

**RETIREE HEALTH CARE BENEFITS PLAN AND TRUST
BOARD OF TRUSTEES REGULAR MEETING
Tuesday, September 12, 2017
Marcotte Room – Lower Level – Municipal Building
26000 Evergreen Road, Southfield, MI**

MEETING MINUTES

BOARD MEMBERS PRESENT: John Fisher, Chair; Duane Garth; Audrey Harvey; Jeannie Jackson; Irv Lowenberg; Julius Maisano; L. Susan Mannisto; James Pierce; Shawn Wells; Fred Zorn

BOARD MEMBERS ABSENT: Shirley Lightsey

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

Chair Fisher called the meeting to order at 4:31 p.m.

AGENDA

Review and approval of the Agenda.

MOTION #RHC-17-038

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

Motion carried.

MINUTES

1. *Review and approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Regular Meeting of June 13, 2017.*

MOTION #RHC-17-039

Motion by Mannisto, supported by Pierce to approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Regular Meeting of June 13, 2017.

Motion carried.

2. *Review and approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board Special Meeting Minutes of June 21, 2017.*

MOTION #RHC-17-040

Motion by Mannisto, supported by Pierce to approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Special Meeting of June 21, 2017.

Motion carried.

Mr. Garth joined the meeting at this time.

INVESTMENT CONSULTANT REPORT

Graystone Update and Quarterly Performance Report

Bill Messner & Eric Burger reviewed the RHC 2017 2nd Quarter Performance Measurement Report. As of June 30, 2017, the portfolio was 2.19% v 2.82% for the quarter. The total fund returned 11.6% in the trailing one year vs. 10.22% policy index.

Mr. Lowenberg and Ms. Jackson joined the meeting at this time.

Consultant Recommendations

Mr. Messner advised that an Asset Allocation study was timely, as the last one was performed in 2013. The portfolio's weighting was discussed, including the overexposure to equities that has improved fund performance during the equity rally. However, he advised that this was the "8th inning" and 18 of 20 measures indicate the market is overvalued. Mr. Messner presented an analysis with 3 variations of changes to the Asset Allocation, and reviewed the characteristics. Proposal 1 was recommended, with 25% allocation to Fixed Income; 45% allocation to Global Equity; 20% allocation to Alternatives; and 10% allocation to Real Estate. This projected a 7.8% return with a 9.5% volatility, vs. our current Asset Allocation which projected 7.7% return with 10.2% volatility.

MOTION#RHC-17-041

Motion by Lowenberg, support by Mannisto, to adopt Asset Allocation model #1, as presented by William Messner, Graystone Consulting.
Motion carried.

The board inquired as to next steps to approach implementation of the Asset Allocation model. Mr. Messner advised reviewing International, Emerging Market, Private Equity and Private Real Estate. He also will bring in Ancora/Thelen and Real Estate managers to the next meeting. Mr. Messner advised that they have researched Ancora, where David Sowerby now works, and they are comfortable with that investment. The role of the board in finding and hiring investment managers was discussed, with the board indicating their continued interest in interviewing prospective managers after reviewing initially qualified candidates with the consultant. Mr. Garth indicated he preferred to interview 3 managers. Mr. Lowenberg inquired if Landmark can be included in the Real Estate interviews, as they recently presented to the Fire and Police board. Mr. Messner indicated that Landmark was not on the MS platform, and he could not recommend them. In order to spend enough time to interview both SMID and Real Estate managers, the board discussed convening a special meeting for the interviews.

MOTION#RHC-17-042

Motion by Mannisto, support by Garth, to hold a special meeting on October 17, 2017 at 1:00 pm to interview prospective managers.
Motion carried.

Mr. Messner also reviewed a proposal to transfer custody to the Morgan Stanley platform from Comerica bank, with a resulting fee savings. Included in this presentation was a fee increase from \$15,000 flat fee, which has been in place since the start of the consulting relationship in 2007, to a basis point fee of 10 bps on assets (\$67,000 on \$67 million portfolio), starting October 1st. The board requested that Mr. Messner present his fee request as a proposal that the board could review.

MOTION#RHC-17-043

Motion by Mannisto, support by Pierce, to receive and file the Investment Consultant report presented by William Messner, Graystone Consulting.
Motion carried

Mr. Messner & Mr. Burger left the meeting at this time.

LEGAL REPORT

Mr. Judd did not have anything new to report this evening.

FINANCIAL REPORTS

The Board reviewed Financial Reports for the Retiree Healthcare Benefits Plan & Trust for the periods ending June 30, 2016, April 30, 2017, May 31, 2017 & June 30, 2017. The net assets as of the June 2017 date were \$68,140,255.

MOTION #RHC-17-044

Motion by Pierce, supported by Mannisto to approve the Financial Reports for the Retiree Healthcare Benefits Plan & Trust for the periods ending June 30, 2016, April 30, 2017, May 31, 2017 & June 30, 2017.
Motion carried.

CONTRIBUTION REFUNDS

1. *Review and approve contribution refund to Pam Devlin, Southfield Public Library, in the amount of \$9,708.20.*

MOTION #RHC-17-045

Motion by Pierce, supported by Wells to approve a contribution refund to Pam Devlin, Southfield Public Library, in the amount of \$9,708.20.

Motion carried.

2. *Review and approve contribution refund to Anne Kabel, Southfield Public Library, in the amount of \$7,987.02.*

MOTION #RHC-17-046

Motion by Pierce, supported by Wells to approve a contribution refund to Anne Kabel, Southfield Public Library, in the amount of \$7,987.02.

Motion carried.

FINANCIAL ITEMS

1. *Acknowledge receipt of Management Fee invoices.*

MOTION #RHC-17-047

Motion by Mannisto, supported by Pierce to acknowledge receipt of the Management Fee invoices provided by Comerica Bank for the Health Mutual, Hamlin & WAM Accounts for period

April 1, 2017 through June 30, 2017.

Motion carried.

2. *Review and approve quarterly management fee from Morgan Stanley/Graystone, for investment consulting services during the period July 1, 2017 – September 30, 2017 in the amount of \$3,750.00.*

MOTION #RHC-17-048

Motion by Mannisto, supported by Pierce to approve payment to Morgan Stanley/Graystone, for quarterly investment consulting services for the period July 1, 2017 – September 30, 2017, 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 April 1, 2017 – June 30, 2017, in the amount of \$11,238.00.*

MOTION #RHC-17-049

Motion by Mannisto, supported by Pierce to approve payment to Clarkston Capital Partners for investment management services for the period April 1, 2017 – September 30, 2017, in the amount of \$11,238.00.

Motion carried.

4. *Review and approve payment to Hamlin Capital Management, LLC for investment management services for the period April 1, 2017 – June 30, 2017, in the amount of \$21,700.19.*

MOTION #RHC-17-050

Motion by Mannisto, supported by Pierce to approve payment to Hamlin Capital Management, LLC for investment management fees for the period April 1, 2017 – June 30, 2017, in the amount of \$21,700.19.

Motion carried.

5. *Review and approve reimbursement to the City of Southfield for RHC portion of Fiduciary Liability Insurance through George B. Ford Agency, Inc, for the period 7/1/17 – 7/1/18, in the amount of \$7,109.00.*

MOTION #RHC-17-051

Motion by Mannisto, supported by Pierce to approve reimbursement to the City of Southfield for RHC portion of Fiduciary Liability Insurance through George B. Ford Agency, Inc, for the period 7/1/17 – 7/1/18, in the amount of \$7,109.00.

Motion carried.

6. *Review and approve payment to Comerica Bank Cardmember Service for activity during periods June 6, 2017 – July 6, 2017, July 7, 2017 – August 4, 2017, August 4, 2017 – September 6, 2017.*

MOTION #RHC-17-052

Motion by Mannisto, supported by Pierce to approve payment to Comerica Bank Cardmember Service for activity during periods June 6, 2017 – July 6, 2017, July 7, 2017 – August 4, 2017, August 4, 2017 – September 6, 2017.

Motion carried.

MAPERS DELEGATE SELECTION

Mr. Maisano volunteered to hold the position of delegate for the upcoming MAPERS Fall Conference at Shanty Creek in Bellaire, Michigan.

MOTION #RHC-17-053

Motion by Pierce supported by Mannisto to approve the selection of Julius Maisano as an RHC delegate at the upcoming MAPERS Fall Conference at Shanty Creek, Bellaire, Michigan September 16 – 19, 2017.

Motion carried.

PUBLIC COMMENTS

No member of the public was present.

OTHER ITEMS DEEMED NECESSARY

The board discussed the presentation of the investment consultant and the proposed fee increase. Discussion ensued regarding a possible RFP for Investment Consulting services. The board requested that Ms. Siskind perform an informal survey for investment consulting services.

MOTION #RHC-17-054

Motion by Mannisto, supported by Wells to direct the Administrator to perform an informal survey for banking custodial fees and services for the RHC account.

Motion carried.

The board noted the resignation of Ms. Coretta Houge from the board due to her candidacy for City Council. Her years of service on the board were recognized.

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

MOTION #RHC-17-055

Motion by Maisano, supported by Garth to adjourn the Retiree Healthcare Benefits Plan & Trust Board of Trustees of September 12, 2017, at 6:44p.m.

Motion carried.

Approved this 13th day of February 2018

John Fisher, Chair

Retiree Health Care Benefits Plan & Trust Board