

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
August 20, 2009**

The meeting was called to order by Nancy Sylvester, Chairperson, at 10:37 a.m.

ROLL CALL

Members Present: Crawford, Flack, Fraser, Kahan, Nerdrum, Stanford, Sylvester
Members Absent: Heschels, Kaur
Staff Present: Kluczynski, Powell
Others: Michael VanOverbeke, Legal Counsel
David Diephius, City Resident

AUDIENCE COMMENTS - None

A. APPROVAL OF AGENDA

It was **moved** by Kahan and **seconded** by Nerdrum to approve the agenda as presented.

Approved

B. APPROVAL OF MINUTES

B-1 July 16, 2009 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Crawford and **seconded** by Kahan to approve the July 16, 2009 Board meeting minutes as submitted.

Approved

C. CONSENT AGENDA

C-1 Authorization for Payment of Invoices (\$ 22,891.62)

WHEREAS, the Board of Trustees is vested with the general administration, management and responsibility for the proper operation of the Trust; and

WHEREAS, Section 1:746(1) of Chapter 21 of the Code of the City of Ann Arbor provides that the Trustees may use a portion of the income of the system for payment for reasonable and necessary professional services costs and expenses related to assisting the Trustees and Trust Administrator in the operation of the Trust; 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; therefore be it

RESOLVED, that the Board of Trustees' custodial bank, The Northern Trust Company, is authorized and directed to provide payment to the following vendors and providers of service in the amount as indicated upon receipt by the Board of appropriate invoices or as required by lease agreements, subject to (a) review and approval of said invoices and lease agreements by appropriate Board representatives and (b) payment authorization signed by Nancy Sylvester/Chairperson, Alexa Nerdrum/Vice-Chairperson, or Jeremy Flack/Secretary, and Willie J. Powell, Executive Director.

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1.	Gray & Company	1,277.11	Investment Consultant Retainer – July 2009
2.	Chicago Equity Partners	13,052.26	Investment Management Fees: 4/1/09-6/30/09
3.	Southern Sun Asset Mgmt.	7,388.00	Investment Management Fees: 4/1/09-6/30/09
4.	VanOverbeke, Michaud & Timmony, P.C.	1,174.25	Fees for Legal Services: 1/1/2009 – 3/31/2009
	<u>TOTAL</u>	22,891.62	

It was **moved** by Fraser and **seconded** by Kahan to approve the consent agenda as revised.
Approved

D. ACTION ITEMS

D-1 DESIGNATION OF INDIVIDUALS AUTHORIZED TO REPRESENT THE CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFITS PLAN WITH RESPECT TO THE NORTHERN TRUST COMPANY

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 Willie J. Powell, 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: Willie J. Powell, 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/co-signed by at least one of the following individuals: Willie Powell, 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 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 Crawford and **seconded** by Fraser to approve the resolution for Designation of Individuals Authorized to Represent the Retiree Health Care Benefit Plan with Respect to The Northern Trust Company.

Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Report – None

F-2 Preliminary Investment Reports for the Month Ended July 31, 2009

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended July 31, 2009, to the Board of Trustees:

7/31/2009 Asset Value (Preliminary)	\$55,954,700
6/30/2009 Asset Value (Audited by Northern)	\$53,519,148
Calendar YTD Increase/Decrease in Assets (<i>excludes non-investment receipts and disbursements</i>)	\$ 4,049,300
Percent Gain <Loss>	8.3%
August 19, 2009 Asset Value	\$56,398,683

REBALANCING OF THE VEBA

The final allocation of \$4,000,000 for international equity was made to Fisher Investments for the City of Ann Arbor Retiree Health Care Benefits Plan. This brought the total investment into the Fisher portfolio of \$8,000,000.00 per the Board's directive. The \$8,000,000.00 was transferred from the Ann Arbor Barclays Aggregate Bond Fund.

\$2.5 million was transferred from Chicago Equity, the Mid Cap manager for the Retiree Health Care Benefits Plan, and placed with Southern Sun, Small Cap manager for the Retiree Health Care Benefits Plan.

The Core Plus strategy utilizing Bradford and Marzec as investment managers for the Retiree Health Care Benefits Plan is not yet funded due to the monthly cash withdrawal restriction placed on the Ann Arbor Barclays Aggregate Bond Fund by Northern Trust. It will likely be towards the end of September or first part of October before funding can occur.

F-3 Legal Report – No Report

G. TRUSTEE COMMENTS

Mr. Flack asked how many police employees was the Police Early Out Program based on, and Mr. Crawford stated that it was based on the exact number by person.

H. **FUTURE AGENDA ITEMS** - *None*

I. **INFORMATION**

J. **ADJOURNMENT**

It was **moved** by Fraser and **seconded** by Kahan to adjourn the meeting at 10:42 a.m.
Meeting adjourned at 10:42 a.m.

**Willie J. Powell, Executive Director
City of Ann Arbor Employees' Retirement System**