

**MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE
MINUTES OF MEETING
October 15, 2015
Hanson Town Hall
Hanson, Massachusetts**

Attendees: Thomas O'Brien, MMHG Treasurer
Jeanne Sullivan, Town of Hanson
Peter Morin, Town of Norwell
Sheila Avery, MMHG
Frank Lynam, Town of Whitman

The meeting was called to order at 9:20 a.m.

1. **Accept Meeting Minutes**

MOTION: Morin motioned to accept the March 28, 2014 meeting minutes

SECOND: Sullivan

VOTE: Unanimous

2. **FY2014 Audit Results**

Treasurer O'Brien passed out the FY2014 audit and stated the audit was excellent. He reviewed the statement of net assets page and asked the Committee to review.

3. **FY2015 Audit schedule update**

Treasurer O'Brien said that the audit is expected to start soon. He stated the field work has been re-scheduled by the audit firm.

Treasurer O'Brien said the role of the Finance Committee is to review the financial situation and make recommendations to the Steering Committee. He stated the review involves reviewing finances, investment policy and financial resources when setting rates. He explained that the Steering Committee will begin discussing rates for next year in the next few months. The Finance Committee will meet to discuss recommendations to the Steering Committee.

4. **FY16 projections**

Treasurer O'Brien passed out the GBS funding rate analysis dated September, 2015. He said that, as expected, our expenses are exceeding revenues. He said that estimates were that expenses could exceed revenues as much as \$12 million and reserves would be used.

He said we are hoping the trend slows down. He suggested the Finance Committee meets monthly to monitor.

Avery mentioned that we are due \$217,000 in stop loss reimbursement.

Lynam said that we will continue to monitor the trend. He said that the group is increasing wellness, screening and other programs that will help long term.

5. **Review Investment Strategy/Discuss potential investment strategy recommendations to the Steering Committee**

Treasurer O'Brien stated the investment policy is conservative with 70% fixed income and 30% equity. He said the expected yearly return is between 2%-4% yearly. He said that he previously recommended 65% fixed income and 35% equity and was voted down by the Finance Committee. He said the total cumulative gain from 2009 through June 30, 2014 is \$3,479,000. He stated the average return has been \$497,000 or approximately 4%. He said The Finance Committee needs to decide if we continue with this or make changes.

Treasurer O'Brien said that the Finance Committee recommended a reserve policy of 15% of annualized claims. He stated the reserve is to deal with a catastrophic event.

Morin asked if we are investing as an individual entity and Treasurer O'Brien said yes.

Treasurer O'Brien said that Rockland Trust is handling the investments.

Morin requested a copy of the portfolio. Treasurer O'Brien stated the October report would be sent to the Finance Committee.

Morin stated real estate seems to be a good investment at this point and enhance the portfolio.

Morin said his concerns were liquidity and what makes up the 30% equities.

Treasurer O'Brien read the portfolio breakdown and said it would be detailed in the October report which will be sent.

Morin asked how quick we can liquidate and Treasurer O'Brien said we can liquidate 70% in three days.

Sullivan asked how the decision is made if we have to use some of the investment money and when do we make the decision. Treasurer O'Brien said that we would need to monitor carefully and wait until we are close to the reserve amount.

Lynam stated that where we are today reflects three years of no rate increase.

6. **Any other matters**

None

7. **Next Meeting:**

Thursday, November 5, 2015, 9:00 a.m., at the Hanson Town Hall

Morin made a motion to adjourn the meeting at 9:50 a.m., seconded by Sullivan and voted unanimously.

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

GBS MMHG Funding Rate Analysis September, 2015
FY14 Audit and Suggestions for Improvement