

CITY OF FARMINGTON RETIREE HEALTH CARE FUND
May 21, 2013

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Thursday, February 19, 2013 at Farmington City Hall, Council Chambers, Conference Room A, 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 9:05 a.m. by Chairman Buck

PRESENT: Buck, Pastue, Weber.

ABSENT: None.

OTHERS PRESENT: Brian Green, MSSB Graystone Consulting.

MINUTES OF PREVIOUS MEETINGS:

MOTION by Weber, seconded by Pastue, to approve the regular meeting minutes of February 19, 2013 as presented with one change. Under Administrator's Report, motion to accept "Treasurer's Report" changed to "Administrator's Report" MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT:

Financial Report, quarter ending March 31, 2013.

MOTION by Pastue, seconded by Weber, to accept the Treasurer's Report for quarter ending March 31, 2013 as presented. MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT:

Summary Report and Fund Manager's Report, Morgan Stanley Smith Barney, Graystone Consulting, quarter ending March 31, 2013.

MOTION by Pastue, seconded by Weber, to accept the Administrator's Report for quarter ending March 31, 2013 as presented. MOTION CARRIED UNANIMOUSLY.

Brian Green of Morgan Stanley Smith Barney (MSSB) Graystone Consulting provided a report on investments through quarter ending March 31, 2013. Green reviewed the asset allocation, which showed an overweight to International Equity and an underweight to Fixed Income. Green recommended not rebalancing the portfolio, as the underlying equity managers are holding significant reserves of cash or gold bullion. (First Eagle Global holdings include 4.1% in gold bullion). Discussion then ensued regarding markets, investment climate and factors to consider going forward. Similar to the February 19, 2013 meeting, Green advised to expect

more return from the equity markets versus fixed income going forward. He further advised that a 10 - 15% stock market correction is due.

MOTION by Pastue, seconded by Weber, to receive and file the MSSB Graystone Consulting report for quarter ending March 31, 2013. MOTION CARRIED UNANIMOUSLY.

REVIEW OF MSSB GRAYSTONE CONSULTING REPORTS

Brian Green of Morgan Stanley Smith Barney (MSSB) Graystone Consulting provided a report on Healthcare Inflation. The Board expressed its appreciation for the information and requested additional detail regarding the components of healthcare inflation and performance.

Brian Green discussed performing an Asset Allocation Study. Some of the suggestions likely to be incorporated in the Asset Allocation Study are reducing the asset allocation to fixed income and creating an allocation to commodities.

MISCELLANEOUS:

PUBLIC COMMENTS

None.

TRUSTEE COMMENTS

None.

ADJOURNMENT:

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

Meeting adjourned at 10:47 a.m.

Patsy K. Cantrell, Administrator

Christopher M. Weber, Secretary

APPROVED: September 4, 2013

