

CITY OF FARMINGTON RETIREE HEALTH CARE FUND  
February 20, 2015

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Friday, February 20, 2015 at Farmington City Hall, 23600 Liberty Street, Farmington, Michigan. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 9:00 a.m. by Chairman Galvin.

**PRESENT:** Galvin, Pastue, Weber.

**ABSENT:** None.

**OTHERS PRESENT:** Brian Green, MSSB Graystone Consulting; Susan Preuss, Recording Secretary.

**MINUTES OF PREVIOUS MEETINGS**

MOTION by Pastue, seconded by Weber, to approve the regular meeting minutes of November 18, 2014. MOTION CARRIED UNANIMOUSLY.

**ELECTION OF OFFICERS**

MOTION by Pastue, seconded by Weber, to re-elect Mayor Galvin as Chairperson; City Manager Pastue as Vice-Chairperson; and Treasurer Weber as Secretary. MOTION CARRIED UNANIMOUSLY.

**TREASURER'S REPORT**

Financial Report: quarter ending December 31, 2014.

MOTION by Pastue, seconded by Weber, to accept the Treasurer's Report for quarter ending December 31, 2014 as presented. MOTION CARRIED UNANIMOUSLY.

**ADMINISTRATOR'S REPORT**

**Summary Report – Fiscal Year Ending December 31, 2014.**

**Quarterly Report – Fiscal Year Ending December 30, 2014.**

**Fund Manager's Report: Morgan Stanley Smith Barney (MSSB), Graystone Consulting Group - Quarter Ending December 31, 2014**

Brian Green of Morgan Stanley Smith Barney (MSSB), Graystone Consulting provided a report on investments through the quarter ending December 31, 2014. He noted the fourth quarter S & P was up 4.9 %, the International market was in negative territory, fixed income was in positive territory, oil declined in excess of 50% but by in large it was a good quarter for the consumer and for the US equity markets. Small cap stocks were down 11% but finished the quarter at 9%. He stated collectively the market was up 4.9% and inside of each of the bench marks there were huge differences. He then further reviewed performance of the City's portfolio.

Brian Green explained that rates rose on the short end of the calendar year 2014. He noted commercial real estate will continue to rally. He mentioned US fixed incomes performed well but with high yield and the international markets they are still in negative territory. He shared the portfolio changes Morgan Stanley would like to implement regarding recovery. He believes the rebalancing will affect the portfolio positively.

**Board of Trustee Meeting Schedule:**

February 20, 2015  
May 22, 2015  
August 18, 2015  
November 17, 2015

MOTION by Pastue, seconded by Galvin, to accept the Administrator's Report as presented including the rebalancing by Morgan Stanley and the Board of Trustee 2015 Meeting Schedule with amended August 18, 2015 meeting date. MOTION CARRIED UNANIMOUSLY.

**ACTUARY REPORT – JUNE 30, 2014**

**Treasurer Chris Weber, provided the Actuarial Valuation Report dated June 30, 2014.**

Chris Weber reviewed the Gabriel Roeder Smith & Company (GRS) Actuarial Valuation Report highlighting the executive summary, annual required contribution and estimated premiums paid for retirees. He stated the pension and retiree healthcare is fully funded and that the level of funding was expected to decrease in the future. He then discussed valuation results and benefit projections. He noted the report suggests Farmington's Retiree Healthcare Plan's annual disbursements will increase for years to come.

Mayor Galvin commented the projected healthcare cost trend rates mentioned aren't realistic. He then stated there was nothing that indicated the yearly percent increase in healthcare costs would be decreasing. He doesn't foresee future healthcare costs would ever be under control. Galvin shared the only way to change projected actuarial numbers is to change plan designs and mitigate costs by compromising benefits.

Brian Green shared Morgan Stanley's recent healthcare cost discussion and suggested this Board of Trustees attend an educational session to be held in March. He offered to share the slides from this session with the Board.

Motion by Pastue, seconded by Galvin, to accept the Actuarial Valuation Report for June 30, 2014 as presented. MOTION CARRIED UNANIMOUSLY.

**OTHER BUSINESS**

No other business was heard.

**MISCELLANEOUS**

**Public Comment**

No public comment was heard.

**Trustee Comment**

No trustee comment was heard.

**ADJOURNMENT**

MOTION by Pastue, seconded by Weber, to adjourn the meeting. MOTION CARRIED UNANIMOUSLY.

Meeting adjourned at 10:12 a.m.

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Christopher M. Weber, Secretary

APPROVED: June 3, 2015