

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
July 16, 2009**

The meeting was called to order by Nancy Sylvester, Chairperson, at 8:30 a.m.

ROLL CALL

Members Present: Crawford, Flack, Fraser, Kahan, Nerdrum, Sylvester
Members Absent: Hescheles, Kaur
Staff Present: Kluczynski, Powell, Refalo
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

Mr. Powell stated that the following items have been revised since the distribution of the agenda packet, and Mr. VanOverbeke noted that he would like to provide legal updates under closed session under G-6, Legal Report:

- C-3 Authorization for Payment of Invoices – additional invoices received
- C-5 Authorization for Conference/Training – additional MAPERS attendees
- F-2 Police Early-Out Program M.O.U. Update
- G-6 Legal Report – Updates on Various Legal Issues (2 Securities litigations & EDRO)

It was **moved** by Kahan and **seconded** by Nerdrum to approve the revised agenda.
Approved

B. APPROVAL OF MINUTES

B-1 June 18, 2009 Regular Board Meeting Minutes

It was **moved** by Kahan and **seconded** by Nerdrum to approve the June 18, 2009 regular Board Meeting minutes as presented.
Approved

C. CONSENT AGENDA

It was **moved** by Kahan and **seconded** by Crawford to approve the Consent Agenda as presented:

Preliminary Retirement Resolutions

C-1 Preliminary Approval for Service Retirement for Kevin Harding

WHEREAS, the Board of Trustees is in receipt of an application for retirement from **Kevin Harding (Applicant)**, dated June 25, 2009, and

WHEREAS, it appears, based on preliminary information provided, that said Applicant meets the eligibility requirements of the Retirement System and any applicable collective bargaining agreement, therefore be it

RESOLVED, that said application for service retirement of **Kevin Harding** is preliminarily approved subject to the adoption by the Board of a resolution approving the calculations of the actuary, and further

RESOLVED, that upon receipt of all required certificates/forms completed by said Applicant and following said Applicant's last date on the active payroll, a retirement calculation will be completed based upon the certified numbers from the City of Ann Arbor Finance Department, and further

RESOLVED, that the Board's actuarial program certified by the Board's actuary shall perform the retirement calculation and employer transfer to the retiree reserve fund to the Board of Trustees as soon as possible, and further

RESOLVED, that upon receipt of the retirement calculations completed by the Board's actuarial software, the Board of Trustees will consider adoption of a resolution approving payments of the applicable benefit amounts.

C-2 Approval of Service Retirement for Eric Bowles

WHEREAS, the Board of Trustees is in receipt of an application for retirement from **Eric Bowles (Applicant)**, dated May 22, 2009, and

WHEREAS, it appears, based on preliminary information provided, that said Applicant meets the eligibility requirements of the Retirement System and any applicable collective bargaining agreement, therefore be it

RESOLVED, that said application for service retirement of **Eric Bowles** is preliminarily approved subject to the adoption by the Board of a resolution approving the calculations of the actuary, and further

RESOLVED, that upon receipt of all required certificates/forms completed by said Applicant and following said Applicant's last date on the active payroll, a retirement calculation will be completed based upon the certified numbers from the City of Ann Arbor Finance Department, and further

RESOLVED, that the Board's actuarial program certified by the Board's actuary shall perform the retirement calculation and employer transfer to the retiree reserve fund to the Board of Trustees as soon as possible, and further

RESOLVED, that upon receipt of the retirement calculations completed by the Board's actuarial software, the Board of Trustees will consider adoption of a resolution approving payments of the applicable benefit amounts.

Final Retirement Resolutions - None

Resolutions:

C-3 Authorization For Payment of Invoices (\$ 17,558.66)

WHEREAS, The Board of Trustees is vested with the general administration, management and operation of the Retirement System; and

WHEREAS, Section 13(4) of Public Act 314 of 1965, as amended, provides that an investment fiduciary may use a portion of the income of the system to defray the costs of investing, managing, and protecting the assets of the system, may retain services necessary for the conduct of the affairs of the system, and may pay reasonable compensation for those services; 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, the Board of Trustees has previously approved a resolution at its regular meeting of June 19, 1997 to have accounts payable services provided through its custodian bank, The Northern Trust Company; and

WHEREAS, the Board is of the opinion that prompt payment to service providers for services rendered is appropriate and in the best interest of the plan; therefore be it

RESOLVED, that the Board of Trustees' custodial bank, The Northern Trust Company, is authorized and directed to provide payment to the following vendors and providers of service in the amount as indicated upon receipt by the Board of appropriate invoices or as required by lease agreements, subject to (a) review and approval of said invoices and lease agreements by appropriate Board representatives and (b) payment authorization signed by Nancy Sylvester/Chairperson, Vice-Chairperson, or Jeffrey Kahan/Secretary, and Willie J. Powell/Executive Director.

	PAYEE	AMOUNT	DESCRIPTION
1	Gray & Company	7,407.42	Investment Consultant Retainer – June 2009
2	Coverall North America, Inc.	140.00	Office Cleaning Services for July 2009
3	City of Ann Arbor Treasurer	13.15	Municipal Code Supplements/Updates
4	Gabriel, Roeder, Smith & Co.	7,675.00	Actuarial & consulting services 4/1/09-6/30/09
5	AT&T	50.38	Monthly Long-Distance Telephone Service
6	Staples Business Advantage	93.65	Miscellaneous office supplies
7	Consulting Physicians, P.C.	625.00	6/24/09 Medical Evaluation – Vasconcellos/Dr. O
8	Consulting Physicians, P.C.	825.00	6/24/09 Medical Evaluation – Vasconcellos/Dr. K
9	Transition Imaging	305.25	Digital Imaging Services – Invoice #1181
10	Transition Imaging	150.00	Digital Imaging Services – Invoice #1182
11	University Office Equipment	112.47	Quarterly Copier Maintenance Fee
12	Comcast	75.85	Monthly cable fee
13	Kolossos Printing Inc.	74.15	One-time bonus letters to retirees
14	City of Ann Arbor	11.34	Electronic Municipal Code Supplements
	TOTAL	17,558.66	

C-4 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
John Seto	Police	1 Year, 2 Months	University of Michigan
Trudy Sahr	Police	5 Years, 1 Month	Bay County, Michigan

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-5 Authorization for Conference/Training – 2009 Fall MAPERS Conference, September 13-15, 2009 – Crawford, Powell, Hescheles, Sylvester, Flack, Nerdrum, Kluczynski

WHEREAS, the Board of Trustees (Board) of the City of Ann Arbor Employees' Retirement System (Retirement System) is vested with the authority and fiduciary responsibility for the administration, management and operation of the 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, the Board of Trustees acknowledges that the Retirement System has evolved in complexity such that the circumstances 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 requires continuing education, training, and oversight of its advisors, and

WHEREAS, it is necessary, appropriate and incumbent upon Board trustees and/or Retirement System staff, from time to time, to participate in continuing education, training, and/or conduct due diligence trips in relation to their oversight of Retirement System advisors to ensure that Retirement System participants receive the best possible service, benefit and representation from these responsible persons, and

WHEREAS, Tom Crawford, Willie Powell, David Hescheles, Nancy Sylvester, Jeremy Flack, Alexa Nerdrum, and Lora Kluczynski have requested the Board of Trustees' authorization for conference/training in Mackinac Island, Michigan, at Retirement System expense, estimated at \$10,934.70 (combined), to attend the 2009 Fall MAPERS Conference, to participate in continuing education in their responsibility as Retirement System Trustees and Staff and in keeping with Board policy, therefore it be

RESOLVED, the Board of Trustees authorizes the conference/training request of Tom Crawford, Willie Powell, David Hescheles, Nancy Sylvester, Jeremy Flack, Alexa Nerdrum, and Lora Kluczynski to travel to Mackinac Island, Michigan, at Retirement System expense, estimated at \$10,934.70 (combined), to attend the 2009 Fall MAPERS Conference, to participate in continuing education in their responsibility as Retirement System Trustees and Staff, and

FURTHER RESOLVED, that Tom Crawford, Willie Powell, David Hescheles, Nancy Sylvester, Jeremy Flack, Alexa Nerdrum, and Lora Kluczynski comply with all travel and reporting requirements as contained in the Board of Trustees previously adopted Travel and Training Policy and Procedures.

Consent agenda approved

D. EXECUTIVE SESSION – Non-Duty Disability Review

Ms. Sylvester stated that the purpose of the executive session was to discuss a non-duty disability retirement request for Jamina Vasconcellos.

Roll call vote:

Crawford - Yes	Hescheles - Absent	Nerdrum - Yes
Flack – Yes	Kahan - Yes	Sylvester - Yes
Fraser – Yes	Kaur - Absent	

Executive session time: 8:36 – 8:53 a.m.

E. ACTION ITEMS

E-1 Motion: on-Duty Disability Review

It was **moved** by Fraser and **seconded** by Kahan to acknowledge receipt of the medical reports from Drs. Kron and Olejniczak dated June 24, 2009 and that both medical reports meet the criteria consistent with the Board's Disability Policy, that Ms. Vasconcellos be granted a non-duty disability retirement, and that she be subject to disability re-examinations consistent with the Board's Disability Re-Examination Policy.

Approved

E-2 Board of Trustees Vice-Chairperson Nomination

Nominations were opened for the position of Vice-Chairperson for the Board of Trustees.

It was moved by Fraser to nominate Alexa Nerdrum as Vice-Chairperson of the Board of Trustees. Ms. Nerdrum accepted.

It was **moved** by Fraser and **seconded** by Kahan to close nominations and cast a unanimous ballot for Ms. Nerdrum as the Vice-Chairperson of the Retirement Board of Trustees.

Approved

E-3 Purchase of Additional Year Procedure for Police Early-Out Program

Mr. Crawford stated that the Administrative Policy Committee has discussed and recommends the following procedures for the purchase of the additional year in the recent Police Early-Out Program, because staff desired clarification regarding Board policy on when pension benefits should start in this process:

1. Final FAC's submitted to GRS by the Pension Office.

2. GRS returns the cost of purchasing additional year to the Pension Office.
3. Pension staff will call the retirees to come in to the office to pick up the data from GRS. They will be requested to bring their ICMA form for staff to sign and/or their check for payment in full.
4. If retirees can't be reached by phone, or are unable to come to the office, the data from GRS will be mailed to them. The ICMA form or payment check can be mailed or hand-delivered to the Pension Office.
5. If their purchase is through ICMA, the Pension Office will send the completed form to the Human Resources Office for further processing.
6. **The Pension Office will wait until full payment is received before issuing any benefit checks to retirees.**

It was **moved** by Crawford and **seconded** by Flack to approve the Purchase of Additional Year Procedure for the Police Early-Out Program.

Approved

F. DISCUSSION ITEMS

F-1 Review of Legal Counsel Request for Proposal (RFP)

Mr. Crawford stated that the Administrative Policy Committee has prepared the Legal Counsel RFP which shows an issue date of July 20, 2009 with a deadline of September 21, 2009, and it is anticipated that interviews will be conducted by the APC on December 1, 2009.

F-2 Police Early-Out Program M.O.U. Update

Mr. VanOverbeke stated that at the June Board meeting, there was an issue as to how the impact of the early retirement reduction factor would be affected if someone bought a year of service credit under the Early-Out Program, and it was his opinion that if an employee buys that year of service, it will change the early reduction factor, noting that because the individual is responsible for the full actuarial cost, that it would increase the cost of that year of purchase. Subsequent to the June meeting, Mr. Crawford had some discussion with the individuals who then talked to their union and it was decided to amend, through a memorandum of understanding, that practice whereby the individual could select in purchasing their year whether they wanted to pay a higher cost and have it also change the early reduction factor that would be applicable, or pay a lower cost and their early retirement factor not be modified.

Mr. Powell stated that on July 13, 2009, a meeting was held with the Human Resources Department, himself, union, City representatives, and two of the four people that were impacted by this issue. One of the individuals had requested that the City provide a letter of apology because the final numbers to purchase an additional year had differed so drastically from what the City had estimated. GRS was instructed by the City to calculate the numbers differently than usual. The HR Director had decided that they would comply with the request, and also believed that the Pension Office should also sign the letter of apology. Mr. Powell stated that he has informed the HR Director that he does not believe the letter should be signed by this office because there was no wrongdoing on our part and if legal actions were ever taken, it may imply that the System is admitting to doing something wrong and may be held liable. Mr. Fraser stated that one of the things that the Board is about is trying to provide a service to our employees, and to the extent that somehow this person got information that led her to be confused as a consequence of our behavior, it would not be difficult to relay to an employee that this was a difficult procedure and to the extent that something we said or did made them uncomfortable, we are very sorry. Mr. Fraser added that there are ways

to write a letter without accepting responsibility for anything, but to the extent that this office did something to cause discomfort we could apologize for that.

Ms. Sylvester agreed that a letter should be sent to the employee indicating that the Board is sorry for the difficult experience, which would not imply any wrongdoing. Mr. VanOverbeke added that what happened in this instance is not atypical, and this type of unique situation does arise in the normal course everywhere when a certain situation was not originally considered during the creation of a program such as this. In this instance, the employees have now received an additional option than originally proposed. It was decided that Mr. Powell would contact the HR Director to assist in composing a letter to the employee.

G. REPORTS

G-1 Executive Report – July 16, 2009

ALTERNATIVE INVESTMENTS

The chart below summarizes the changes in asset allocations as a result from the Board approved alternative assets as well as adding international equities in the VEBA.

	VEBA	Retirement System	Retirement System	VEBA	Retirement System
	Fisher Inv	Blackrock	MacKay Shields	MacKay Shields	PENN Capital
Transfer to Blackrock from Bradford & Marzec		3,000,000			
Transfer to Blackrock from Schwartz		2,000,000			
Transfer to Blackrock from Rhumblin		2,000,000			
Transfer to Pen Capital from S & P 400					2,000,000
Transfer to MacKay Shields from Cash			1,000,000.00		
Transfer to MacKay Shields from Russell 1000			1,000,000.00		
Transfer to Mackay Shields VEBA from VEBA Cash				1,500,000	
Transfer to Fisher Inv from Barclays Aggregate	4,000,000				
TOTALS	4,000,000	7,000,000	2,000,000	1,500,000	2,000,000

VOLUNTARY CORRECTION PROGRAM (VCP)

Last month the City repaid the Retirement System \$5,444,640.00 in accordance with its VCP agreement with the Internal Revenue Service. The total amount of the liability is \$17 million. The City has up to 5 years to repay the total.

POLICE EARLY OUT PROGRAM

On June 30th the City paid \$2,485,346 into the Retirement System for the Police Early Out Program. During the same time the City paid into the VEBA \$1,165,334 for the Early Out Program.

RETIREE SIGNATURE VERIFICATION

Staff has now received all retirees/beneficiaries signature forms.

G-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended June 30, 2009

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended June 30, 2009, to the Board of Trustees:

6/30/2009 Asset Value (Preliminary)	\$323,280,569
5/31/2009 Asset Value (Audited by Northern)	\$312,487,669
Calendar YTD Increase/Decrease in Assets (<i>excludes non-investment receipts and disbursements</i>)	\$9,582,709
Percent Gain <Loss>	3.0%
July 15, 2009 Asset Value	\$323,011,239

G-3 Investment Policy Committee Report – July 7, 2009

Following are the Investment Policy Committee minutes from the meeting convened at 3:06 p.m. on July 7, 2009:

Member(s) Present: *Flack, Hescheles, Kahan, Sylvester*
Member(s) Absent: *None*
Other Trustees Present: *None*
Staff Present: *Powell, Kluczynski*
Others Present: *Chris Kuhn, Gray & Company*
David Diephius, City Resident
David Bergman, GTS Advisors

**DAVID BERGMAN, GTS ADVISORS –
EDUCATIONAL SESSION ON TRADING COSTS**

David Bergman from GTS Advisors gave a presentation on trading costs. GTS Advisors are brokerage consultants, are the only independent brokerage consultants in the country, and represent ten of the fifteen largest cities in the country. Mr. Bergman said that their sole mission is to bring transparency to and reduce brokerage expenses which average \$.72 of every dollar spent by the pension funds on portfolio management in the country.

After giving his presentation, Mr. Bergman asked if he could provide a sample agreement and references to Mr. Powell, and the Committee agreed. The Committee decided to discuss this option further with Gray & Company before moving forward. Mr. Kuhn stated that Gray & Company will be doing further due diligence on this company in the near future.

MANAGED FUTURES EDUCATION

Mr. Kuhn asked that this item be moved to the next IPC meeting in August. The Committee agreed to postpone this item until the August 24, 2009 meeting.

CONFIRM CONFLATED BASIS POINTS

Mr. Kuhn stated that he had been asked to provide this information in order to take a look at the performance that they provide in the quarterly reports for the total fund, and find out what an accurate net number would be if it were calculated. Mr. Kuhn stated that they looked over the last two years and his report shows that in FY 2006/2007 it was about 34 basis points for the Retirement System and about 30 basis points for the VEBA. For FY 2007/2008 it was about 27 basis points for the Retirement System and 28 basis points for the VEBA.

INVESTMENT POLICY STATEMENT REVISIONS

Mr. Kuhn distributed copies of a revised drafted Investment Policy Statement for the Committee's review and comments. It was decided that there will be a discussion of the draft at the next manager forum on September 4, 2009.

AUGUST IPC MEETING

After discussing their schedules, the Committee decided to change its next meeting date and time to Monday, August 24, 2009 at 1:30 p.m. The Committee will hold the managed futures presentations, and Gray & Company will present the June 30, 2009 quarterly reports.

JUNE 30, 2009 MARKET VALUE TABLE

Mr. Kuhn stated that BlackRock, MacKay Shields, and Penn Capital have been funded, and during the 4th quarter, the MacKay and Penn's funding will likely be increased.

ADJOURNMENT

It was **moved** by Flack and **seconded** by Sylvester to adjourn the meeting at 4:15 p.m.
Meeting adjourned at 4:15 p.m.

G-4 Administrative Policy Committee Report – July 7, 2009

Following are the Administrative Policy Committee minutes from the meeting convened at 1:05 p.m. on July 7, 2009:

Committee Members Present:	Crawford, Sylvester
Members Absent:	Kaur
Other Trustees Present:	None
Staff Present:	Kluczynski, Powell, Refalo
Others Present:	David Diephius, City Resident

CORRESPONDENCE FROM GRS: **“CHANGING OR REMOVING BENEFICIARIES AFTER RETIREMENT”**

Mr. Powell stated that the Committee had previously asked him to contact Gabriel, Roeder, Smith & Company to ask their opinion on changing or removing beneficiaries after retirement, and how it would impact the funding of the System. The correspondence from GRS indicates a survey that the National Association of Public Pension Attorneys had conducted to determine whether and to what extent other public employee retirement systems allowed individuals to change their payment options or beneficiary elections after retirement. Of the 34 systems that responded, 22 allow post-retirement changes, at least under certain conditions, while 12 permit no change at all. The systems that permit change generally do so only after the occurrence of a specific event (death of named beneficiary, marriage, divorce), but there is a wide variation among these plans, as shown in the correspondence.

Mr. Powell stated that in summary, changing or removing a beneficiary after retirement is feasible, but you would want to structure it so that the System is not losing any money. It was decided to receive and file this correspondence for possible future discussions, and that it will be placed under the Tabled/Pending section of the agenda notice.

NEW EDRO POLICY AND PROCEDURES

Mr. Powell presented revised procedures that will be utilized in the future when an EDRO is received by the Retirement Office. The procedures essentially indicate that whenever an EDRO is received, an extensive search will be conducted to verify if both parties are active City employees, retirees, or deferred retirees, and a cross-reference of the electronic EDRO resolution file will be conducted. After approval by the Board of Trustees, the paperwork will be placed in both of the individual's files, if applicable.

It was **moved** by Sylvester and **seconded** by Crawford to receive and file the amendments to the EDRO Procedures.

Approved

PUBLIC ACCESS/REVIEW OF BOARD & COMMITTEE PACKET ITEMS

Mr. Powell presented a summary chart showing the results of a survey conducted by staff of 44 other Michigan municipalities, asking them how they post their meeting agendas and packets, and if they provide any supporting documents in their packets to the general public prior to their meetings. The survey shows a variety of procedures, and of the 44, only one county posted their entire packet for viewing by the general public. Mr. Powell stated that his recommendation would be to allow non-sensitive supporting documents to be made available upon request, and that he would determine the sensitivity as needed. Mr. Diephuis stated that it is frustrating if someone wants to get involved or make a comment on one of the issues, they do not have any of the information until after the fact, and sometimes the minutes do not contain complete details of a report or other information presented.

The Committee discussed the current items and format of the Retirement Board agenda that may need to be restructured, or omitted because they contain personal information about retirements or EDRO's. Mr. Crawford specified the process of placing retirements on as both preliminary and later as finals, and Mr. Powell explained the process, noting that Mr. VanOverbeke had created this procedure in the late 1990's. After further discussion, the Committee decided to direct Mr. Powell to ask Mr. VanOverbeke his opinion on the need for preliminary and final approval of retirements on the Board agenda, as well as whether entire packets should be posted on the internet for the public.

M.D.'s & D.O's USED BY CONSULTING PHYSICIANS

Mr. Powell stated that the Committee had previously directed him to find out the difference between the M.D.'s (medical doctors) and D.O.'s (doctors of osteopathy) that the Board sends City employees to when they have requested duty or non-duty disability retirement approval. The Board usually sends the employees to Consulting Physicians in Southfield, so Mr. Powell sought the information from their office, and received the following reply from Clarence O. Dixon, Practice Manager with Consulting Physicians:

Dear Mr. Powell,

It is my understanding that your trustees are asking you to differentiate between M.D.'s and D.O.'s with regard to disability retirement evaluations.

Historically, there was more of a difference between doctors of osteopathy and medical doctors with regard to their philosophy of treating patients and even their training. As time has evolved I've been able to find less difference between the two training specialties and their course of study at the medical schools.

As we discussed, D.O.'s focused on manipulation versus medicine and M.D.'s focused on medicine versus manipulation. Over the years the philosophies in my experience

between M.D.'s and D.O.'s cannot really be differentiated in a significant matter. For evaluation purposes the same protocols in evaluation and opinion formulation apply to both M.D.'s and D.O.'s.

At Consulting Physician, as you well know, have both M.D.'s and D.O.'s on staff with our group. These physicians see the same types of patients and from my best observations, render the same types of care.

I trust this answers the questions posed, otherwise please do not hesitate to contact. Thank you for your interest in our group.

--Clarence O. Dixon, Practice Manager

PROCEDURES FOR EARLY OUT PROGRAM – PURCHASE OF ADDITIONAL YEAR

Mr. Powell presented the proposed procedures for staff to follow when processing the retirements for the members of the Police Early Out Program who have chosen to purchase an additional year of service. Mr. Powell stated that it is important to have the Board support the procedures because the Pension Office is proposing not to provide a benefit payment until full payment for the extra year is received from the employee, so this may cause some frustration. Most of the participants have chosen to pay for the extra year through ICMA, so there will have to be additional paperwork processed between this office and the Human Resources Department, and some have chosen to pay through both ICMA and their personal funds. The Committee discussed the proposed procedures, and decided to recommend the following process to the Board of Trustees for approval at the July 16th regular Board meeting:

- 1) Final FAC's submitted to GRS by the Pension Office.
- 2) GRS returns the cost of purchasing additional year to the Pension Office.
- 3) Pension staff will call the retirees to come in to the office to pick up the data from GRS. They will be requested to bring their ICMA form for staff to sign and/or their check for payment in full.
- 4) If retirees can't be reached by phone, or are unable to come to the office, the data from GRS will be mailed to them. The ICMA form or payment check can be mailed or hand-delivered to the Pension Office.
- 5) If their purchase is through ICMA, the Pension Office will send the completed form to the Human Resources Office for further processing.
- 6) **The Pension Office will wait until full payment is received before issuing any benefit checks to retirees.**

ADJOURNMENT

It was **moved** by Crawford and **seconded** by Sylvester to adjourn the meeting at 2:40 p.m.
Meeting adjourned at 2:40 p.m.

G-5 Audit Committee Report – No Report

G-6 Legal Report – Attorney-Client Privilege (Closed Session)

Mr. VanOverbeke stated that he would like to make a request and recommendation to go into a closed session for the purpose of discussing two securities litigation matters and one EDRO status.

Roll call vote:

Crawford - Yes	Hescheles - Absent	Nerdrum - Yes
Flack – Yes	Kahan - Yes	Sylvester - Yes
Fraser – Yes	Kaur - Absent	

Executive session time: 9:40 – 10:11 a.m.

It was **moved** by Crawford and **seconded** by Kahan to authorize the law firm of Coughlin, Stoia, Geller, Rudman & Robbins, LLP to file a complaint in the Accuray Incorporated Securities Litigation matter consistent with the discussions of the Board in closed session.

Approved

H. INFORMATION

H-1 Communications Memorandum

The Communications Memorandum was received and filed.

H-2 August Planning Calendar

The August Planning Calendar was received and filed.

H-3 Vendor Contacts

The Vendor Contacts information was received and filed.

H-4 Status of Pending Projects Report

The Status of Pending Projects Report was received and filed.

I. TRUSTEE COMMENTS - None

J. ADJOURNMENT

It was **moved** by Fraser and **seconded** by Nerdrum to adjourn the meeting at 10:12 a.m.
Meeting adjourned at 10:12 a.m.

**Willie J. Powell, Executive Director
City of Ann Arbor Employees' Retirement System**