

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
February 19, 2009**

The meeting was called to order by Nancy Sylvester, Chairperson, at 9:52 a.m.

ROLL CALL

Members Present: Crawford, Flack, Hescheles, Kahan, Nerdrum, Sylvester
Members Absent: Fraser, Heatley, Kaur
Staff Present: Kluczynski, Powell, Refalo
Others: Michael VanOverbeke, Legal Counsel
David Diephuis, City Resident

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

Mr. Powell noted that the payment of invoices (Item C-1) has been revised due to an additional invoice received, and the Election of Board Officers has been added as item D-3.

It was **moved** by Kahan and **seconded** by Nerdrum to approve the agenda as revised.

Approved

B. APPROVAL OF MINUTES

B-1 January 15, 2009 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Kahan and **seconded** by Crawford to approve the January 15, 2009 Board meeting minutes as submitted.

Approved

C. CONSENT AGENDA

C-1 Authorization for Payment of Invoices (\$ 14,688.43)

WHEREAS, the Board of Trustees is vested with the general administration, management and responsibility for the proper operation of the Trust; and

WHEREAS, Section 1:746(1) of Chapter 21 of the Code of the City of Ann Arbor provides that the Trustees may use a portion of the income of the system for payment for reasonable and necessary professional services costs and expenses related to assisting the Trustees and Trust Administrator in the operation of the Trust; and

WHEREAS, the Board of Trustees is required to act with the same care skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; therefore be it

RESOLVED, that the Board of Trustees' custodial bank, The Northern Trust Company, is authorized and directed to provide payment to the following vendors and providers of service in the amount as indicated upon receipt by the Board of appropriate invoices or as required by lease agreements, subject to (a) review and approval of said invoices and lease agreements by

appropriate Board representatives and (b) payment authorization signed by Nancy Sylvester/Chairperson, Chris Heatley/Vice-Chairperson, or Jeffrey Kahan/Secretary, and Willie J. Powell, Executive Director.

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1.	Chicago Equity Partners	14,688.43	Investment Mgmt Fees – 10/1/08-12/31/08
	<u>TOTAL</u>	14,688.43	

It was **moved** by Crawford and **seconded** by Nerdrum to approve the consent agenda as submitted.

Approved

D. ACTION ITEMS

D-1 Proposed Annual Actuarial Services Fees

Mr. Powell presented the proposed Annual Actuarial Services Fees as revised by Gabriel, Roeder, Smith & Company.

It was **moved** by Kahan and **seconded** by Crawford to approve the revised annual actuarial service fees as submitted by Gabriel, Roeder, Smith & Company.

Approved

D-2 Abraham & Gaffney, P.C. Engagement Letter to Perform Annual Financial Audit for the Year Ending June 30, 2009

Ms. Nerdrum asked that the Board postpone this item until the March Board meeting.

It was **moved** by Hescheles and **seconded** by Kahan to postpone this item until the March Board meeting.

Approved

D-3 Election of Board Officers

It was **moved** by Kahan and **seconded** by Crawford to appoint the same slate of officers for the VEBA Plan & Trust that exists for the Retirement Board of Trustees: Chairperson-Nancy Sylvester, Vice-Chairperson-Chris Heatley, and Secretary-Jeremy Flack.

Approved

E. DISCUSSION ITEMS – None

F. REPORTS

F-1 Investment Policy Committee Report – February 3, 2009

Following are the Retiree Health Care Benefit Plan & Trust Investment Policy Committee minutes from the meeting convened during the Board Retreat on February 3, 2009:

Member(s) Present: Heatley, Sylvester
 Member(s) Absent: Hescheles, Kahan
 Other Trustees Present: Crawford, Flack, Nerdrum
 Staff Present: Powell

Others Present: Larry Gray, Gray & Company

RETIREE HEALTH CARE BENEFIT PLAN & TRUST QUARTERLY REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2008

Gray & Company reviewed the Executive Overview of the portfolio. The Fund's total market value as of December 31, 2008 was \$48.87 million. The Fund had a return of -14.92% for the current quarter, and a return of -24.20% for the last twelve months.

Summary of Assets as of December 31, 2008:

Managers	Market Value
State Street Global Advisors	10,380,000
Chicago Equity Partners	10,544,000
SouthernSun Asset Mgmt	4,085,000
NTQA Lehman Agg Bond Fund	21,943,000
Duff & Phelps-NAREIT	1,887,000
Cash	36,000
Total Plan	48,875,000

Meeting adjourned at approximately 12:30 p.m.

F-2 Preliminary Investment Reports for the Month Ended January 31, 2009

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended January 31, 2009, to the Board of Trustees:

1/31/2009 Asset Value (Preliminary)	\$46,461,729
12/31/2008 Asset Value (Audited by Northern)	\$48,874,608
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$ (2,078,433)
Percent Gain <Loss>	-4.3%
February 18, 2009 Asset Value	\$49,613,377

F-3 Legal Report - None

G. TRUSTEE COMMENTS

H. FUTURE AGENDA ITEMS - None

I. INFORMATION

J. ADJOURNMENT

It was **moved** by Nerdrum and **seconded** by Kahan to adjourn the meeting at 10:00 a.m.
Meeting adjourned at 10:00 a.m.

**Willie J. Powell, Executive Director
City of Ann Arbor Employees' Retirement System**

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