

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST  
BOARD OF TRUSTEES  
Minutes for the Regular Board Meeting  
July 21, 2011**

The meeting was called to order by Alexa Nerdrum, Vice-Chairperson, at 11:07 a.m.

**ROLL CALL**

Members Present: Clark, Crawford, Flack, Hastie, Heusel, Monroe, Nerdrum  
Members Absent: None  
Staff Present: Kluczynski, Walker  
Others: Michael VanOverbeke, Legal Counsel  
David Diephuis, City Resident

**AUDIENCE COMMENTS - None**

**A. APPROVAL OF REVISED AGENDA**

It was **moved** by Crawford and **seconded** by Clark to approve the agenda as revised.  
**Approved as revised**

**B. APPROVAL OF MINUTES**

**B-1 June 16, 2011 Regular Retiree Health Care Benefit Plan & Trust Board Meeting**

It was **moved** by Flack and **seconded** by Clark to approve the June 16, 2011 Board meeting minutes as submitted.

**Approved**

**C. CONSENT AGENDA - None**

**D. ACTION ITEMS**

**D-1 Proposed Asset Allocation Modification – Adoption of “Policy B”**

Mr. Hastie reviewed the various asset classes and targets, similar to the Retirement System’s newly-adopted policy, with the US Equity allocation being slightly higher for the VEBA primarily because there are lower expected cash outflows.

It was **moved** by Monroe and **seconded** by Flack to adopt Policy B as proposed by Meketa Investment Group.

**Approved**

**E. DISCUSSION ITEMS**

**E-1 IRS Qualification / Reinstatement**

Mr. VanOverbeke reviewed a matter regarding the Retiree Health Care Benefit Plan & Trust IRS qualification and reinstatement, stating that recently the IRS sent a notice of revocation of tax-exempt status to the Board’s custodial bank which informs that the VEBA’s tax-exempt status was automatically revoked on May 15, 2010 pursuant to the PPA 2006 which mandates revocation when an exempt organization hasn’t filed an annual information return for three consecutive years. Mr. VanOverbeke gave a brief history of correspondence sent to the IRS on several occasions in

previous years indicating that the VEBA is exempt from filing an annual information return with the IRS pursuant to Rev. Proc. 95-48, for which the IRS never responded. Mr. VanOverbeke stated that his office is in the process of preparing an Application for Recognition of Exemption and a written statement requesting retroactive reinstatement, and will keep the Board apprised of any developments.

**F. REPORTS**

**F-1 Investment Policy Committee Minutes**

Following are the Retiree Health Care Benefit Plan & Trust Investment Policy Committee minutes from the meeting convened at 5:43 p.m. on July 19, 2011:

Member(s) Present: Clark, Hastie, Monroe  
 Member(s) Absent: Flack  
 Other Trustees Present: None  
 Staff Present: Jarskey, Walker  
 Others Present: Henry Jaung & Ted Urban, Meketa Investment Group  
 David Diephuis, City Resident

**ASSET ALLOCATION REVIEW & DISCUSSION**

Meketa Investment Group presented the Asset Allocation Policy Review which included various proposed policy options and scenarios. After discussion, the Committee decided to adopt "Policy B", with a slight modification from the Retirement System ranges. Mr. Jaung stated that a revised proposal will be sent for inclusion in the July 21<sup>st</sup> Board meeting packet.

It was ***moved*** by Clark and ***seconded*** by Monroe to recommend adoption of "Policy B" to the Board of Trustees at the Board of Trustees at the July Board meeting.

**Approved**

**ADJOURNMENT**

It was ***moved*** by Clark and ***seconded*** by Monroe to adjourn the meeting at 5:45 p.m.

**Meeting adjourned at 5:45 p.m.**

**F-2 Preliminary Investment Reports for the Month Ended June 30, 2011**

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended June 30, 2011, to the Board of Trustees:

6/30/2011 Asset Value (Preliminary)	\$83,133,975
5/31/2011 Asset Value (Audited by Northern)	\$82,817,164
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$6,638,972
Percent Gain <Loss>	8.8%
<b>July 20, 2011 Asset Value</b>	<b>\$83,504,570</b>

**F-3 Legal Report – No Report**

**G. TRUSTEE COMMENTS - None**

**H. FUTURE AGENDA ITEMS - None**

**I. INFORMATION**

I-1 **Record of Paid Invoices**

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

	<b>PAYEE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
<b>1</b>	<b>Meketa Investment Group</b>	2,916.67	Investment Consultant Retainer – June 2011
	<b>TOTAL</b>	<b>2,916.67</b>	

J. **ADJOURNMENT**

It was **moved** by Crawford and **seconded** by Flack to adjourn the meeting at 11:16 a.m.  
**Meeting adjourned at 11:16 a.m.**

**Nancy R. Walker, Executive Director  
City of Ann Arbor Employees' Retirement System**