

**BOARD OF TRUSTEES
RETIREE HEALTH CARE TRUST
JANUARY 3, 2018**

The Board of Trustees of the City of Milford Retiree Health Care Trust held a Special Meeting on Wednesday, January 3, 2018. Mayor Blake called the meeting to order at 10:40 a.m.

1. Roll Call

Board Members Present:

Benjamin Blake, Mayor
Peter Erodici, Finance Director
Tania Barnes, Human Resources Director
Jonathan Berchem, City Attorney

Also Present:

Joseph Fortuna, The Aegis Group
Laurence Diamond, The Aegis Group
Steve Fournier, Assistant Mayor
Elliot Abbotts, Mayor's Intern

2. Approval of the Minutes dated 3/6/17.

Mr. Erodici asked that the minutes be approved with the following change: in paragraph one under New Business, where he responded regarding GASB, he asked that "65" be changed to "75."

Mr. Erodici and Mayor Blake made and seconded a motion to approve the March 6, 2017 minutes. Motion carried unanimously.

3. Old Business

None.

4. New Business

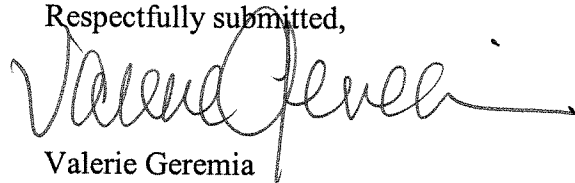
Mr. Diamond said rotation in the sectors that make up the benchmarks provided higher volatility than the benchmarks themselves indicate. However, the results were good. Looking at the third quarter in the Net Cash Flow Summary (ending 9/30/17), the total was \$6,770,943.75. As of close on January 2, 2018, the total was \$7,047,531.00. This equates to a year's return at 15.34%. The basic benchmark is 13%. They will do a rebalance to control the risk and steadily increase international exposure. He went on to say we are back in a global market and that tax codes will be interesting and will benefit business.

Mr. Diamond continued that there is balance on the portfolio managers that are conservative and aggressive. Aberdeen and Alger are examples. He said we have less passive managers; Small Cap Olstein and Virtus Kayne are examples of blending together. Nuveen has been doing very well and Fixed Income is very little flight to quality. Real estate is a balance between domestic and foreign. Alternative Strategies is absolute return and tends to do well when the market flattens out. Regarding Portfolio Performance for Year to Date, you have to add 15.34 to that number and is much closer to the global benchmark. In the Portfolio Asset Class Performance, Fixed Income did very well. There was a good balance of risk and reward. Alternative Strategies was a mixed bag. Real Estate did not set the world on fire, but it has been scaled back. Looking at bringing commodities back in.

Mr. Diamond continued that we are coming out of an amazing year. They rebalanced two or three times last year and expect to do that this year. Mr. Erodici asked how the 15% fit into the bar graph. Mr. Diamond responded that the year-to-date 9.46 will be 13.60. Mr. Fortuna added that the new report will be out shortly. Mr. Diamond stated that the new annualized numbers will improve it, as they are looking at a strengthening domestic market and didn't shy away from increasing global markets. They are balancing between mostly active and passive. There will be a correction this year. Guidance is rising and the market is still catching up. Mr. Erodici asked if balancing is based on the markets, not the calendar, then what would be the shortest time between one rebalance to another? Mr. Diamond responded that it could be one month. Mr. Erodici asked who makes the decision to rebalance and Mr. Diamond replied that the decision is made as a group.

Mr. Erodici and Mrs. Barnes made and seconded a motion to adjourn. Motion carried unanimously. The Board adjourned at 11:12 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Valerie Geremia", with a long horizontal flourish extending to the right.

Valerie Geremia
Recording Secretary