

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
July 17, 2014**

The meeting was called to order by David Monroe, Secretary, at 9:26 a.m.

ROLL CALL

Members Present: Clark, Crawford, Hastie, Heusel, Monroe, Powers
Members Absent: Flack, Nerdrum
Staff Present: Kluczynski, Walker
Others: Frank Judd, Legal Counsel

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

One revision to the agenda includes:

D-2 Resolution to Approve Russell Investments as Transition Manager for the Bradford & Marzec Liquidation

It was **moved** by Crawford and **seconded** by Heusel to approve the revised agenda.

Approved

B. APPROVAL OF MINUTES – June 19, 2014 Regular Board Meeting Minutes

It was **moved** by Crawford and **seconded** by Hastie to approve the June 19, 2014 Board Meeting minutes as submitted.

Approved

C. CONSENT AGENDA – None

D. ACTION ITEMS

D-1 Resolution to Apply Increased Cash Allocations to Emerging Markets

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the City of Ann Arbor Employees' Retiree Health Care Benefit Plan and Trust (VEBA); 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; and

WHEREAS, the City of Ann Arbor has made a final contribution of \$4.36 million to the VEBA for F/Y end 2014, bringing the cash balance substantially over target at \$6.4 million; and

WHEREAS, Meketa Investment Group had reviewed the investment allocations for the VEBA to determine the best investment use of this cash; so be it

RESOLVED, that the \$4.36 million be allocated in equal shares to emerging market managers DFA, Vontobel, and Stone Harbor.

It was **moved** by Hastie and **seconded** by Crawford to approve the Resolution to Apply Increased Cash Allocations to Emerging Markets as presented.

Approved

D-2 Resolution to Approve Russell Investments as Transition Manager for the Bradford & Marzec Liquidation

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retiree Health Care Benefit Plan & 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; and

WHEREAS, the Board previously approved the use of a Transition Manager on June 19, 2014, in conjunction with a discussion of the liquidation of the Bradford & Marzec Core Plus fixed income portfolio; and

WHEREAS, Meketa Investment Group has been advising the Investment Policy Committee on Transition Management services; and

WHEREAS, Russell Investments (Russell) has submitted a pre-trade proposal for the upcoming fixed income transition that Meketa Investment Group has evaluated alongside the proposal of the Retiree Health Care Benefit Plan & Trust current transition manager Northern Trust; and

WHEREAS, Meketa Investment Group has thoroughly reviewed the people and process utilized by Russell, and recommends that the Retiree Health Care Benefit Plan & Trust retain Russell for transitional services; and

WHEREAS, Meketa Investment Group and the IPC recommend the selection of Russell Investments as transition manager for the Bradford & Marzec liquidation; so be it

RESOLVED, that the Board of Trustees authorizes the hiring of Russell as transition manager for the Bradford & Marzec liquidation, after successful contract negotiations with Russell, the Board's Legal Counsel, and the Executive Director.

It was **moved** by Hastie and **seconded** by Powers to approve the Resolution to Approve Russell Investments as Transition Manager for the Bradford & Marzec Liquidation as presented.

Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Minutes – None

F-2 Preliminary Investment Reports for the Month Ended June 30, 2014

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended June 30, 2014, to the Board of Trustees:

6/30/2014 Asset Value (Preliminary)	\$127,067,459
5/31/2014 Asset Value (Audited by Northern)	\$121,145,803
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$6,623,659

Percent Gain <Loss>	5.7%
July 16, 2014 Asset Value	\$ 127,375,198

F-3 Legal Report – None

G. TRUSTEE COMMENTS - None

H. FUTURE AGENDA ITEMS - None

I. INFORMATION (Received & Filed)

I-1 Record of Paid Invoices - None

I-2 Correspondence from Dan Levin/Buck Consultants: “Preliminary Summary of New GASB OPEB Statement Drafts”

J. ADJOURNMENT

It was **moved** by Heusel and **seconded** by Clark to adjourn the meeting at 9:31 a.m.

Meeting adjourned at 9:31 a.m.



**Nancy R. Walker, Executive Director
City of Ann Arbor Employees' Retirement System**