ROLL CALL

Members Present: DiGiovanni, Flack, Foster (Via TX), Grimes, Lynch, Praschan, Schreier
Members Absent: Monroe, Nerdrum
Staff Present: Buffone, Gustafson, Orcutt
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 November 16, 2023 Regular Board Meeting

It was moved by Grimes and seconded by Schreier to approve the November 16, 2023 Regular Board Meeting minutes as submitted. 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Classification</th>
<th>Plan</th>
<th>Reciprocal Service Credit</th>
<th>Prior Reciprocal Retirement Unit</th>
</tr>
</thead>
</table>

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:37 a.m.
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-2 Kristal Marie Stewart v. Sean Rober Stewart

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated October 30, 2023, wherein Kristal Marie Stewart, the Alternate Payee, is awarded certain rights to the benefits of Sean Robert Stewart, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant’s benefits payable the Retirement System which is subject to either the Participant or the Alternate Payee making an application for the same, and

WHEREAS, the parties’ order provides that the Participant shall designate the Alternate Payee as the surviving spouse for all pre-retirement purposes under the Plan for that portion of the Participant’s retirement allowance that is subject to the order, and

WHEREAS, the payments from the plan to the Alternate Payee shall begin when the Participant commences benefits from the Retirement System, unless the Alternate Payee elects to commence his share of the Participant’s benefit at any time after the Participant reaches her earliest retirement date, and

WHEREAS, the Board’s policy is to require that the costs for the actuary’s calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the parties agree to share any such costs equally, and

WHEREAS, said matter having been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order and will administer benefits consistent with said order upon application of either the Participant or the Alternate Payee, and further

RESOLVED, that a copy of this Resolution be immediately attached as the top sheet of the Participant’s pension file and other appropriate records be retained by the Retirement System relative to this matter, and further

RESOLVED, that copies of this resolution be sent to Sean Robert Stewart, the Participant; Kristal Marie Stewart, the Alternate Payee; Jeffrey T. Landon, Esq., attorney for the Alternate Payee; and the Board’s Actuary.
It was moved by DiGiovanni and seconded by Grimes to approve the consent agenda as presented.

Approved

D. EXECUTIVE SESSION – Disability Re-Examination Review

Ms. Orcutt informed the Board of the medical reports received from the medical director for Mr. Kostanko and Mr. Montgomery which will be noted as received and filed. No executive session was necessary.

E. ACTION ITEMS

E-1 Motion Regarding Disability Re-Examination

Ms. Orcutt has reviewed the medical report for Mr. Kostanko and it is consistent with the Physician’s decision. Ms. Orcutt informed the Board that the Physician has concluded that Mr. Kostanko’s condition renders him mentally or physically totally incapacitated from performing the customary duties of his City employment held at the time of his disability, and that such incapacity will probably be permanent.

It was moved by Grimes and seconded by DiGiovanni that the Board acknowledges receipt of the medical report date December 6, 2023 from Antoine E. Geffrard, M.D. with regards to the independent medical evaluation of Brent Kostanko, noting that the doctor has concluded that he is totally and permanently incapacitated for duty in the service of the City, and that such incapacity will probably be permanent; the Board therefore grants the disability retirement consistent with the Board’s Disability Retirement Procedures.

Approved

E-2 Resolution to raise cash from Investment Grade Bonds, Domestic Equities and Emerging Markets Equities

WHEREAS, the Board of Trustees is vested with the general 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 System’s investment consultant, Meketa Investment Group, has evaluated the current asset class allocations relative to their respective targets, and

WHEREAS, Meketa as the System’s investment consultant, has recommended at the December 5th IPC meeting selling $5 million from the Northern Trust Russell 1000 Index, $3 million from the Northern Trust Barclay’s Aggregate Index and $2 million from the Dimensional Emerging Market Value fund, so be it,

RESOLVED, that the Board of Trustees approves the redemption of $5 million from the Northern Trust Russell 1000 Index, $3 million from the Northern Trust Barclay’s Aggregate Index and $2 million from Dimensional EM Value in order to raise $10 million in cash to fund capital calls and benefit payments.
It was **moved** by Scheier and **seconded** by Praschan to approve the redemption of $5 million from the Northern Trust Russell 1000 Index, $3 million from the Northern Trust Barclay’s Aggregate Index and $2 million from Dimensional EM Value in order to raise $10 million in cash to fund capital calls and benefit payments.

**Approved**

**E-3  Member Interest Credits for Calendar Year 2024**

GRS submitted a letter regarding the member interest credits, indicating that the computed rate of return for the fiscal year ending June 30, 2023 is 7.5%. Therefore, 1.82% regular interest should be credited to member accounts for the quarter ending March 31, 2024 and each of the remaining three quarters in calendar year 2024.

It was **moved** by DiGiovanni and **seconded** by Grimes to approve the Member Interest Credits for Calendar Year 2024.

**Approved**

**F.  DISCUSSION ITEMS**

**F-1  Proposed Board Retreat Dates**

The Board discussed scheduling of the Board Retreat and decided to plan for April 18, 2024.

**F-2  Employee Separation Agreements**

Ms. Orcutt shared with the Board two recent agreements that were reached between the City and former employees.

**F-3  MARC Employee Website Demonstration**

Staff provided a demonstration of the Employee website along with examples of the new estimate outputs and accrued benefit statements.

**G.  REPORTS**

**G-1  Executive Report – December 21, 2023**

**CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS**

Ironsides Co-Investment Fund III issued a distribution in the amount of $367,327 for the Retirement System on 11/17/23 comprised of sale proceeds netted against management fees and expenses.

**ARBORETUM CAPITAL CALLS**

Arboretum Ventures requested a capital call of our commitment to Fund VI in the amount of $180,000 for the Retirement Plan and $60,000 for VEBA on 12/6/23 to fund investments and pay management fees. With these installments, **CAAERS** will have funded 13.4% of our total commitments of $6,000,000 for the Retirement Plan and $2,000,000 for the VEBA.
BLACKROCK CAPITAL CALLS AND DISTRIBUTIONS

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of $166,707 for the Retirement System and $62,514 for the VEBA on 12/15/23.

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA requested a capital call of our commitment to the Growth and Income Fund X in the amount of $47,368 for the Retirement Plan and $31,579 for the VEBA on 12/19/23 for the purpose of funding current commitments.

PENSION ADMINISTRATION SOFTWARE CONVERSION

The employee self-service website is active with 82 registered. The Annual Reports and updated Member Handbook have been added to the site as well.

A letter or email was sent to all deferred vested members with a link and user guide to access the MARC website. This will enable them to make address and beneficiary changes online as well as access their Accrued Benefit Statement. In the past those had to be emailed or mailed.

MEETINGS AND COMMUNICATIONS WITH CITY STAFF

ED met with legal on December 11th to discuss a personnel matter.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 26 estimates, 4 final calculations, 2 deceased calcs, 3 non-vested, 1 deferred, 2 payouts and conducted 4 pre-sessions.

The Office will be closed on Friday the 29th, two staff will be working remotely. ED will be out of town working remotely December 27-29 and January 3.

HAPPY HOLIDAYS!

Executive Report – Voya Update

457 PLAN - Balance at 12/13/23 - $106,056,000

Admin Allowance $19,371

Average $ Deferral $234
Average % Deferral 8%

401A PLAN – Balance at 12/13/23 - $6,456,000

Forfeiture Balance $410,716
401A Executive PLAN – Balance at 12/13/23 - $ 513,415

Forfeiture Balance $ 9,403

Current Items/Education:

Weekly Transition meetings have been completed. Starting in 2024, Staff will meet bi-weekly with Len Goff. Staff and City employees participated in Plan Sponsor website training on November 27th and December 12th. Mike Landolt will be onsite for meetings on December 20th and 21st. During the Voya one on one meetings held November 29-30, attendance was as follows:

40 In person
14 Zoom/Phone

G-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended November 30, 2023

Maria Buffone, Accountant, submitted the Financial Report for the month ended November 30, 2023 to the Board of Trustees:

| 11/30/2023 Asset Value (Preliminary) | $598,877,489 |
| 10/31/2023 Asset Value (Audited by Northern) | $577,841,301 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | $50,882,434 |
| Percent Gain <Loss> | 8.8% |
| **December 20, 2023 Asset Value** | **$612,338,055** |

G-4 Investment Policy Committee Minutes – December 5, 2023

Following are the Investment Policy Committee minutes from the meeting convened at 3:12 p.m. on December 5, 2023:

Member(s) Present: Flack, DiGiovanni, Foster(Via TX, 3:55 depart), Monroe, Praschan

Member(s) Absent: None

Other Trustees Present: None

Staff Present: Hollabaugh, Orcutt, Buffone

Others Present: Henry Jaung, Meketa Investment Group

Keith Beaudoin, Meketa Investment Group

Tom Shehab, Arboretum

Paul McCreadie, Arboretum

ECONOMIC AND MARKET UPDATE DATA AS OF OCTOBER 31, 2023

Mr. Jaung provided an economic update noting that global markets continued to struggle in October, as expectations remained on the Fed keeping interest rates higher for longer due to resilient economic data. For the rest of this year and into 2024, the paths of inflation and monetary policy, slowing global growth, and the wars in Ukraine and Israel, will all be key.
EXECUTIVE SUMMARY AND CASH NEEDS

Over the past 3, 5, 7, and 10 years, the ERS has returned 7.3%, 7.9%, 7.7% and 6.8%. These returns have outperformed the 60% equity /40% Bonds benchmarks as well as the primary benchmark in most periods. As of September 30th, the System has ranked in the top decile in the 3, 5, 7, and 10 trailing years amongst its peer group.

Over the past 3, 5, 7, and 10 years, the VEBA has returned 5.4%, 6.9%, 7.0% and 6.0%. These returns have outperformed the 60% equity/40% Bonds benchmarks as well as the primary benchmark in most periods. As of September 30th, the System has ranked in the top decile in the 3, 5, 7, and 10 trailing years amongst its peer group.

After December benefit payments, ERS will have ~6.5 million in cash. The System has two upcoming capital calls of $3.5 million from the PIMCO PIF in January and April of 2024. To prepare for those calls and have cash for monthly payments, Meketa recommended raising an additional $10 million in cash.

Meketa also recommended sales of $5 million from domestic equities (Northern Trust Russell 1000 Index), $3 million from investment grade bonds (Northern Trust Barclays Aggregate Index), and $2 million from emerging market equities (Dimensional Emerging Markets Value).

Northern Trust finalized their updated fee schedule which went into effect in October 1st. Northern Trust will be switching to a non-fixed fee for benefit payments for all clients including the System. Northern Trust agreed to reduce the custody fees for both the ERS and VEBA for a total estimated cost savings of $8000 annually.

It was moved by Flack and seconded by Monroe to recommend to the Board to raise $10 million in cash from Domestic Equities, Investment Grade Bonds and Emerging Market Equities.

APPROVED

RETIREMENT SYSTEM

Act 314 Compliance Review: All investments are currently in compliance.

October 31, 2023 Performance Update: As of October 31, 2023, the balance of the Funds was $581,353,536 for ERS. Fiscal Year to Date performance was -3.3% for ERS net of fees.

VEBA

Act 314 Compliance Review: All investments are currently in compliance.

October 31, 2023 Performance Update: As of October 31, 2023, the balance of the Funds was $241,884,882 for VEBA. Fiscal Year to Date performance was -3.8% for VEBA net of fees.

CURRENT ISSUES

Arboretum Ventures Presentation: Dr. Tom Shehab and Paul McCreadie were present to discuss the.
ADJOURNMENT

It was moved by Monroe and seconded by Flack to adjourn the meeting at 4:52 p.m.

Meeting adjourned at 4:52 p.m.

G-5 Administrative Policy Committee Minutes – None

G-6 Audit Committee Minutes – None

G-7 Legal Report

Mr. VanOverbeke informed the Board that the Open Meetings Act has been amended to permit public employee retirement and retiree healthcare boards to meet remotely. Legal has provided an analysis of the new provisions added to the OMA via PA 214 and offered recommendations and actions regarding compliance with the new provisions.

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 January Planning Calendar

H-3 Record of Paid Invoices

The following invoices have been paid since the last Board meeting.

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>AMOUNT</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 American Express</td>
<td>$1,042.23</td>
<td>Kroger, MAPERS, NCPERS, Cleaning and Water</td>
</tr>
<tr>
<td>2 Applied Imaging</td>
<td>$47.10</td>
<td>Printing Service 11/2023</td>
</tr>
<tr>
<td>3 Laura Hollabaugh</td>
<td>$65.21</td>
<td>DTE Gas Reimbursement 10/12/2023-11/9/2023</td>
</tr>
<tr>
<td>4 Laura Hollabaugh</td>
<td>$138.34</td>
<td>DTE Electric Service Reimbursement 10/12/2023-11/9/2023</td>
</tr>
<tr>
<td>5 MedSource</td>
<td>$500.00</td>
<td>Montgomery Medical Report Review</td>
</tr>
<tr>
<td>6 Meketa</td>
<td>$10,000.00</td>
<td>Investment Consulting 11/2023</td>
</tr>
<tr>
<td>7 Milliman</td>
<td>$5,777.24</td>
<td>MARC Implementation and Licensure</td>
</tr>
<tr>
<td>8 VanOverbeke, Michaud &amp; Timmony</td>
<td>$8,669.10</td>
<td>Legal Fees 7/1/2023-9/30/2023</td>
</tr>
</tbody>
</table>

Total $26,239.22

H-4 Retirement Report

Retirement paperwork has been submitted by the following employee(s):

<table>
<thead>
<tr>
<th>Name</th>
<th>Retirement Type</th>
<th>Effective Retirement Date</th>
<th>Group</th>
<th>Union</th>
<th>Years of Service</th>
<th>Dept./Service Area</th>
</tr>
</thead>
</table>


Joseph Casabianca | Age & Service | February 24, 2024 | Police | AFSCME | 21 Years, 5 Months | Safety Services
Brian Slizewski | Age & Service | January 5, 2024 | General | NON UNION | 12 Years, 3 Months | Public Services
Rose-Marie Gale | Age & Service | January 15, 2024 | General | AFSCME | 18 Years, .5 Months | Community Services

H-5 Analysis of Page Views on Retirement System Website

I. TRUSTEE COMMENTS / SUGGESTIONS

J. ADJOURNMENT

It was moved by Grimes and seconded by Lynch to adjourn the meeting at 9:40 a.m.
Meeting adjourned at 9:40 a.m.

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