

CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES



Minutes for the Regular Board Meeting
December 20, 2018

The meeting was called to order by Jeremy Flack, Board Chairperson, at 10:06 a.m.

ROLL CALL

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

AUDIENCE COMMENTS - None

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 November 15, 2018 Regular Board Meeting

It was **moved** by Monroe and **seconded** by Crawford to approve the November 15, 2018 Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS - None

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Minutes – December 4, 2018

Following are the Investment Policy Committee minutes from the meeting convened at 3:06 p.m. on December 4, 2018:

Member(s) Present: Clark (Via TX), Crawford (4:17p.m. departure), DiGiovanni (3:26 p.m. arrival), Monroe
Member(s) Absent: Flack, Hastie
Other Trustees Present: None
Staff Present: Gustafson, Hammond, Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group
Keith Beaudoin, Meketa Investment Group
Joseph Gatz, Loomis Sayles
Joseph Beaupartant, Loomis Sayles
David Diephuis, City Resident

PERFORMANCE UPDATE

As of October 31, 2018, the balance of the Funds were \$493,302,552 for ERS. Fiscal year to date performance was -1.9% for ERS net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

Mr. Beaudoin informed the Committee that the High Yield bonds and Bank Loans currently are overweight compared to the policy. Meketa recommended to rebalance and reduce both the High Yield Bonds and Bank Loans and increase the allocations to Investment Grade Bonds and Emerging Market Debt. After further discussion, the committee made the following motion.

It was **moved** by DiGiovanni and **seconded** by Crawford to rebalance the portfolio by reducing 2% from High Yield Bonds and 1 % from Bank Loans with 2% funding the Investment Grade 1-5 YR Bonds and 1 % funding the Emerging Market Debt.

Approved

EMERGING MARKET DEBT REVIEW

Mr. Jaung briefly reviewed emerging market debt stating that the primary rationale for investing in EMD is to gain exposure to fast-growing, increasingly creditworthy emerging market entities. EMD also offers higher yields than U.S. governmental bonds, though the asset class has some risks.

After further review, the Committee decided to discuss this topic at the next IPC meeting when more members would be present.

LOOMIS SAYLES PRESENTATION

Mr. Beaupartant and Mr. Gatz presented on behalf of Loomis Sayles reviewing their firm, including their history, team overview, stock selection, and investment process.

ADJOURNMENT

The meeting adjourned without a quorum at 5:00 p.m.

IPC Project Tracking Table		
Description	Originated	Status
Emerging Markets Debt	12/4/2018	Pending
Draft Investment Policy Statement 401A/457B		Pending
Board's Preliminary Financial Report: Add benchmark info on reports – stock market index		Pending
Custom Benchmarks		Pending
Condo Mortgage	6/5/18	Pending

F-2 Preliminary Investment Reports for the Month Ended November 30, 2018

Wendy Orcutt, Executive Director, submitted the Financial Report for the month ended November 30, 2018, to the Board of Trustees:

11/30/2018 Asset Value (Preliminary)	\$170,624,552
10/31/2018 Asset Value (Audited by Northern)	\$168,854,898
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	(\$815,841)
Percent Gain <Loss>	-0.48%
December 20, 2018 Asset Value	\$163,714,097

F-3 Legal Report - None

G. TRUSTEE COMMENTS / SUGGESTIONS - None

H. FUTURE AGENDA ITEMS - None

I. INFORMATION (Received & Filed)

I-1 Record of Paid Invoices

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

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	Meketa Investment Group	\$3,750.00	Investment Consulting Fee October 2018
2	Meketa Investment Group	\$3,750.00	Investment Consulting Fee November 2018
	Total	\$7,500.00	

J. ADJOURNMENT

It was **moved** by Clark and **seconded** by Schreier to adjourn the meeting at 10:08 a.m.
Meeting adjourned at 10:08 a.m.

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