

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

Tuesday, June 13, 2017

**Room #112 – Parks & Recreation Building
26000 Evergreen Road, Southfield, MI**

MEETING MINUTES

BOARD MEMBERS PRESENT: John Fisher, Chair; Duane Garth; Audrey Harvey; Jeannie Jackson (*Telephonically*); Irv Lowenberg; Julius Maisano; L. Susan Mannisto; John Michrina (designee of Fred Zorn); James Pierce

BOARD MEMBERS ABSENT: Coretta Houge; Shirley Lightsey; Shawn Wells

OTHERS PRESENT: Lauri Siskind, Human Resources Director; RHC Administrator
Amy Cole, Erik Burger, Bill Messner & John Pratt; Graystone Consulting- Morgan Stanley
Michael VanOverbeke; VanOverbeke Michaud & Timmony P.C.
Penelope Scharmberg, Administrative Assistant HR/LR; RHC Secretary
Austin Michaels, Deputy Director, Fiscal Services

Chair Fisher called the meeting to order at 4:38 p.m.

AGENDA

Review and approval of the Agenda.

MOTION #RHC-17-015

Motion by Mannisto, supported by Maisano 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 February 8, 2017.

Ms. Cole noticed an error in accounts on page 1, third line from bottom, which should read *Vanguard Emerging Market* rather than REIT.

MOTION #RHC-17-016

Motion by Pierce, supported by Mannisto to approve the Minutes of the Retiree Health Care Benefits Plan and Trust Board of Trustees Regular Meeting of February 8, 2017, with the noted change.

Motion carried.

INVESTMENT CONSULTANT REPORT

Graystone update and Quarterly Performance Report

John Pratt discussed the departure of Michael Holycross from the Graystone management team, stating that it resulted from violations of the firm's policies; he expressed assurance that no RHC funds were jeopardized. Morgan Stanley is confident that the remaining Graystone team, consisting of Bill Messner, Amy Cole, and supported by Erik Burger and others at the Birmingham, MI office, will continue to provide all the necessary support to the Southfield RHC plan. Mr. Messner stated there are eleven members of the team. Mr. Messner verified that all investments in the Southfield RHC portfolio have been reviewed and are approved in the Graystone platform. Ms. Cole was asked to clarify her role as a Financial Advisor or Institutional Consultant. She indicated that she was wrapping up her support of retail clients in the next 30 days to focus on Institutional clients. Mr. Pratt responded to a question regarding the size of the RHC portfolio vs. other Graystone clients, stating that Graystone's core businesses were in the \$50 to \$150 million range, and that RHC plan is just as important as any other plan they support. Mr. Pratt and Mr. Messner assured the board that no soft dollars or any other commissions are paid in this plan, and that Graystone cannot recommend any Morgan Stanley managers in order to avoid conflict. Mr. Messner and Ms. Cole discussed the 1st Quarter Performance Report which showed the portfolio up 3.81% v 4.03% as of March 31, 2017.

Mr. Messner was questioned about the plan's investment in mutual funds, and whether it would be advantageous from a cost perspective to invest in individual accounts. He responded that the plan was initially too small to consider many individual accounts, but having grown to its current size, they will check and analyze the investment into separately managed accounts vs. mutual funds, and report back at the next meeting.

MOTION #RHC – 17-017

Motion by Lowenberg, supported by Mannisto to receive and file the 1st Quarter Performance Report presented by the Graystone Consulting-Morgan Stanley.

Motion carried.

Consultant Recommendations

Mr. Messner discussed a recommended rebalance from passive to active management in the Equity portfolio, adding Edgewood Large Growth and Aristotle Large Value, with funding from WAM and Hamlin. The board requested greater input into screening

managers where they are shown the top three to five candidates and the choice is theirs as to who to hire. The rebalancing and introduction of new managers was tabled until the September meeting.

MOTION # RHC-17-018

Motion by Lowenberg, supported by Garth to table the consultant recommendations until the next meeting wherein after a cost analysis has been completed, more options on other opportunities may be available.

Motion carried.

Ms. Cole, Mr. Messner, Mr. Pratt & Mr. Burger left the meeting at this time.

FINANCIAL REPORTS

The Board reviewed Financial Reports for the Retiree Healthcare Benefits Plan & Trust for the periods ending November 30, 2016, December 31, 2016, January 31, 2017, February 28, 2017 & March 31, 2017. The net assets as of the March date were \$66,212,182.

MOTION #RHC-17-019

Motion by Pierce, supported by Mannisto to approve the Financial Reports for the Retiree Healthcare Benefits Plan & Trust for the periods ending November 30, 2016, December 31, 2016, January 31, 2017, February 28, 2017 & March 31, 2017.

Motion carried.

DETERMINATION OF 2017-18 MONTHLY DRAWDOWN FOR RETIREE HEALTHCARE

Ms. Siskind reported that in the June 30, 2015 actuarial valuation the benefit claims projection for the fiscal year 7/1/17 – 6/30/18 was \$5,731,547 for Fire & Police retirees and \$4,301,610 for SERS retirees. To cover the monthly payments, the revised monthly drawdown effective 7/1/17 will be \$477,629 for Fire & Police and \$358,468 for SERS.

MOTION #RHC-17-020

Motion by Mannisto, supported by Pierce to approve the revised monthly drawdown to cover health benefit claims, effective 7/1/17 – 6/30/18, of \$477,629 for Fire & Police and \$358,468 for SERS.

Motion carried.

CONTRIBUTION REFUNDS

1. *Review and approve contribution refund James Polk, DPW, in the amount of \$10,956.17.*

MOTION #RHC-17-021

Motion by Mannisto, supported by Lowenberg to approve a contribution refund to James Polk, in the amount of \$10,956.17.

Motion carried.

2. *Review and approve contribution refund to Donna Felix, 46th District Court, in the amount of \$1,600.63.*

MOTION #RHC-17-022

Motion by Mannisto, supported by Lowenberg to approve a contribution refund to Donna Felix, in the amount of \$1,600.63.

Motion carried.

GRS PREPARATION FEES

The board reviewed the proposed fees for preparation of the June 30, 2017 Actuarial valuation of the City of Southfield Retiree Health Care Benefits Plan & Trust as well as preparation of GASB Statement No.74 & No. 75. The SERS group and Fire & Police group will be calculated separately and the ARC for fiscal years 7/1/18 and 7/1/19 at 5.5% are also included.

MOTION #RHC-17-023

Motion by Pierce supported by Maisano to approve the fee proposal from Gabriel Roeder Smith & Company for preparation of June 30, 2017 Actuarial Valuation of the City of Southfield Retiree Health Care Benefits Plan & Trust.

Motion carried.

MOTION #RHC-17-024

Motion by Pierce, supported by Mannisto to approve the fee proposal from Gabriel Roeder Smith & Company for preparation of GASB Statements No. 74 & No. 75 for other post-employment benefits.

Motion carried.

FINANCIAL ITEMS

1. *Acknowledge receipt of Management Fee invoices.*
MOTION #RHC-17-025
Motion by Pierce, supported by Maisano to acknowledge receipt of the Management Fee invoices provided by Comerica Bank for the Health Mutual, Hamlin & WAM Accounts for period January 1, 2017 through March 31, 2017.
Motion carried.
2. *Review and approve quarterly management fee from Morgan Stanley/Graystone, for investment consulting services during the period April 1, 2017 – June 30, 2017 in the amount of \$3,750.00.*
MOTION #RHC-17-026
Motion by Pierce, supported by Maisano to approve payment to Morgan Stanley/Graystone, for quarterly investment consulting services for the period April 1, 2017 – June 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 January 1, 2017 – March 31, 2017, in the amount of \$11,155.00.*
MOTION #RHC-17-027
Motion by Pierce, supported by Maisano to approve payment to Clarkston Capital Partners for investment management services for the period January 1, 2017 – March 31, 2017, in the amount of \$11,155.00.
Motion carried.
4. *Review and approve payment to Hamlin Capital Management, LLC for investment management services for the period January 1, 2017 – March 31, 2017, in the amount of \$21,369.18.*
MOTION #RHC-17-028
Motion by Pierce, supported by Maisano to approve payment to Hamlin Capital Management, LLC for investment management fees for the period January 1, 2017 – March 31, 2017, in the amount of \$21,369.18.
Motion carried.
5. *Review and approve Expense Report of L. Susan Mannisto for expenses incurred while attending the EnTrust Summit in NY, NY on February 21, 2017 – February 23, 2017.*
MOTION #RHC-17-029
Motion by Pierce, supported by Maisano to approve the Expense Report of L. Susan Mannisto for expenses incurred while attending the EnTrust Summit in NY, NY on February 21, 2017 – February 23, 2017.
Motion carried.
6. *Review and approve Expense Report of Irv Lowenberg for expenses incurred while attending the EnTrust Summit in NY, NY on February 21, 2017 – February 23, 2017.*
MOTION #RHC-17-030
Motion by Pierce, supported by Maisano to approve the Expense Report of Irv Lowenberg for expenses incurred while attending the EnTrust Summit in NY, NY on February 21, 2017 – February 23, 2017.
Motion carried.
7. *Review and approve Expense Report of Irv Lowenberg for expenses incurred while attending the EnTrust Summit in NY, NY on February 23, 2016 – February 25, 2016. The 2016 expense submission was inadvertently overlooked.*
MOTION #RHC-17-031
Motion by Pierce, supported by Maisano to approve the Expense Report of Irv Lowenberg for expenses incurred while attending the EnTrust Summit in NY, NY on February 23, 2016 – February 25, 2016.
Motion carried.
8. *Review and approve Expense Report of Julius Maisano for expenses incurred while attending the MAPERS Spring Conference, in Acme, MI on May 20, 2017 – May 23, 2017.*
MOTION #RHC-17-032
Motion by Pierce, supported by Maisano to approve the Expense Report of Julius Maisano for expenses incurred while attending the MAPERS Spring Conference, in Acme, MI on May 20, 2017 – May 23, 2017.

9. *Review and approve payment to Comerica Bank Cardmember Service for activity during periods January 6, 2017 – February 3, 2017, February 4, 2017 – March 6, 2017, March 7, 2017 – April 5, 2017 & May 5, 2017 – June 5, 2017.*

MOTION #RHC-17-033

Motion by Pierce, supported by Maisano to approve payment to Comerica Bank Cardmember Service for activity during periods January 6, 2017 – February 3, 2017, February 4, 2017 – March 6, 2017, March 7, 2017 – April 5, 2017 & May 5, 2017 – June 5, 2017.

Motion carried.

PUBLIC COMMENTS

No member of the public was present.

OTHER ITEMS DEEMED NECESSARY

The board discussed the issuance of a Request For Proposals for Investment Consulting services, due to the departure of the plan's lead consultant. After discussion, and input from Mr. VanOverbeke, the board decided not to issue an RFP at this time, but may do so in the future.

The board discussed moving the start time for the next RHC meeting, held on the same day as F&P Board and ACS/SERS meetings, to start prior to ACS/SERS.

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

MOTION #RHC-17-034

Motion by Harvey, supported by Garth to adjourn the Retiree Healthcare Benefits Plan & Trust Board of Trustees of June 13, 2017, at 6:15 p.m.

Motion carried.

*Approved this 12th day of September 2017
John Fisher, Chair
Retiree Health Care Benefit Plan & Trust Board of Trustees*