

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
December 16, 2010**

The meeting was called to order by Nancy Sylvester, Chairperson, at 10:35 a.m.

ROLL CALL

Members Present: Clark, Crawford, Flack, Hastie, Monroe (*via telephone*), Nerdrum (*via telephone*),
Sylvester
Members Absent: Fraser, Kaur
Staff Present: Jarskey, Kluczynski, Powell, Refalo
Others: Nancy Walker, Executive Director (*effective January 3, 2011*)
Michael VanOverbeke, Legal Counsel
Jack Ceo, City Retiree
David Diephuis, City Resident
Alan Panter, Abraham & Gaffney

AUDIENCE COMMENTS

Mr. Ceo stated that he would like to defer his comments until Item F-1, his Retiree Health Care Clarification.

Ms. Refalo congratulated Mr. Powell on his last meeting and stated that she has enjoyed working with him.

A. APPROVAL OF AGENDA

It was **moved** by Flack and **seconded** by Hastie to approve the agenda as presented.
Approved

B. APPROVAL OF MINUTES

B-1 November 18, 2010 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Flack and **seconded** by Hastie to approve the November 18, 2010 Board meeting minutes as submitted.
Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS

D-2 Designation of Individuals Authorized to Represent the City of Ann Arbor Retiree Health Care Benefit Plan & Trust with Respect to The Northern Trust Company (Powell)

WHEREAS, the Board of Trustees is vested with the authority and fiduciary responsibility for the administration, management and operation of the City of Ann Arbor Retiree Health Care Benefits Plan, 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, Chapter 21 of the Code of Ordinances, City of Ann Arbor, Michigan, provides that the Board of Trustees has the authority to appoint a custodian of its funds, and

WHEREAS, the Board of Trustees and City Treasurer have heretofore determined that The Northern Trust Company, an Illinois corporation, is a firm with the professional expertise and capability to provide services permitted pursuant to the Plan and Trust and Section 20(f) of Public Act 314 of 1965, as amended, and

WHEREAS, The Board of Trustees and The Northern Trust Company entered into a Master Custody Agreement regarding the assets of the City of Ann Arbor Retiree Health Care Benefits Plan effective July 20, 1999, and

WHEREAS, from time to time, the Board of Trustees, by resolution, needs to advise The Northern Trust Company of the individuals authorized to represent the City of Ann Arbor Employees' Retirement System with respect to The Northern Trust Company, therefore it be

RESOLVED, that Nancy R. Walker, Judith Refalo, and N. Gail Jarskey are individually authorized to act for and on behalf of the Board of Trustees from time to time in taking all such action under the Master Custody Agreement as may be necessary to carry out the intent and meaning of the Agreement, including effecting intra account transfers, in writing, for all Northern Trust Company trust accounts as related to the Retiree Health Care Benefit Plan & Trust; and

FURTHER RESOLVED, that any two of the following individuals: Nancy R. Walker, Judith Refalo, and N. Gail Jarskey are authorized to instruct in writing The Northern Trust Company to effect wire transfers from the aforementioned trust accounts on behalf of the Board of Trustees, with the limitation that all such wires must be signed and co-signed by at least two of the following individuals: Nancy R. Walker, Judith Refalo, or N. Gail Jarskey and

FURTHER RESOLVED, that this resolution supersedes any previous representations to The Northern Trust Company relating to the designation of individuals authorized to represent the City of Ann Arbor Retiree Health Care Benefits Plan with respect to The Northern Trust Company, and

FURTHER RESOLVED, that this resolution, beginning January 3, 2011, shall be in full force and effect and binding upon the Board of Trustees until it is repealed and until written notice of a repeal is delivered to The Northern Trust Company at its office in the City of Chicago, Illinois.

It was **moved** by Flack and **seconded** by Monroe to approve the Designation of Individuals Authorized to Represent the City of Ann Arbor Retiree Health Care Benefit Plan & Trust with Respect to The Northern Trust Company.

Approved

E. PRESENTATION - Financial Audit for the Fiscal Year Ended June 30, 2010 - Abraham & Gaffney

Mr. Panter from Abraham & Gaffney presented the Financial Audit for the fiscal year ended June 30, 2010. Mr. Panter stated that the Audit went well this year, and indicated that A&G encountered no significant difficulties in dealing with management in performing and completing this year's audit.

It was **moved** by Flack and **seconded** by Monroe to accept of the Audit Report for the fiscal year ended June 30, 2010.

Approved

F. DISCUSSION ITEMS

F-1 Jack Ceo- Retiree Health Care Clarification

Mr. VanOverbeke stated that Mr. Ceo appeared before the Board at the last meeting to request assistance with a health care issue, whereby he is having trouble getting reinstated in the City's health care plan after having been enrolled under his wife's health care for a number of years. Mr. VanOverbeke stated that in his review of this issue, he believes that the error isn't that the City is not allowing him back into the Plan; the error was that they never should have allowed him to go off the Plan in the first place. The Ordinance very clearly states that if you have health care coverage with another employer you are able to enroll under their coverage and are allowed to come back to the City's; the Ordinance does not specify language regarding a spouse's health care plan.

Mr. VanOverbeke stated that the City should have kept Mr. Ceo on its health care plan, and in light of that, he recommends that correspondence be sent to the City indicating that the Board has indicated that Mr. Ceo is a participant and never should have been taken off the Plan, and request that he be re-enrolled in the Plan pursuant to his eligibility under the Plan provisions. Mr. Ceo stated that when he went off of the City's Plan eleven years ago to switch to his wife's plan, his intention was to save the City money, and believes this is a technicality that should probably be amended in the Ordinance so that retirees are able to enroll in other plans in order to save the City money. Mr. Ceo stated that he believes it is not a wise thing to create a precedent that tells retiring employees to never drop out of the City's health care plan. Mr. Crawford stated that the City will be reviewing the VEBA Ordinance in the future, and he encouraged the Board to keep this issue on the radar in the next year as it is being reviewed. Mr. Crawford stated that he is supportive of Mr. VanOverbeke's recommendation. Mr. Ceo thanked the Board for its attention to this matter.

It was **moved** by Flack and **seconded** by Clark with regards to Mr. Ceo's request for reinstatement on the City's health care plan, the Board having received documentation from him, having forwarded correspondence onto the City requesting any further clarification of their position on this matter, having received the opinion of its legal counsel at today's meeting, and after further discussion, resolving that the City be notified that the Board has made a determination that Mr. Ceo is eligible for health care benefits, continues to be eligible for health care benefits, and should be immediately reinstated on the City's health care plan as a retiree and that a copy of this motion be forwarded to the City this week with a request that the City provide notification of Mr. Ceo's (and his wife's) reinstatement on the Plan no later than December 31, 2010 and that the City provide notification to the Board as to such reinstatement as well as any other information which they feel appropriate no later than December 31, 2010.

Approved

Mr. Monroe ended his conference call and departed at this time.

G. REPORTS

G-1 Investment Policy Committee Minutes – None

G-2 Preliminary Investment Reports for the Month Ended November 30, 2010

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended November 30, 2010, to the Board of Trustees:

11/30/2010 Asset Value (Preliminary)	\$72,941,868
10/31/2010 Asset Value (Audited by Northern)	\$70,452,718
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$8,926,475

Percent Gain <Loss>	14.1%
December 15, 2010 Asset Value	\$74,095,139

G-3 Legal Report – No Report

H. TRUSTEE COMMENTS

Ms. Sylvester thanked Mr. Powell for all his years of service and for extending his position throughout the Executive Director hiring and training process. Ms. Sylvester welcomed Ms. Walker as the new Executive Director and knows that she and Mr. Powell will work well together to have a smooth transition.

I. FUTURE AGENDA ITEMS - None

J. INFORMATION

J-1 Record of Paid Invoices

The following invoices have been paid since the last Board meeting.

	PAYEE	AMOUNT	DESCRIPTION
1	Gray & Company	1,614.54	Investment Consultant Retainer – October 2010
2	State Street Global Advisors	391.83	Investment mgmt. Fees: July-September 2010
3	Fisher Investments	20,881.34	Investment mgmt. Fees: July-September 2010
4	Gabriel, Roeder, Smith & Co.	17,800.00	Prep of 6/30/10 OPEB Valuation
	TOTAL	40,687.71	

K. ADJOURNMENT

It was **moved** by Nerdrum and **seconded** by Clark to adjourn the meeting at 11:17 a.m.
Meeting adjourned at 11:17 a.m.

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