

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST  
BOARD OF TRUSTEES  
Minutes for the Regular Board Meeting  
August 16, 2007**

The meeting was called to order by Nancy Sylvester, Chairperson, at 10:15 a.m.

**ROLL CALL**

Members Present: Carter, Crawford, Heatley, Kahan, Nerdrum, Sylvester  
Members Absent: Boonstra, Fraser, Pollock  
Staff Present: Kluczynski, Powell, Refalo  
Others: Michael VanOverbeke, Legal Counsel  
Charles Helppie III, Eschelon Wealth Management

**AUDIENCE COMMENTS**

There were no audience comments presented.

**A. APPROVAL OF AGENDA**

It was **moved** by Heatley and **seconded** by Kahan to approve the agenda as submitted.

**Approved**

**B. APPROVAL OF MINUTES**

**B-1 July 19, 2007 Regular Retiree Health Care Benefit Plan & Trust Board Meeting**

It was **moved** by Heatley and **seconded** by Kahan to approve the July 19, 2007 Board meeting minutes as submitted.

**Approved**

**C. CONSENT AGENDA**

**C-1 Authorization for Payment of Invoices (\$ 35,877.70)**

**WHEREAS**, the Board of Trustees is vested with the general administration, management and responsibility for the proper operation of the Trust; and

**WHEREAS**, Section 1:746(1) of Chapter 21 of the Code of the City of Ann Arbor provides that the Trustees may use a portion of the income of the system for payment for reasonable and necessary professional services costs and expenses related to assisting the Trustees and Trust Administrator in the operation of the Trust; and

**WHEREAS**, the Board of Trustees is required to act with the same care skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; therefore be it

**RESOLVED**, that the Board of Trustees' custodial bank, The Northern Trust Company, is authorized and directed to provide payment to the following vendors and providers of service in the amount as indicated upon receipt by the Board of appropriate invoices or as required by lease

agreements, subject to (a) review and approval of said invoices and lease agreements by appropriate Board representatives and (b) payment authorization signed by Nancy Sylvester/Chairperson, Chris Heatley/Vice-Chairperson, or Jeffrey Kahan/Secretary, and Willie J. Powell, Executive Director.

|    | <u>PAYEE</u>                              | <u>AMOUNT</u>    | <u>DESCRIPTION</u>                         |
|----|---|------------------|--|
| 1. | <b>Gray &amp; Company</b>                 | 1,250.00         | Investment Consultant Retainer – July 2007 |
| 2. | <b>Southern Sun Asset Management</b>      | 13,211.00        | Investment Mgmt. Fees – 4/1/07-6/30/07     |
| 3. | <b>VanOverbeke, Michaud &amp; Timmony</b> | 179.80           | Legal Services - 4/1/07-6/30/07            |
| 4. | <b>Chicago Equity Partners</b>            | 20,748.85        | Investment Mgmt. Fees – 4/1/07-6/30/07     |
| 5. | <b>State Street Global Advisors</b>       | 488.05           | Investment Mgmt. Fees – 4/1/07-6/30/07     |
|    | <b><u>TOTAL</u></b>                       | <b>35,877.70</b> |  |

It was **moved** by Heatley and **seconded** by Crawford to approve the Consent Agenda as presented.

**Approved**

**D. ACTION ITEMS - None**

**E. DISCUSSION ITEMS - None**

**F. REPORTS**

**F-1 Investment Policy Committee Report – August 14, 2007**

Following are the Retiree Health Care Benefit Plan & Trust Investment Policy Committee minutes from the meeting convened at 2:18 p.m. on August 14, 2007:

Member(s) Present: Heatley, Kahan, Sylvester  
 Member(s) Absent: Boonstra, Pollock  
 Other Trustees Present: Crawford  
 Staff Present: Jarskey, Powell  
 Others Present: Andrew Kelsen, Gray & Company  
 Charles E. Helppie III, Echelon Wealth Management

**Retiree Health Care Benefit Plan & Trust Quarterly Review  
 for the Quarter Ending June 30, 2007**

Mr. Kelsen reviewed the June 30, 2007 quarterly review and Capital Market Review, and indicated that the Fund's total market value as of June 30, 2007 was \$64,056,187. The Fund had a return of 3.9% for the current quarter, and a return of 15.06% for the last twelve months.

Mr. Kelsen reviewed the Summary of Manager Performance:

| <b>Managers</b> | <b>Market Value</b> |
|-----------------|---------------------|
| Domestic Equity | \$ 43,471,818       |
| Fixed Income    | 17,218,809          |

|                                    |                     |
|------------------------------------|---------------------|
| <i>Real Estate</i>                 | 3,207,174           |
| <i>Cash &amp; Cash Equivalents</i> | 158,386             |
| <b><u>Total Plan</u></b>           | <b>\$64,056,187</b> |

**Adjournment**

*It was **moved** by Kahan and **seconded** by Sylvester to adjourn the meeting at 2:35 p.m.  
**Meeting adjourned at 2:35 p.m.***

**F-2 Preliminary Investment Reports for the Month Ended July 31, 2007**

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended July 31, 2007, to the Board of Trustees:

|   |                      |
|---|----------------------|
| 7/31/2007 Asset Value (Preliminary)   | \$62,220,409         |
| 6/30/2007 Asset Value (Audited by Northern)   | \$64,452,101         |
| Calendar YTD Increase/Decrease in Assets<br><i>(excludes non-investment receipts and disbursements)</i> | \$2,510,681          |
| Percent Gain <Loss>   | 4.2%                 |
| <b>August 15, 2007 Asset Value</b>  | <b>\$ 59,877,183</b> |

**F-3 Legal Report - None**

**G. TRUSTEE COMMENTS - None**

**H. FUTURE AGENDA ITEMS - None**

**I. ADJOURNMENT**

It was **moved** by Crawford and **seconded** by Nerdrum to adjourn the meeting at 10:17 a.m.  
**Meeting adjourned at 10:17 a.m.**

**Willie J. Powell, Executive Director  
City of Ann Arbor Employees' Retirement System**