

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
August 18, 2011**

The meeting was called to order by Jeremy Flack, Chairperson, at 10:07 a.m.

ROLL CALL

Members Present: Clark, Crawford, Flack, Hastie, Heusel, Monroe
Members Absent: Nerdrum
Staff Present: Kluczynski, Walker
Others: Michael VanOverbeke, Legal Counsel
Michael Van Dam, City Retiree
David Diephuis, City Resident

AUDIENCE COMMENTS

Mr. Diephuis discussed the current mission statement, stating that he does not believe that it reflects this Board's goal or what the mission of this Board is.

A. APPROVAL OF REVISED AGENDA

Mr. Hastie requested that the Crisis Response Plan be added as D-1 on the agenda. The Board agreed.

It was **moved** by Hastie and **seconded** by Crawford to add the Crisis Response Plan as item D-1 on the agenda.

Approved

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

Approved as revised

B. APPROVAL OF MINUTES

B-1 July 21, 2011 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Crawford and **seconded** by Monroe to approve the July 21, 2011 Board meeting minutes as submitted.

Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS

D-1 Crisis Response Plan

The Board agreed to approve the Crisis Response Plan as discussed and revised at the Retirement Board meeting:

CRISIS RESPONSE PLAN

The Board recognizes that, in rare instances, investment exigencies or another type of Crisis (as defined below) may arise, which may require urgent action in between regularly scheduled meetings of the Board. To

properly address and react to such instances in a timely manner, the Board hereby delegates crisis-related decision making to a "Crisis Response Team" (CRT), which will determine the appropriate course of action. Upon notification to the CRT from the Investment Consultant regarding a Crisis and the need for an appropriate response, the CRT will determine if a Board Meeting is appropriate given the nature and circumstances of the crisis. It is understood that the CRT will utilize reasonable efforts to contact the individual Board members and convene a full Board meeting in accordance with the Open Meetings Act to manage the Crisis. However, the Board recognizes that it may not be feasible to arrange for a special meeting of the Board in light of the nature of the Crisis, the notice requirements of the Open Meetings Act and/or the availability of Board Trustees. In the event the CRT determines that a Board Meeting is not prudent under the circumstances, the Board by the adoption of this policy authorizes the CRT to take any and all actions necessary to manage and address the Crisis.

The Crisis Response Team shall consist of three (3) members: the Chairperson and Vice-Chairperson of the Investment Policy Committee (IPC) and the Retirement Board Chairperson. In the event one (1) or more of the Crisis Response Team members are unavailable to participate in any decision necessary in response to a Crisis, the following alternates (in order of preference) shall serve on the Crisis Response Team (unless already serving by virtue of serving as the Chair or Vice-Chair of the IPC): the Board Vice-Chair; the APC Chairperson; the Audit Committee Chairperson; or any other Board member. The Executive Director has an important role in supporting the Crisis Response Team and facilitating any required actions.

In the event that the Investment Consultant is of the opinion that a Crisis exists, the Investment Consultant will (i) identify and describe the precise nature of the crisis or emergency; and (ii) notify all Board members, the Executive Director and the Crisis Response Team, including the alternate members, via email and telephone if necessary, regarding the situation and provide a written recommendation for action.

A "Crisis" is an event that warrants immediate action to ensure that Retirement System's assets are protected as determined by the Investment Consultant with the unanimous concurrence of the Crisis Response Team. Examples of a Crisis include, but are not limited to, the following:

- (a) The departure of one or more critical members of an Investment Manager's, Commingled Fund's, Alternative Investment Fund's, Custodian's, or Investment Consultant's professional service team.
- (b) A lawsuit, government investigation or audit, or other major event involving an Investment Manager, Commingled Fund, Alternative Investment Fund, the Custodian or the Investment Consultant.
- (c) The occurrence of war, terrorism, a natural disaster, or other event materially affecting Retirement System's assets or the investment thereof.

The Crisis Response Team will have the authority to take any necessary action as shall be recommended by the Investment Consultant between regular meetings of the Board at any time that a Crisis occurs. All decisions of the Crisis Response Team must be agreed to by all members of the Crisis Response Team (or their alternates), and will be deemed to be final and binding on all parties (without any further action of the Board).

Following any such decision(s), prompt notice, including the initial written recommendation from the Investment Consultant, shall be given by the Executive Director to the Board concerning:

- (a) the nature and scope of the crisis;
- (b) its potential economic impact on the Retirement System's portfolio;
- (c) the method of resolution; and
- (d) the specific rationale(s) supporting the decision.

It was **moved** by Heusel and **seconded** by Monroe to approve the Crisis Response Plan as amended.

Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Minutes - None

F-2 Preliminary Investment Reports for the Month Ended July 31, 2011

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended July 31, 2011, to the Board of Trustees:

7/31/2011 Asset Value (Preliminary)	\$82,346,479
6/30/2011 Asset Value (Audited by Northern)	\$83,097,323
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$5,862,784
Percent Gain <Loss>	7.8%
August 17, 2011 Asset Value	\$ 79,228,638

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.

	PAYEE	AMOUNT	DESCRIPTION
1	Bradford & Marzec, Inc.	9,879.85	Investment Mgmt. Fees – 4/1/11 – 6/30/11
2	Fisher Investments	27,091.05	Investment Mgmt. Fees – 4/1/11 – 6/30/11
3	Rhumblin Advisers	1,633.00	Investment Mgmt. Fees – 4/1/11 – 6/30/11
4	Southern Sun Asset Mgmt.	23,299.00	Investment Mgmt. Fees – 4/1/11 – 6/30/11
5	VanOverbeke, Michaud & Timmony	516.25	Legal Services: October 1 – December 31, 2010
6	Meketa Investment Group	2,916.67	Investment Consultant Retainer – July 2011
	TOTAL	65,335.82	

I-2 Recent Chapter 21 Ordinance Change:

“On June 6, 2011, City Council passed Resolution R-11-219 directing the Interim City Administrator and City Attorney to prepare for City Council action the necessary amendments to Chapter 21 of the City Code to limit non union employees hired after July 1, 2011 to participation in City-provided health care benefits plan in retirement through an access only style plan. The access only style plan would allow those retirees to obtain health care coverage through the City in their retirement but paid for by the retiree.”

J. ADJOURNMENT

It was **moved** by Crawford and **seconded** by Clark to adjourn the meeting at 10:12 a.m.
Meeting adjourned at 10:12 a.m.

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

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