



# MONROE COUNTY RETIREE HEALTH CARE

---

Summary Annual Report to Members  
August 10, 2016

Dear Retiree Health Care Plan Member/Beneficiary:

The County of Monroe has established the Monroe County Retiree Health Care Plan (the “Plan”) pursuant to authority under MCL 46.12a(1)(a). The plan provides for certain described post employment benefits to be provided to qualified County retirees and/or dependents. The County has incurred liabilities with the provision of these benefits under the Plan, and the County has established a Trust Fund to provide a source of money to assist in meeting liabilities under the Plan. A tax exempt Trust has been created to provide a method to fund and pre-fund the retiree health care benefits. All assets in the Trust are restricted for the exclusive use to pay retiree health care benefits and obligations.

The Trust’s assets are managed, invested and reinvested by a board of trustees appointed by the Board of Commissioners. An investment policy that complies with Public Act 314 is used to guide the management of the trust fund’s assets. The primary function of the Retiree Health Care Board is to act as investment fiduciary of the trust fund in accordance with and limited to the terms of the Trust Agreement. These terms include acting with the same care, skill, prudence and diligence that a prudent person would use. No decisions or actions relating to retiree health care benefits or eligibility are decided by the board of trustees. Administration of post employment benefits of retirees and dependents is through the County.

This report has been prepared to assist employees, retirees, beneficiaries and others in understanding the financial position of the Trust, the investment performance over time and an accounting of the expenses required to administer the post employment benefits on an annual basis. All investment and financial data is as of December 31, 2015 and the financial data is from audited financial statements.

If you have any questions regarding this report, please contact Michael Bosanac. He can be reached by telephone at (734) 240-7267 or email at [michael\\_bosanac@monroemi.org](mailto:michael_bosanac@monroemi.org).

Respectfully Submitted,

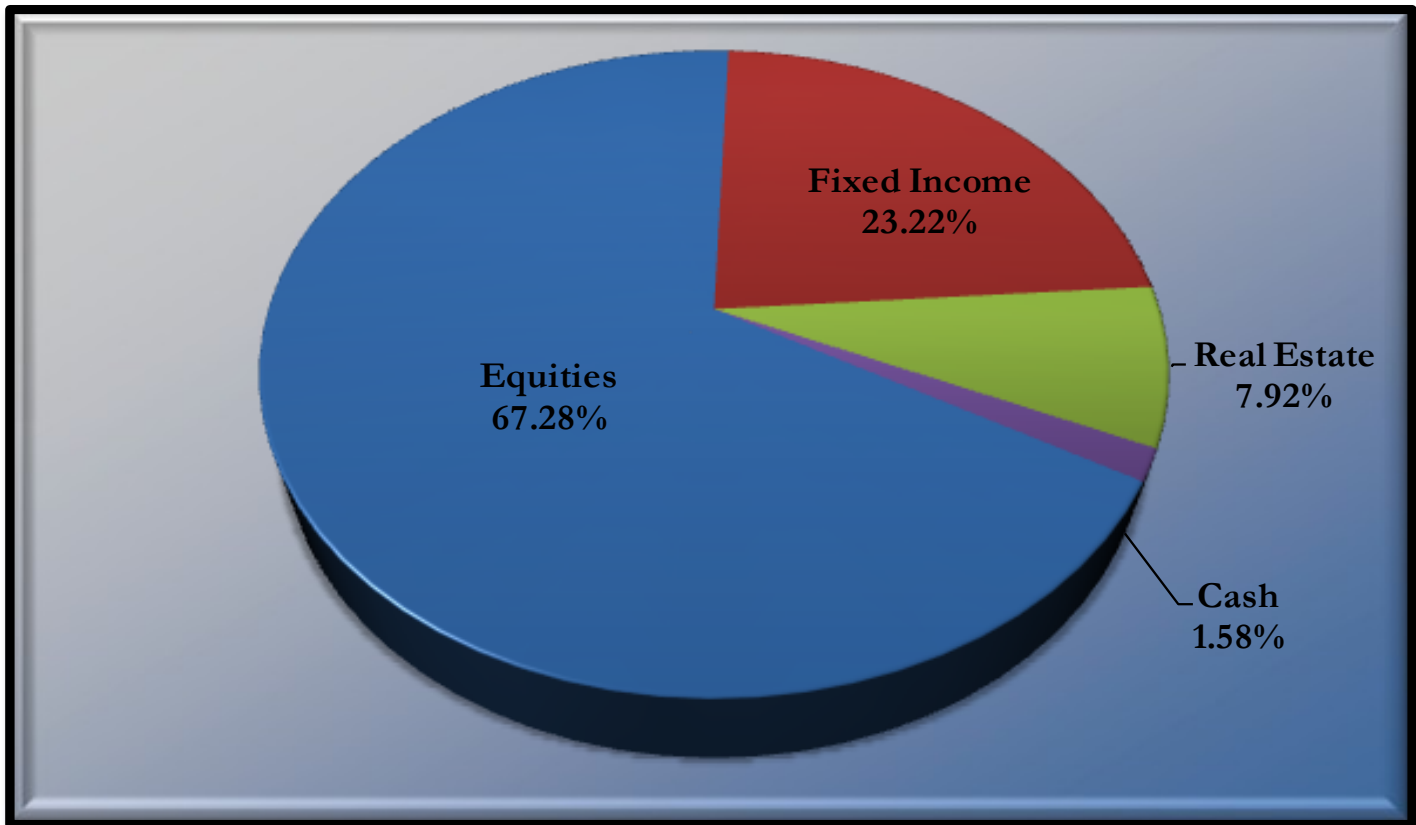
Monroe County Retiree Health Care Board of Trustees

**How is money in the Retiree Health Care benefit program invested?**

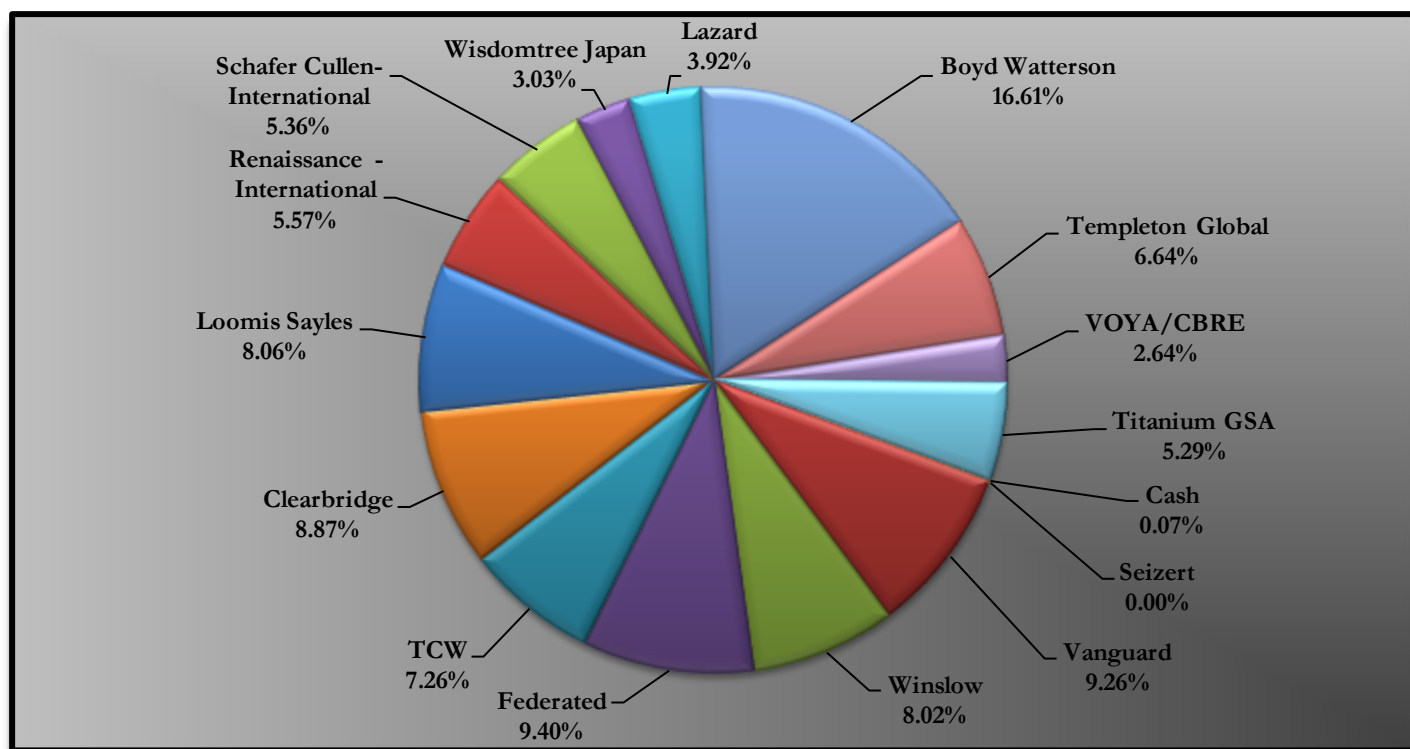
The Retiree Health Care Board in consultation with its investment advisor has established the following strategic asset allocation targets and ranges on a market value basis. The investment policy is approved by the Monroe County Board of Commissioners and complies with Public Act 314 guidelines and restrictions. Money is invested in the Trust under this allocation:

<b>Equity:</b>		<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
	Large Cap Stocks	10%	25%	30%
	Mid Cap Stocks	5%	10%	20%
	Small cap Stocks	5%	10%	10%
	International Stocks	<u>0%</u>	<u>10%</u>	<u>20%</u>
	<u>Total Equity</u>	25%	55%	80%
<b>Fixed Income:</b>				
	Domestic / U.S. Core	20%	20%	40%
	High Yield	0%	2%	5%
	Global	<u>0%</u>	<u>15%</u>	<u>20%</u>
	<u>Total Fixed Income</u>	20%	37%	65%
<b>Real Estate:</b>				
	Indirect	0%	3%	10%
	Direct	<u>0%</u>	<u>2%</u>	<u>10%</u>
	<u>Total Real Estate</u>	0%	5%	10%
<b>Alternative Investments:</b>				
	Hedge Fund	<u>0%</u>	<u>0%</u>	<u>10%</u>
	<u>Total Alternative Investments</u>	0%	0%	10%
<b>Cash:</b>				
	Cash/Cash Equivalent	0%	3%	5%
	<u>Total Cash</u>			
	<b>Total Fund</b>		<b>100%</b>	

**How were the assets actually allocated and invested in the trust at year-end 12/31/15?**



**Who are the money managers and how much of the total asset value was invested with each money manager at year end?**



	<u>Manager</u>	<u>Asset Class</u>	<u>Value</u>	<u>Portfolio Percentage</u>
<b><u>Equities:</u></b>	Seizert	Large Core	\$ 299.52	0.00%
	Vanguard	S&P 500 ETF	\$ 3,841,411.50	9.26%
	Winslow	Large Growth	\$ 3,328,240.16	8.02%
	Federated	Large Value	\$ 3,901,718.70	9.40%
	TCW	Large Value	\$ 3,010,930.80	7.26%
	Clearbridge	Mid Cap Core	\$ 3,680,570.00	8.87%
	Loomis Sayles	Sm/Mid Value	\$ 3,343,203.03	8.06%
	Renaissance - International	International	\$ 2,313,060.54	5.57%
	Schafer Cullen-International	International	\$ 2,224,469.09	5.36%
	Wisdomtree Japan	International/Hedge	\$ 1,255,605.76	3.03%
<b><u>Fixed Income:</u></b>	Lazard	Emerging Markets	\$ 1,625,595.00	3.92%
	Boyd Watterson	Fixed Income	\$ 6,892,477.30	16.61%
<b><u>Real Estate:</u></b>	Templeton Global	Global FI	\$ 2,753,953.90	6.64%
	Voya/CBRE	Real Estate	\$ 1,097,196.34	2.64%
	Titanium GSA	Real Estate	\$ 2,195,906.47	5.29%
<b><u>Cash:</u></b>			\$ 30,592.33	0.07%
	<b>Total Value</b>		<b>\$ 41,495,230.44</b>	<b>100%</b>

**Who contributes funding for the Retiree Health Care benefit program and how much?**

<u>Contributions</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Employer	\$ 6,400,652	\$ 6,025,812	\$ 6,230,662	\$ 7,012,487
Employee	410,664	457,635	469,073	474,348
Retiree	168,475	181,250	203,497	193,302
Other Reimbursement	312,922	450	44,971	48,166
<b>Total Contributions</b>	<b>\$ 7,292,713</b>	<b>\$ 6,665,147</b>	<b>\$ 6,948,203</b>	<b>\$ 7,728,303</b>

**What expenses were incurred to administer benefits and pay investment management costs/fees?**

<u>Expenses</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Benefits Payments	\$4,829,258	\$4,858,864	\$5,494,191	\$4,830,941
Refund of Contributions	90,045	83,171	74,713	106,300
Administrative expense	31,527	35,678	27,770	33,317
Investment Management Fees	227,420	255,897	293,185	326,553
<b>Total Expenses</b>	<b>\$5,178,250</b>	<b>\$5,233,610</b>	<b>\$5,889,859</b>	<b>\$5,297,111</b>

**What additional information is available for the investment management fees?**

Trust Fund 2015 Year End Market Value	\$	41,495,230
Total Managed Account Fees	\$	275,569
Total Managed Account Fee %		.66 basis points *

(\*100 basis points = 1 percent)

Fee Allocation Details:

<u>Boyd Watterson Fixed Income</u>		
2015 Year End Market Value	\$	6,892,477
Fee (.32 basis points)	\$	22,046
Morgan Stanley (.35 basis points)	\$	24,113
<u>All other Equity Money Managers</u>		
2015 Year End Market Value	\$	34,602,753
Total Morgan Stanley Manager Account Fee	\$	224,200
Equity Manager's Fee (.47 basis points)	\$	125,445
Morgan Stanley (.29 basis points)	\$	98,755
2015 Total Money Manager Fees (.36 basis points)	\$	147,492
2015 Total Morgan Stanley Investment Consultant Fees (.30 basis points)	\$	122,868
2015 American Deposit Receipt Fees	\$	7,680
Total Investment and Consultant Fees	\$	<u>278,040</u>

**What is the total value of the assets in the Retiree Health Care Benefit Trust Fund, available to pay retiree health care benefits?**

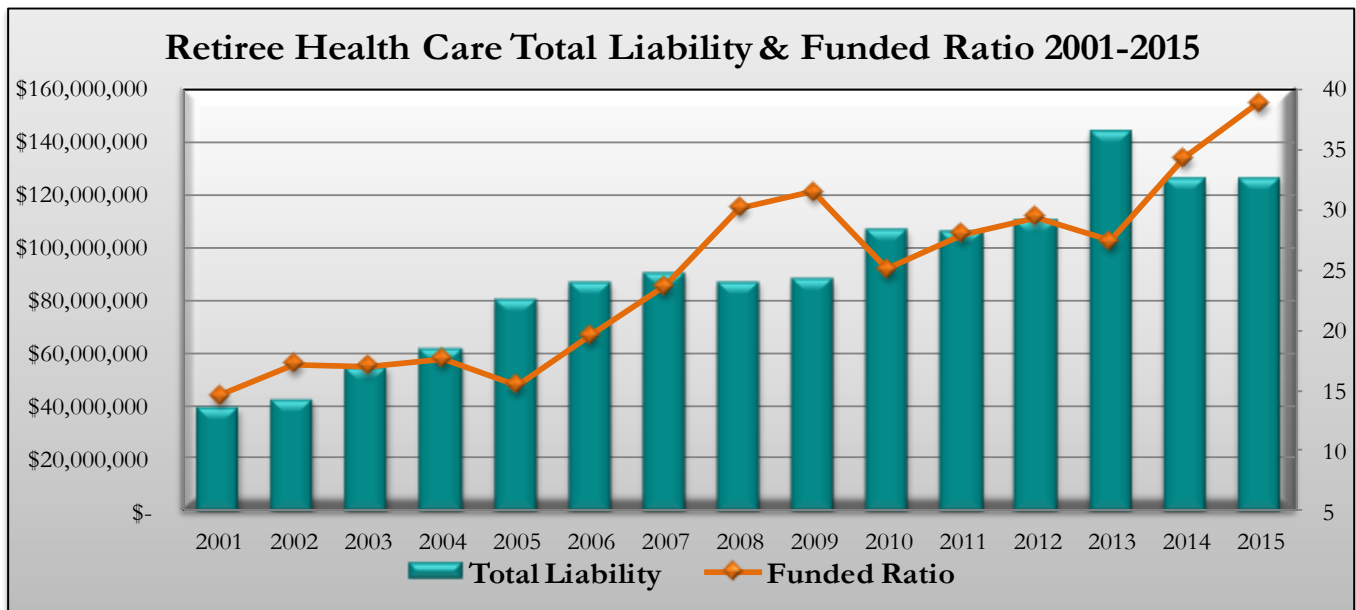
<u>Assets Held for OPEB</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Beginning of Year	\$ 27,322,398	\$ 32,175,735	\$ 38,346,096	\$ 41,314,729
End of Year	\$ 32,175,735	\$ 38,246,096	\$ 41,314,729	\$ 43,833,965

**What has been the investment performance over time?**

	<u>2015 Returns</u>	<u>3 Year Returns</u>	<u>5 Year Returns</u>	<u>7 Year Returns</u>	<u>10 Year Returns</u>	<u>Since Inception January 1998</u>
Net of Fees	0.27%	6.66%	5.72%	7.35%	4.42%	4.60%
Investment Earnings	\$ 241,879	\$ 5,857,960	\$ 7,750,936	\$ 12,570,749	\$ 9,550,467	\$ 11,957,203

**What are the liabilities or projected costs of the benefit? How does that compare with the assets available?**

<u>Year</u>	<u>Total Liability</u>	<u>Funded Ratio</u>
2001	\$ 39,290,885	14.6
2002	\$ 42,227,371	17.2
2003	\$ 54,710,077	17.0
2004	\$ 61,595,947	17.6
2005	\$ 80,736,245	15.4
2006	\$ 87,109,351	19.6
2007	\$ 90,534,928	23.7
2008	\$ 87,155,864	30.2
2009	\$ 88,099,692	31.5
2010	\$ 107,199,762	25.1
2011	\$ 106,191,863	28.0
2012	\$ 110,599,120	29.4
2013	\$ 144,505,029	27.4
2014	\$ 126,349,159	34.3
2015	\$ 126,527,633	38.9



Note: Above based on contribution budgeting figures

**Who managed and invested the assets of the retiree health care trust in 2015?**

*Monroe County Retiree Health Care Board Trustees:*

Michael Brown, Chairman  
 Al Potratz  
 Michael Bosanac  
 Colleen Hinzmann  
 Vice Chairman, Bob Neely  
 Pam Bale

*Professional Advisors:*

Morgan Stanley, Investment Consultant  
 Milliman, Actuary  
 Rehmann Robson, CPA