



MONROE COUNTY RETIREE HEALTH CARE TRUST

Summary Annual Report to Members
September 8, 2021

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 providing 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 cost of retiree health care benefits. All assets in the Trust are restricted for the exclusive use to pay retiree health care benefits, obligations, liabilities and expenses.

The Trust’s assets are managed, invested and reinvested by a board of trustees appointed by the Monroe County 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 investment policy is constructed to provide a 6% expected rate of return. The primary function of the Retiree Health Care Board of Trustees 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.

On December 4, 2018, the Trust Agreement Resolution was amended by the Board of Commissioners to allow comingling of trust fund assets by mutual agreement of the Monroe County Road Commission and Monroe County Community Mental Health Authority. In April of 2019, the Road Commission began transferring assets into the Trust. Community Mental Health Authority began transferring funds into the Trust in 2020. The benefit provisions of each respective employer remains a separate and distinct responsibility of each organization and the comingling of Trust funds is for the value of sharing expenses and investment returns. The allocated value of the trust fund assets are tracked to each employer in the Trust. We illustrate this information in several areas of this report.

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, 2020 and the financial data is from audited financial statements.

If you have any questions regarding this report, please contact Mr. Michael Bosanac, Administrator/Chief Financial Officer by telephone at (734)-240-7267 or email at michael_bosanac@monroemi.org.

Respectfully Submitted,

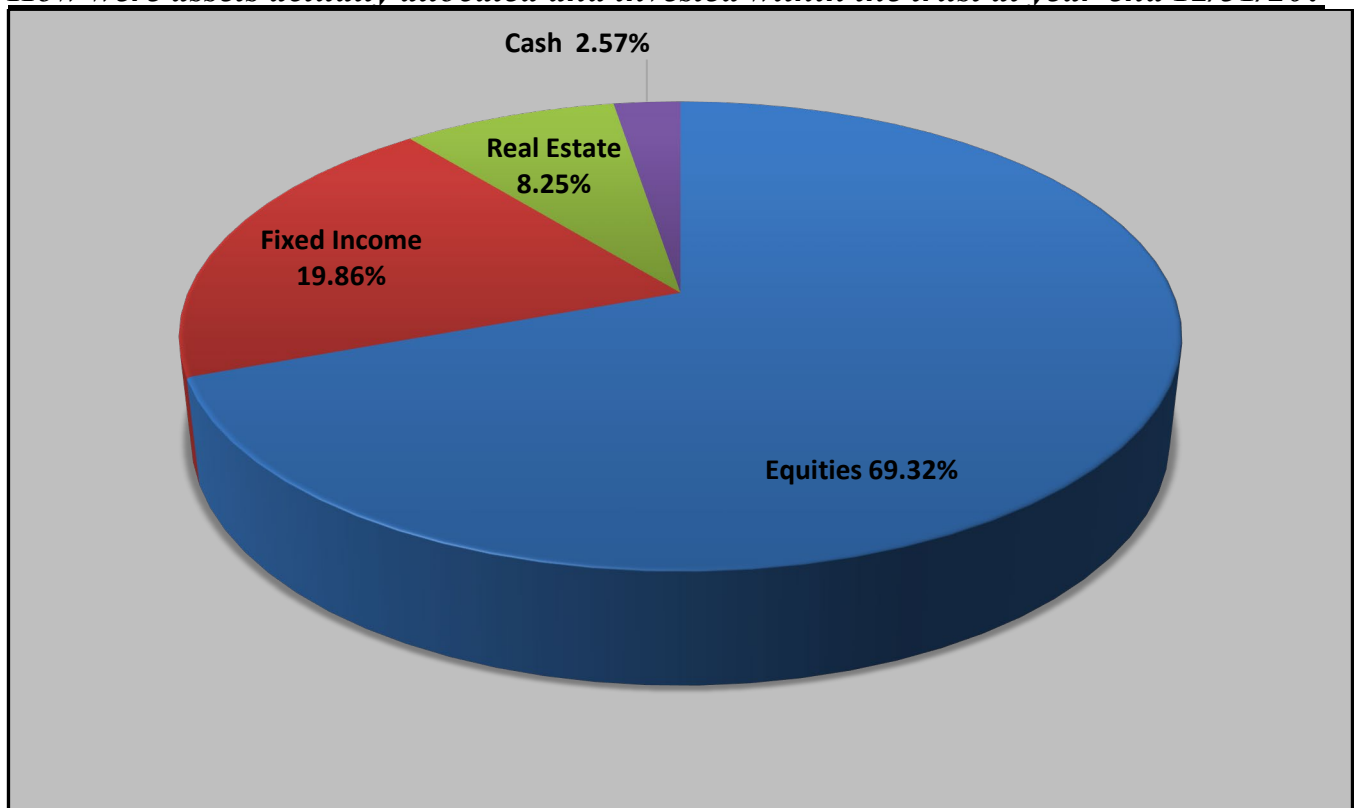
Monroe County Retiree Health Care Board of Trustees

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

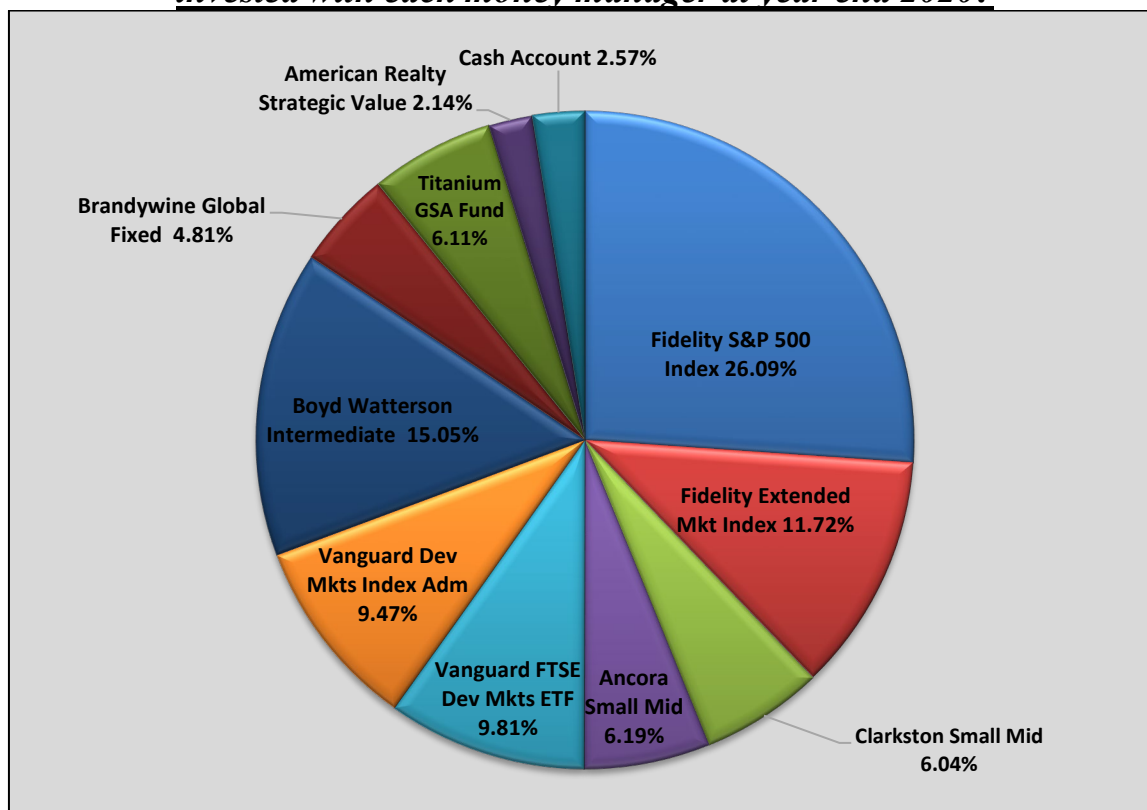
The Retiree Health Care Board of Trustees in consultation with its investment advisor establishes strategic asset allocation targets on a market value basis. The investment policy is approved by the Monroe County Board of Commissioners and complies with Public Act 314. Money is invested in the Trust under the allocation outlined below:

Equity:	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Large Cap Stocks	20%	25%	30%
Mid Cap Stocks	7%	10%	13%
Small cap Stocks	7%	10%	13%
<i>Total Domestic Equity</i>	38%	45%	52%
International Stocks	13%	20%	27%
<u>Total Equity</u>	50%	65%	70%
 Fixed Income:			
Domestic/U.S. Core	14%	21%	28%
High Yield	0%	0%	5%
Global	0%	5%	7%
<u>Total Fixed Income</u>	14%	26%	40%
 Real Estate:			
Indirect	0%	9%	10%
 Alternative Investments:			
Private Credit/Direct Lending	0%	0%	6%
 Cash:			
Cash/Cash Equivalent	0%	0%	5%
<u>Total Trust</u>		100%	

How were assets actually allocated and invested within the trust at year-end 12/31/20?



Who are the money managers and how much of the total asset value was invested with each money manager at year end 2020?



<u>Manager</u>	<u>Asset Class</u>	<u>Value</u>	<u>Portfolio Percentage</u>
Fidelity S&P 500 Index	Domestic Equity	\$ 24,961,124	26.09%
Fidelity Extended Mkt Index	Domestic Equity	\$ 11,209,740	11.72%
Clarkston Small Mid	Domestic Equity	\$ 5,772,967	6.04%
Ancora Small Mid	Domestic Equity	\$ 5,925,127	6.19%
Vanguard FTSE Dev Mkts ETF	International Equity	\$ 9,386,859	9.81%
Vanguard Dev Mkts Index Adm	International Equity	\$ 9,054,577	9.47%
Boyd Watterson Intermediate	Domestic Fixed Income	\$ 14,394,740	15.05%
Brandywine Global Fixed	Global Fixed Income	\$ 4,602,065	4.81%
Titanium GSA Fund	Real Estate	\$ 5,842,667	6.11%
American Realty Strategic Value	Real Estate	\$ 2,045,375	2.14%
Cash Account	Cash	\$ 2,460,304	2.57%
Total Trust		\$ 95,655,545	100.0%

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

Contributions	2016	2017	2018	2019	2020
Employer	\$ 6,721,737	\$ 6,308,394	\$ 6,498,074	\$ 6,797,410	\$ 7,427,769
Employee	426,920	404,303	392,779	361,406	338,862
Retirees	192,924	285,737	175,095	191,580	206,447
Other Reimbursements	99,405	83,857	110,733	131,331	-
Total Contributions	\$ 7,440,986	\$ 7,082,291	\$ 7,176,681	\$ 7,481,727	\$ 7,973,078

In 2020, the Actuarially Determined Contribution for all Employee groups was: \$ 10,245,846

What annual expenses have been incurred to administer benefits and pay investment management costs/fees?

COUNTY ONLY

<u>Expenses</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Benefits Payments	\$4,830,941	\$5,022,587	\$4,504,207	\$5,340,952	\$5,311,362	\$4,975,247
Refund of Contributions	106,300	140,257	103,067	113,677	73,434	69,192
Administrative expense	33,317	19,497	30,869	23,850	46,819	158,361
Investment Management Fees	326,553	248,443	253,148	65,604	141,468	72,744
Total Expenses	\$5,297,111	\$5,430,784	\$4,891,291	\$5,544,083	\$5,573,083	\$5,275,544

What additional information is available concerning investment management fees?

Current Manager Roster	Internal Expense Ratio	2020 Fees Paid
Fidelity S&P 500 Index	0.02%	\$ 3,744
Fidelity Extended Mkt Index	0.04%	\$ 4,036
Clarkston Small Mid	1.00%	\$ 57,730
Ancora Small Mid	1.02%	\$ 60,436
Vanguard FTSE Dev Mkts ETF	0.05%	\$ 4,693
Vanguard Dev Mkts Index Adm	0.07%	\$ 6,338
Boyd Watterson Intermediate	0.23%	\$ 33,108
Brandywine Global Fixed	0.58%	\$ 26,692
Titanium GSA Fund	1.25%	\$ 73,033
American Realty Strategic Value	1.25%	\$ 25,567
Cash	0.20%	\$ 495
		\$ 295,872

What were the beginning and ending total value of assets in the Retiree Health Care Benefit Trust & Fund?

<u>Net Assets- COUNTY ONLY</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Beginning of Year	\$38,346,096	\$41,314,729	\$43,833,965	\$48,491,075	\$57,398,966	\$55,610,810	\$68,424,491
End of Year	\$41,314,729	\$43,833,965	\$48,491,075	\$57,398,966	\$55,610,810	\$68,424,491	\$81,841,621
County						\$68,424,491	\$81,841,621
Road Commission (RC)						\$ 7,558,142	\$10,355,777
Community Mental Health (CMH)						\$ -	\$ 3,458,147
Total-Incl. RC & CMH						\$75,982,633	\$95,655,545

Other Reported Information:

Other Reported Information:

Assumed rate-health care inflation 2020: 2.30%

Number of active participants: 189

Number of retired participants: 407 Spouses 261/Surviving Spouses 37

Amortization Method: Level Dollar Payments to a fixed amortization date of 12/31/2030

Remaining Amortization Period: 11 years

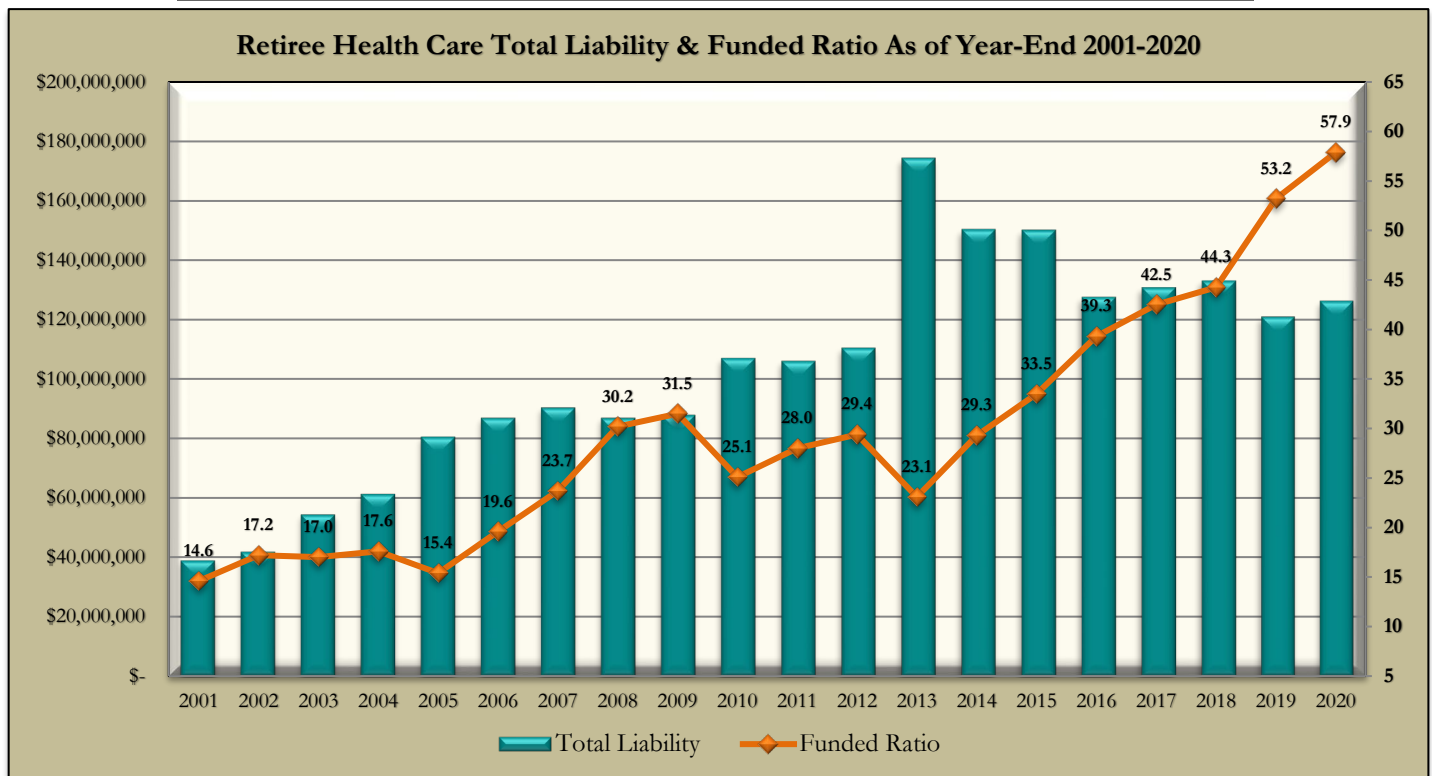
What has been the results of investment performance?

Trailing Returns	<u>2020</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	12.94%	14.64%	9.38%	9.51%	7.27%	5.07%
Investment Earnings	\$12,131,550	\$20,232,875	\$29,268,188	\$ 30,653,033	\$ 37,027,866	\$ 41,304,788

What are the liabilities or projected costs of the benefit?

How does that compare with assets available? The assets to liabilities is expressed as the Funded Ratio

<u>Year</u>	<u>Investment Discount Rate</u>	<u>Total Liability</u>	<u>Funded Ratio %</u>
2001	7.0%	\$ 39,290,885	14.6%
2002	7.0%	\$ 42,227,371	17.2%
2003	7.0%	\$ 54,710,077	17.0%
2004	7.0%	\$ 61,595,947	17.6%
2005	7.0%	\$ 80,736,245	15.4%
2006	7.0%	\$ 87,109,351	19.6%
2007	7.0%	\$ 90,534,928	23.7%
2008	7.0%	\$ 87,155,864	30.2%
2009	7.0%	\$ 88,099,692	31.5%
2010	7.0%	\$ 107,199,762	25.1%
2011	7.0%	\$ 106,191,863	28.0%
2012	7.0%	\$ 110,599,120	29.4%
2013	5.5%	\$ 174,263,141	23.1%
2014	5.5%	\$ 150,395,839	29.3%
2015	5.5%	\$ 150,130,267	33.5%
2016	5.5%	\$ 127,617,401	39.3%
2017	5.5%	\$ 130,875,639	42.5%
2018	5.5%	\$ 133,120,326	44.3%
2019	5.5%	\$ 121,029,380	53.2%
2020	5.5%	\$ 126,337,117	57.9%



Who managed and invested the assets of the retiree health care trust in 2020?

Monroe County Retiree Health Care Board Trustees:

Bob Neely, Chairman

Kay Sisung, Vice-Chairperson

Dawn Asper

Michael Bosanac

David Rever

Professional Advisors:

AndCo., Investment Consultant

Milliman, Actuary

Rehmann Robson, CPA