

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
December 15, 2011**

The meeting was called to order by Jeremy Flack, Chairperson, at 8:37 a.m.

**ROLL CALL**

Members Present: Clark, Crawford (8:46 am-12:00 pm), Flack, Hastie, Monroe, Rogers  
 Members Absent: Heusel, Nerdrum, Powers  
 Staff Present: Kluczynski, Walker  
 Others: Michael VanOverbeke, Legal Counsel  
 Craig DeVoogd, AAPD  
 Michael Dortch, AAPD  
 Alan Panter, Abraham & Gaffney (9:55 a.m.)  
 Larry Langer, Buck Consultants  
 Dan Levin, Buck Consultants

**AUDIENCE COMMENTS - None**

**A. APPROVAL OF REVISED AGENDA**

Revisions to the agenda include the following items:

- E-4 Resolution in Support of Senate Bill No. 797
- E-5 Resolution to Hire Beachpoint Capital Management as Bank Loan Manager
- F-1 Written Appeal from Police Employee Craig DeVoogd
- G-5 Audit Committee Minutes – December 13, 2011
- I Executive Session: Attorney-Client Privilege Issue: Securities Litigation

Mr. Monroe requested that item F-1 be moved forward on the agenda, after the Consent Agenda, in order to accommodate Mr. DeVoogd. The Board agreed. It was also noted that the Financial Audit Presentation was moved to the end of the agenda to accommodate Mr. Panter of Abraham & Gaffney.

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

**Approved as revised**

**B. APPROVAL OF MINUTES**

**B-1 November 17, 2011 Regular Board Meeting Minutes**

It was **moved** by Clark and **seconded** by Monroe to approve the November 17, 2011 Board Meeting minutes as submitted.

**Approved**

**C. CONSENT AGENDA**

It was **moved** by Hastie and **seconded** by Rogers to approve the following Consent Agenda as submitted:

**C-1 Reciprocal Retirement Act – Service Credit**

WHEREAS, the Board of Trustees is vested with the authority and fiduciary responsibility for the

administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees acknowledges that, effective July 14, 1969, the City of Ann Arbor adopted the Reciprocal Retirement Act, Public Act 88 of 1961, as amended, to provide for the preservation and continuity of retirement system service credit for public employees who transfer their employment between units of government, and

WHEREAS, the Board acknowledges that a member may use service credit with another governmental unit to meet the eligibility service requirements of the Retirement System, upon satisfaction of the conditions set forth in the Reciprocal Retirement Act, and

WHEREAS, the Board is in receipt of requests to have service credit acquired in other governmental unit retirement systems recognized for purposes of receiving benefits from the Retirement System, therefore be it

RESOLVED, that the Board of Trustees hereby certifies that the following member(s) of the Retirement System have submitted the requisite documentation for the recognition of reciprocal retirement credit:

Name	Classification	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
Daniel Wooden	General	5 years, 3 months	City of Litchfield

RESOLVED, that the Board of Trustees notes that pursuant to the Reciprocal Retirement Act, said reciprocal retirement credit may only be used for purposes of meeting the retirement eligibility requirements of the Retirement System and that retirement benefits will be based upon actual service rendered to the City and shall be made payable consistent with the City Charter, applicable collective bargaining agreements, Retirement System policies/procedures, and applicable laws (specifically, MCL Public Act 88 of 1961, as amended), and further

RESOLVED, that a copy of this resolution shall be provided to the appropriate City and Union representatives and interested parties.

**C-2 EDRO Certification: George Earle Fox v. Lisa Ann Fox**

**WHEREAS**, the Board is in receipt of a Eligible Domestic Relations Order dated October 28, 2011, wherein Lisa Ann Fox, the Alternate Payee, is awarded certain rights to the benefits of George Earle Fox, the Participant, and

**WHEREAS**, the Alternate Payee is entitled to a portion of the Participant's retirement benefit from the Retirement System, and

**WHEREAS**, the payments from the plan to the Alternate Payee shall begin when the Participant commences benefits from the Retirement System, and

**WHEREAS**, the Board's policy is to require that the cost for the actuary's calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the Participant and the Alternate Payee shall each be responsible for 50% of any and all additional costs for actuarial services, and

**WHEREAS**, said matter had been discussed with legal counsel who has opined that the applicable

terms of said court order are consistent with the provisions of the Retirement System and applicable law including Public Act 46 of 1991 (MCLA 38.1701) as amended, therefore be it

**RESOLVED**, that the Board acknowledges receipt of said court order, will pay pension benefits consistent with said order subject to an application being filed by the Participant seeking payment, and further

**RESOLVED**, that upon application of the Participant this file be forwarded to the Board's actuary for calculation of the benefits, and further

**RESOLVED**, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter, and

**RESOLVED**, that copies of this resolution be sent to Karen Quinlan Valvo, Esq., attorney for the Participant; M. Ellen Dennis, Esq., attorney for the Alternate Payee, and the Board's actuary.

**Approved**

**D. PRESENTATION – Financial Audit for the Fiscal Year Ended June 30, 2011**

*Moved to the end of agenda.*

**F. DISCUSSION ITEMS *(Moved forward on agenda)***

**F-1 Written Appeal from Police Employee Craig DeVoogd**

Mr. DeVoogd stated that he is scheduled to retire at the end of December, and discussed his written appeal, which alleges that his current AAPOA collective bargaining unit language was not utilized in the calculation of his retirement benefit, and the failure to adhere to a written provision in the agreement resulted in a lesser retirement benefit. Mr. DeVoogd discussed the historical information related to the language in the AAPOA agreement relating to certain provisions allowed to employees hired between January 1982 and August 1989, stating that he is the first AAPOA member hired during that time to retire under language in this contract who would be given a different retirement formula. After a lengthy discussion and legal counsel's preliminary review of the appeal documents, and an explanation regarding past practices, Mr. VanOverbeke was requested to further review this issue, noting that additional documents and prior (complete) collective bargaining agreements should be obtained in order to render a legal opinion in this matter. Mr. DeVoogd understood that a legal opinion may not be available until January or February 2012.

It was **moved** by Monroe and **seconded** by Clark to acknowledge receipt of materials and presentation by Mr. DeVoogd, and direct that these materials and any other documents that legal counsel feels are appropriate be forwarded to legal counsel, and that legal counsel work with the Executive Director to prepare and at a later date present to the Board a legal opinion on the issues raised.

**Approved**

**J. PRESENTATION – Financial Audit for the Fiscal Year Ended June 30, 2011**

Alan Panter from Abraham & Gaffney, P.C. presented the Financial Audit for the fiscal year ended June 30, 2011. Mr. Panter stated that this year's audit went very well and his firm encountered no significant difficulties in dealing with management in performing and completing the audit. The table below compares key financial information in a condensed format between the current year and the prior year:

	Year Ended June 30,	
	<u>2011</u>	<u>2010</u>
Total assets	\$ 420,868,757	\$ 358,743,304
Total liabilities	<u>5,672,232</u>	<u>10,132,744</u>
Assets held in trust for pension benefits	<u>\$ 415,196,525</u>	<u>\$ 348,610,560</u>
Net investment income	\$ 80,485,497	\$ 39,974,616
Contributions:		
Employer	12,301,852	12,538,412
Plan members	<u>2,790,424</u>	<u>3,148,209</u>
Total contributions	<u>15,092,276</u>	<u>15,686,621</u>
Retiree pension benefits	27,597,831	26,874,321
Refunds of member contributions	<u>803,407</u>	<u>639,911</u>
Total benefits paid	<u>28,401,238</u>	<u>27,514,232</u>
Benefits paid in excess of contributions	13,308,962	11,827,611
General and administrative expenses	<u>590,568</u>	<u>700,559</u>
Change in net assets held in trust	<u>\$ 66,585,967</u>	<u>\$ 27,446,446</u>
Ratio of benefits paid to contributions	188%	175%

It was **moved** by Hastie and **seconded** by Clark to acknowledge receipt of the presentation and the Audit Report for the fiscal year ended June 30, 2011.

**Approved**

**MEETING RECESSED**

It was **moved** by Hastie and **seconded** by Crawford to recess the Retirement Board meeting at this time in order to convene the VEBA Board meeting.

**Meeting recessed at 9:53 a.m.**

**MEETING RECONVENED AT 10:59 A.M.**

It was **moved** by Rogers and **seconded** by Clark to move G-6, Legal Report, as the next item on the agenda.

**Approved**

**G-6 Legal Report - Update on Discussions between City's Outside Legal Counsel, Retirement System's Legal Counsel, and Actuaries regarding Ordinance Interest Credits Language & Early Retirement Calculations**

It was **moved** by Clark and **seconded** by Monroe to convene an Executive Session for the purpose of discussing recent discussions between City's Outside Legal Counsel, Retirement System's Legal Counsel, and Actuaries regarding Ordinance Interest Credits Language & Early Retirement Calculations.

**Approved**

*Roll call vote:*

Clark – Yes	Hastie – Yes	Nerdrum - Absent
Crawford - Yes	Heusel – Absent	Powers - Absent
Flack – Yes	Monroe - Yes	Rogers - Yes

*Executive session time: 10:59 a.m. – 11:46 a.m.*

**Other legal information:**

Mr. VanOverbeke advised the Board that Public Act 314 amendments will not be taken up until after the first of the year 2012.

Update on the Kurt Kaiser tax issue: Mr. VanOverbeke stated that Mr. Kaiser has raised questions and has requested to speak to Mr. VanOverbeke directly for clarification on the Board's recent offer. Mr. VanOverbeke stated that since more time may be needed for Mr. Kaiser to sign the Board's offer, the Board has the option of further extending the deadline to mid-January, noting that it will only be extending the offer acceptance deadline versus a change in the numbers. The Board agreed.

It was **moved** by Hastie and **seconded** by Rogers to extend Mr. Kaiser's signing deadline to January 19, 2012, it being expressly understood that it extends the deadline, but does not change the result in any modification of the consideration for the member, noting that no further extensions will be made after that date.

**Approved**

**E. ACTION ITEMS**

**E-1 Member Interest Credits for Calendar Year 2012**

Ms. Walker stated that Buck Consultants has completed the calculation of the rate of investment return of crediting interest to member accounts for the coming year as follows:

The computed rate of return for the fiscal year ending June 30, 2011 is 7.9%. The equivalent quarterly return is 1.92% ( $1.0192 \times 1.0192 \times 1.0192 \times 1.0192 = 1.079$ ). Therefore, 1.92% regular interest should be credited to member accounts for the quarter ending March 31, 2012 and each of the remaining three quarters in calendar year 2012.

It was **moved** by Monroe and **seconded** by Rogers to approve the Member Interest Credits for Calendar Year 2012.

**Approved**

**E-2 Revised Decision of Examining Physician Form**

Ms. Walker presented that revised Decision of Examining Physician Form as discussed by the Board of Trustees at the November 17<sup>th</sup> regular meeting. The language on the form was revised as follows:

*(1) the Member is mentally or physically totally incapacitated from performing the customary duties of the Member's City employment:* Yes  No

*(2) that the claimed incapacity will probably be permanent:* Yes  No

It was **moved** by Clark and **seconded** by Rogers to approve the updated Decision of Examining Physician Form as submitted.

**Approved**

**E-3 Transition Update from Meketa Investment Group**

Mr. Hastie stated that the asset allocation transitions are moving forward and no additional changes have been suggested for the Retirement System's transitions.

**E-4 Resolution in Support of Senate Bill No. 797**

As discussed at the November meeting, Mr. Hastie presented the following resolution for submittal to the Governor of the State of Michigan, our local legislators, and to the Michigan Association of Public Employee Retirement Systems (MAPERS):

WHEREAS, well-informed investment practices by trustees are a major reason for this good record; and

WHEREAS, Public Act 314, which governs the asset allocations of these investments, has not been updated for local plans since 2000; and

WHEREAS, it is important for good diversification of investments for the underlying public pension investment law to be kept up to date; and

WHEREAS, local pension plans need to be able to invest parts of their portfolios in non-correlating assets when global stock markets are not performing well; and

WHEREAS, it is important for local pension plan trustees to be able to continue their professional training and education to understand their fiduciary responsibilities; and

WHEREAS, unlike most public bodies, boards of local pension systems do not have the legal authority to remove a member who is legally incapacitated or has violated material breaches of policy or committed a felony that demonstrates a disregard for the interests of the members of that system; and

WHEREAS, it is important to codify certain requirements, such as policies on ethics, training and education; and

WHEREAS, state law should prohibit "pay to play" for all service providers to public pension plans, so that political considerations do not affect decisions that should be made in the interest of plan participants, therefore be it

**RESOLVED, that on December 15, 2011, THE CITY OF ANN ARBOR RETIREMENT SYSTEM endorses Senate Bill No. 797 to update Public Act 314 so that local pension plan trustees can continue to invest the assets of public pension plans prudently, with the highest level of fiduciary responsibility, and let it further resolved that this resolution is sent to the Governor of the State of Michigan, our local legislators, and to the Michigan Association of Public Employee Retirement Systems.**

It was **moved** by Hastie and **seconded** by Clark to approve and forward the Resolution in Support of Senate Bill No. 797 to the Governor of the State of Michigan, our local legislators, and to the Michigan Association of Public Employee Retirement Systems (MAPERS).

**Approved**

**E-5 Resolution to Hire Beachpoint Capital Management as Bank Loan Manager**

Mr. Hastie stated that the Investment Policy Committee has discussed hiring a bank loan manager per the recently approved Asset Allocation Policy, and Meketa recommended three managers who were interviewed at the December 6<sup>th</sup> IPC meeting with the Committee deciding that Beachpoint Capital was the best manager to hire and seemed to fit with our investment objectives, noting that the firm also agreed to lower their fees to 65 basis points. Meketa Investment Group concurs with the Committee's decision; therefore the following resolution is presented for Board approval:

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the City of Ann Arbor Employees' Retirement System, 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 a Bank Loan manager to the portfolio congruent with a new asset allocation policy; and

WHEREAS, the Investment Policy Committee interviewed the following three firms for Bank Loan Managers on December 6, 2011: Beachpoint Capital, Guggenheim Partners, and Sankaty Advisors, and

WHEREAS, the Investment Policy Committee and Meketa Investment Group recommend funding the Bank Loan mandate to reach a target of 2% of the portfolio, so be it

RESOLVED, that Beachpoint be added to the portfolio after successful contractual negotiations with the Board's Legal Counsel and Executive Director for Board approval. 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 Beachpoint Capital Management to fill the bank loan asset allocation.

**Approved**

**F. DISCUSSION ITEMS**

**F-1 Written Appeal from Police Employee Craig DeVogd**

*(Discussed earlier on agenda)*

**G. REPORTS**

**G-1 Executive Report – December 15, 2011**

**INVESTMENT UPDATE**

The investment applications and agreements for the emerging markets managers have been completed, reviewed and signed. Accounts have been set up at Northern preparatory to funding. Northern Trust investment agreements, which will facilitate the consolidation of certain index managers, are in the process of legal review.

## **MICHIGAN TAX**

The revised forms from the State of Michigan have been sent out to 445 participants that reside in Michigan and, according to our records, have a birth date of 1946 or younger. Northern indicates that they will not be able to have their system ready to withhold for Michigan tax for the January check. It's likely that withholding would begin 2-1-12, if Northern's vendor completes programming.

## **INVESCO**

Invesco Mortgage Recovery Loans AIV, L.P. made a distribution on Wednesday, November 30, 2011 totaling \$3,859,366 comprised of \$2,199,839 of realized gains and \$1,659,527 of investment income. Ann Arbor's allocable share of distribution: \$51,377.

## **RECENT FOIA REQUESTS**

The FOIA information provided by the System to Taxpayers United resulted in questions for comment by AnnArbor.com, which picked up the much sensationalized comments created by TUA. Information for a response to Ann Arbor.com was provided to Steve Powers.

Max Dillahunty of Levi, Ray & Shoup (Pension Gold) FOIA'd the Systems specifications and contract for the Buck system. A response is in progress, as our attorney advises that this FOIA information should be provided.

## **BUCK SYSTEM**

Earnings data has been provided to Buck and they are trying to get everything loaded and reconciled. There were originally a number of "unmatchable" or "orphan" records in the Pension Gold database. Pension Gold, Buck and staff are reviewing to determine the cause, and the disposition of these records.

## **ORDINANCE CHANGES**

Several conference calls have been conducted with Buck Consultants and Bob Stevenson regarding Retirement Ordinance language and the methodology of pension benefit calculations, including the precise methods of calculating interest credit for employee contributions. This month's legal report will contain more details. Clarification of Ordinance language on the methodology issue will likely be recommended.

## **HANTZ INVESTMENT**

The Executive Director has been contacted repeatedly by the Hantz Investment Company. The sales representative indicates that his firm provides financial education and training. ED indicated to the sales representative that the System is not considering engaging a firm for employee education at this time and could not consider a firm which was not independent; i.e. a firm must offer only general education without offering financial products. Hantz provided a brochure of their services. Upon review, it is clear that Hantz offers various financial products for sale, and thus in the Executive Directors' opinion would not be an appropriate resource for generic employee education.

### **G-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended November 30, 2011**

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended November 30, 2011 to the Board of Trustees:



11/30/2011 Asset Value (Preliminary)	\$392,431,289
10/31/2011 Asset Value (Audited by Northern)	\$392,474,680
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$8,422,978
Percent Gain <Loss>	2.1%
<b>December 14, 2011 Asset Value</b>	<b>\$ 382,380,035</b>

**G-3 Investment Policy Committee Minutes: December 6, 2011**

Following are the Investment Policy Committee minutes from the meeting convened at 3:04 p.m. on December 6, 2011:

Member(s) Present: Clark, Flack (via conf call 3:24-4:20), Hastie, Monroe  
Member(s) Absent: None  
Other Trustees Present: None  
Staff Present: Kluczynski, Walker  
Others Present: Henry Jaung, Meketa Investment Group  
Ted Urban, Meketa Investment Group  
Tim Atkinson, Meketa Investment Group  
David Diephuis, City Resident (3:04-3:35)  
Various Bank Loan Manager Representatives (Listed below)

**TRANSITION UPDATE / PERFORMANCE UPDATE / MANAGER REVIEW**

*Mr. Jaung updated the Committee on the current asset allocation transitions as well as their review of the recent amendments to Public Act 314. Mr. Jaung stated that the first phase of the transition will begin to take place very soon now that the DFA and Vontobel contracts have been executed, and GTS will begin to do their part in implementing the funding transitions. Mr. Jaung stated that due to time constraints, Meketa will conduct a full-year manager performance review and transition update at the February IPC meeting.*

*Mr. Urban reviewed the Transition Update and Summary, stating that the DFA and Vontobel contracts were executed within the last week and are ready to be funded at this point. Mr. Urban stated that Meketa is also working with Mr. VanOverbeke's office to make sure that the Northern Trust Company's documents are reviewed, and so far his legal staff is satisfied with where the documents are on the index consolidation side. Mr. Jaung noted that this entire process has been very timely in comparison with other transactions he has experienced, and he is pleasantly surprised with the speed of the process, due in part to Mr. VanOverbeke's staff and their cooperation. Mr. Urban discussed an issue with State Street Global Advisors regarding the VEBA non-lending mandates, stating that SSgA was contacted regarding the recommendation to include them as an alternative for two portfolios because NTGI does not offer VEBA-eligible non-lending vehicles for TIPS and MidCap. SSgA has stated that they are unwilling to waive its fee minimum for these funds, and given the mandate size, Meketa believes the fee minimum (\$10,000 per fund) results in an excessively high fee, especially relative to the VEBA's current MidCap index provider, RhumbLine.*

*Meketa has spoken with RhumbLine, who indicated that they would have no problem managing this fund for the current fee, which is not only lower than where SSgA was going to come in with their minimum, but also lower than SSgA's standard fee, so Meketa recommends maintaining the VEBA's current MidCap portfolio managed by RhumbLine Advisers, noting that, since a RhumbLine MidCap investment agreement is already in place, the adjustment would facilitate a more timely transition. RhumbLine's fees would not change, and they would continue to waive the minimum for*

the VEBA. The Committee agreed with the recommendation, and decided to recommend approval of the new fee structure to the Board of Trustees at the December Board meeting. Mr. Atkinson provided a brief comparison/review of the three Bank Loan Managers before initiating the following interviews.

### **BANK LOAN MANAGER INTERVIEWS**

The Committee interviewed the following firms as part of the Bank Loan Manager Search:

#### **Beachpoint Capital**

Mike Carter, Senior Director of Investor Relations  
William Kozicki, Managing Director  
John Quintanar, Managing Director

#### **Guggenheim Partners**

Sanjay Yodh, Managing Director, Sales & Business Development  
David Strauss, Vice President, Portfolio Strategy

#### **Sankaty Advisors**

Stephanie Walsh, Vice President  
Kyle Betty, Director of Sankaty Investor Relations

**Discussion:** The Committee briefly discussed the three manager presentations, and decided that before making any decisions, Meketa be requested to obtain additional information from one of the managers before making a decision. Mr. Jaung agreed and stated that he will be contacting the Committee members with that information, and it was agreed that an open conference call may be held in the near future for further discussion.

### **ADJOURNMENT**

**The meeting was adjourned at 5:50 p.m.**

**G-4 Administrative Policy Committee Minutes – No Report**

**G-5 Audit Committee Minutes – December 13, 2011**

Following are the Audit Committee minutes from the meeting convened at 4:09 p.m. on December 13, 2011:

Committee Members Present:	Crawford, Monroe,
Members Absent:	Clark, Nerdrum
Other Trustees Present:	None
Staff Present:	Jarskey, Kluczynski, Walker
Others Present:	Dan Levine, Buck Consultants (via conference call)

### **REVIEW OF DRAFTED VEBA ACTUARIAL VALUATION**

Mr. Levine of Buck Consultants attended via conference call in order to review the Retiree Health Care Benefits Plan Actuarial Valuation for the year ended June 30, 2011. The Executive Summary below summarizes the valuation results:

*This summary identifies the value of benefits as of June 30, 2011 and develops an employer contribution for the 2013 fiscal year based on the Entry Age Normal Level*

Percentage of Pay cost method. The Unfunded Accrued Liability (UAL) is amortized as a level percentage of pay, including interest, over 30 years. Amortization payments are discounted to the beginning of the year.

The results are based on an interest discount of 7.00% and a salary inflation rate of 3.50%. Medical, Rx, and Life benefits are included.

<b>Projected for Fiscal Year Ending June 30, 2013</b>	<b>Entry Age Normal Level % of Pay</b>
Present Value of Benefits (PVB)	\$282,241,000
Actuarial Accrued Liability (AAL)	\$251,280,000
Annual Required Contribution (ARC) <sup>1</sup>	\$12,379,000
Annual OPEB Cost (AOC) <sup>2</sup>	\$12,528,000

<sup>1</sup>The FY2013 ARC reflects a 30-year level percent of pay amortization of the unfunded AAL. Thirty years is the maximum period allowed under GASB 45. The amortization also reflects interest at the discount rate and beginning of year amortization payments.

<sup>2</sup>The Annual OPEB Cost for the 2013 fiscal year is equal to the Annual Required Contribution (ARC) PLUS interest on the Net OPEB Obligation (NOO) PLUS a GASB 45 prescribed adjustment to the ARC.

The balance of this report provides greater detail for the above results.

As noted above, this valuation uses a 7.00% discount rate. The 7.00% rate is based on historical and long-term expected investment returns on retiree health VEBA fund, which is expected to fund OPEB benefits. If the fund only earned a 6.00% long-term return, the impact would be that shown in Section V.

The Committee discussed the upcoming presentation to the VEBA Board and which topics Mr. Levine should cover at the December 15<sup>th</sup> meeting.

It was **moved** by Monroe and **seconded** by Crawford to accept and forward the drafted June 30, 2011 VEBA Actuarial Valuation as presented to the VEBA Board of Trustees at the December 15, 2011 regular Board meeting.

**Approved**

## **ADJOURNMENT**

It was **moved** by Monroe and **seconded** by Crawford to adjourn the meeting at 5:40 p.m.  
**Meeting adjourned at 5:40 p.m.**

~~**G-6 — Legal Report — Update on Discussions between City's Outside Legal Counsel, Retirement System's Legal Counsel, and Actuaries regarding Ordinance Interest Credits Language & Early Retirement Calculations**~~

*Discussed earlier on the agenda.*

**H. INFORMATION** (Received & Filed)

**H-1 Communications Memorandum**

**H-2 January Planning Calendar**

### H-3 Record of Paid Invoices

The following invoices have been paid since the last Board meeting.

	PAYEE	AMOUNT	DESCRIPTION
1	Coverall North America, Inc.	140.00	Office Cleaning Services for December 2011
2	MAPERS	120.00	One-Day Seminar on 12/2/11 (Flack & Monroe)
3	Consulting Physicians	985.00	Disability examination & report – N. Lunsford
4	AT&T	140.82	Monthly Long-Distance Telephone Service
5	Fifth Third Bank/Maple Office	355.00	December association dues
6	Graphic Sciences, Inc.	783.84	Scanning: New Retiree files, Bd pkts, Audit docs
7	DTE Energy	60.17	Monthly Gas Fee dated November 8, 2011
8	DTE Energy	213.26	Monthly Electric Fee dated November 8, 2011
9	Sparkle Window Cleaning	50.00	Fall window cleaning – 11/16/2011
10	Lora Kluczynski	228.03	Petty cash reimbursement
11	Meketa Investment Group	8,750.00	Investment Consultant Retainer - November 2011
12	Hasselbring-Clark Co.	25.76	Monthly copier cost per copy
13	AT&T	93.82	Monthly toll-free telephone service
14	Comcast	76.22	Monthly Cable Fee
15	MAPERS	100.00	2012 Membership Renewal
16	Buck Consultants	106,999.99	Services rendered through 10/31/2011
17	Loomis, Sayles & Company	43,094.71	Investment Mgr Fees: 7/1/2011-9/30/2011
18	Schwartz Investment Counsel	10,754.00	Investment Mgr Fees: 7/1/2011-9/30/2011
19	State Street Global Advisors	383.03	Investment Mgr Fees: 7/1/2011-9/30/2011
	<b>TOTAL</b>	<b>173,353.65</b>	

### H-4 Retirement Report

The following employee(s) have completed their paperwork for retirement:

Name	Type of Retirement	Effective Date	Group	Years of Service	Service Area
Rita Fulton	Early / Age & Service	December 31, 2011	General	22 years, 10 months	Community Services / Planning & Development
David Sebolt	Deferred / Age & Service	October 22, 2011	General	13 years, 1.5 months	Community Services / Planning & Development
Gregory Jones	Age & Service	December 31, 2011	Police	25 years, .5 months <i>(which includes 6 years and 1 month reciprocal credit)</i>	Safety Services / Police
David Strauss	Age & Service	December 31, 2011	Police	24 years, 7.5 months	Safety Services / Police
Susan McCormick	Age & Service	December 17, 2011	General	32 years, 8.5 months <i>(which includes 21 years and 10 months reciprocal credit)</i>	Public Services / Administration
Andrew Zazula	Age & Service	December 31, 2011	Police	28 years, 3 months	Safety Services / Police

<b>Mark St. Amour</b>	Age & Service	December 31, 2011	Police	25 years, 2.5 months <i>(which includes 1 year, 2 months reciprocal credit and 4 years military service credit)</i>	Safety Services / Police
<b>Patrick Codere</b>	Early / Age & Service	December 31, 2011	Police	24 years, 7 months	Safety Services / Police
<b>Samuel James</b>	Age & Service	December 31, 2011	Police	26 years, 7 months <i>(which includes 6 years, 4 months reciprocal credit and 4 years military service credit)</i>	Safety Services / Police
<b>Jeffrey Flynn</b>	Age & Service	December 29, 2011	Police	26 years, 5 months <i>(which includes 4 years military service credit)</i>	Safety Services / Police
<b>Brian Jatczak</b>	Age & Service	December 31, 2011	Police	25 years, 11 months <i>(which includes 1 year, 1 month reciprocal credit)</i>	Safety Services / Police
<b>Craig DeVoogd</b>	Age & Service	December 31, 2011	Police	25 years, 4 months	Safety Services / Police

#### **H-5 2012 Board and Committee Schedule**

##### **Retirement Board Meetings:**

- Thursday, January 19, 2012 – 8:30 a.m.
- Thursday, February 16, 2012 – 8:30 a.m.
- Thursday, March 15, 2012 – 8:30 a.m.
- Thursday, April 19, 2012 – 8:30 a.m.
- Thursday, May 17, 2012 – 8:30 a.m.
- Thursday, June 21, 2012 – 8:30 a.m.
- Thursday, July 19, 2012 – 8:30 a.m.
- Thursday, August 16, 2012 – 8:30 a.m.
- Thursday, September 20, 2012 – 8:30 a.m.
- Thursday, October 18, 2012 – 8:30 a.m.
- Thursday, November 15, 2012 – 8:30 a.m.
- Thursday, December 20, 2012 – 8:30 a.m.

##### **Retiree Health Care Benefit Plan & Trust (VEBA Trust) Meetings:**

- Directly following each of the monthly Retirement Board Meetings above

##### **Committee Meetings:** *(Dates and times subject to change)*

Investment Policy Committee – 1<sup>st</sup> Tuesday of every month, 3:00 p.m.

Administrative Policy Committee – 2<sup>nd</sup> Tuesday of every month, 3:00 p.m.

Audit Committee – 2<sup>nd</sup> Tuesday of every month, 4:00 p.m.

**Retirement System Board Retreat** – Friday, March 30, 2012 *(Location: Washtenaw Intermediate School District, 1819 S. Wagner Road, Ann Arbor)*

It was **moved** by Rogers and **seconded** by Clark to approve the 2012 Board and Committee meeting schedule as submitted.

**Approved**

**I. EXECUTIVE SESSION – Attorney-Client Privilege Issue: Securities Litigation**

It was **moved** by Monroe and **seconded** by Clark to convene an Executive Session for the purpose of discussing the pending securities litigation matters and updates from the Board's legal counsel.

**Approved**

*Roll call vote:*

*Clark – Yes*

*Hastie – Yes*

*Nerdrum - Absent*

*Crawford - Yes*

*Heusel – Absent*

*Powers - Absent*

*Flack – Yes*

*Monroe - Yes*

*Rogers - Yes*

*Executive session time: 12:24 p.m. – 12:34 p.m.*

It was **moved** by Hastie and **seconded** by Rogers to acknowledge receipt of the attorney-client privilege communication from the Board's legal counsel dated December 8, 2011 and accept legal counsel's recommendation with respect to the settlement of the Citigroup Mortgage Loan Trust.

**Approved**

**J. PRESENTATION – Financial Audit for the Fiscal Year Ended June 30, 2011**

*Discussed earlier on the agenda.*

**K. TRUSTEE COMMENTS - None**

**L. ADJOURNMENT**

It was **moved** by Monroe and **seconded** by Hastie to adjourn the meeting at 12:35 p.m.

**Meeting adjourned at 12:35 p.m.**

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