

FINAL

CITY OF FARMINGTON RETIREE HEALTH CARE FUND August 21, 2018

A regular meeting of the Farmington Retiree Health Care Fund Board of Trustees was held on Tuesday, August 21, 2018 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 9:04 a.m. by Chairman Schneemann.

PRESENT: Murphy, Schneemann, Weber.

ABSENT: None.

OTHERS PRESENT: MSSB Graystone Consulting Financial Advisors: Amy Cole and Erik Burger; and Sue Halberstadt, Recording Secretary.

MINUTES OF PREVIOUS MEETINGS

MOTION by Weber, seconded by Murphy, to approve the regular meeting minutes of May 22, 2018 and special meeting minutes of June 8, 2018. MOTION CARRIED UNANIMOUSLY.

TREASURER'S REPORT

Financial Report: quarter ending June 30, 2018.

MOTION by Murphy, seconded by Schneemann, to accept the Treasurer's Report for quarter ending June 30, 2018 as presented. MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Summary Report – quarter ending June 30, 2018

Quarterly Report – quarter ending June 30, 2018

Weber reviewed the Administrator's reports for quarter ending June 30, 2018. He discussed anticipated annual premiums and trends based on the current retirees and the number of active employee participants in the plan.

Fund Manager's Report: Morgan Stanley Smith Barney (MSSB), Graystone Consulting - Quarter Ending June 30, 2018

Amy Cole and Erik Burger of MSSB, Graystone Consulting, provided a report on investments through quarter ending June 30, 2018.

Discussion ensued regarding market volatility, investment climate and factors to consider going forward.

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

APPLICATION FOR RETIREE HEALTH CARE BENEFITS

Weber advised John Koncsol submitted an application for Retiree Health Care benefits.

MOTION by Murphy, seconded by Weber, to approve John Koncsol's application for Retiree Health Care benefits. MOTION CARRIED UNANIMOUSLY.

OTHER BUSINESS

Redistribution of Investments

MOTION by Murphy, seconded by Weber, to approve the rebalance of the portfolio as presented, contingent upon final review by the Board's Attorney and Secretary. [SEE ASSET ALLOCATION/REBALANCE DISTRIBUTION] MOTION CARRIED UNANIMOUSLY.

MISCELLANEOUS

Public Comment

No public comment was heard.

Trustee Comments

No trustee comment was heard.

ADJOURNMENT

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

Meeting adjourned at 9:50 a.m.

Christopher M. Weber, Secretary

APPROVED: November 20, 2018

Asset Allocation / Rebalance

Asset Class	Investment Account	Bond Account	Combined Market Value	Portfolio %	Policy Target	Value at Policy Target	Investment Rebalance	Bond Rebalance	Value after Reallocation	% After Reallocation	% Over (Under)	\$ Over (Under)
Domestic Equities (10 - 70%)	\$1,414,357	\$2,940,401	\$4,354,758	44.8%	35%	\$3,405,692	\$0	(\$116,000)	\$4,238,758	43.6%	8.6%	\$833,166
Edgewood Large Cap Growth	\$420,837	\$888,749	\$1,309,586	13.5%			\$0	(\$35,000)	\$1,274,586	13.1%		
S&P Dividend ETF	\$303,222	\$580,951	\$884,173	9.1%			\$0	(\$23,000)	\$861,173	8.9%		
Delaware Large Cap Value	\$404,314	\$878,912	\$1,283,226	13.2%			\$0	(\$35,000)	\$1,248,226	12.8%		
Ziegler Small Core	\$285,984	\$591,789	\$877,773	9.0%			\$0	(\$23,000)	\$854,773	8.8%		
International Equities (0 - 30%)	\$802,694	\$1,630,221	\$2,432,915	25.0%	25%	\$2,432,566	\$0	(\$64,000)	\$2,368,915	24.3%	-0.7%	(\$63,651)
Cambiar International	\$328,422	\$864,122	\$992,544	10.2%			\$0	(\$25,000)	\$967,544	9.9%		
iShares EAFE ETF	\$334,247	\$883,764	\$1,018,011	10.5%			\$0	(\$26,000)	\$992,011	10.2%		
Lazard Emerging Markets	\$140,025	\$282,335	\$422,360	4.3%			\$0	(\$13,000)	\$409,360	4.2%		
Fixed Income (10 - 100%)	\$898,258	\$1,676,158	\$2,564,416	26.4%	20%	\$1,946,063	(\$165,000)	(\$325,000)	\$2,074,416	21.3%	1.3%	\$128,363
Vanguard Bond	\$208,982	\$291,102	\$500,084	5.1%			(\$105,000)	(\$195,000)	\$200,084	2.1%		
JP Morgan Strategic Income	\$336,925	\$687,447	\$1,024,372	10.5%			(\$30,000)	(\$65,000)	\$929,372	9.6%		
Loomis Sayles Bond	\$342,351	\$697,609	\$1,039,960	10.7%			(\$30,000)	(\$65,000)	\$944,960	9.7%		
Real Assets (0 - 5%)	\$0	\$0	\$0	0.0%	5%	\$486,513	\$185,000	\$325,000	\$490,000	5.0%	0.0%	\$3,487
Blackstone BREIT	\$0	\$0	\$0	0.0%			\$165,000	\$325,000	\$490,000	5.0%		
Absolute Return Assets (0 - 5%)	\$0	\$0	\$0	0.0%	5%	\$486,513	\$0	\$0	\$0	0.0%	-5.0%	(\$486,513)
Equity Hedge Assets (0 - 5%)	\$0	\$0	\$0	0.0%	5%	\$486,513	\$0	\$0	\$0	0.0%	-5.0%	(\$486,513)
Opportunistic Assets (0 - 5%)	\$0	\$0	\$0	0.0%	3%	\$291,908	\$0	\$0	\$0	0.0%	-3.0%	(\$291,908)
Cash (0 - 10%)	\$154,571	\$223,604	\$378,175	3.9%	2%	\$194,605	\$0	\$180,000	\$558,175	5.7%	3.7%	\$863,570
Current Cash Balance	\$154,571	\$223,604	\$378,175	3.9%			\$0	\$180,000	\$558,175	5.7%		
Combined Accounts	\$3,259,890	\$6,470,384	\$9,730,264	100%	100%	\$5,546,250	\$0	\$0	\$9,730,264	100%		

Bond Proceeds cash needs per month: 6.7 Months of cash available after rebalance.
 The Investment Account is typically cash flow positive \$1,500 per month.
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 Source: Morgan Stanley Statements & InvestmentMetrics / PARs