

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST  
BOARD OF TRUSTEES  
Minutes for the Regular Board Meeting  
September 15, 2011**

The meeting was called to order by Jeremy Flack, Chairperson, at 9:58 a.m.

**ROLL CALL**

Members Present: Clark, Crawford, Flack, Hastie, Heusel, Monroe, Nerdrum  
Members Absent: None  
Staff Present: Gustafson, Kluczynski, Walker  
Others: Michael VanOverbeke, Legal Counsel  
David Diephuis, City Resident  
Mary Morgan, Ann Arbor Chronicle  
Michael Dortch, AAPD

**AUDIENCE COMMENTS - None**

**A. APPROVAL OF AGENDA**

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

**B. APPROVAL OF MINUTES**

**B-1 August 18, 2011 Regular Retiree Health Care Benefit Plan & Trust Board Meeting**

It was **moved** by Heusel and **seconded** by Clark to approve the August 18, 2011 Board meeting minutes as submitted.  
**Approved**

**C. CONSENT AGENDA - None**

**D. ACTION ITEMS**

**D-1 Resolution to Hire Dimensional Fund Advisors and Vontobel Asset Management as Emerging Market Equity Managers**

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retiree Health Care Benefit Plan & 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; and

WHEREAS, Meketa Investment Group has advised the Investment Policy Committee to add Emerging Markets Equity Investments managers to the portfolio congruent with a new asset allocation policy; and

WHEREAS, the Investment Policy Committee interviewed the following three firms for Emerging Markets Equity Managers on September 6, 2011: Dimensional Fund Advisors, Vontobel Asset Management, and Artisan Partners; and

WHEREAS, the Investment Policy Committee and Meketa Investment Group recommend funding the Emerging Markets Equity Manager mandate, currently recommended to reach a target of 7% of the portfolio, by an allocation of 60% of the mandate to DFA and 40% to Vontobel, so be it

RESOLVED, that DFA and Vontobel be added to the portfolio after successful contractual negotiations with the Board's Legal Counsel and Executive Director for Board approval and a due diligence visit by Trustees and/or staff. Timing of the allocations will be determined in conjunction with the Board and Meketa's recommendation.

It was **moved** by Hastie and **seconded** by Clark to hire Dimensional Fund Advisors and Vontobel Asset Management as Emerging Market Equity Managers, and to fund the Emerging Markets Equity Manager mandate with \$5.5 million, allocating 60% of the mandate to DFA and 40% to Vontobel, to be funded from the RhumbLine S&P 400 Index portfolio and the SouthernSun Asset Management small cap portfolio.

**Approved**

E. **DISCUSSION ITEMS** - None

F. **REPORTS**

F-1 **Investment Policy Committee Minutes – September 6, 2011**

Following are the Retiree Health Care Benefit Plan & Trust Investment Policy Committee minutes from the meeting convened at 6:47 p.m. on September 6, 2011:

Member(s) Present: Flack, Hastie, Monroe  
Member(s) Absent: Clark  
Other Trustees Present: None  
Staff Present: Jarskey, Walker  
Others Present: Fran Peters, Henry Jaung, Meketa Investment Group  
David Diephuis, City Resident

**EMERGING MANAGER PRESENTATIONS / DISCUSSION**

It was **moved** by Flack and **seconded** by Monroe recommend that the Board of Trustees hire Dimensional Fund Advisors and Vontobel Asset Management, allocating 60% to Dimensional and 40% to Vontobel. The recommendation will be brought before the Board at the regular meeting on September 15, 2011.

**Approved**

**ADJOURNMENT**

It was **moved** by Monroe and **seconded** by Flack to adjourn the meeting at 6:50 p.m.  
**Meeting adjourned at 6:50 p.m.**

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

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

8/31/2011 Asset Value (Preliminary)	\$80,136,274
7/31/2011 Asset Value (Audited by Northern)	\$82,346,479
Calendar YTD Increase/Decrease in Assets	

<i>(excludes non-investment receipts and disbursements)</i>	\$3,618,747
Percent Gain <Loss>	4.8%
<b>September 14, 2011 Asset Value</b>	<b>\$79,116,374</b>

**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.

	<b>PAYEE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
<b>1</b>	<b>Meketa Investment Group</b>	2,916.67	Investment Consultant Retainer – August 2011
<b>2</b>	<b>State Street Global Advisors</b>	174.44	Investment Mgmt. Fees: 4/1/2011–6/30/2011
	<b>TOTAL</b>	<b>3,091.11</b>	

**J.    ADJOURNMENT**

It was **moved** by Nerdrum and **seconded** by Crawford to adjourn the meeting at 10:03 a.m.  
**Meeting adjourned at 10:03 a.m.**

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