

**MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE
MINUTES OF MEETING**

June 9, 2022

MMHG Offices, 65 Cordage Park Circle, Suite 110, Plymouth, Ma. 02360

Attendees: Maureen Adams, Town of West Bridgewater
Chelsea Stevens, Town of Hanover
Wendy Lemieux, Wareham Fire District
Matthew Hanley, Plymouth County
Thomas J. O'Brien, MMHG Treasurer
Dennis Mullins, US Bank
Sheila Avery, MMHG

This meeting was called to order at 9:03 a.m.

1. **Accept Meeting Minutes**

MOTION: Lemieux made a motion to accept the February 17, 2022 meeting minutes.

SECOND: Stevens

VOTE: The motion passed unanimously.

2. **Final audit report FY21**

Treasurer O'Brien reported we had a clean audit and asked the Committee to accept the FY21 audit report.

MOTION: Stevens made a motion to accept the FY21 Audit.

SECOND: Lemieux

VOTE: The motion passed unanimously.

3. **Financial Report as of 3/31/2022**

Treasurer O'Brien reviewed the Operating Statement and stated expenses are exceeding our revenues by \$720,556.91. He said the investment portfolio performance is reflective of the market at this time. He reviewed his Statement of Net Assets and said the MMHG has \$37,715,401.50 in net assets. He said we have the ability to offset future rate increases with some of our reserves.

4. **Investment performance update with Dennis Mullins (US Bank)**

Mullins said the S&P 500 is down 13% and other markets are also down. He said interest rates are still low at this point but the trend is changing. He stated inflation is rising and we are starting to see a change and there is uncertainty in the market. He said the Fed's have raised the interest rate and they are planning on more increases in the future. He gave a review of the marketplace and stated the future is uncertain at this point. He said the market hates uncertainty and it creates selling pressure.

Mullins said our portfolio asset allocation is 40% equity and 60% fixed income which is very conservative. He said this is a long-term strategic asset allocation and has performed well ahead of projections. He said bonds are expected to show a return in the next 5 years. He reviewed the MMHG portfolio report and suggested we stay the course.

Treasurer O'Brien asked about the Mayflower benchmark on the report and suggested he look at it to remove or modify it. He said we look for 2%-5% per year and it is in line with expectations. Mullins agreed and stated he would look at it.

Treasurer O'Brien asked if we should change our asset allocation to 30%/70%. Mullins said he doesn't think it is going to make a lot of difference.

Treasurer O'Brien said the Finance Committee may want to consider changing our asset allocation to 30%/70%. There was a brief discussion with the following action taken.

MOTION: Stevens made a motion to change the portfolio asset allocation to 30% equity and 70% fixed income (bonds) to be completed by our investment portfolio manager within the next month or two.

SECOND: Lemieux

VOTE: Unanimous

Treasurer O'Brien asked about private equity and asked Mullins for his thoughts. Mullins reviewed the private equity option and said a lot of nonprofits are investing in private equity and US Bank provides it with no additional fee. Avery stated we need to look at the joint purchase agreement for language on investments. Mullins stated we can look at this for the future.

5. **Discussion of International investment component of portfolio**

Treasurer O'Brien stated the Steering Committee wants to divest in Russia. He said our investment is minimal and stated the Russian market is closed and we are unable to divest at this time. He asked Mullins to give more detail.

Mullins said MMHG investment in the Russian portion of emerging markets is extremely small. He said United States shut down the Russian market and we can't get out right now. He said by the end of the year we won't have any Russian market holdings. Mullins stated he recommends leaving it alone right now.

Treasurer O'Brien said we would like to divest earlier and would like to have a date and asked if September 30th was reasonable and Mullins said yes.

MOTION: Lemieux made a motion to fully divest out of all Russian investments by September 30, 2022.

SECOND: Stevens

VOTE: Unanimous

6. **Discussion- Fraud policy**

Treasurer O'Brien stated one of the comments we received on our audit is that we don't have a fraud policy. He suggested to have Avery work with our legal counsel and develop a fraud policy.

MOTION: Stevens made a motion to have Avery work with MMHG legal counsel to develop a draft fraud policy to review at the next meeting.

SECOND: Lemieux

VOTE: Unanimous

7. **Discussion- Investment policy**

Treasurer O'Brien said our Joint Purchase Agreement has an Investment Policy but it was not specific enough according to the auditors. He said the Finance Committee voted an investment policy but the Steering Committee voted to change "policy" to "guideline" and it has created a discrepancy. He suggested to have Avery work with our legal counsel to resolve this issue if it needs to be resolved. He said he did speak with MMHG's legal counsel and he didn't think it was an issue but would take a look at it.

MOTION: Stevens made a motion to have Avery work with MMHG's legal counsel to present an investment policy to the Finance Committee in regards to net assets and reserves.

SECOND: Lemieux

VOTE: Unanimous

8. **Any other matters that may appropriately come before the Committee**

None

9. **Next Meeting**

September 22, 2022, 9:00 a.m.

MMHG Offices, 65 Cordage Park Circle, Suite 110, Plymouth, MA. 02360

10. **Adjourn**

MOTION: Stevens made a motion to adjourn at 10:12 a.m.

SECOND: Lemieux

VOTE: motion passed unanimously

Respectfully submitted,
Sheila Avery

Reference Documents for this Meeting:

MMHG Statement of Net Assets and Operating Statement March 31, 2022

US Bank Investment Selected Period Performance report/Portfolio overview, 4/30/2022