review and address letter from Councilman Lloyd Crews.*

Councilman Crews requested an update be provided before the city council on the current and future work of the board. Mr. Fisher mentioned that the Fire & Police Retirement Board was providing the City Council with a cover letter and the annual report. The RHC board decided to table the issue until a future date.

2. *Comerica Authorized Signers List – Original Needed.*

Comerica Bank requested an original signature list which would be used to authorize instructions on the RHC accounts held at the bank. Mr. Fisher, Mr. Zorn, Mr. Maisano and Ms. Siskind were the named authorities.

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

MOTION #RHC-18-043

Motion by Maisano, supported by Lightsey to adjourn the Retiree Healthcare Benefits Plan & Trust Board of Trustees of May 9, 2018, at 7:30 p.m.

Motion carried.

*Approved this 31st day of July 2018
John Fisher, Chair
Retiree Health Care Benefits Plan & Trust Board of Trustees*