

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
March 16, 2017**

The meeting was called to order by Jeremy Flack, Board Chairperson, at 10:04 a.m.

ROLL CALL

Members Present: Crawford, DiGiovanni, Flack, Heusel, Lynch, Monroe, Nerdrum
Members Absent: Clark, Hastie
Staff Present: Gustafson, Hammond, Kluczynski, Orcutt
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS - None

A. APPROVAL OF AGENDA

It was **moved** by Heusel and **seconded** by Monroe to approve the agenda as submitted.
Approved

B. APPROVAL OF MINUTES

B-1 February 16, 2017 Regular Board Meeting

It was **moved** by Heusel and **seconded** by Monroe to approve the February 16, 2017 Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA – None

D. ACTION ITEMS

D-1 Resolution to Hire GQG Partners LLC as Part of the International Emerging Market (EM) Equity Program

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, Meketa as the System's investment consultant, the Investment Policy Committee, and the Board of Trustees have discussed and reviewed the System's EM Fund Program for efficiency and cost savings, and

WHEREAS, the potential manager, GQG Partners LLC presented their investment strategy to the IPC on March 7, 2017, and

WHEREAS, Meketa and the Investment Policy Committee have recommended an investment with GQG Partners LLC, and

WHEREAS, Meketa Investment Group has recommended funding GQG from the Northern Trust MSCI Emerging Markets Index Fund with approximately \$3.7 million, so be it

RESOLVED, that the Board of Trustees approves the hiring of GQG with an investment in the amount of approximately \$3.7 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence, if applicable, and further

RESOLVED, that GQG be funded from the Northern Trust MSCI Emerging Markets Index Fund with approximately \$3.7 million, and further

RESOLVED, that the Board of Trustees allow Meketa to work with staff and legal counsel to liquidate the Northern Trust MSCI Emerging Markets Index Fund for timely funding of the newly approved mandate.

It was **moved** by Monroe and **seconded** by Heusel to approve the Resolution to Hire GQG Partners LLC as Part of the International Emerging Market (EM) Equity Program as presented.

Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Minutes – March 7, 2017

Following are the Investment Policy Committee minutes from the meeting convened at 3:11 p.m. on March 7, 2017:

| | |
|--------------------------------|---|
| <i>Member(s) Present:</i> | <i>Clark, DiGiovanni, Hastie, Monroe</i> |
| <i>Member(s) Absent:</i> | <i>Crawford, Flack</i> |
| <i>Other Trustees Present:</i> | <i>None</i> |
| <i>Staff Present:</i> | <i>Hammond, Orcutt</i> |
| <i>Others Present:</i> | <i>Henry Jaung, Meketa Investment Group Keith Beaudoin, Meketa Investment Group</i> |

JANUARY INTERIM REPORT

As of January 31, 2017, the balance of the Fund was \$145,732,917. Mr. Jaung also reviewed the PA 314 Compliance, stating that everything is currently in compliance.

GQG PARTNERS PRESENTATION

*It was **moved** by DiGiovanni and **seconded** by Monroe to recommend that the Board of Trustees hire GQG Partners LLC as an Emerging Market Equity Manager for the VEBA Trust, and to liquidate the Northern Trust Emerging Market Index.*

Approved

SOUTHERN SUN INVESTMENT GUIDELINE REQUEST

Mr. Jaung stated that Southern Sun has asked that their investment guidelines be revised; currently they have a maximum of 25% in any one particular industry, and are asking for no maximum limit in industry. Mr. Jaung stated that he would not recommend allowing this revision and that 25% allows plenty of room, and after further discussion, the Committee agreed.

Mr. Jaung stated that the other requested revision was to extend capitalization to a trailing 12-month range, which Meketa would agree with.

It was **moved** by DiGiovanni and **seconded** by Clark to extend capitalization to a 12-month trailing range, but not to allow limits on industry exposure.

Approved

ADJOURNMENT

It was **moved** by Clark and **seconded** by Monroe to adjourn the meeting at 6:29 p.m.

Meeting adjourned at 6:29 p.m.

F-2 Preliminary Investment Reports for the Month Ended February 28, 2017

Corbin Hammond, Accountant, submitted the Financial Report for the month ended February 28, 2017, to the Board of Trustees:

| | |
|--|-----------------------|
| 2/28/2017 Asset Value (Preliminary) | \$148,708,941 |
| 1/31/2017 Asset Value (Audited by Northern) | \$145,629,593 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | \$5,630,884 |
| Percent Gain <Loss> | 3.93% |
| March 15, 2017 Asset Value | \$ 149,128,479 |

F-3 Legal Report – No Report

G. TRUSTEE COMMENTS / SUGGESTIONS - None

H. FUTURE AGENDA ITEMS - None

I. INFORMATION (Received & Filed)

I-1 Record of Paid Invoices

| | PAYEE | AMOUNT | DESCRIPTION |
|---|-------------------------|-----------------|---|
| 1 | Meketa Investment Group | 3,750.00 | Investment Consultant Retainer – January 2017 |
| | TOTAL | 3,750.00 | |

J. ADJOURNMENT

It was **moved** by Nerdrum and **seconded** by Monroe to adjourn the meeting at 10:15 a.m.

Meeting adjourned at 10:15 a.m.



**Wendy Orcutt, Executive Director
City of Ann Arbor Employees' Retirement System**