

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
October 18, 2007**

The meeting was called to order by Nancy Sylvester, Chairperson, at 11:21 a.m.

ROLL CALL

Members Present: Boonstra, Carter, Crawford, Kahan, Nerdrum, Pollock, Sylvester
Members Absent: Fraser, Heatley
Staff Present: Kluczynski, Powell
Others: Jack Timmony, Legal Counsel

AUDIENCE COMMENTS

There were no audience comments presented.

A. APPROVAL OF AGENDA

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

Approved

B. APPROVAL OF MINUTES

B-1 September 20, 2007 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Crawford and **seconded** by Pollock to approve the September 20, 2007 Board meeting minutes as submitted.

Approved

C. CONSENT AGENDA

C-1 Authorization for Payment of Invoices (\$ 21,784.17)

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.	Gray & Company	1,250.00	Investment Consultant Retainer– September 2007
2.	The Northern Trust Company	20,534.17	Quarterly Custodial Fees– July-September 2007
	<u>TOTAL</u>	<u>21,784.17</u>	

It was **moved** by Carter and **seconded** by Nerdrum to approve the Consent Agenda as presented.

Approved

D. ACTION ITEMS - None

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Report – No Report

F-2 Preliminary Investment Reports for the Month Ended September 30, 2007

Mr. Powell reported that as of October 17, 2007 the Fund totaled \$64,645,232 which is an increase from last month.

Mr. Powell requested that the Board authorize legal counsel to write an opinion in regards to an interpretation of the healthcare benefit. There is currently an issue with several employees who may have waived their healthcare benefits because their spouses work elsewhere, or their spouses may also work for the City so the benefit would have to be waived. According to Mr. Powell's interpretation of the VEBA Ordinance, when a person comes to retire, he or she is eligible to elect to be part of the healthcare benefit. Mr. Powell understands that Human Resources has been informing employees that this is not the case, therefore staff would like clarification from legal counsel. Although Mr. Heatley is not present at this meeting, he has learned of this information from fellow coworkers and has brought this issue to the attention of retirement staff.

Mr. Powell understands that Human Resources is stating that for those who are not covered but wish to become covered by City healthcare for retirement would have had to enroll at least a day prior to retirement. Mr. Crawford stated that the City maintains that on the date of retirement the employee needs to be covered by retiree healthcare in order to qualify for the retiree healthcare benefit. Mr. Powell noted that the Ordinance states that

in order to be eligible for post-retirement healthcare benefits during any plan year, an individual must be a retiree of the City who on the date of retirement from the City elects to receive coverage from the Plan and must have been a participant of this Plan. Mr. Powell stated that his interpretation is that this election can be made at the time of retirement.

It was **moved** by Pollock and **seconded** by Nerdrum that the Board authorize Mr. Powell to contact Human Resources in order to receive, in writing, their position and their understanding as to whether a person needs to be a participant at the time of retirement, and that Mr. Powell request a legal opinion and interpretation of the healthcare benefit.

Approved

F-3 Legal Report - None

G. TRUSTEE COMMENTS - None

H. FUTURE AGENDA ITEMS - None

I. ADJOURNMENT

It was **moved** by Kahan and **seconded** by Pollock to adjourn the meeting at 11:37 a.m.
Meeting adjourned at 11:37 a.m.

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