

CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
September 15, 2016

The meeting was called to order by Jeremy Flack, Chairperson, at 10:11 a.m.

ROLL CALL

Members Present: Clark, Crawford, DiGiovanni, Flack, Hastie, Heusel, Lynch, Monroe, Nerdrum
Members Absent: None
Staff Present: Gustafson, Kluczynski
Others: Michael VanOverbeke, Legal Counsel
David Diephuis, City Resident

AUDIENCE COMMENTS - None

A. APPROVAL OF AGENDA

It was **moved** by Nerdrum and **seconded** by Hastie to approve the agenda as submitted.
Approved

B. APPROVAL OF MINUTES

B-1 August 18, 2016 Regular Board Meeting

It was **moved** by Monroe and **seconded** by Crawford to approve the August 18, 2016 Board Meeting minutes as submitted.
Approved

B-2 September 9, 2016 Special-Call Board Meeting

It was **moved** by Monroe and **seconded** by Crawford to approve the September 9, 2016 Special-Call Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS

D-1 DRA Growth & Income Fund IX – Final Subscription Documents

Mr. VanOverbeke stated that his office has reviewed the final documents and are approved as to form.

It was **moved** by Hastie and **seconded** by Clark to authorize execution of the DRA Growth & Income Fund IX final subscription documents by the appropriate Board signature(s).
Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Minutes – September 6, 2016

Following are the Investment Policy Committee minutes from the meeting convened at 3:02 p.m. on September 6, 2016:

Member(s) Present: Clark, DiGiovanni, Flack, Hastie, Monroe
Member(s) Absent: Hastie
Other Trustees Present: None
Staff Present: Gustafson, Kluczynski
Others Present: Henry Jaung, Meketa Investment Group
Alli Wallace, Meketa Investment Group
David Diephuis, City Resident

FISCAL YEAR TO DATE PERFORMANCE REVIEW

Ms. Wallace presented the Interim Investment Review for July 31, 2016. As of July 31, 2016, the Fund was at \$137.9 million and all investments are currently in compliance with PA 314.

ASSET ALLOCATION REVIEW

Mr. Jaung reviewed the current asset allocation for the VEBA along with 20-year annualized returns forecasts, stating that he believes the Committee should consider revising the current policy, considering performance and newly-added investments. In their presentation, Meketa included a comparison table which offered a potential "Policy A" option which includes the addition of private equity.

After discussion, the Committee decided to make minor revisions to the targets and move ahead with revising the current Investment Policy Statement to reflect the new changes. Mr. Jaung stated that he will make the revisions and bring a drafted/redlined copy of the IPS to the October 4th IPC meeting for review, which can then be forwarded to the full Board of Trustees for approval at the regular meeting on October 20, 2016. The Committee agreed.

ADJOURNMENT

Meeting adjourned at 5:02 p.m.

F-2 Preliminary Investment Reports for the Month Ended August 31, 2016

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended August 31, 2016, to the Board of Trustees:

8/31/2016 Asset Value (Preliminary)	\$141,072,414
7/31/2016 Asset Value (Audited by Northern)	\$138,028,739
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$9,441,108
Percent Gain <Loss>	7.33%
September 14, 2016 Asset Value	\$141,072,414

F-3 Legal Report

Mr. VanOverbeke briefly reviewed the \$2,500/month Section 125 Plan account, noting that as previously discussed, an account will need to be set up with Flores & Associates, the company which manages the eligible health care claims and expenses. Mr. VanOverbeke stated that the City has an arrangement already in place with Flores and the question has come up as to who is going to be administering and entering into contract with the third party RHRA administrator? In an effort

to get things moving along, the City has already contacted Flores and began setting up the (5-year) contract for this account, and after his discussion with Mr. Crawford, it was felt that the VEBA Board should be the party to that contract. Mr. VanOverbeke stated that he wanted to be sure that the Board was prepared to take this on before moving forward, keeping in mind that at this time, Ms. Walker would be the only retiree in this account, most likely for the next 10 years due to vesting requirements that were set in July 2011.

Mr. Crawford stated that the administration of the benefit is presently being administered by the City, and due to the complexity of the administration in general and since everything is already in place at the City, he now wonders if it's necessary to get in the middle of the City's account with Flores. Mr. VanOverbeke stated that it certainly can be managed by the City at this time. After further discussion, the Board felt that the City should be the responsible contracted party in administering the RHRA account. It was decided that the funding of the account will be discussed at a later time.

G. TRUSTEE COMMENTS / SUGGESTIONS

Mr. Monroe inquired as to when and if the hybrid plan is put into place and comes under the Board's purview, would the investment group be bid out through an RFP just as is done with other service providers. Mr. VanOverbeke stated that in time it would, because as a fiduciary it would be the Board's responsibility along with its investment consultant.

Ms. Nerdrum stated that she had a conversation with Dan at Rehmann Robson regarding this year's audit process, and he indicated that everything was going well with the report.

Mr. Crawford requested that the Board convene an executive session for the purposes of conducting a retiree healthcare-related personnel matter.

It was **moved** by Crawford and **seconded** by Hastie to convene an Executive Session for the purpose of discussing a personnel matter.

Approved

Roll call vote:

Clark - Yes	Flack - Yes	Lynch - Yes
Crawford - Yes	Hastie - Yes	Monroe - Yes
DiGiovanni - Yes	Heusel - Yes	Nerdrum - Yes

Executive session time: 10:24 a.m. – 10:38 a.m.

It was **moved** by Nerdrum and **seconded** by Crawford to concur with the Retirement Board and the actions with respect to Nancy Walker's personnel matters.

Approved

H. FUTURE AGENDA ITEMS

H-1 Retiree Health Care Eligibility Policy (VanOverbeke)

I. INFORMATION (Received & Filed)

I-1 Record of Paid Invoices

	PAYEE	AMOUNT	DESCRIPTION
1	Meketa Investment Group	3,750.00	Investment Consultant Retainer – August 2016
	TOTAL	3,750.00	

J. **ADJOURNMENT**

It was **moved** by Heusel and **seconded** by Crawford to adjourn the meeting at 10:39 a.m.
Meeting adjourned at 10:39 a.m.



**Daniel Gustafson, Interim Executive Director
City of Ann Arbor Employees' Retirement System**