

CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
February 16, 2012

The meeting was called to order by Jeremy Flack, Chairperson, at 10:29 a.m.

ROLL CALL

Members Present: Clark, Crawford, Flack, Hastie, Heusel, Monroe, Rogers
Members Absent: Nerdrum, Powers
Staff Present: Kluczynski, Walker
Others: Michael VanOverbeke, Legal Counsel
Jack Timmony, Legal Counsel

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

A revision to the agenda includes the following item:

- D-3 Addendum to Guidelines of the Investment Management Agreement for Bradford & Marzec

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

Approved as revised

B. APPROVAL OF MINUTES

B-1 January 19, 2012 Regular Retiree Health Care Benefit Plan & Trust Board Meeting

It was **moved** by Rogers and **seconded** by Crawford to approve the January 19, 2012 Board meeting minutes as submitted.

Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS

D-1 Election of Board Officers – Chairperson, Vice-Chairperson & Secretary

It was **moved** by Clark and **seconded** by Crawford to nominate and elect the same slate of officers as the Retirement System.

Approved

D-2 Investment Policy Committee Appointments

It was **moved** by Crawford and **seconded** by Monroe to maintain the same IPC appointments as the Retirement System.

Approved

D-3 Addendum to Guidelines of the Investment Management Agreement for Bradford and Marzec

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the VEBA, 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 allow Bradford & Marzec to hold up to 5% in bank loans as part of their maximum non-investment grade allocation of 15% of the portfolio; and

WHEREAS, the Investment Policy Committee agrees with the recommendation; be it

RESOLVED, that the Board of Trustees authorizes the approval of the Addendum to Guidelines of the Investment Management Agreement for Bradford and Marzec.

It was **moved** by Monroe and **seconded** by Clark to approve the Addendum to Guidelines of the Investment Management Agreement for Bradford and Marzec.

Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Investment Policy Committee Minutes – No Report

F-2 Preliminary Investment Reports for the Month Ended January 31, 2012

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended January 31, 2012, to the Board of Trustees:

1/31/2012 Asset Value (Preliminary)	\$85,692,848
12/31/2011 Asset Value (Audited by Northern)	\$83,338,238
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$2,417,144
Percent Gain <Loss>	2.9%
January 31, 2012 Asset Value	\$ 86,692,000

F-3 Legal Report

Mr. VanOverbeke informed the Board that the contract for Beachpoint Capital has been completed, reviewed, and is ready for execution.

G. TRUSTEE COMMENTS

Mr. Crawford stated that at the February 13th Working Session, one of the forecasts discussed were the contributions into the System versus the forecast of claims expenditures that need to be paid. Right now, the City pays the claims and the difference between the claims and whatever the actuarial contribution is, which is being paid into the System and the forecast is that sometime in the not-too-distant future, perhaps five years out, we will cross the line where claims are greater than the contributions, so we will have to start drawing on the funds. When talking about investment objectives recently, it was estimated that we had another five years to keep aggressively invested, assuming that the budget is adopted with the recommendations that City Council has, he still believes that it is a good assumption at this point, but we should realize that it will be in a shorter time frame – less than ten years. Ms. Walker asked how Mr. Crawford envisions those payments

being facilitated, and Mr. Crawford stated he is not sure at this point, but a discussion will have to be conducted in the future regarding this matter.

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.	6,409.45	Investment Mgmt. Fees – 10/1/2011 – 12/31/2011
2	Fisher Investments	23,041.28	Investment Mgmt. Fees – 10/1/2011 – 12/31/2011
3	RhumbLine Advisers	1,385.00	Investment Mgmt. Fees – 10/1/2011 – 12/31/2011
4	SouthernSun Asset Management	16,716.00	Investment Mgmt. Fees – 10/1/2011 – 12/31/2011
5	VanOverbeke, Michaud & Timmony, P.C.	4,603.00	Legal services – 1/1/2011 – 9/30/2011
6	Meketa Investment Group	2,916.67	Investment Consultant Retainer - January 2012
	TOTAL	55,071.40	

J. **ADJOURNMENT**

It was **moved** by Heusel and **seconded** by Crawford to adjourn the meeting at 10:36 a.m.
Meeting adjourned at 10:36 a.m.



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