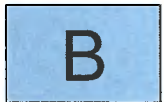


**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
July 18, 2019**



The meeting was called to order by Vice Board Chairperson, Alexa Nerdrum, at 8:47 a.m.

**ROLL CALL**

Members Present: Crawford, DiGiovanni, Hastie, Lynch, Nerdrum  
Members Absent: Flack, Monroe, Peariso, Schreier  
Staff Present: Gustafson, Hollabaugh, Hammond, Orcutt  
Others: Frank Judd, Legal Counsel  
E.L. Weathers, City of Ann Arbor Retiree (9:30 a.m. arrival)

**AUDIENCE COMMENTS**

**A. APPROVAL OF AGENDA**

It was **moved** by Hastie and **seconded** by Lynch to approve the agenda as submitted.  
**Approved**

**B. APPROVAL OF MINUTES**

**B June 20, 2019 Regular Board Meeting**

It was **moved** by DiGiovanni and **seconded** by Crawford to approve the June 20, 2019 Regular Board Meeting minutes.  
**Approved**

**C. CONSENT AGENDA**

**C-1 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
Wendy Orcutt	General	5 Years, 7 Months	City of Dearborn
Brett Lenart	General	8 Years, 7 Months 10 Years, 6 Month 19 Years, 1 Month	City of Ypsilanti Washtenaw County

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.

It was **moved** by Crawford and **seconded** by Hastie to approve the consent agenda as presented.

**Approved**

**D. EXECUTIVE SESSION – Executive Director Annual Evaluation**

It was **moved** by Crawford and **seconded** by Hastie to convene an Executive Session at the request of Ms. Orcutt for the purpose of discussing the Executive Director Annual Evaluation.

**Approved**

*Roll call vote:*

Crawford – Yes	Hastie – Yes	Nerdrum - Yes
DiGiovanni – Yes	Lynch – Yes	Peariso – Absent
Flack – Absent	Monroe – Absent	Schreier – Absent

*Executive session time: 8:45 a.m. – 9:30 a.m.*

**E. ACTIONS ITEMS**

**E-1 Motion Regarding Executive Director Annual Evaluation**

It was **moved** by Hastie and **seconded** by Lynch that the Board has received and accepts the Executive Director Annual Evaluations from each Trustee and to implement the agreed upon compensation changes effective July 1, 2019. This change will be communicated to Human Resources by Mr. Crawford.

**Approved**

**E-2 Revised Governance Policy**

Ms. Orcutt presented the Governance Policy as revised by the APC. Mr. Monroe had submitted a suggested revision to the Travel Policy for the Board to review. Legal Council will revise and submit to Staff to be included in the approved draft.

It was **moved** by Crawford and **seconded** by Lynch to accept the Governance Policy as revised.

**Approved**

**E-3 Letter to City Council Regarding 401 Forfeiture Balance Account**

The Board reviewed the drafted letter regarding the 401 forfeiture balance account. Mr. Crawford suggested that the letter should include language clarifying the reason for this change before submitting and the Board agreed. Legal Counsel will draft a revised letter and submit to the Executive Director.

It was **moved** by DiGiovanni and **seconded** by Crawford to accept the Letter to City Council regarding the 401 forfeiture balance account as amended.

**Approved**

**F. DISCUSSION ITEMS**

**F-1 Disability Re-Examination Update**

Ms. Orcutt informed the Board that Mr. Gold had missed his previously scheduled disability re-examination. Mr. Gold is responsible for the missed appointment fee of \$250.00 and has been notified and billed. His appointment has been rescheduled.

**F-2 2019 Fall MAPERS Conference – September 21-24 Radisson Hotel, Kalamazoo**

Ms. Orcutt informed the Board of the upcoming Fall MAPERS Conference. Ms. Orcutt requested that any Board Members interested in attending should notify the Retirement Office.

It was **moved** by Hastie and **seconded** by Crawford to approved any interested Staff or Board Member to attend the Fall MAPERS Conference.

**Approved**

**G. REPORTS**

**G-1 Executive Report – July 18, 2019**

**SUMMIT PARTNERS**

Summit Partners issued a distribution of recallable capital from the Credit Fund II on 6/18/19 in the amount of **\$229,345** to the Retirement System and **\$ 57,336** to the VEBA.

Summit Partners Credit Fund II, L.P. requested a capital call of 5.8% of our commitment to the Funds in the amount of **\$530,415** for the Retirement Plan and **\$132,604** for the VEBA on 7/1/19 which represents a recall of distributions. With these installments, **CAAERS** will have funded 133.4 % of our total commitments of \$9,200,000 for the Retirement Plan and \$2,300,000 for the VEBA.

Summit Partners Credit Fund III, L.P. requested a capital call of 1.3% of our commitment to the Funds in the amount of **\$121,788** for the Retirement Plan and **\$33,830** for the VEBA on 7/2/19 for funding current commitments. With these installments, **CAAERS** will have funded 31.0 % of our total commitments of \$9,000,000 for the Retirement Plan and \$2,500,000 for the VEBA.

## CARLYLE CAPITAL CALLS

Carlyle requested a capital call of our commitment to the Carlyle Realty Fund VIII in the amount of **\$ 378,578** for the Retirement Plan and **\$ 94,644** for the VEBA 7/12/19 for the purpose of investment funding as well as management fees and expenses.

## DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 6/28/19 in the amount of **\$ 89,006** for the Retirement System and **\$ 26,178** for the VEBA.

## CONSTITUTION CAPITAL PARTNERS

Ironsides Direct Investment Fund V, L.P. requested a capital call in the amount of **\$ 322,279** for the Retirement System and **\$ 107,426** on 7/2/19.

## ACTUARY UPDATE

The census data for Pension was uploaded to the GRS website on 7/10/19. HR will be working on the OPEB data request and ED is completing the Summary of Benefits information due on the 15<sup>th</sup>.

## AUDIT UPDATE

Dan Beard from Yeo & Yeo was onsite on June 27 to conduct preliminary audit work. They are scheduled to be onsite on August 26 to conduct the audit.

## STAFF OPERATIONS/UPDATE

The Pension Analyst conducted 5 pre-sessions and processed 13 estimates.

Please join me in wishing Corbin Hammond all the best in his new city! Thanks for all of your dedication and hard work. It has been a pleasure having you on the team and you will be missed!

### **G-2 Executive Report – ICMA-RC Update**

#### Education

- A reminder for the monthly webinars was sent to all A2 employees on July 8.  
Topics and Dates:  
August 13<sup>th</sup>, "Retirement Savings Drawdown"  
September 19<sup>th</sup>, "Medicare"  
October 31<sup>st</sup>, "Social Security"  
November 26<sup>th</sup>, "10 Question Retiree Guide"
- Nancy Lange hosted a Lunch & Learn on July 10 in Council Chambers. The topic was "Why Save Early". She allows 40 participants and the class was full. A Wellness Credit was also awarded for attendance which seemed to boost the number of employees that attended.
- There will be a mailing sent to 401(a) participants who are not enrolled in the 457 later this week. Currently there are  $\frac{4}{4}$  129 individuals enrolled in the 401(a) but

not in the 457. This will be a priority project to help get as many employees enrolled as possible.

**Other**

- The Plan Health Monitor data will be updated next month. Another data download will be requested from HR for current 457 and 401 participants. Once complete this will be updated annually for salary amounts. Deferral amounts will continue to be current as it pulls from the bi-weekly payroll transfer file.
- ICMA-RC will attend the September Board Meeting to present the Plan Review as of 06/30/19.

**Balance as of 7/11/19 – 457**      **\$ 98,393,550**

**Balance as of 7/11/19 – 401**      **\$ 866,614**

**G-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended June 30, 2019**

Corbin Hammond, Accountant submitted the Financial Report for the month ended June 30, 2019 to the Board of Trustees:

6/30/2019 Asset Value (Preliminary)	\$514,396,089
5/31/2019 Asset Value (Audited by Northern)	\$496,827,934
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$50,076,671
Percent Gain <Loss>	10.5%
<b>July 17, 2019 Asset Value</b>	<b>\$515,307,930</b>

**G-4 Investment Policy Committee Minutes – None**

**G-5 Administrative Policy Committee Minutes – July 9, 2019**

TO: Board of Trustees  
City of Ann Arbor Employees' Retirement System

FROM: David Monroe, Chairperson

DATE: July 18, 2019

RE: Administrative Policy Committee Minutes

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on July 9, 2019:

Committee Members Present: Lynch, Monroe, Schreier

Members Absent: Peariso

Other Trustees Present: None

Staff Present: Hollabaugh, Orcutt

Others Present: None

**2018-19 EXECUTIVE DIRECTOR EVALUATION**

The Committee reviewed the results of the 2018-19 Executive Director Evaluation Forms. Staff was dismissed at this time.

**ICMA UPDATE**

Ms. Orcutt informed the Committee of recent feedback regarding the current ICMA-RC Individual consultation representative. Staff has received negative feedback from multiple employees regarding the ICMA-RC representative. Ms. Orcutt is working with Jason Ashline to resolve this issue.

Ms. Orcutt also informed the Committee that there has been low participation in the 457 Plan for Dual Plan Members. ICMA will be sending out a targeted mailer at the end of July to educate participants in attempt to increase 457 plan participation. Ms. Lynch mentioned that rebranding/renaming the plans may be an option to increase participation as not all employees are familiar with the current language.

**PENSION ACCOUNTANT POSITION UPDATE**

The first round of interviews for the Pension Accountant position will be held Friday, 7/12/19.

**CONTINUE TO REVIEW GOVERNANCE POLICY**

The Committee completed the revisions to the governance policy.

It was **moved** by Monroe and **seconded** by Schreier to present the revised draft of the Governance Policy to the Board for approval.

**Approved**

**ADJOURNMENT**

It was **moved** by Schreier and **seconded** by Lynch to adjourn the meeting at 4:20 p.m.  
**Meeting adjourned at 4:20 p.m.**

G-6 **Audit Committee Minutes – None**

G-7 **Legal Report**

H. **INFORMATION** (Received & Filed)

H-1 **Communications Memorandum**

H-2 **August Planning Calendar**

H-3 **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	DTE Energy	\$267.56	Electric Usage 5/11/19-6/12/19
2	Findley	\$9,289.60	Quarterly Services through 12/31/18
3	Applied Imaging	\$72.60	Printing Services 5/1/19-5/31/19

4	VanOverbeke, Michaud & Timmony	\$12,595.20	Legal Services 1/1/19 - 3/31/19
5	VanOverbeke, Michaud & Timmony	\$10,752.00	Legal Services 10/1/18 - 12/31/18
6	Buck Global	\$1,583.33	Hosting Fees 5/2019
7	Hexavest	\$22,308.51	Quarterly Management Fee 1/1/19-3/31/19
8	Midwest Maintenance	\$175.00	Cleaning Services June 2019
9	Meketa Investments	\$10,000.00	Investment Consulting June 2019
10	AT&T	\$466.75	Phone Services
<b>Total</b>		<b>\$67,510.55</b>	

**H-4 Retirement Report**

Name	Retirement Type	Effective Retirement Date	Group	Years of Service	Department/Service Area
Joseph Morehouse	Age & Service	July 25, 2019	General	27 Years	Downtown Development Authority
Geoffrey Spickard	Age & Service	July 26, 2019	General	27 Years, 3 Months	Safety Services
Patricia Staebler	Age & Service	August 10, 2019	General	36 Years, 8 Months	15th District Court

**H-5 Analysis of Page Views on City Intranet / Retirement System Page**

**I. TRUSTEE COMMENTS / SUGGESTIONS**

Mr. Crawford informed the Board that the City is working with AON to assist with researching the feasibility of de-risking the pension liabilities. AON has recently received the census data and will present the results once complete.

**J. ADJOURNMENT**

It was **moved** by Crawford and **seconded** by Lynch to adjourn the meeting at 9:59 a.m.  
**Meeting adjourned at 9:59 a.m.**

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