

Present: Chairperson Shock; Members: Briggs, Maxwell and Mercer

Absent: Fisher

Also Present: Village Manager, Wilson  
Village Attorney, Ryan  
Asset Strategies, Ghannam and Vitta

Chairperson Shock called the meeting to order at 7:10 p.m. in the Village of Beverly Hills municipal building at 18500 W. Thirteen Mile Road.

#### **AMEND AGENDA**

Motion by Briggs, second by Maxwell, to amend the agenda to add two items, “Contract for services with Asset Strategies” and “Elect Chairperson and Vice Chairperson”.

Motion passed.

#### **REVIEW AND APPROVE MINUTES OF A REGULAR RETIREE HEALTH CARE FUND MEETING HELD MAY 28, 2013**

Motion by Briggs, second by Maxwell, that the minutes of a Regular Retiree Health Care Fund meeting held on May 28, 2013 be approved as submitted.

Motion passed.

#### **2013 SECOND QUARTER PERFORMANCE REPORT BY ASSET STRATEGIES**

Ghannam presented the Beverly Hills Retiree Health Care performance summary for the second quarter of 2013. The market value of the fund as of July 31, 2013 was \$2,798,980.01. Ghannam outlined the returns and rankings for the second quarter. The Vanguard STAR Fund (+0.14%) outperformed its composite benchmark due to strong results from domestic equity components, particularly the Vanguard Windsor Fund (+5.00%) and the Vanguard Explorer Fund (+4.90%). Quarterly contributions over and above “pay-as-you-go” are invested in the Vanguard STAR Fund each quarter.

Motion by Maxwell, second by Mercer, to accept the 2013 Second Quarter Performance Report on the Vanguard STAR Fund as published.

Motion passed.

Board members questioned the timing of employer and employee contributions to the Retiree Health Care Fund. Manager Wilson will consult with Finance Director Wiszowaty on this matter and respond to Board members by email. In answer to another inquiry, Wilson stated that he has not yet received an Actuarial Report on this fund from Gabriel, Roeder, Smith & Co.

**DISCUSSION REGARDING TRANSFER OF RETIREE HEALTH CARE FUND TO MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)**

Wilson distributed copies of a document provided to the Village by MERS entitled “MERS Retiree Health Funding Vehicle Uniform Resolution”. This Resolution, if adopted by Council, would transfer management and investment decisions relative to the Village’s Retiree Health Care Fund from Asset Strategies to the MERS 149 Health Care Trust Fund.

Under Section (C) of the Resolution, the Village is required to select the percentage of assets to be invested in one or more of four investment fund options provided by MERS. Wilson referred to the Fund Summary Sheets included in the document to highlight each of the investment options including redemption fees and restrictions. He related that MERS does not recommend a particular funding option to participating municipalities. MERS suggested that the employer review the investment history and fees for the four funds. However, Wilson was informed by a MERS representative that its Total Market Fund was their largest fund and the fund used by participants for all Defined Benefit Retiree Health Care contributions.

Wilson remarked that he spent some time evaluating the funding options and asset allocation breakdowns with Finance Director Wiszowaty. Village Administration will recommend that 100% of the Retiree Health Care Fund be invested in the MERS Total Market Fund unless there are other strong recommendations from the Retirement Board. With regard to another option in the Resolution, Wilson will recommend that the governing body only be authorized to make changes in the funding choices or allocations.

Wilson stated that he wanted to bring this Resolution to the attention of the Retirement Board before sending it to Council for review and consideration, possibly at the September 17 meeting. Board members discussed the proposed funding option relative to asset allocation, fees, and comparisons with the Vanguard STAR Fund. Ghannam provided information on the Vanguard STAR Fund, noting the lesser fee amount. Mercer responded that there would be a reduction in overhead costs with the MERS Fund.

Motion by Mercer, second by Maxwell, that the Retirement Board recommend that the Beverly Hills Village Council adopt the MERS Retiree Health Funding Vehicle Uniform Resolution as outlined by the Village Manager.

Shock did not think that the Retirement Board was qualified to select an investment option as required in the MERS Resolution. He was not comfortable with making a recommendation to move Retiree Health Care funds to a MERS funding option without receiving the opinion of an investment consultant.

Roll Call Vote:

Briggs	- yes
Maxwell	- yes
Mercer	- yes
Shock	- no

Motion passed (3 – 1).

Ghannam recommended that administration conduct a cost/benefit analysis for various investment plans.

**PUBLIC COMMENTS**

None

**CONTRACT FOR SERVICES WITH ASSET STRATEGIES**

Manager Wilson stated that Council will be discussing the MERS Retiree Health Funding Vehicle Uniform Resolution at an upcoming meeting. He questioned the timetable for liquidation of the Retiree Health Care Fund if Council makes a decision to transfer this fund to a MERS investment option. Ghannam responded that the Retiree Health Care Fund portfolio can be liquidated at any time.

Motion by Mercer, second by Briggs, that, due to the liquidity of the Retiree Health Care Fund, the Retirement Board recommends that Council execute the termination clause in the contract with Asset Strategies for investment management of the Retiree Health Care Fund following adoption of the MERS Retiree Health Funding Vehicle Uniform Resolution.

Shock expressed the view that it was premature to make this recommendation until Council decides how it wants to proceed with the Retiree Health Care Fund investment.

Roll Call Vote:

Maxwell	- yes
Mercer	- yes
Shock	- no
Briggs	- yes

Motion passed (3 – 1).

**ELECT CHAIRPERSON AND VICE CHAIRPERSON**

Shock opened the floor to nominations for the office of chairperson. Mercer nominated Walter Briggs to the position of chairperson of the Retirement Board for the next year. Shock nominated Richard Maxwell for chairperson.

Vote on Briggs for chairperson:

Mercer	- yes
Shock	- no
Briggs	- yes
Maxwell	- yes

(3 yes – 1 no).

Briggs was elected to the position of chairperson of the Retirement Board.

Shock opened the floor to nominations for the position of vice-chairperson. Maxwell nominated Robert Fisher as vice-chair of the Retirement Board. Shock nominated Richard Maxwell as vice-chair.

Vote on Fisher for vice-chair:

Shock	- no
Briggs	- yes
Maxwell	- yes
Mercer	- yes

(3 yes – 1 no).

Fisher was elected vice-chairperson of the Retirement Board.

Motion by Maxwell, second by Mercer, to adjourn the meeting at 7:56 p.m.

Motion passed.