

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
October 16, 2008**

The meeting was called to order by Nancy Sylvester, Chairperson, at 8:34 a.m.

ROLL CALL

Members Present: Boonstra, Crawford, Fraser, Heatley, Hescheles, Kahan, Kaur,
Nerdrum, Sylvester
Members Absent: None
Staff Present: Kluczynski, Powell
Others: Michael VanOverbeke, Legal Counsel
Stewart Nelson, City Resident

AUDIENCE COMMENTS

Mr. Nelson stated that he is present to observe the Board meeting in order to understand the workings of the retirement plan.

A. APPROVAL OF REVISED AGENDA

Mr. Powell stated that the following items have been revised since the distribution of the agenda packet:

- C-2 Authorization for Payment of Invoices – additional invoices received

It was **moved** by Heatley and **seconded** by Boonstra to approve the revised agenda.
Approved

B. APPROVAL OF MINUTES

B-1 September 18, 2008 Regular Board Meeting Minutes

Mr. VanOverbeke noted that a change should be made to the legal report section of the minutes.

It was **moved** by Kahan and **seconded** by Fraser to approve the September 18, 2008 regular Board meeting minutes as revised.

Approved

C. CONSENT AGENDA

It was **moved** by Kahan and **seconded** by Crawford to approve the following consent agenda as submitted:

Preliminary Retirement Resolutions:

C-1 Preliminary Approval of Service Retirement for Karin Peterson

WHEREAS, the Board of Trustees is in receipt of an application for retirement from **Karin Peterson (Applicant)**, dated October 2, 2008, 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 **Karin Peterson** 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-2 Authorization for Payment of Invoices (\$27,118.14)

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, Chris Heatley/Vice-Chairperson, or Jeffrey Kahan/Secretary, and Willie J. Powell/Executive Director.

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	Republic Parking System	187.50	Monthly Parking Fee (October-1/2 month, closed acct)
2	SBC / AT&T	199.59	Monthly Telephone Service – 8/14/08– 9/13/08
3	Gabriel, Roeder, Smith & Co.	7,450.00	Actuarial/consulting services – July-Sept 30, 2008
4	IFEBP	845.00	2009 Annual Membership Dues
5	University Office Equipment	85.77	Quarterly Copier Maintenance Contract
6	First Impression Printing	247.60	Printing: Business Cards w/new address & phone
7	Jeff Paul Printing Service, LLC	791.30	Printing: Magnets, Envelopes, Letterhead
8	Kolossos Printing, Inc.	87.26	Printing: Postcards for retirees regarding office move
9	Earl of Sandwich	263.05	Catering for Manager Forum on Fri, October 3, 2008
10	Lora Kluczynski	173.24	Petty Cash Reimbursement
11	Handle With Care Moving & Delivery	1,772.00	Office move from E. Liberty to S. Maple Rd.
12	Levi, Ray & Shoup, Inc.	5,000.00	WWW Hosting
13	Republic Parking System	129.30	Monthly parking validation fees
14	Van Goor Architects, Inc.	525.00	Construction documents & review
15	Gray & Company	9,361.53	Investment Consultant Retainer – August 2008
	TOTAL	27,118.14	

C-3 Authorization for Conference/Training – 17th Annual Public Fund Boards Forum, December 11-16, 2008 – Heatley

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, Chris Heatley has requested the Board of Trustees' authorization for his travel to San Francisco, California, at Retirement System expense, estimated at \$ 2,625.00, to attend IIR's 17th Annual Public Fund Boards Forum, to participate in continuing education in his responsibility as a Board Trustee and in keeping with Board policy, therefore it be

RESOLVED, the Board of Trustees authorizes the travel request of Chris Heatley to travel to San Francisco, California, at Retirement System expense, estimated at \$ 2,625.00, to attend IIR's 17th Annual Public Fund Boards Forum, to participate in continuing education in his responsibility as a Board Trustee, and

FURTHER RESOLVED, that Chris Heatley 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 as submitted

EXECUTIVE SESSION: Attorney-Client Privilege

Roll call vote:

Boonstra - Yes	Heatley - Yes	Kaur – Yes
Crawford – Yes	Hescheles - Yes	Nerdrum - Yes
Fraser – Yes	Kahan - Yes	Sylvester - Yes

Executive session time: 8:38 – 10:20 a.m.

It was **moved** by Fraser and **seconded** by Nerdrum to amend the agenda to include item D-3, a motion to engage an outside legal opinion regarding the VEBA issue.

Approved

D. ACTION ITEMS

D-1 Correspondence from Gray & Company Regarding HRJ Capital

Mr. Heatley stated that the Investment Committee had selected HRJ Capital and Blackrock as the two hedge fund-of-fund managers, and Gray & Company has since indicated to the Committee that there has been a personnel change at HRJ Capital, and they are now withdrawing their support because Jennifer Coffey, a key person who selected the funds within the fund, has left the firm as of October 1, 2008. Gray & Company recommends retaining a different manager or consolidating the role with Blackrock. Gray & Company will bring a listing of other firms to review at the next IPC meeting on November 4th.

It was **moved** by Heatley and **seconded** by Boonstra to discontinue interest in HRJ Capital as a hedge fund-of-fund manager.

Approved

D-2 Resolution to Change Amortization for Retirement Contributions

Mr. Crawford stated that there is a GASB accounting rule that requires that the full actuarial contribution be put into the pension and the VEBA accounts. To date the City does not have any assets or liabilities on its books. As the City adjusts some transfer

issues, there is a likely potential of creating a liability on the VEBA side and an asset on the Pension side, so the actuary has presented a motion so that as the City pursues to resolve this issue, there will be a closed 15-year amortization for this issue only. The actuarial calculation would stay the same for all of the other pension aspects. The Board reviewed the recommended motion and after a minor language change, approved the following motion:

It was **moved** by Crawford and **seconded** by Heatley that the Board of Trustees approve a separate amortization policy for excess employer contributions into the Retirement System related to the IRS issue for a term not to exceed five fiscal years beginning July 1, 2008. Excess employer contributions shall be defined as amounts received during a fiscal year that are greater than the Annual Required Contribution as defined by Governmental Accounting Standards Board Statement No. 25. The amortization policy for any excess employer contributions shall be level percent-of-payroll over a closed 15 year period beginning with the June 30, 2009 valuation, first affecting required employer contributions for the fiscal year ending June 30, 2011, and ending with the June 30, 2023 valuation, last affecting required employer contributions for the fiscal year ending June 30, 2025.

Approved

D-3 Motion to Engage Outside Legal Opinion Regarding VEBA Issue

It was **moved** by Kaur and **seconded** by Fraser to engage an outside legal opinion regarding the VEBA funding issue.

Approved

E. DISCUSSION ITEMS

E-1 5-Year Experience Study

Ms. Nerdrum stated that the Audit Committee met with David Kausch with Gabriel, Roeder, Smith & Company at their October 8th meeting to go over the 5-Year Experience Study. Ms. Nerdrum conducted a review highlighting the results of the 5-year demographic information of the System. (*Other details of the Study can be found under item F-5, Audit Committee Report.*)

E-2 Revised Deferred Retirement Form & Employee Handbook Information

Mr. VanOverbeke advised the Board that he has not had a chance to make the revisions as discussed at the September Board meeting, and asked that this item be postponed until the November Board meeting. The Board agreed.

E-3 Upcoming Working Session with City Council – November 10, 2008

Ms. Sylvester reminded the Board of the upcoming Working Session and invited any Trustees who wish to participate to attend on November 10th.

E-4 Office Move Update

Ms. Sylvester stated that the Retirement Office is now fully relocated and expressed her appreciation to the office staff and Todd Barber who was the construction consultant throughout the process. Ms. Sylvester asked if the Board would consider approving a

recognition lunch for the staff, Mr. Barber, and everyone who helped in the move to relocate the office. The Board agreed.

It was **moved** by Sylvester and **seconded** by Boonstra to approve a recognition luncheon for the staff, Mr. Barber, and others who were involved in relocating the office.

Approved

E-5 Normal Age Retirement Discussion

Mr. VanOverbeke discussed the recent confusion and inquiries regarding the Internal Revenue Service's apparent changes to the definition of "normal retirement age" and how these changes might affect the Retirement System and its members. To summarize, from a participant standpoint, the regulations do not prohibit a member who is otherwise eligible for normal retirement prior to the "normal retirement ages" provided in the regulations from retiring and commencing receipt of his or her retirement benefit (i.e. age 50 for public safety and age 55 for general employees). In other words, there is no limitation within the new regulations which limit or otherwise impair your ability to retire at your earliest retirement date under the Retirement System. Mr. VanOverbeke anticipates additional guidance from the IRS soon, and will advise the Board accordingly once the IRS has done so.

Mr. Fraser departed at 11:20 a.m.

Mr. Heatley departed at 11:29 a.m.

F. REPORTS

F-1 Executive Report

CAPITAL CALL FROM INTERCONTINENTAL

Intercontinental made a capital call for the \$7 million that the Board approved for their US REIF fund. The \$7 million was wired to Intercontinental on October 8, 2008.

Intercontinental stated that the capital call was for the following new acquisitions:

Lake Forest Village – Lake Forest, CA
Property Type – Retail
Size – 119,549 sf
Purchase Price - ~\$38,600,000
Prominent Tenants – Albertson's, CVS, AutoZone & Starbucks

Central Plaza – Cambridge, MA
Property Type – Office
Size – 166,458 sf
Purchase Price - ~\$31,000,000

RFP FOR FIDUCIARY AUDIT

A RFP for a fiduciary audit was issued on October 2, 2008 with the following Board-approved scope of services:

1. **Benefits Administration.** Review of payment of benefits or claims either to CAAERS or CAARHCBP. Evaluation of timely and accurate communications with members. Evaluation of Form of Member Communications such as use of website, internet/intranet, newsletters, quarterly statements, and retirement handbook. Evaluation of member education and counseling services. Review of confidentiality of members' information.
2. **Internal Controls & Procedures/Governance.** Review of internal controls. Evaluation of CAAERS and CAARHCBP Governance Policies for thoroughness and appropriateness. A copy of the current Governance Policy is attached to this RFP as Exhibit C.
3. **Personnel Practices.** Includes size of staff, staff skill set, adequacy of job descriptions, ability to attract and retain (turnover rate, adequacy of compensation, and use of incentive compensation), adequacy of training and personnel evaluation process.
4. **Cost and Fees.** Reasonableness and consistency of asset management fees, fees of custodian, consultants, and other pension fund service

RFPs were sent to:

Ennis Knupp + Associates
10 South Riverside Plaza, 16th floor
Chicago, IL 60606

Rehmann Financial
5750 New King Street, Suite 100
Troy, MI. 48098

Independent Fiduciary Services
805 15th Street, NW Suite 1120
Washington, DC 2000

The RFP was also posted on the Retirement System's website as well as MAPERS' website. The RFPs are due on November 14, 2008.

Mr. Powell asked the Board for permission to hire a cleaning company, stating that he would get bids on three different companies, and would be sure to have legal counsel look over any contracts that are submitted.

It was **moved** by Kahan and **seconded** by Boonstra to authorize Mr. Powell to hire a cleaning company to clean the office once per week, subject to legal counsel's review of a contract.

Approved

F-2 Preliminary Investment Reports for the Month Ended September 30, 2008

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended September 30, 2008, to the Board of Trustees:

9/30/2008 Asset Value (Preliminary)	\$382,109,853
8/31/2008 Asset Value (Audited by Northern)	\$408,610,117
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	(\$50,351,409)
Percent Gain <Loss>	-11.3%
October 15, 2008 Asset Value	\$ 328,464,584

F-3 Investment Policy Committee Report – October 3, 2008

Following are the Investment Policy Committee notes from the meeting convened at 12:00 p.m. on October 3, 2008:

Member(s) Present: Heatley, Sylvester
Member(s) Absent: Hescheles, Kahan
Other Trustees Present: Boonstra, Crawford
Staff Present: Kluczynski, Powell
Others Present: Larry Gray, Gray & Company
Chris Kuhn, Gray & Company
David Smith, The Northern Trust Company
Jeremy Flack, Fire Department

SECURITIES LENDING

Mr. Powell asked if the System can be in an index fund without being in a securities lending fund. Mr. Smith stated that the Plan directs investment through Northern Trust and an aggregate bond portfolio. Mr. Smith suggested switching to government-only accounts, and that effective immediately, the Committee change the cash sweep vehicle for all accounts from collective STIF to collective government STIF accounts. Mr. Smith stated that the process to do this will include sending a letter to Nancy Giraldi directing her to make those changes. Mr. Smith stated he will provide a breakdown for Mr. Powell to fan out to the Committee.

HEDGE FUND DISCUSSION

Mr. Gray discussed recent staff turnover at HRJ Capital, suggesting that this company be discontinued in the hedge fund process, and suggested that the Committee look at Nantucket, Blackrock or other companies for the hedge fund accounts. After discussion, the Committee decided to direct Mr. Gray to bring back a list of other managers for review at the November 4th IPC meeting.

INDEPENDENCE INVESTMENTS

The Committee discussed the performance at Independence Investments and whether to use these funds for the hedge fund accounts. Mr. Gray stated that he has met with Independence and there has been no changes with there usual processes.

Mr. Gray suggested perhaps waiting this out and that Independence has had these slow periods before. Mr. Gray stated that it is not only Independence experiencing these changes, but an asset class as a whole. Mr. Gray believes that they will be fine, but doesn't know how long this may take. Mr. Gray suggested deferring this discussion so that he may finish his write-up of his meeting with Independence for the November IPC

meeting. Mr. Gray was asked to send the Committee a comparison of the various asset classes.

REBALANCING

It was briefly discussed that Gray & Company needs to rebalance the portfolio to determine where the funding for the hedge fund manager should come from, and to provide \$8 million for cash flow needs for four months.

ADJOURNMENT

Meeting adjourned at 1:30 p.m.

F-4 Administrative Policy Committee Report – None

F-5 Audit Committee Report – October 8, 2008

Following are the Audit Committee minutes from the meeting convened at 4:36 p.m. on October 8, 2008:

<i>Committee Members Present:</i>	<i>Crawford, Kaur (4:45), Nerdrum, Sylvester</i>
<i>Members Absent:</i>	<i>None</i>
<i>Other Trustees Present:</i>	<i>None</i>
<i>Staff Present:</i>	<i>Powell, Refalo</i>
<i>Others Present:</i>	<i>David Kausch, Gabriel, Roeder, Smith & Company</i>

REVIEW OF 5-YEAR EXPERIENCE STUDY WITH GRS

Mr. Kausch distributed copies of the 5-year Experience Study for review. Mr. Kausch explained that the purpose for the review is to go over the actuarial assumptions that will be included in the Actuarial Valuation to be sure that we have a reasonable estimate of what the true costs are going to be over time, and as demographics change and the experience differs from assumptions, we tend to try to tweak those assumptions to get back to something that is more in line with our expectations. When reviewing the analysis of any particular demographic assumption, GRS looks at what actually happened compared to what we expected to happen and try to split the difference.

Mr. Kausch reviewed the changes that were made, stating that they settled on the spread of 3.25 and added the two alternatives that were discussed last time and narrowed it down to the 7% interest rate with 3.75 wage inflation. For the demographic assumptions, most of the assumptions were done by groups (general, police & fire). Mr. Kausch stated that for most of the cases of withdrawal rates for people that were terminating employment before retirement, they found there were more people terminating than expected. When looking at the data for all three groups, the merit components in general for the younger ages were lower than what GRS had assumed, so in each of those cases they brought the merit component down to match that experience. The normal retirement pattern for the general and fire groups had more retirements than expected, so those retirement rates were increased, which results in the costs increasing because people are retiring sooner. Reducing the pay rates is going to lower the cost, so the two work against each other.

There were slightly fewer retirements than assumed for the groups during the 5-year period. The Fire group had substantially more retirements than assumed during the 5-year period. GRS recommends increasing retirement rates at younger ages and decreasing retirement rates at older ages for General members. For Fire members, they recommend increasing the rates of retirement for all years of service.

Early retirements didn't have much exposure, although their early retirement rates were lowered. Mortality was pretty close to experience, but the report was updated with a more current table to reflect recent trends. Below is a summary of the Impact of Decrement Assumptions:

Pay Increase Rates. The merit and longevity portion of pay increases were lower than assumed at most ages for each division. Rates were adjusted slightly to bring them closer to actual experience. This change decreases the computed employer contribution rate. Details are reported in Section C of the report.

Normal (Unreduced) Retirement Experience. Overall, there were more retirements than expected. Rates were adjusted to bring them closer to actual experience. This change increases the computed employer contribution rate. Details are reported in Section D of the report.

Early (Reduced) Retirement Experience. Overall, there were fewer early retirements than expected. Rates were adjusted to bring them closer to actual experience based. This change decreases the computed employer contribution rate. Details are reported in Section D.

Rates of Withdrawal. Crude ultimate turnover rates were higher than assumed rates for Police and Fire members and female General members, but lower for male General members. The observed rates were adjusted to bring them closer to actual experience. Select withdrawal rates for individuals with less than 5 years of service were close to assumed. Minor changes are recommended for select withdrawal. These changes decrease the computed employer contribution rate. Details are reported in Section E of the report.

Disability Rates. Crude disability rates were close to assumed rates. We recommend leaving the rates unchanged. Details are reported in Section F of the report.

Death-in-Service Mortality Rates. Pre-retirement mortality rates were lower than assumed. The proposed pre-mortality rates are a multiple (75%) of the proposed post-retirement mortality rates. These changes decrease the employer contribution rate.

Retired Life Mortality. Retired life mortality was higher than assumed for males and lower than assumed for females. Proposed assumptions were adjusted to bring them closer to actual experience. These changes increase the employer contribution rate. Details are reported in Section G. Post-retirement disability mortality was changed to be the same table as healthy mortality set forward ten years.

The Committee discussed economic assumptions, which include long-term rates of investment return (net after administrative and investment expenses) and wage inflation

(the across-the-board portion of salary increases). Estimates of economic activities are generally selected on the basis of the expectations in an inflation-free environment and then both are increased by some provision for long-term inflation. Salaries increasing less than expected produce lower liabilities. Investment return less than the assumed rates (whether due to manager performance, change in the mix of assets, or general market conditions) results in less assets than expected. To the extent that inflation, productivity, and other factors have about the same effect on both sides of the balance sheet, these additional assets and liabilities can offset one another over the long-term.

Current economic assumptions for the System are as follows:

- Investment Return 7.00%
- Wage Inflation 3.50
- Spread 3.50

According to the 2006 Public Fund Survey published by the National Association of State Retirement Administrators (NASRA), the investment return assumption used by statewide retirement systems in the survey ranged from 7.0% to 8.5% with a median of 8.0%. The inflation assumption ranged from 2.5% to 5.0% with a median of 3.5% in the same survey.

Investment Return and Spread: The asset portfolio is a diversified mix of equity and fixed income investments. Real market returns (the spread between recognized net investment return and wage inflation) for balanced portfolios have averaged 4.5% over the last 50 years. GRS presented two alternate scenarios for economic assumptions for consideration: a nominal rate of net investment return of 6.75% with wage inflation of 3.50%, and a nominal rate of net investment return of 7.00% with wage inflation of 3.75%. At the September 2, 2008 Audit/Actuarial Committee meeting, the Committee opted for recommending the 7.00% investment return / 3.75% wage inflation scenario to the Board. At that same meeting, the Committee requested that this experience study report show the impact of changing the economic assumption to 7.00%/3.75% as well as the proposed demographic assumptions.

Mr. Kausch reviewed the withdrawal experience and mortality charts in the report. The Committee discussed the timing of the upcoming Actuary Reports, and it was decided that a recommendation would be made for a change in amortization for retirement contributions at the October Board meeting, and GRS will use that information in order to present the annual Actuarial Report at the November Retirement and VEBA Board meetings.

ADJOURNMENT

It was **moved** by Sylvester and **seconded** by Crawford to adjourn the meeting at 6:12 p.m.

Meeting adjourned at 6:12 p.m.

F-6 **Legal Report – No Report**

G. INFORMATION

G-1 **Communications Memorandum**

The Communications Memorandum was received and filed.

G-2 November Planning Calendar

The November Planning Calendar was received and filed. Mr. Boonstra advised the Board that he will be out of town on November 4th and will be unable to attend the APC meeting. Ms. Nerdrum stated that she is also out of town that day, and the Audit Committee meeting should be rescheduled. Staff will coordinate a new day and time for the AC meeting in November.

G-3 Vendor Contacts - None

G-4 Status of Pending Projects Report

The Status of Pending Projects Report was received and filed.

G-5 Fixed Income/Real Estate Manager Forum Notes

The Fixed Income/Real Estate Manager Forum Notes were received and filed.

H. TRUSTEE COMMENTS

Ms. Kaur asked what the status of the Pension Gold program is, and Mr. Powell stated that a letter was sent to Levi, Ray & Shoup asking them to sign an agreement which states that going forward, the program will operate properly, that prior problems have been resolved, and it is staff's understanding that LRS has given an indication that they agree, that if further programming problems are encountered in the future, these will not be counted against our maintenance fee hours and will instead be resolved by LRS without charge to the Retirement System. To the extent that we have a dispute as to whether it is programming or not, the parties agree to discuss the matter and we will make our determination in consultation with our I.T. department in order to work this out.

Mr. Powell stated that he has spoken with Mr. Tarr at LRS, who indicated that they are unable to sign the agreement because it would violate their contract. Mr. Powell stated that he has asked LRS to put their statement in writing including their suggested alternatives, and he will then bring it to the Administrative Policy Committee for discussion, hopefully in November. Mr. VanOverbeke stated he would review their response and if need be, he will attend the APC meeting to discuss the issue with the Committee.

I. ADJOURNMENT

It was **moved** by Kaur and **seconded** by Nerdrum to adjourn the meeting at 11:43 a.m.
Meeting adjourned at 11:43 a.m.

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