

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

Minutes for the Regular Board Meeting
February 21, 2019

B

The meeting was called to order by Jeremy Flack, Board Chairperson, at 9:46 a.m.

ROLL CALL

Members Present: Crawford, DiGiovanni, Flack, Hastie, Lynch, Monroe, Nerdrum (*Via TX*),
Peariso, Schreier
Members Absent: None
Staff Present: Gustafson, Hammond, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS - None

A. APPROVAL OF AGENDA

It was **moved** by Schreier and **seconded** by DiGiovanni to approve the agenda as submitted.

Approved

B. APPROVAL OF MINUTES

B-1 January 17, 2019 Regular Board Meeting

It was **moved** by DiGiovanni and **seconded** by Schreier to approve the January 17, 2019 Board Meeting minutes as submitted.

Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS

D-1 Resolution to Hire Arboretum Ventures

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retiree Health Care Benefit Plan and 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 as the Retirement System's investment consultant, the Investment Policy Committee, and the Board of Trustees have discussed an allocation to Private Equity, and

WHEREAS, the potential manager, Arboretum Ventures presented their investment strategy to the IPC on February 12, 2019, and

WHEREAS, Meketa and the Investment Policy Committee have recommended an investment with Arboretum Ventures Fund V, in the amount of \$ 2 million, as it provides exposure to Private Equity, so be it

RESOLVED, that the Board of Trustees approves the hiring of Arboretum Ventures with a commitment in the amount of \$2 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 Crawford to hire Arboretum Ventures investing \$2 million in Arboretum Ventures Fund V.

Approved

E. **DISCUSSION ITEMS - None**

F. **REPORTS**

F-1 Investment Policy Committee Minutes – February 12, 2019

Following are the Investment Policy Committee minutes from the meeting convened at 3:13 p.m. on February 12, 2019:

*Member(s) Present: DiGiovanni, Hastie, Monroe
Member(s) Absent: Crawford, Flack
Other Trustees Present: Joe Peariso
Staff Present: Hammond, Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group
Jan Garfinkle, Arboretum Managing Partner
Tom Shehab, Arboretum Managing Partner
Paul McCreadie, Arboretum Partner & COO*

INTERIM UPDATE AS OF JANUARY 31, 2019

As of January 31, 2019, the balance of the Funds were \$172,258,980 for VEBA. Fiscal year to date performance was -0.3% for VEBA net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

PRELIMINARY ASSET ALLOCATION

Mr. Jaung reviewed the asset allocation study noting the expected return and probability compared to last year. In 2018, there was 51% probability of reaching the expected return of 7.1%. Currently, for 2019, Meketa estimates a 61% probability of reaching an expected return of 7.8%. There has been a dramatic increase mostly due to better valuations and history.

ARBORETUM VENTURES PRESENTATION

Representatives from Arboretum Ventures were present to review their firm, including their history, team overview, performance, and investment process.

*It was **moved** by DiGiovanni and **seconded** by Monroe to recommend to the Board of Trustees to invest \$2-3 Million in Arboretum Ventures fund V (AV V), pending the final amount with Meketa's recommendation from the pacing study.*

Approved

CASH LIQUIDATIONS FOR CAPITAL CALLS/EXPENSES

Ms. Orcutt informed the committee that cash was needed soon. The committee decided to rebalance a total of \$1 Million. Ms. Orcutt will work with Meketa to determine where to rebalance from and will need the cash by the end of February for Capital Calls.

ADJOURNMENT

It was **moved** by Monroe and **seconded** by DiGiovanni to adjourn the meeting at 5:22 p.m.
Meeting adjourned at 5:22 p.m.

F-2 Preliminary Investment Reports for the Month Ended January 31, 2019

Corbin Hammond, Accountant, submitted the Financial Report for the month ended January 31, 2019, to the Board of Trustees:

1/31/2019 Asset Value (Preliminary)	\$171,626,266
12/31/2018 Asset Value (Audited by Northern)	\$163,486,025
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$8,159,352
Percent Gain <Loss>	4.99%
February 21, 2019 Asset Value	\$174,958,137

F-3 Legal Report - None

G. TRUSTEE COMMENTS / SUGGESTIONS - None

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.

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	Hexavest	\$12,973.26	Q4: 10/1/18 - 12/31/18 Management Fees
2	Loomis Sayles	\$1,008.24	Q4: 10/1/18 - 12/31/18 Management Fees
3	Rhumblin	\$768.00	Q4: 10/1/18 - 12/31/18 Management Fees
4	Meketa Investment Group	\$3,750.00	Investment Consulting Services January 2019
5	Income Research Management	\$1,319.31	Management Fee 10/1/18-12/31/18
	Total	\$19,818.81	

J. ADJOURNMENT

It was **moved** by Monroe and **seconded** by Schreier to adjourn the meeting at 9:49 a.m.
Meeting adjourned at 9:49 a.m.



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