

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
January 17, 2008**

The meeting was called to order by Nancy Sylvester, Chairperson, at 9:36 a.m.

ROLL CALL

Members Present: Boonstra, Carter, Crawford, Kahan, Nerdrum, Pollock, Sylvester
Members Absent: Fraser, Heatley
Staff Present: Jarskey, Kluczynski, Powell, Refalo
Others: Tom Michaud, Legal Counsel
Alan Panter, Abraham & Gaffney, PC
Karen Sydney, City Resident

AUDIENCE COMMENTS

Ms. Sydney commented on the Board's recent discussion on communicating with its employees, and she suggested that the Board also communicate with the public, and that it is important to let the public know about the upcoming financial expenses. Ms. Sydney stated that she would like to see a five-year projection of the upcoming expenses so there can be discussions on how the expenses are going to be paid for instead of the public being hit with a crisis all of a sudden.

A. APPROVAL OF AGENDA

It was **moved** by Pollock and **seconded** by Nerdrum to approve the agenda.
Approved

B. APPROVAL OF MINUTES

B-1 December 20, 2007 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Pollock and **seconded** by Kahan to approve the December 20, 2007 Board meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 Authorization for Payment of Invoices (\$ 18,075.00)

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.

	PAYEE	AMOUNT	<u>DESCRIPTION</u>
1.	Gray & Company	1,250.00	Investment Consultant Retainer – December 2007
2.	Gabriel, Roeder, Smith & Co.	16,825.00	Actuarial Valuation & Projection – June 30, 2007
	<u>TOTAL</u>	18,075.00	

It was **moved** by Carter and **seconded** by Boonstra to approve the Consent Agenda as presented.

Approved

D. AUDIT PRESENTATION – Review of Financial Statements for the Year Ended June 30, 2007

Mr. Panter of Abraham & Gaffney presented the Financial Statements for the year ended June 30, 2007. Mr. Panter stated that the biggest change this year was the changing of accounting policies related to the reporting of historical benefit information by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* as of July 1, 2006.

Mr. Panter indicated that as with the Retirement System audit, there are no written audit comments for the VEBA Trust. There were no proposed audit adjustments during the current year audit, no disagreements with management, and they encountered no significant difficulties in dealing with management in performing and completing the audit. Mr. Panter stated that staff has done a very good job with the finances, and with many new auditing standards implemented this year, his firm has been making a lot of audit comments with a lot of their clients, so the fact that the Retirement System and VEBA Trust have no comments is a big deal and he feels the Board should be aware of the good work by staff in the past year.

According to the Statement of Plan Net Assets, the assets as of June 30, 2007 were \$64,021,836 as compared to \$55,660,954 at June 30, 2006, an increase of \$8.4 million even though there were no employer contributions in the last year.

It was **moved** by Boonstra and **seconded** by Nerdrum to accept the Financial Statements for the Year Ended June 30, 2007 as presented by Alan Panter of Abraham & Gaffney, PC.

Approved

Ms. Sylvester thanked the staff for their work on the audit, particularly Mr. Powell and Ms. Jarskey.

E. ACTION ITEMS

E-1 VEBA Annual Report for the Year Ended June 30, 2007

It was **moved** by Pollock and **seconded** by Boonstra to approve the VEBA Annual Report as presented.

Approved

E-2 Fees for Annual Actuarial Services

It was **moved** by Pollock and **seconded** by Boonstra to approve the Fees for Annual Actuarial Services as presented.

Approved

F. DISCUSSION ITEMS - None

G. REPORTS

G-1 Investment Policy Committee Report - None

G-2 Preliminary Investment Reports for the Month Ended December 31, 2007

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

12/31/2007 Asset Value (Preliminary)	\$62,276,515
11/30/2007 Asset Value (Audited by Northern)	\$62,579,173
Calendar YTD Increase/Decrease in Assets (<i>excludes non-investment receipts and disbursements</i>)	\$2,689,327
Percent Gain <Loss>	4.5%
January 16, 2008 Asset Value	\$59,189,410

G-3 Legal Report - None

H. TRUSTEE COMMENTS - None

I. FUTURE AGENDA ITEMS - None

K. ADJOURNMENT

It was **moved** by Boonstra and **seconded** by Nerdrum to adjourn the meeting at 9:50 a.m.
Meeting adjourned at 9:50 a.m.

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