

**MAYFLOWER MUNICIPAL HEALTH GROUP FINANCE COMMITTEE**  
**MINUTES OF MEETING**  
**February 7, 2019**  
**Hanson Town Hall**  
**Hanson, Massachusetts**

Attendees: Thomas O'Brien, MMHG Treasurer  
Jeanne Sullivan, Town of Hanson  
Lincoln Heineman, Town of Hanover  
Michael Buckley, Town of Hull/Pembroke  
Sheila Avery, MMHG  
Dennis Mullins, US Bank  
Michael Laliberte, North River Collaborative

The meeting was called to order at 8:30 a.m.

1. **Accept Meeting Minutes**

MOTION: Buckley made a motion to accept the November 15, 2018 meeting minutes.

SECOND: Sullivan

VOTE: Motion passed, Unanimous

2. **FY18 Audit**

Treasurer O'Brien stated the FY18 audit was emailed to all member units and hard copies are available. He said it was a good audit and no management comments were received. He stated the incurred but not reported (IBNR) amount has been reduced. He reviewed the net assets and return on investments.

MOTION: Buckley made a to accept and approve the FY18 MMHG Financial Audit.

SECOND: Sullivan

VOTE: Unanimous

Treasurer O'Brien passed out and briefly spoke about the MMHG members' proportion of net reserves as of June 30, 2018.

MOTION: Heineman made a motion to accept/approve the MMHG members' proportion of net reserves as of June 30, 2018 and recommend to the Steering Committee.

SECOND: Sullivan

VOTE: Unanimous

3. **Reserve percentage**

Treasurer O'Brien stated our current guideline is 10% of annualized expenses or around \$10 million. He stated he is in favor of increasing this to 15% of annualized expenses.

Chairwoman Sullivan asked when the guideline was established and Treasurer O'Brien said 2007.

Chairwoman Sullivan said we have to have a good reserve for the future and not just think of it on a short-term basis. She said she agreed with increasing it to 15%.

Treasurer O'Brien said the Steering Committee has mentioned having a guideline for what the reserve is used for and also a reserve mission statement. He said the Finance Committee can work on this and present to Steering Committee.

Heineman said part of the discussion should be about what are the projections for rate increases for the next five years. Treasurer O'Brien said the national average projected increase is 7%-10%.

Buckley said we should ask GBS for help with setting up reserve guideline. Treasurer O'Brien agreed and suggested we have Kate at the next meeting.

Chairwoman Sullivan asked if we can get input from the Steering Committee on what they would like to see in terms of reserve guideline.

Buckley asked if there are any guidelines that suggest what our percentage should be. Treasurer O'Brien said when the 10% was established, the suggested national guideline was 10%-15% and is now 15%-20%.

Chairwoman Sullivan said we need to let the Steering Committee know we are asking GBS to provide support and information regarding reserve percentage guideline.

MOTION: Heineman made a motion to increase the reserve guideline from 10% to 15% of annualized expenses.

SECOND: Sullivan

VOTE: Unanimous

4. **Investment portfolio update and review by US Bank**

Mullens gave an overview of the overall market and said it was down 4.4% for calendar year 2018. He explained the MMHG are long term investors and are not exposed to a lot of risk due to conservative portfolio allocation of 40% equities, 60% fixed.

Mullens passed out and reviewed his handout containing the MMHG portfolio. He reviewed the portfolio holdings.

Mullens gave an update on MMHG portfolio stating as of January 31, 2019, the value is \$15,991,739. Treasurer O'Brien asked for the new investment report and Mullens agreed to send it to him when it's available.

Buckley asked about when we add/reduce investment money. Treasurer O'Brien said we would only reduce if we need money to pay bills and he suggested adding more money to the fund in the near future.

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

Buckley asked if it might be better if we have a reserve percentage range versus one hard number. Treasurer O'Brien said he is in favor of it because it provides flexibility.

Chairwoman Sullivan said we should keep it at 15% until we have GBS in to discuss and complete a review.

There was a brief discussion regarding member unit claim fluctuations and member units that left MMHG with no action taken.

6. **Meetings Scheduled**

April 25, 2019, 8:30 a.m., at the Hanover Town Hall

May 29, 2019, 8:30 a.m., at the MMHG office

Buckley motioned to adjourn the meeting at 9:50, seconded by Sullivan and voted unanimously.

Respectfully submitted,  
Sheila Avery

**Reference Documents for this Meeting:**  
**US Bank MMHG's portfolio overview**  
**MMHG proportion of net reserves as of 6/30/18**