

**CITY OF ANN ARBOR RETIREE HEALTH CARE BENEFIT PLAN & TRUST  
BOARD OF TRUSTEES**

**Minutes for the Regular Board Meeting  
October 21, 2021**

**B**

The meeting was called to order by Board Chairperson, Jeremy Flack, at 9:36 a.m.

**ROLL CALL**

Members Present: DiGiovanni(*Via TX, Ann Arbor, MI*), Flack(*Via TX, Wood County, OH*), Hastie(*Via TX, Ann Arbor, MI*), Lynch(*Via TX, Dexter, MI, 9:54 a.m. arrival*), Monroe(*Via TX, Green Oak Twp., MI*), Praschan(*Via TX, Ann Arbor, MI*), Schreier(*Via TX, Ann Arbor, MI, 9:54 a.m. arrival*)

Members Absent: Nerdrum, Peariso

Staff Present: Buffone(*Via TX*), Gustafson(*Via TX*), Hollabaugh(*Via TX*), Orcutt(*Via TX*)

Others: Michael VanOverbeke(*Via TX*), Legal Counsel  
Jim Anderson, GRS, (*Via TX, 9:52 a.m. depart*)  
Rich Koch, GRS, (*Via TX, 9:52 a.m. depart*)  
Francois Pieterse, GRS(*Via TX, 9:52 a.m. depart*)  
Danielle Mathiesen, GRS(*Via TX, 9:52 a.m. depart*)  
David Diephuis, *City Resident*(*Via TX*)

**AUDIENCE COMMENTS**

City Resident, David Diephuis commented that the Public currently only has audio access to the electronic meetings which makes it difficult to follow along when presenters are screen sharing agenda items.

**A. APPROVAL OF AGENDA**

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

**Approved**

**B. APPROVAL OF MINUTES**

**B-1 September 16, 2021 Regular Board Meeting**

It was **moved** by Praschan and **seconded** by Monroe to approve the September 16, 2021 Board Meeting minutes as submitted.

**Approved**

**C. CONSENT AGENDA – None.**

**D. ACTION ITEMS**

**D-1 PRESENTATION: FYE June 30, 2021 Actuarial Valuation**

Mr. Anderson and Mr. Koch were present to review the drafted Actuarial Valuation for fiscal year ending June 30, 2021.

**Highlights**

- The 2021 valuation reflects a change in the assumed investment return assumption from 6.9% to 6.8%.
- The aggregate experience during 2021 was more favorable than assumed due to overall gains from investment returns, lower premiums than expected and revision to health care cost trends rate.
- Funded Status – 75.6%

### Looking Ahead

- Contribution rates should trend toward the long-term cost (normal cost) of the benefits over time.
- Asset smoothing helps reduce the volatility of the employer contributions
- Ann Arbor has prudent funding policy

It was **moved** by DiGiovanni and **seconded** by Monroe to Hastie the VEBA Valuation.  
**Approved**

### **D-2 FYE June 30, 2021 Financial Statements**

Ms. Orcutt informed the Board the Audit Committee previously reviewed the statements and recommended for approval.

It was **moved** by Hastie and **seconded** by Praschan to approve the Audit Financial Statements for the Fiscal Year Ended June 30, 2021 and to send copies to the City.  
**Approved**

### **D-3 Resolution to Invest in Angelo Gordon Direct Lending Fund IV Annex**

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, as the Retirement System's investment consultant, the Investment Policy Committee (IPC), and the Board of Trustees have discussed an allocation to Private Debt, and

WHEREAS, a potential direct lending manager, Angelo Gordon, presented their investment strategies to the IPC on September 7, 2021, and

WHEREAS, Meketa Investment Group and the Investment Policy Committee have recommended an investment with Angelo Gordon in the Direct Lending Fund IV Annex L.P. (Levered), so be it,

RESOLVED, that the Board of Trustees approve the investment with Angelo Gordon in the Direct Lending Fund IV Annex L.P. (Levered) with a commitment in the amount of approximately \$5 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence.

It was **moved** by DiGiovanni and **seconded** by Monroe to approve the investment with Angelo Gordon in the Direct Lending Fund IV Annex of \$5 million.

**Approved**

**E. DISCUSSION ITEMS - None**

**F. REPORTS**

**F-1 Preliminary Investment Reports for the Month Ended September 30, 2021**

Maria Buffone, Accountant, submitted the Financial Report for the month ended September 30, 2021, to the Board of Trustees:

9/30/2021 Asset Value (Preliminary)	\$246,035,490
8/31/2021 Asset Value (Audited by Northern)	\$252,183,398
Calendar YTD Increase/Decrease in Assets ( <i>excludes non-investment receipts and disbursements</i> )	\$22,015,995
Percent Gain <Loss>	9.87%
<b>October 20, 2021 Asset Value</b>	<b>\$251,647,285</b>

**F-2 Legal Report – None**

**G. TRUSTEE COMMENTS / SUGGESTIONS**

**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.

	<b><u>PAYEE</u></b>	<b><u>AMOUNT</u></b>	<b><u>DESCRIPTION</u></b>
1	GRS	\$6,700.00	VEBA Valuation Q4 2021
2	GRS	\$2,425.00	GASB 74/75 Valuation Q4 2021
3	Meketa	\$3,750.00	Investment Consulting 9/2021
4	Yeo & Yeo	\$2,000.00	8/2021 FYE 6/30/2021 Financial Statement Audit
	<b>Total</b>	<b>\$14,875.00</b>	

**J. ADJOURNMENT**

It was **moved** by Hastie and **seconded** by Monroe to adjourn the meeting at 9:56 a.m.  
**Meeting adjourned at 9:56 a.m.**

*Wendy Orcutt*

Wendy Orcutt, Executive Director  
City of Ann Arbor Employees' Retirement System