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**MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE
MINUTES OF MEETING
November 5, 2015
Hanson Town Hall
Hanson, Massachusetts**

Attendees: Thomas O'Brien, MMHG Treasurer
Derek Sullivan, Town of Wareham
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 9:09 a.m.

1. **Accept Meeting Minutes**

MOTION: JSullivan motioned to accept the October 15, 2015 meeting minutes

SECOND: Morin

VOTE: motion passed, 2 in favor, 1 abstained (DSullivan)

2. **FY2014 Audit Results**

Treasurer O'Brien said they briefly discussed the FY2014 audit at the last meeting and asked if anyone had questions.

3. **FY2015 Audit schedule update**

Treasurer O'Brien said the field work has begun and we should have a draft audit in the next few weeks.

Avery said the audit firm mentioned mid-December for the final audit.

4. **FY16 projections**

Treasurer O'Brien passed out the GBS funding rate analysis, dated October, 2015, and said the trend is not great. He said that the trend is in line with projections.

DSullivan said that historically the first three months are higher.

Treasurer O'Brien said that we get the information from the insurance carriers for renewals early and Sharry suggested waiting to get the data. He said this would help to have more concise/up to date data however the rates would be set later. He said we will have a rate increase next year.

Treasurer O'Brien asked if they had any questions and offered his services.

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5. Review Investment Strategy

Treasurer O'Brien said that our assets are divided in two categories- Investment portfolio and Cash portfolio to handle obligations on a monthly basis. Treasurer O'Brien passed out the investment portfolio through October 31, 2015.

Treasurer O'Brien reviewed the investment policy which he said is conservative with 70% fixed income and 30% equity. He stated the expected yearly return is between 2%-4% yearly and MMHG has 4%. He said he would like to see a thorough discussion on the 70%/30% policy at next meeting.

Treasurer O'Brien passed out the MMHG Rockland Trust Treasurer's report dated 9/30/2015.

6. Discuss potential investment strategy recommendations to the Steering Committee

Treasurer O'Brien said that the previous finance committee recommended an increase from 10% to 15% held for reserves. He said that even if this is what our recommendation is we could still spend below this amount if needed. He said this would be a benchmark amount.

DSullivan said that would determine if we use any more in reserves or if we increase the reserve.

Lynam said that some mentality is that we spend all of the reserve which would leave us exposed. He said that we need to have a formal floor that we can use to say we shouldn't go below this amount.

Morin said that the purpose of the fund is for rate stabilization in case there is a catastrophic utilization and not for rate stabilization. He said if this fund is going to be used for rate stabilization it would have to be invested differently for greater return.

Morin said that we should have a higher percentage to sustain a couple of bad claim months and the 15% seemed to make sense. He suggested working up to that amount over time.

Morin said that 2%-4% is setting the bar pretty low and would like to see 5%-6%.

MOTION: DSullivan made a motion to recommend to the Steering Committee to set the reserve amount at 15% of total annualized operating expenses.

SECOND: MORIN

VOTE: Unanimous

Treasurer O'Brien said that we need to discuss if we want to be more aggressive in our investment portfolio and would like to discuss at next meeting.

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Avery asked if we can invest more money than what we are currently investing.

Treasurer O'Brien said it would be a vote of the Finance Committee and we will get the Incurred but not reported (IBNR) and he will make a recommendation to consider moving some cash to the investment portfolio.

7. **Any other matters**

None

8. **Next Meeting:**

Thursday, December 10, 2015, 9:00 a.m., at the Middleboro Town Hall

Morin made a motion to adjourn the meeting at 9:35 a.m., seconded by JSullivan and voted unanimously.

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

GBS MMHG Funding Rate Analysis October, 2015

MMHG Investment Portfolio October, 2015

MMHG Rockland Trust Treasurer's Report 9/30/2015