

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

Minutes for the Regular Board Meeting  
February 20, 2020

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The meeting was called to order by Board Chair Person, Jeremy Flack, at 11:02 a.m.

**ROLL CALL**

Members Present: Crawford, Flack, Hastie, Lynch, Monroe, Nerdrum, Peariso  
Members Absent: DiGiovanni, Schreier  
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt  
Others: Michael VanOverbeke, Legal Counsel  
Dave Diephuis, City Resident

**AUDIENCE COMMENTS**

**A. APPROVAL OF AGENDA**

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

**B. APPROVAL OF MINUTES**

**B-1 January 16, 2020 Regular Board Meeting**

It was **moved** by Crawford and **seconded** by Hastie to approve the January 16, 2020 Board Meeting minutes as submitted.  
**Approved**

**C. CONSENT AGENDA – None.**

**D. ACTION ITEMS**

**D-1 Proposed FY 2020-2021 Expenditure Budget**

Ms. Orcutt presented and reviewed the proposed expenditure budget for Fiscal Year 2019-2020.

It was **moved** by Crawford and **seconded** by Nerdrum to approve the 2019-20 Expenditure Budget as presented.  
**Approved**

**E. DISCUSSION ITEMS – None.**

**F. REPORTS**

**F-1 Investment Policy Committee Minutes – February 4, 2020**

*Following are the Investment Policy Committee minutes from the meeting convened at 3:12 p.m. on February 4, 2020:*

Member(s) Present: Crawford (3:18 p.m. arrival), DiGiovanni, Flack, Hastie  
Member(s) Absent: Monroe

Other Trustees Present: None  
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt  
Others Present: Henry Jaung, Meketa Investment Group (4:50 p.m. departure)  
Keith Beaudoin, Meketa Investment Group (4:50 p.m. departure)  
Trevor Savage, The Seminole Companies (5:06 p.m. arrival)

**PERFORMANCE REVIEW VEBA THROUGH 12/31/2019 FOR ERS AND VEBA, INCLUDING ACT 314**

As of December 31, 2019, the balance of the Funds were \$537,378,221 for ERS. Fiscal Year to Date performance was 5.8% for ERS net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

As of December 31, 2019, the balance of the Funds were \$197,958,638 for VEBA. Fiscal Year to Date performance was 6.3% for VEBA net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

**FOSSIL FUEL EXPOSURE (ERS AND VEBA)**

Mr. Jaung presented a Fossil Fuel Exposure Update for the ERS and VEBA on their exposure to investments in companies that are invested in fossil fuels and/or the Carbon Underground 200. The analysis included all public securities managers. The Committee agreed that this update was informative and would like Meketa to continue to provide these updates on a quarterly basis.

**UPDATE ON THE NEW RHUMLINE HEDI TRANSITION**

Mr. Jaung updated the Committee regarding the Rhumblin HEDI transition. There will be two separate accounts, the Retirement System and VEBA. The final fee will be 7.5 basis points and the transition will be a transfer-in-kind from the current NT R1000 Index Fund.

**EDUCATION SESSION ON INFRASTRUCTURE INVESTING AND NEW POTENTIAL INVESTMENT IN RENEWABLE ENERGY, BLACK ROCK GLOBAL RENEWABLE POWER FUND III**

Mr. Jaung and Mr. Beaudoin presented information regarding the new potential in Infrastructure Investing. Infrastructure represents a fairly new asset class in the U.S. and Infrastructure assets are structured to provide a stable, predictable, long-term cash flow stream to investors. The Committee reviewed the types of infrastructure, strategic objectives of an Infrastructure Allocation and the select Meketa Conviction Infrastructure Managers. The Committee expressed interest in perusing the Infrastructure market specifically in the BlackRock Global Renewable Power Fund III. Meketa will schedule BlackRock to present at the March IPC meeting.

**TOPICS FOR 2020, INCLUDING ASSET ALLOCATION STUDY AND PACING STUDY**

Meketa will plan to further discuss Asset Allocation, expected returns and the Pacing Study at the March IPC meeting.

**UPDATE ON THE INVESTMENT CONSULTANT RFP**

Ms. Orcutt provided an update on the RFP Process for the Committee stating that the entry closing date was February 3, 2020. One proposal has been disqualified due to an incomplete submission. Staff will provide the IPC with a summary and highlights of the submissions and the Committee will discuss further at the March IPC meeting. It was also decided to schedule an early start to the March IPC meeting beginning at 2:00 p.m.

**CONTINUATION OF THE MID CAP ACTIVE MANAGER DISCUSSION**

This item was postponed due to time constraints.

**ICMA-RC PLAN INVESTMENT REPORT FOR QUARTER END 12/31/2019**

This item was postponed due to time constraints and will be reviewed at the February Board Meeting.

**OTHER**

Mr. Savage from The Seminole Companies, was present for a brief moment to introduce himself to the Committee.

**ADJOURNMENT**

It was ***moved*** by Crawford and ***seconded*** by Flack to adjourn the meeting at 5:08 p.m.  
**Meeting adjourned at 5:08 p.m.**

**F-2 Preliminary Investment Reports for the Month Ended January 31, 2020**

Maria Buffone, Accountant, submitted the Financial Report for the month ended January 31, 2020, to the Board of Trustees:

1/31/2020 Asset Value (Preliminary)	\$198,092,031
12/31/2019 Asset Value (Audited by Northern)	\$198,197,454
Calendar YTD Increase/Decrease in Assets <i>(excludes non-investment receipts and disbursements)</i>	(\$62,224)
Percent Gain <Loss>	-0.03%
<b>February 19, 2020 Asset Value</b>	<b>\$201,824,824</b>

**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.

<b><u>PAYEE</u></b>	<b><u>AMOUNT</u></b>	<b><u>DESCRIPTION</u></b>
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1	Loomis Sayles	\$6,318.87	Investment Mgmt. Fee Q4 10/1/2019-12/31/2019
2	Meketa Investment Group	\$3,750.00	Investment Mgmt. Fee 1/2020
3	Income Research Management	\$1,408.92	Investment Mgmt. Fee Q4 10/1/2019-12/31/2019
4	Rhumblin	\$877.00	Investment Mgmt. Fee Q4 10/1/2019-12/31/2019
5	VanOverbeke, Michaud & Timmony	\$2,188.80	Legal Services 10/1/2019 - 12/31/2019
<b>Total</b>			<b>\$14,543.59</b>

**J. ADJOURNMENT**

It was **moved** by Nerdrum and **seconded** by Crawford to adjourn the meeting at 11:07 a.m.  
**Meeting adjourned at 11:07 a.m.**

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