

FINAL

CITY OF FARMINGTON RETIREE HEALTH CARE FUND February 16, 2021

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, February 17, 2021 via a virtual meeting on the Zoom platform. Notice of the meeting was posted in compliance with Public Act 267-1976 and electronically as authorized under the Open Meetings Act, MCL 15.261, et seq., as amended by HB 1108.

The meeting was called to order at 9:04 am by Bowman.

PRESENT: Bowman, Murphy, Weber

OTHERS PRESENT: Erik Burger of MSSB Graystone Consulting Financial Advisors and Recording Secretary Mary Mullison.

APPROVAL OF AGENDA

MOTION by Weber, seconded by Murphy, to approve the agenda.
MOTION CARRIED UNANIMOUSLY.

MINUTES OF PREVIOUS MEETINGS

MOTION by Murphy, seconded by Weber, to approve the regular meeting minutes of November 17, 2020.
MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT

Financial Report: quarter ending December 31, 2020.

MOTION by Murphy, seconded by Bowman, to accept the Treasurer's Report for quarter ending December 31, 2020 as presented.
MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Summary Report – quarter ending December 31, 2020

Detail Report – quarter ending December 31, 2020

Weber reviewed the Administrator's reports for quarter ending December 31, 2020. He gave an overview of the fund's current position and discussed anticipated annual earnings and premiums.

Fund Manager's Report: Morgan Stanley Smith Barney (MSSB), Graystone Consulting - Quarter Ending December 31, 2020

Erik Burger of MSSB, Graystone Consulting provided a report on investments through quarter ending December 31, 2020.

Burger summarized Farmington's position as of December 31, 2020. He touched on market commentary, performance update, and possible rebalance per Monte Carlo scenario. No changes were recommended. He gave an overview of the market in the past quarter and indicated their projections. He stated that the change from Lazard to Martin Curry was a good one. Stock market recovery was aided by people having more money to invest and stocks went up. Growth companies did better than value names. "Stay-at-home stocks" such as Zoom were huge drivers of market. Coming out of recession, value stocks tend to do better than growth stocks. Edgewood did a wonderful job.

Burger went over the fourth quarter performance report. Fiscal YTD saw a 16.4% return. He also went through allocation by manager and rates and dividend index. Morgan Stanley is continuing to watch portfolio, but they are happy with performance overall.

MOTION by Weber, seconded by Murphy, to approve the Administrator's Report as presented.
MOTION CARRIED UNANIMOUSLY.

INVESTMENT REBALANCE

Burger showed a suggested rebalance after January 31. He suggested a rebalance to level out the two portfolios.

After discussion, the Board decided to rebalance as recommended.

MOTION by Weber, seconded by Murphy, to do rebalancing as presented.
MOTION CARRIED UNANIMOUSLY.

PRESENTATION

Retiree Health Care Costs

Weber presented a ten-year graph of what Farmington's Health Care Premiums have been.

ANNUAL REVIEW OF INVESTMENT POLICY

Burger showed amended Investment policy from last year and recommended no changes at this time.

OTHER BUSINESS

Asset Allocation Review & Monte Carlo Simulation (15-Year)

Burger presented the current portfolio value and showed projections provided through ten distribution periods. Strategic assumptions show a 6.1% projected index returns for the next seven years. Long term is 7.5% projected index returns. Short term and long term blended to about 7.1%. Burger reviewed scenarios taking into consideration the projected interest and dividends. Policy targets show that Farmington is in very good shape doing a look forward to 2030. Probability of success is 99.9

Weber shared a spreadsheet containing debt service related to OPEB bonds issued. Bonds are callable in 2029, and there is a need to decide at that point whether money from trust will be needed for retiree health care. Burger shared information on what the span of the reporting might be, best case/worst case.

MISCELLANEOUS

Public Comment

No public comment was heard.

Trustee Comments

No Trustee comments were heard.

ADJOURNMENT

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

Meeting adjourned at 9:51 am.

Christopher M. Weber, Secretary

APPROVED: 5/18/2021