

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

Minutes for the Regular Board Meeting
December 19, 2019

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The meeting was called to order by Board Chair Person, Jeremy Flack, at 9:17 a.m.

ROLL CALL

Members Present: Crawford, DiGiovanni, Flack, Hastie, Lynch, Monroe, Peariso, Schreier
Members Absent: Nerdrum
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
Jim Anderson, GRS (Via TX 9:23-9:33 am)
Rich Koch, GRS (Via TX 9:23-9:33 am)

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 November 21, 2019 Regular Board Meeting

It was **moved** by Hastie and **seconded** by Monroe to approve the November 21, 2019 Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA – None

D. ACTION ITEMS

D-1 Summary Annual Report for Fiscal Year End 6/30/19

Ms. Orcutt presented the Summary Annual Report for the fiscal year ended June 30, 2019. The Board reviewed and approved as submitted.

It was **moved** by Schreier and **seconded** by Peariso to accept the FYE June 30, 2019 Summary Annual Report as submitted.
Approved

D-2 June 30, 2019 Actuarial Valuation

Mr. Anderson and Mr. Koch from GRS were available via phone to review and answer questions regarding the VEBA Actuarial Valuation. The Board noted that the valuations had incorrect information on pages A-1 and A-5 of the report and discussed the revisions needed with GRS. GRS agreed to make the changes and will submit a final corrected draft.

It was **moved** by Crawford and **seconded** by DiGiovanni to accept the FYE June 30, 2019 Actuarial Valuation as amended.

Approved

E. DISCUSSION ITEMS

E-1 Michigan PA 202 Calculations Related to MI Form 5572

GRS submitted a letter providing the Board with the information necessary to complete the reporting requirements for form 5572. Next year this information will be reflected in the GASB reports. The assumptions used by the Actuary are the same as PA 202 requires with the exception of the Healthcare Inflation Rate.

F. REPORTS

F-1 Investment Policy Committee Minutes – December 3, 2019

Following are the Investment Policy Committee minutes from the meeting convened at 2:40 p.m. on December 3, 2019:

*Member(s) Present: Crawford, DiGiovanni, Flack
Member(s) Absent: Hastie, Monroe
Other Trustees Present: None
Staff Present: Gustafson, Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group (3:16 p.m. arrival)
John Harris, Meketa Investment Group (3:16 p.m. arrival)
Mac Nickey, Northern Trust (3:26 – 4:10 p.m.)
Jordan Dekhayser, Northern Trust (3:26 – 4:10 p.m.)
Reed Lemar, Northern Trust (3:26 – 4:10 p.m.)*

REVIEW DRAFT OF INVESTMENT CONSULTANT RFP

The Committee reviewed the RFP Draft for Investment Consultant Services. Some revisions were made to the draft and it was decided to issue the RFP in January 2020.

NORTHERN TRUST PRESENTATION OF ALTERNATIVE BETA MANAGEMENT

Mac Nickey, Jordan Dekhayser and Reed Lemar from Northern Trust Asset Management were present to discuss the Quality Low Volatility Strategy. The Northern Trust team stated that the benefits to choosing a Low Volatility Strategy were:

- Core Total Return Strategy: Strong upside and downside market capture profile*
- Risk Management: Focus on the management of unintended risks*
- Integration of Quality: Multi-factor framework to improve long term performance*

The Committee briefly discussed the Low Volatility Strategy and ultimately decided to have Meketa prepare comparisons to review at the next IPC meeting.

ENTRUST SPECIAL OPPORTUNITIES FUND

Mr. Jaung informed the Committee of the EnTrust Global Special Opportunities Fund. EnTrust Global is a diversified alternative investment firm with \$19 billion in assets

under management invested across a range of strategies (private debt, real assets, multi-asset, hedge fund, etc.) Meketa Investment Group has negotiated with EnTrust Global to structure a preferred vehicle, Evergreen Fund, for their clients' exposure to the Special Opportunities Fund series. Mr. Jaung stated that this strategy represents an interesting opportunity and merits further consideration. After further discussion, the Committee decided to have Meketa prepare comparisons to discuss this opportunity further before inviting an EnTrust representative to present to the IPC.

PERFORMANCE REVIEW OF THE ERS AND VEBA

As of October 31, 2019, the balance of the Funds were \$523,005,777 for ERS. Fiscal Year to Date performance was 2.0% for ERS net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

As of October 31, 2019, the balance of the Funds were \$190,643,300 for VEBA. Fiscal Year to Date performance was 2.2% for VEBA net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

CONTINUATION OF THE ALTERNATIVE DEFENSIVE INDEX STRATEGY DISCUSSION

This item was postponed due to time constraints.

REVIEW OF ACTIVE MID-CAP STRATEGY

This item was postponed due to time constraints.

ADJOURNMENT

It was ***moved*** by Crawford and ***seconded*** by DiGiovanni to adjourn the meeting at 5:03 p.m.
Meeting adjourned at 5:03 p.m.

F-2 Preliminary Investment Reports for the Month Ended November 31, 2019

Maria Buffone, Accountant, submitted the Financial Report for the month ended November 31, 2019, to the Board of Trustees:

11/30/2019 Asset Value (Preliminary)	\$193,887,972
10/31/2019 Asset Value (Audited by Northern)	\$191,046,840
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$27,986,784
Percent Gain <Loss>	17.12%
December 19, 2019 Asset Value	\$195,471,627

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 Services 10/2019
2	GRS	\$2,400.00	GASB 74/75 Valuation for Final Quarter 2019
3	GRS	\$6,600.00	VEBA Valuation for Final Quarter 2019
4	Yeo & Yeo	\$1,000.00	6/30/19 Audit Services through 10/2019
5	Meketa Investment Group	\$3,750.00	Investment Consulting Services 11/2019
6	VanOverbeke, Michaud & Timmony	\$1,056.00	Legal Services 7/1/2019 - 9/30/2019
	Total	\$18,556.00	

J. ADJOURNMENT

It was **moved** by Monroe and **seconded** by Crawford to adjourn the meeting at 9:36 a.m.
Meeting adjourned at 9:36 a.m.



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