

CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST
BOARD OF TRUSTEES
Minutes for the Regular Board Meeting
February 19, 2015

The meeting was called to order by Alexa Nerdrum, Vice-Chairperson, at 9:58 a.m.

ROLL CALL

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

AUDIENCE COMMENTS – None

A. APPROVAL OF AGENDA

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

Approved

B. APPROVAL OF MINUTES – January 15, 2015

It was **moved** by Crawford and **seconded** by Clark to approve the January 15, 2015 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 Crawford and **seconded** by Monroe to nominate and re-elect the existing Board Officers as follows:

Chairperson: Jeremy Flack
Vice-Chairperson: Alexa Nerdrum
Secretary: David Monroe

Approved

D-2 Election of Investment Policy Committee Members

It was **moved** by Crawford and **seconded** by Monroe to reappoint the existing members of the Investment Policy Committee.

Approved

Investment Policy Committee: *Hastie/Chair, Clark, Flack, Monroe*

E. DISCUSSION ITEMS – None

F. REPORTS

F-1 Investment Policy Committee Minutes – February 3, 2015

Following are the Investment Policy Committee minutes from the meeting convened at 3:06 p.m. on February 3, 2015:

Member(s) Present: Clark, Flack (3:45), Hastie, Monroe
 Member(s) Absent: None
 Other Trustees Present: None
 Staff Present: Kluczynski, Walker
 Others Present: Edward Urban, Meketa Investment Group (via telephone)
 Henry Jaung, Meketa Investment Group (via telephone)

DECEMBER 31, 2014 QUARTERLY PERFORMANCE REVIEW

Mr. Jaung reviewed the performance update and manager review for the period ended December 31, 2014. As of December 31, 2014, the VEBA was valued at \$126.7 million, a decrease of \$0.5 million for the fiscal year to date. During the fourth quarter, the VEBA reported net cash outflows of < \$0.1 million. The VEBA returned 1.5% for the fourth quarter, net of fees. The VEBA's third quarter return was driven by strong gains across asset classes, including domestic equities (3.8%), investment grade bonds (1.8%), and real estate (7.8%).

Bank loans were roughly flat. International developed market equities (-0.9%), international emerging market equities (-4.7%), TIPS (-1.1%), high yield bonds (-2.3%) and emerging market debt (-7.9%). At the end of December, the VEBA was within all of its asset allocation target ranges, with the exception of investment grade bonds. The investment grade bond overweight offsets the current TIPS underweight (-7%).

ADJOURNMENT

It was **moved** by Monroe and **seconded** by Clark to adjourn the meeting at 4:17 p.m.
Meeting adjourned at 4:17 p.m.

F-2 Preliminary Investment Reports for the Month Ended January 31, 2015

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended January 31, 2015, to the Board of Trustees:

1/31/2015 Asset Value (Preliminary)	\$126,350,878
12/31/2014 Asset Value (Audited by Northern)	\$126,943,286
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	(\$507,326)
Percent Gain <Loss>	-0.4%
February 18, 2015 Asset Value	\$129,047,863

F-3 Legal Report – None

G. TRUSTEE COMMENTS

Mr. Monroe inquired about Pension Obligation Bonds; Mr. VanOverbeke responded.

H. FUTURE AGENDA ITEMS - None

I. INFORMATION (Received & Filed)

I-1 Record of Paid Invoices

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

	PAYEE	AMOUNT	DESCRIPTION
1	Meketa Investment Group	3,750.00	Investment Consultant Retainer - December 2014
2	SouthernSun Asset Management	14,570.00	Inv. management fees – 10/1/2014-12/31/2014
3	Fisher Investments	30,606.70	Inv. management fees – 10/1/2014-12/31/2014
	TOTAL	48,926.70	

J. ADJOURNMENT

It was **moved** by Heusel and **seconded** by Monroe to adjourn the meeting at 10:02 a.m.
Meeting adjourned at 10:02 a.m.

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