

**REGULAR MINUTES**  
**WASHTENAW COUNTY VEBA BOARD OF TRUSTEES**  
**Wednesday, February 7, 2018 2:30 P.M.**  
220 N. Main St – Board of Commissioner’s Meeting Room

**Call to Order**

Monica Boote called the meeting to order at 2:38 p.m.

**Roll Call**

Monica Boote called the roll

**MEMBERS PRESENT:** Gary Lowe, Conan Smith, Corey Mason, Diane Heidt (3:12)

**MEMBERS ABSENT:** Tina Gavalier

**OTHERS PRESENT:** Monica Boote, Sarah Erskine, Chyanne Cooper, Human Resources; Jane Thurston, AWARE Liaison; Timothy Brice, Amy Cole, Graystone Consulting, Catherine McClary, Treasurer

**Public Participation from the Floor**

None

**Election of Officers**

**A.** Chair

C. Smith seconded by C. Mason to nominate G. Lowe for Chair. All in favor, motion carried.

**B.** Vice-Chair

C. Smith seconded by G. Lowe to nominate C. Mason for Vice-Chair. All in favor, motion carried.

**Approval of Minutes of:**

**A.** December 6, 2017 – Regular Meeting

C. Smith seconded by C. Mason motion to approve the December 6, 2017 Regular Meeting Minutes. All in favor, motion carried.

**B.** January 17, 2018 – Special Meeting

C. Mason seconded by C. Smith motion to approve the January 17, 2018 Special Meeting Minutes. All in favor, motion carried.

**Communications**

**A.** Hatteras, 3Q17 Fact Sheet

**B.** Finance, Monthly Contribution/Distribution Report as of December 2017

**C.** J.P. Morgan, 01.02.2018 Eye on the Market

**D.** McMorgan, 3Q17 Infrastructure Fund Update

**E.** VanOverbeke, Michaud, Timmony, P.C., 01.05.2018 Michigan Legislative Update

**Communications on file**

**A.** Ancora, 12.01.2017 David Sowerby Communication

**B.** Clarkston, 4Q17 Quarterly Statement

**C.** Corbin, Monthly Reporting November 2017

**D.** Hatteras, Monthly Reporting September 2017 – November 2017

**E.** J.P. Morgan, Monthly Reporting September 2017 – December 2017

- F. McMorgan, 3Q17 Statements
- G. Morgan Stanley, Monthly Reporting November 2017 – December 2017
- H. Morgan Stanley, 02.28.2017 Prospectus
- I. Morgan Stanley, 06.30.2017 Western Asset Prospectus

C. Mason seconded by C. Smith motion to receive and file the Communications and Communications on File as presented. All in favor, motion carried.

**Unfinished Business**

None

**New Business**

- A. Resolutions of Appreciation
  - 1. Trustee Robert Stanton

A RESOLUTION OF APPRECIATION TO ROBERT STANTON FOR HIS TWENTY YEARS AND TWO MONTHS OF SERVICE TO THE WASHTENAW COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

WASHTENAW COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

February 7, 2018

WHEREAS, Robert Stanton began his tenure as a Washtenaw County Voluntary Employees' Beneficiary Association Trustee in October 1997; and

WHEREAS, during Trustee Stanton's twenty years and two months of service, he has served in both the Chairperson and Vice Chairperson Leadership roles; and

WHEREAS, during Trustee Stanton's twenty years and two months of service, he has been committed to achieving broader understanding of investment policy and asset allocation guidelines; and

WHEREAS, during his tenure Trustee Stanton, with confidence and determination, provided direction and guidance to the Washtenaw County Voluntary Employees' Beneficiary Association; and

WHEREAS, Trustee Stanton acknowledged and accepted his role as a fiduciary to protect the assets of the Washtenaw County Voluntary Employees' Beneficiary Association; and

WHEREAS, Trustee Stanton is recognized for his ability to carry out his fiduciary responsibilities with dedication and sincerity and has provided distinguished service to the Board and the members and beneficiaries of the Washtenaw County Voluntary Employees' Beneficiary Association; and

WHEREAS, Trustee Stanton is a true example of a dedicated public servant such that the members and beneficiaries of the Voluntary Employees' Beneficiary Association, the County employees and citizenry owe a debt of gratitude to Robert Stanton for his sacrifice and service to the Trust.

NOW THEREFORE BE IT RESOLVED that the Board of Trustees, on behalf of itself and all concerned extends its appreciation to Robert Stanton for his twenty years and two months of service to the

Washtenaw County Voluntary Employees' Beneficiary Association and wishes him continued success in his future endeavors.

WASHTENAW COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
BOARD OF TRUSTEES

*Diane  
Heidt*

*Tina  
Gavalier*

*Corey  
Mason*

*Conan  
Smith*

*Gary Lowe*

2. Trustee Nancy Heine

A RESOLUTION OF APPRECIATION TO NANCY HEINE FOR HER SIX YEARS OF SERVICE TO  
THE WASHTENAW COUNTY  
VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

WASHTENAW COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

February 7, 2018

WHEREAS, Nancy Heine began her tenure as a Washtenaw County Voluntary Employees' Beneficiary Association Trustee in February 2012; and

WHEREAS, during Trustee Heine's six years of service, she has served in the Vice Chairperson Leadership role; and

WHEREAS, during Trustee Heine's six years of service, she has been committed to achieving broader understanding of investment policy and asset allocation guidelines; and

WHEREAS, during her tenure Trustee Heine was committed to and participated in prudent investment manager screening and selection; and

WHEREAS, Trustee Heine acknowledged and accepted her role as a fiduciary to protect the assets of the Washtenaw County Voluntary Employees' Beneficiary Association; and

WHEREAS, Trustee Heine is recognized for her ability to carry out her fiduciary responsibilities with dedication and sincerity and has provided distinguished service to the Board and the members and beneficiaries of the Washtenaw County Voluntary Employees' Beneficiary Association; and

WHEREAS, Trustee Heine is a true example of a dedicated public servant such that the members and beneficiaries of the Voluntary Employees' Beneficiary Association, the County employees and citizenry owe a debt of gratitude to Nancy Heine for her sacrifice and service to the Trust.

NOW THEREFORE BE IT RESOLVED that the Board of Trustees, on behalf of itself and all concerned extends its appreciation to Nancy Heine for her six years of service to the Washtenaw County Voluntary Employees' Beneficiary Association and wishes her continued success in her future endeavors.

WASHTENAW COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION  
BOARD OF TRUSTEES

*Diane  
Heidt*

*Tina  
Gavalier*

*Corey  
Mason*

*Conan  
Smith*

*Gary Lowe*

C. Smith seconded by C. Mason to accept and file the Resolutions of Appreciation for Trustee Robert Stanton and Trustee Nancy Heine.

**B. 2018 MAPERS Conference Calendar**

1. Spring One Day Conference, 03.02.2018 Troy, MI
2. Spring Conference, 05.19.2018 – 05.22.2018 Mt. Pleasant, MI – Soaring Eagle Resort
3. Fall Conference, 09.22.2018 – 09.25.2018 Acme, MI – Grand Traverse Resort

C. Smith seconded by C. Mason to approve any Board attendance for the MAPERS 2018 calendar. All in favor, motion approved.

**Administrator's Report**- Monica Boote

**A. Retiree Health Expenses**

Month: December 2017

	General	Sheriff	Medical Fund Adjustment	Total
Blue Cross/Blue Shield-ERS retirees	824,260.50	186,511.50		<b>1,010,772.00</b>
Medicare Reimbursement-ERS retirees	961.00	220.30		<b>1,181.30</b>
Medicare Reimbursement-MERS retirees	-	314.70		<b>314.70</b>
Blue Cross/Blue Shield-MPPP retirees	40,912.20	-		<b>40,912.20</b>
Blue Cross/Blue Shield-MERS retirees	-	62,571.60		<b>62,571.60</b>
Retiree Medical Adjustment			-	
12-01-17 Interim Pay Retiree Waivers-General	28,419.60			<b>28,419.60</b>
12-01-17 Interim Pay Retiree Waivers-Sheriff		7,750.80		<b>7,750.80</b>
12-01-17 Interim Pay Retiree Waivers-MERS		2,583.60		<b>2,583.60</b>

12-01-17 Interim Pay Retiree Waivers-MPPP	6,459.00			6,459.00
	<b>\$901,012.30</b>	<b>\$259,952.50</b>	<b>\$ -</b>	<b>\$1,160,964.80</b>

	Number of Retirees General	Number of Retirees Sheriff	Number of Retirees Total
Blue Cross/Blue Shield-ERS retirees	685	155	840
Medicare Reimbursement-ERS retirees	9	2	11
Medicare Reimbursement-MERS retirees	-	3	3
Blue Cross/Blue Shield-MPPP retirees	34	-	34
Blue Cross/Blue Shield-MERS retirees	-	52	52
Retiree Medical Adjustment			-
12-01-17 Interim Pay Retiree Waivers-General	22		22
12-01-17 Interim Pay Retiree Waivers-Sheriff		6	6
12-01-17 Interim Pay Retiree Waivers-MERS		2	2
12-01-17 Interim Pay Retiree Waivers-MPPP	5		5
	<b>755</b>	<b>220</b>	<b>975</b>

**A. Requesting approval for the following invoices:**

<u>Vendor</u>	<u>Description of Services</u>	<u>Amount Due</u>	<u>Invoice</u>
Clarkston Capital Partners	Management Fees 4Q17	\$29,161.00	4Q17VEBA
Conduent	Services Rendered Through 11.30.2017	\$3,991.67	2358422VEBA
Loomis Sayles	Investment Fees 4Q17	\$23,656.21	188142
Morgan Stanley	Investment Consulting Fees 4Q17	\$36,068.81	4Q17VEBA
	JP Morgan Fixed		
	Loomis Lg Val 3,337.80		
	Cambiar Int'l 1,858.89		
	Clarkston Smid Cap 2,887.27		
	Outside Assets 2,358.79		
	Edgewood Lg Growth 2,794.71		
	CG Advisor 8,207.48		
	Santa Barbara Dvd Growth 144.68		
	Santa Barbara Dvd Gr MGR & Program Portion	\$4,981.16	
	Cambiar Int'l Mgr & Program Fees	\$9,498.03	
Washtenaw County Risk Management	Insurance Premiums Reimbursement 10/2017 – 10/2018	\$5,329.69	VEBA INS 2017-2018

M. Boote requested authorization to process payment for the presented retiree health care expenses for December 2017, as well as for payment of the represented invoices in the regular agenda.

C. Smith seconded by C. Mason to approve the expenditures as presented. All in favor, motion carried.

M. Boote then discussed escalating the Actuarial process earlier than normal due to new transparency and reporting requirements.

The Board then discussed the possibility of issuing an RFP for the Actuarial firm and the history of the Actuary Representatives.

### **Report of Investment Consultant**

#### **A. 4Q17 Investment Performance Analysis**

Mr. T. Brice discussed the recent changes in the market, Morgan Stanley believes this was just a correction in the market. Earnings are still very good, revenue is up 9% and earnings have grown by over 14%. The wage growth was higher than expected, but they don't expect this to continue. Morgan Stanley expects to see inflation of interest rates throughout the year. There is real economic growth everywhere in the market for the U.S, even though the market is still currently slightly volatile. Mr. T. Brice stated that the market has probably seen the worst of the volatility for a while. He then stated that the combined account increased 3.6% for the fourth quarter of 2017 and 15.79% for the year to date.

Ms. Cole discussed that the portfolio increased by \$16.6 million dollars for the 2017 year. She then discussed individual performances by the money managers for the fourth quarter of 2017. Even though Edgewood had a great year, they experienced a tough quarter due to the constant change with health care. All of the other money managers are doing really well. Clarkston currently has 20% cash value, and Ms. Cole will have a discussion with Clarkston in regards to that value and what should be done with it.

C. Smith requested Morgan Stanley create a report for VEBA that is similar to what he requested at the January 23, 2018 WCERS board meeting.

The Board then discussed the changes to the Investment Policy Statement (IPS) and the cash value that the VEBA portfolio currently holds.

### **Other Advisor's Comments**

None

### **Report of the Chair**

None

### **Adjournment**

C. Smith seconded by C. Mason to adjourn at 3:20pm. All in favor, motion carried.

### **Upcoming Board Meetings –**

Wednesday, April 11, 2018, Regular Meeting  
BOC Conference Room,  
220 N. Main St, Ann Arbor, MI 2:30 p.m. – 4:00 p.m.