

City of Ann Arbor
Employees' Retirement System
Board of Trustees

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October 12, 2011

City Council Members:

The Board of Trustees of the City of Ann Arbor Employees Retirement System and the Retiree Health Care Plan recently became aware of the action taken by City Council at its August 15, 2011 meeting to place a City Charter Amendment on the ballot for November, 2011.

The Board's view is that effective governance of a retirement system balances the City's legitimate interest, as the plan sponsor, in assuring effective management of the System with the duty of Board Trustees as fiduciaries to manage the System in the best interest of all members and beneficiaries.

The Board finds it very important to maintain open and effective lines of communication between City Council and the Board. Accordingly, the Trustees would like to be advised of issues and proposed plan amendments prior to Council action.

As fiduciaries to the System, the Board may have information, opinions or observations to share with the City Council for their consideration. The Board would have welcomed the opportunity to provide input on the proposed Charter Amendment to change the Board composition of Trustees. Additionally, as the administrators of the changes to the Ordinance and any new amendments, the Board would have requested clarification of the language allowing retiree representation on the Board.

The Board recognizes the current local and regional budgetary concerns, national economic conditions and the difficult investment climate. The Board also recognizes the many recent legislative and public policy issues affecting the State of Michigan, and the City of Ann Arbor, which are of great concern to the members, beneficiaries of the Retirement System, and Ann Arbor citizens.

Foremost in the Board's attention is its duty to administer the Plan in a prudent manner, and meet its fiduciary standards with due care, skill and diligence. The Board would like to assure Council of its desire for open lines of communication, and would welcome the opportunity to answer any questions that the City Council or any other interested citizens may have.

Sincerely,



Jeremy Flack, Chairman

On behalf of the City of Ann Arbor Employees' Retirement System Board of Trustees