

REGULAR MINUTES
WASHTENAW COUNTY VEBA BOARD OF TRUSTEES
Wednesday, August 1, 2018 2:30 P.M.
220 N. Main St – Board of Commissioner's Meeting Room

Call to Order

Corey Mason called the meeting to order at 3:07 p.m.

Roll Call

Tami Langenright called the roll

MEMBERS PRESENT: Corey Mason, Conan Smith, David Sexton (MERS Alternate Trustee)

MEMBERS ABSENT: Tina Gavalier (Excused), Diane Heidt, Gary Lowe

OTHERS PRESENT: Tami Langenright, Sarah Erskine, Chyanne Duncan, Brandy Galea-Hertrich, Human Resources; Jane Thurston, AWARE Liaison; Timothy Brice, Amy Cole, Graystone Consulting, Catherine McClary, Treasurer

Public Participation from the Floor

None

Approval of Minutes of:

- A. April 11, 2018 – Regular Meeting
 - B. June 20, 2018 – Actuarial Valuation Meeting
- C. Smith second by D. Sexton to approve the Regular Meeting Minutes and the Actuarial Valuation Minutes. All in favor, motion carried.

Communications

- A. Hatteras, 1Q18 Fact Sheet
- B. Finance, Monthly Contribution/Distribution Report as of June 2018
- C. J.P. Morgan, 07.23.2018 Eye on the Market

Communications on file

- A. Clarkston, 1Q18 Quarterly Statement
 - B. Clarkston, 2Q18 Quarterly Statement
 - C. Clarkston, Investment Advisor Brochure
 - D. Corbin, Monthly Reporting April 2018 – May 2018
 - E. Intercontinental, 4Q17 REIF Report
 - F. J.P. Morgan, Monthly Reporting March 2018 – June 2018
 - G. J.P. Morgan, 1Q18 Quarterly Reporting
 - H. Morgan Stanley, Monthly Reporting March 2018 – June 2018
 - I. Morgan Stanley, 1099 Consolidated Tax Statement 2016, Corrected
 - J. McMorgan, 2017 YTD Statement
 - K. McMorgan, 4Q17 Quarterly Reporting
 - L. McMorgan, 1Q18 Quarterly Reporting
- C. Smith seconded by D. Sexton motion to receive and file the Communications and Communications on File as presented. All in favor, motion carried.

Unfinished Business

A. 2017 Actuarial Valuation Resolution

Catherine McClary discussed a study that she read stating that pension plans nationwide are receiving 5.5% returns in regards to the 7.25% assumption for the Actuarial Valuation. T. Brice stated that looking at the 20 year plus numbers support 7.25%, even though the 7 year look-back does not support the 7.25%. He also stated that the portfolio is doing really well so far this year.

C. Smith seconded by D. Sexton motion to accept the 2017 Actuarial Valuation Resolution. All in favor, motion carried.

WASHTENAW COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD

RESOLUTION

Adopted: 08.01.2018

RE: Approval of Actuarial Valuation as of December 31, 2017

WHEREAS, the Board of Trustees is in receipt of the December 31, 2017 Actuarial Valuation dated June 2018, which has been submitted by the actuary to the Board for consideration and approval, and

WHEREAS, the Board has the legal and fiduciary obligation to assure that employer contributions are in accordance with Article 9 Section 24 of the State of Michigan Constitution, and

WHEREAS, the Board has the duty (1) to approve the annual Actuarial Valuation and (2) to certify to the employer-county the amount of employer contribution required for the fiscal year beginning January 1, 2019, therefore be it

RESOLVED, that the Board hereby approves the December 31, 2017 Actuarial Valuation, dated June 2018, as submitted by the actuary, and further

RESOLVED, that the Board hereby certifies to the employer-county the amount of employer contribution required for the fiscal year beginning January 1, 2018, and further

RESOLVED, that a copy of this resolution and the December 31, 2017 Actuarial Report, dated June 2018, be forwarded to the employer-county.

New Business

Administrator's Report- Tami Langenright

A. Retiree Health Expenses

Month: April 2018

	General	Sheriff	Medical Fund Adjustment	Total
Blue Cross/Blue Shield-ERS retirees	774,397.96	172,715.58		947,113.54
Medicare Reimbursement-ERS retirees	1,631.00	220.30		1,851.30

Medicare Reimbursement-MERS retirees	-	209.80		209.80
Blue Cross/Blue Shield-MPPP retirees	37,252.38	-		37,252.38
Blue Cross/Blue Shield-MERS retirees	-	62,087.30		62,087.30
Retiree Medical Adjustment				-
	\$813,281.34	\$235,232.98	\$ -	\$1,048,514.32

	Number of Retirees General	Number of Retirees Sheriff	Number of Retirees Total
Blue Cross/Blue Shield-ERS retirees	686	153	839
Medicare Reimbursement-ERS retirees	11	2	13
Medicare Reimbursement-MERS retirees	-	2	2
Blue Cross/Blue Shield-MPPP retirees	33	-	33
Blue Cross/Blue Shield-MERS retirees	-	55	55
Retiree Medical Adjustment			
	730	212	942

Month: May 2018

	General	Sheriff	Medical Fund Adjustment	Total
Blue Cross/Blue Shield-ERS retirees	773,269.10	172,715.58		945,984.68
Medicare Reimbursement-ERS retirees	1,229.00	220.30		1,449.30
Medicare Reimbursement-MERS retirees	-	209.80		209.80
Blue Cross/Blue Shield-MPPP retirees	37,252.38	-		37,252.38
Blue Cross/Blue Shield-MERS retirees	-	63,216.16		63,216.16
Retiree Medical Adjustment				-

	\$811,750.48	\$236,361.84	\$ -	\$1,048,112.32
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	Number of Retirees General	Number of Retirees Sheriff	Number of Retirees Total
Blue Cross/Blue Shield-ERS retirees	685	153	838
Medicare Reimbursement-ERS retirees	11	2	13
Medicare Reimbursement-MERS retirees	-	2	2
Blue Cross/Blue Shield-MPPP retirees	33	-	33
Blue Cross/Blue Shield-MERS retirees	-	56	56
Retiree Medical Adjustment			
	729	213	942

Month: June 2018

	General	Sheriff	Medical Fund Adjustment	Total
Blue Cross/Blue Shield-ERS retirees	774,397.96	172,715.58		947,113.54
Medicare Reimbursement-ERS retirees	1,403.60	220.30		1,623.90
Medicare Reimbursement-MERS retirees	-	209.80		209.80
Blue Cross/Blue Shield-MPPP retirees	37,252.38	-		37,252.38
Blue Cross/Blue Shield-MERS retirees	-	67,731.60		67,731.60
Retiree Medical Adjustment				-
	\$813,053.94	\$240,877.28	\$ -	\$1,053,931.22

	Number of Retirees General	Number of Retirees Sheriff	Number of Retirees Total
Blue Cross/Blue Shield-ERS retirees	686	153	839
Medicare Reimbursement-ERS retirees	11	2	13
Medicare Reimbursement-MERS retirees	-	2	2
Blue Cross/Blue Shield-MPPP retirees	33	-	33
Blue Cross/Blue Shield-MERS retirees	-	59	59
Retiree Medical Adjustment			

	730	216	946

Month: July 2018

	General	Sheriff	Medical Fund Adjustment	Total
Blue Cross/Blue Shield-ERS retirees	777,784.54	171,586.72		949,371.26
Medicare Reimbursement-ERS retirees	1,258.10	220.30		1,478.40
Medicare Reimbursement-MERS retirees	-	209.80		209.80
Blue Cross/Blue Shield-MPPP retirees	37,252.38	-		37,252.38
Blue Cross/Blue Shield-MERS retirees	-	66,602.74		66,602.74
Retiree Medical Adjustment				-
	\$816,295.02	\$238,619.56	\$ -	\$1,054,914.58

	Number of Retirees General	Number of Retirees Sheriff	Number of Retirees Total
Blue Cross/Blue Shield-ERS retirees	689	152	841
Medicare Reimbursement-ERS retirees	11	2	13
Medicare Reimbursement-MERS retirees	-	2	2
Blue Cross/Blue Shield-MPPP retirees	33	-	33
Blue Cross/Blue Shield-MERS retirees	-	59	59
Retiree Medical Adjustment			
	733	215	948

A. Requesting approval for the following invoices:

<u>Vendor</u>	<u>Description of Services</u>	<u>Amount Due</u>	<u>Invoice</u>
Clarkston	Management Fees 1Q18	\$29,448	1Q18VEBA
Clarkston	Management Fees 2Q18	\$25,655	2Q18 VEBA
Conduent	Services Rendered Through 05.31.2018	\$8,032.72	2381940VEBA
Edgewood	Investment Counseling Fees 1Q18	\$37,496.06	2889036
Morgan Stanley	Investment Consulting Fees 2Q18	\$45,578.61	2Q18VEBA
	WAMCO 2,328.91		
	Aristotle Lg Val 3,332.26		
	Cambiar Int'l 2,212.78		
	Clarkston Smid Cap 2,862.21		

	Outside Assets	1,904.95	
	Edgewood Lg Growth	2,920.70	
	CG Advisor	8,911.89	
	Aristotle MGR & Program Portion		\$9,206.35
	Cambiar Int'l Mgr & Program Fees		\$11,898.56
Western Asset	Management Fees 12.31.2018		\$2,632.40 12.17VEBA
Western Asset	Management Fees 2Q18		\$9,544.54 1Q18VEBA

T. Langanright requested authorization to process payment for the presented retiree health care expenses for April through July, as well as for payment of the represented invoices in the regular agenda.

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

Report of Investment Consultant

A. 2Q18 Performance Report

Ms. Cole discussed the market volatility is back, for the quarter some money managers recorded negative numbers. Year to date US equities are up 2.5%, international equities were down 3.5% and emerging market were down 6.5%. Investment grade pretty flat on movement.

Ms. Cole then states the market continues to have an outperformance of growth vs value, Russell Value is up 6.8% where the Russell Growth is up 22.5%. The second quarter had 1.06% return, and was up 1.7% year to date which roughly equates to \$2.1 million of appreciation.

Ms. Cole then discussed that July was already up 1.74%, Year to date up to 3.3%. She also discussed that the portfolio currently has nearly \$6.4 million, believes that is a good amount to hold in cash.

B. Asset Allocation Review

Mr. Brice stated that the market is currently in a rolling bear market pattern, believes the board need to start pulling back in consumer discretionary and growth to sell high and buy low. He states he will discuss in more depth at the next meeting.

The Board then discussed the performance of Templeton, currently up 2% year to date

Other Advisor's Comments

None

Report of the Chair

None

Adjournment

C. Smith seconded by D. Sexton to adjourn at 3:35pm. All in favor, motion carried.

Upcoming Board Meetings –

Wednesday, October 3, 2018, Regular Meeting
 BOC Conference Room,
 220 N. Main St, Ann Arbor, MI 2:30 p.m. – 4:00 p.m.