

CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
October 20, 2016

The meeting was called to order by Jeremy Flack, Chairperson, at 9:54 a.m.

ROLL CALL

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

AUDIENCE COMMENTS

Mr. Diephuis stated that he feels that the names and resumes for the Executive Director candidates should be made public being that this position is one of the most highly paid jobs in the City of Ann Arbor and the Executive Director is administering a fund of almost half a billion dollars. Mistakes and commission or admission or a lack of oversight can result in hundreds of thousands of tax payer dollars having to come into this pension fund where already millions of dollars are being spent. He stated that the City values a free flow of information, and can empathize with people that want to keep their names private, but when they are coming to such a high profile, highly paid job, he doesn't feel it's appropriate.

Mr. VanOverbeke stated that as discussed the last time this position was being filled, and the desire to find better-qualified candidates for a Board, which is a different process than which is done for a highly public City position, and it is understood that most qualified candidates would rather not have their information disclosed during the interview process while they're currently employed. Mr. VanOverbeke stated it is not required for the Board to disclose that information to the public, but it has the option of disclosing this information as soon as a candidate has been chosen. After further discussion, the Board thanked Mr. Diephuis for his comments and noted that his concerns were understood, but they feel that it is in the candidates' best interest to keep their information confidential.

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 September 15, 2016 Regular Board Meeting

It was **moved** by Crawford and **seconded** by Clark to approve the September 15, 2016 Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA – None

D. PRESENTATION: Audited Financial Statements for the Fiscal Year Ended June 30, 2016 – Rehmann Robson

Mr. Kettner from Rehmann Robson was present to review the audited Financial Statements for the fiscal year ended June 30, 2016, stating that this year's process went very smoothly. Mr. Kettner complimented the Board, stating that of all the places that he has audited, the few places that have really been on top of retiree healthcare is this System and Washtenaw County.

After further review, the Board had no changes or suggestions to the Financial Statements and decided to accept the report as presented, which will be available on the Retirement System's website upon staff's receipt of the final version.

It was **moved** by Hastie and **seconded** by Monroe to accept the Audited Financial Statements for the Fiscal Year Ended June 30, 2016 as presented by Mr. Kettner of Rehmann Robson.

Approved

E. ACTION ITEMS

E-1 Revised Investment Policy Statement

Mr. Hastie stated that the Investment Policy Committee has recommended certain target changes to the VEBA Investment Policy Statement, and a revised document has been submitted in the packet for the Board's approval. Mr. Hastie reviewed the revised targets and ranges which will give the Committee more room to operate within those guidelines. The Board agreed with the revised ranges and targets, and made no changes or corrections to the Statement.

It was **moved** by Monroe and **seconded** by Crawford to approve the revised Investment Policy Statement as presented.

Approved

F. DISCUSSION ITEMS - None

G. REPORTS

G-1 Investment Policy Committee Minutes – October 4, 2016

Following are the Investment Policy Committee minutes from the meeting convened at 3:09 p.m. on October 4, 2016:

Member(s) Present: Clark, Hastie, Monroe
Member(s) Absent: DiGiovanni, Flack
Other Trustees Present: None
Staff Present: Gustafson, Kluczynski
Others Present: Henry Jaung, Meketa Investment Group

INTERIM PERFORMANCE REVIEW THROUGH AUGUST 31, 2016

Mr. Jaung reviewed the interim investment performance through August 31, 2016, stating that the VEBA is up 8%, and 4% fiscal year-to-date. As of August 31st, the balance was \$141,342,584. Mr. Jaung also reviewed the PA 314 Compliance, stating that everything is currently in compliance.

REVISED VEBA ASSET ALLOCATION AND RANGES

Mr. Jaung reviewed the revised Investment Policy with minor revisions to the targets, stating that he has implemented similar ranges for VEBA as the Retirement System. After further discussion, Mr. Hastie suggested that certain allocation ranges be adjusted and widened since they are at the top of their target scale, and the Committee agreed to make the following motion:

It was **moved** by Monroe and **seconded** by Clark to recommend that the Board of Trustees approve that the asset allocation range for U.S. Equities be widened from 39 to 42, and Investment Grade Bonds be widened from 17 to 20.

Approved

Mr. Jaung stated that he will provide a revised and redlined Investment Policy Statement for approval at the next VEBA Board meeting on October 20th.

ADJOURNMENT

Meeting adjourned at 5:01 p.m.

G-2 Preliminary Investment Reports for the Month Ended September 30, 2016

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended September 30, 2016, to the Board of Trustees:

9/30/2016 Asset Value (Preliminary)	\$141,534,438
8/31/2016 Asset Value (Audited by Northern)	\$141,193,019
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$348,894
Percent Gain <Loss>	0.25%
October 19, 2016 Asset Value	\$140,797,012

G-3 Legal Report - None

H. TRUSTEE COMMENTS / SUGGESTIONS - None

I. FUTURE AGENDA ITEMS

I-1 Retiree Health Care Eligibility Policy (VanOverbeke)

J. INFORMATION (Received & Filed)

J-1 Record of Paid Invoices

	PAYEE	AMOUNT	DESCRIPTION
1	Buck Consultants	2,334.60	4 th qtr installment for Actuarial Services & Valuation
2	Meketa Investment Group	3,750.00	Investment Consultant Retainer - September 2016
	TOTAL	6,084.60	

K. ADJOURNMENT

It was **moved** by Crawford and **seconded** by Hastie to adjourn the meeting at 10:22 a.m.
Meeting adjourned at 10:22 a.m.



**Daniel Gustafson, Interim Executive Director
City of Ann Arbor Employees' Retirement System**