

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

Minutes for the Regular Board Meeting  
October 19, 2023

B

The meeting was called to order by Board Chairperson, Jeremy Flack, at 10:24 a.m.

**ROLL CALL**

Members Present: DiGiovanni, Flack, Foster, Grimes, Monroe, Praschan, Schreier  
Members Absent: Lynch, Nerdrum  
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt  
Others: Michael VanOverbeke, Legal Counsel(*Via TX*)  
Rich Koch, GRS(*9:30 am – 10:39am*)  
Francois Pieterse, GRS(*9:30 am – 10:39am*)  
Dan Merritt, Rehmann(*Via TX, 10:41 am arrival*)

**AUDIENCE COMMENTS**

**A. APPROVAL OF AGENDA**

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

**B. APPROVAL OF MINUTES**

**B-1 September 21, 2023, Regular Board Meeting**

It was **moved** by Monroe and **seconded** by Grimes to approve the September 21, 2023, Board Meeting minutes as submitted.  
**Approved**

**C. CONSENT AGENDA- None**

**D. ACTION ITEMS**

**D-1 PRESENTATION: FYE June 30, 2023 Actuarial Valuation**

Mr. Koch was present to review the drafted Actuarial Valuation for fiscal year ending June 30, 2023. The funded ratio is 83.35% as of this valuation date. The aggregate experience during 2023 was more favorable than assumed due to a small gain from investment returns and a large gain due to lower premiums than expected.

The 2023 valuation reflects changes in the following assumptions:

- Trend rates, pay increase rates, retirement rates, withdrawal rates, disability rates and mortality

The 2023 valuation reflects changes in the following methods:

- Set corridor (20%) around Funding Value of Assets, incorporate layered amortization at 15 years.

Looking ahead

Contribution rates should trend toward the long-term cost (normal cost) of the benefits over time.

- Experience gains/losses will always serve to deviate contributions from pure normal cost
- As Traditional Plan members leave the workforce and are replaced with new hires, costs will continue to decrease in line with RHRA costs

Asset smoothing helps reduce the volatility of the employer contributions.

- Funding value of assets = 100.6% of market value
- Remaining phase-in of past market gains/losses from previous valuations

Ann Arbor has prudent funding policy.

- Use of level dollar amortization rare among open public sector defined benefit plans

It was **moved** by Monroe and **seconded** by Grimes to approve to the FYE June 30, 2023 Actuarial Valuations as submitted.

**Approved**

**D-2 PRESENTATION: Audited Financial Statements**

Dan Merritt was present from Rehmann to present the FYE June 30, 2023 Financial Statements.

It was **moved** by Monroe and **seconded** by Schreier to accept the VEBA Financial Statements for June 30, 2023.

**Approved**

**E. DISCUSSION ITEMS - None**

**F. REPORTS**

**F-1 Preliminary Investment Reports for the Month Ended September 30, 2023**

Maria Buffone, Accountant, submitted the Financial Report for the month ended September 30, 2023 to the Board of Trustees:

9/30/2023 Asset Value (Preliminary)	\$245,372,310
8/31/2023 Asset Value (Audited by Northern)	\$251,453,739
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$13,133,370
Percent Gain <Loss>	5.68%
<b>October 18, 2023 Asset Value</b>	<b>\$246,125,712</b>

**F-2 Legal Report – None**

**G. TRUSTEE COMMENTS / SUGGESTIONS**

- 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>
1	GRS	\$2,750.00	GASB 74/75 Valuation Q4 2023
2	Meketa	\$3,750.00	Investment Consulting 9/2023
3	GRS	\$7,625.00	VEBA Valuation Q4 2023
	Total	\$14,125.00	

J. **ADJOURNMENT**

It was **moved** by Monroe and **seconded** by Praschan to adjourn the meeting at 10:48 a.m.  
**Meeting adjourned at 10:48 a.m.**

*Wendy Orcutt*

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