

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
June 16, 2011**

The meeting was called to order by Nancy Sylvester, Chairperson, at 11:42 a.m.

ROLL CALL

Members Present: Clark, Crawford, Hastie, Heusel, Monroe, Sylvester
Members Absent: Flack, Nerdrum
Staff Present: Kluczynski, Walker
Others: Michael VanOverbeke, Legal Counsel
David Diephuis, City Resident

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

One revision to the agenda includes the following:

- I-1 Record of Paid Invoices

It was **moved** by Crawford and **seconded** by Hastie to approve the agenda as revised.
Approved

B. APPROVAL OF MINUTES

B-1 May 19, 2011 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Heusel and **seconded** by Clark to approve the May 19, 2011 Board meeting minutes as submitted.

Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS

D-1 Rebalancing Policy

It was **moved** by Hastie and **seconded** by Monroe to approve the same rebalancing policy for the Retiree Health Care Benefit Plan & Trust that was approved for the City of Ann Arbor Employees' Retirement System; the approval will include the three language changes made to the Retirement System's Rebalancing Policy.

Approved

D-2 Crisis Response Plan

This item was referred to the Investment Policy Committee for further clarification, and revised language will most likely be brought back for approval at the July Board meeting.

D-3 Bradford & Marzec, Inc. – Fee Reduction

It was **moved** by Hastie and **seconded** by Clark to approve the proposed fee reduction by Bradford & Marzec, Inc.

Approved

D-4 Proposed FY 2011/2012 Budget

It was **moved** by Hastie and **seconded** by Heusel to approve the fiscal year 2011/2012 budget as presented.

Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Minutes – June 7, 2011

Following are the Retiree Health Care Benefit Plan & Trust Investment Policy Committee minutes from the meeting convened at 5:15 p.m. on June 7, 2011:

*Member(s) Present: Clark, Hastie, Monroe
Member(s) Absent: Flack, Sylvester
Other Trustees Present: None
Staff Present: Jarskey, Walker
Others Present: Fran Peters, Henry Jaung, Meketa Investment Group
David Diephuis, City Resident*

VEBA UPDATE / BRIEF SUMMARY

Mr. Jaung presented the Investment Review covering the first quarter of 2011. As of March 31, 2011, the VEBA was valued at \$81.3 million, an increase of \$4.7 million from December 31, 2010. The VEBA advanced 6.0% for the quarter and 19.8% for the trailing twelve months, net of fees. As of March 31, all asset classes were within their respective target allocation ranges, with the exception of small cap equity and real estate. Mr. Jaung stated that the VEBA is overweight in its mid and small cap equity allocation targets by approximately 1% and 5% respectively, and to move toward the mid cap, small cap, and fixed income allocation targets, Meketa recommended certain transfers within the portfolio. Mr. Peters stated that as of April, the fund was up 2.9%, and the primary reason why this fund is ahead of the Retirement System's fund is that the domestic equity portfolio in general did better than the broad market because there is a larger allocation to small and mid cap stocks which have done well; and the Fisher real estate portfolio also performed well in the last quarter.

REBALANCING POLICY REVIEW & DISCUSSION

It was **moved** by Monroe and **seconded** by Clark to recommend the drafted Rebalancing Policy to the Board of Trustees at the June Board meeting.

Approved

CRISIS POLICY REVIEW & DISCUSSION

It was **moved** by Monroe and **seconded** by Clark to recommend the drafted and amended Crisis Response Plan to the Board of Trustees at the June Board meeting.

Approved

ADJOURNMENT

It was **moved** by Clark and **seconded** by Monroe to adjourn the meeting at 5:17 p.m.
Meeting adjourned at 5:17 p.m.

F-2 Preliminary Investment Reports for the Month Ended May 31, 2011

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended May 31, 2011, to the Board of Trustees:

5/31/2011 Asset Value (Preliminary)	\$82,811,614
4/30/2011 Asset Value (Audited by Northern)	\$82,659,187
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$7,536,932
Percent Gain <Loss>	10.0%
June 15, 2011 Asset Value	\$ 80,538,292

F-3 Legal Report – No Report

G. TRUSTEE COMMENTS - None

H. FUTURE AGENDA ITEMS - None

I. INFORMATION

I-1 Record of Paid Invoices

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

	PAYEE	AMOUNT	DESCRIPTION
1	State Street Global Advisors	317.18	Investment Mgmt. Fees – 1/1/11 - 3/31/11
2	Meketa Investment Group	2,916.67	Investment consultant retainer – May 2011
3	Gray & Company	1,861.38	Investment consultant retainer – March 2011
4	Abraham & Gaffney, P.C.	800.00	Prelim. Fieldwork for year ending June 30, 2011
	TOTAL	5,895.23	

J. ADJOURNMENT

It was **moved** by Heusel and **seconded** by Crawford to adjourn the meeting at 11:47 a.m.
Meeting adjourned at 11:47 a.m.

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