

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
January 21, 2016**

The meeting was called to order by Jeremy Flack, Chairperson, at 8:40 a.m.

**ROLL CALL**

Members Present:	Clark, DiGiovanni, Flack, Hastie, Heusel, Monroe, Nerdrum
Members Absent:	Crawford, Lynch
Staff Present:	Jarskey, Kluczynski, Walker
Others:	Michael VanOverbeke, Legal Counsel Henry Jaung, Meketa Investment Group David Diephuis, City Resident

**AUDIENCE COMMENTS**

Mr. Diephuis stated that he would be interested in seeing a benchmark or comparison report of how the System rates against other peer groups, and Mr. Jaung provided brief statistics, and indicated that the Retirement System is in the top third, or 32%, in the range. Mr. Flack also stated that MAPERS is expected to provide this type of information in the future.

**A. APPROVAL OF REVISED AGENDA**

Ms. Walker requested that an Executive Session be added as item G-7 on the agenda in order for discussion of a personnel matter. Items added to the agenda since distribution of the Board packet on January 15<sup>th</sup>:

C-3	Reciprocal Retirement Act – Service Credit resolution
D	Meketa's presentation materials
G-6	Legal Opinions regarding Ouellette and Waldsmith
G-7	Executive Session – Personnel Matter
H-3	Additional paid invoices
H-7	Correspondence from AEW Capital Management

It was **moved** by Monroe and **seconded** by Hastie to approve the agenda as amended.  
**Approved**

**B. APPROVAL OF MINUTES**

**B-1 December 17, 2015 Regular Board Meeting**

It was **moved** by Heusel and **seconded** by Hastie to approve the December 17, 2015 Board Meeting minutes as submitted.

**Approved**

**C. CONSENT AGENDA**

**C-1 DRO Certification – Michael A. Tracy v. Maryellen D. Tracy**

WHEREAS, the Board is in receipt of a Domestic Relations Order dated December 4, 2015, wherein Maryellen Dolores Tracy, the Alternate Payee, is awarded certain rights to the benefits of Michael Alan Tracy, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's monthly retirement benefit from the Retirement System while the parties are alive, and

WHEREAS, if upon the Participant's death the Alternate Payee is still alive, then the Alternate Payee will receive those survivor benefits associated with Participant's election of the Plan's Option II – 100% Joint and Survivor form of benefit at the time of his retirement, 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 as soon as administratively feasible, 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 Michael Alan Tracy, the Participant; Maryellen Dolores Tracy, the Alternate Payee; and Michael L. Legris, Esq., attorney for the Alternate Payee.

#### **C-2 Authorization for Online & On-Site Training - Gustafson**

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, Dan Gustafson, Pension Analyst, has requested the Board of Trustees' authorization for training at Retirement System expense, estimated at \$199.00 to access unlimited online and on-site training seminars through Fred Pryor/CareerTrack for one year, to participate in continuing education in his responsibility as Retirement System Staff person, therefore it be

RESOLVED, the Board of Trustees authorizes the training request of Dan Gustafson to access the unlimited online and on-site training seminars through Fred Pryor/CareerTrack for one year, to participate in continuing education in his responsibility as a Retirement System Staff person, and

FURTHER RESOLVED, that Dan Gustafson comply with all training and reporting requirements as contained in the Board of Trustees previously adopted Travel and Training Policy and Procedures.

**C-3 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:

<b>Name</b>	<b>Classification</b>	<b>Reciprocal Service Credit</b>	<b>Prior Reciprocal Retirement Unit</b>
<b>Daniel Iverson</b>	<b>Police</b>	<b>4 years, 7 months</b>	<b>Pittsfield Charter Township</b>

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 Hastie and **seconded** by Clark to approve the Consent Agenda as presented.

**Approved**

**D. MEKETA PRESENTATION – Year-End Investment Reviews & Asset Allocation Discussion**

Mr. Jaung of Meketa Investment Group was present to provide the investment review for the 2015 calendar year, asset class aggregates, private market investments, and PA 314 regulations. Overall, Mr. Jaung indicated that both the Retirement and VEBA Systems are in good shape, and he feels good about recent investment performance and how the Funds are currently structured for the future.

**E. ACTION ITEMS - None**

**F. DISCUSSION ITEMS**

**F-1 2016 Board Retreat – Potential Dates & Topics**

The Board briefly discussed potential dates and topics for the upcoming annual Board retreat, ultimately deciding to hold the Retreat on Friday, March 11, 2016 at the Washtenaw Intermediate School District. The Board briefly discussed possible topics, and Ms. Walker stated that she would work on drafting an agenda for the Board to review in February.

*(Mr. Hastie departed at this time)*

**F-2 Potential RFP's to be Issued in 2016**

Ms. Walker stated that with the legal counsel RFP complete, the Actuarial RFP would be next on the schedule per the Board's policy. The Board agreed to begin the RFP process early in order for the project to be completed by the end of this year. Ms. Walker stated that a drafted Actuarial RFP will be presented to the Audit Committee at its next meeting (*March or April*).

**G. REPORTS**

**G-1 Executive Report – January 21, 2016**

**INVESCO CAPITAL CALL**

The Retirement System has received INVESCO Mortgage Recovery Loans AIV, L.P. - Capital Call #21, due January 12, 2016 to be made in connection with additional funding of portfolio investments. Total Amount of Drawdown: **\$9,452,613**  
**Partner's allocable share of drawdown: \$125,837**

**CONSTITUTION CAPITAL IRONSIDES PARTNERS COINVESTMENT FUND III**

The Retirement System has received a capital call of **\$1,235,299.23** due January 25, 2016. This is the system's share of a total of **\$29,738,809** due for investment in a new project, to pay down lines of credit in a current project, partnership expenses, and management fees. With this capital call the entire \$6,000,000 of the commitment to the co-investment fund has been completed.

**STAFF**

The new standard mileage rate for expense reports effective Jan. 1, 2016 is \$0.54 cents per mile. The IRS recommends standard mileage rates for business based on an annual study of the fixed and variable costs of operating an automobile, including depreciation, insurance, repairs, tires, maintenance, gas and oil.

**G-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended December 31, 2015**

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended December 31, 2015 to the Board of Trustees:

12/31/2015 Asset Value (Preliminary)	\$454,791,841
11/30/2015 Asset Value (Audited by Northern)	\$463,028,470
Calendar YTD Increase/Decrease in Assets <i>(excludes non-investment receipts and disbursements)</i>	\$1,568,697
Percent Gain <Loss>	0.3%
<b>January 20, 2016 Asset Value</b>	<b>\$431,690,713</b>

**G-3 Investment Policy Committee Minutes – No Report**

**G-4 Administrative Policy Committee Minutes – No Report**

**G-5 Audit Committee Minutes – No Report**

**G-6 Legal Report – Legal Opinions**

**G-6a Laura Ouellette**

It was **moved** by Nerdrum and **seconded** by DiGiovanni to acknowledge receipt of the legal opinion as presented by Mr. VanOverbeke.

**Approved**

**G-6b Matthew Waldsmith**

It was **moved** by Nerdrum and **seconded** by DiGiovanni to acknowledge receipt of the legal opinion as presented by Mr. VanOverbeke.

**Approved**

**G-7 Executive Session – Personnel Matter**

The Board convened an executive session for the purposes of discussing a personnel matter.

*Roll call vote:*

Clark - Yes	Flack - Yes	Lynch - Absent
Crawford - Absent	Hastie - Absent	Monroe - Yes
DiGiovanni - Yes	Heusel - Yes	Nerdrum - Yes

*Executive session time: 11:08 a.m. – 11:28 a.m.*

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

**H-1 Communications Memorandum**

**H-2 February Planning Calendar**

**H-3 Record of Paid Invoices**

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

	<b>PAYEE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
1	DTE Energy	81.36	Monthly Gas Fee dated December 10, 2015
2	DTE Energy	182.41	Monthly Electric Fee dated December 10, 2015
3	Afternoon Delight	166.75	December Board meetings – 12-17-2015
4	AT&T	366.80	Monthly telephone service
5	Staples Advantage	166.29	Miscellaneous office supplies
6	Graphic Sciences, Inc.	299.84	Annual scanning services-retiree files and acctg files
7	B Green and Clean	105.00	Office cleaning services for November 2015
8	Med Source Services/Cons. Physicians	875.00	Disability re-exam & report – D. Churches 12/8/2015
9	Comcast	99.00	Monthly Cable Fee
10	Culligan of Ann Arbor/Detroit	7.00	Water service – January 2016
11	Hasselbring-Clark Co.	41.38	Monthly copier cost per copy
12	Meketa Investment Group	10,000.00	Investment Consultant Retainer - December 2015
13	B Green and Clean	70.00	Office cleaning services for December 2015

14	Robertson Morrison, Inc.	195.00	Routine maintenance agreement – quarterly invoice
15	Dan Gustafson	128.00	Reimb. for two 1-day Excel seminars on Jan 12-13, 2016
16	West Arbor Office Ctr Condo Assoc	1,238.73	B-Annual condo association dues – July 2015
17	Buck Consultants	7,511.93	2 <sup>nd</sup> Val. Instlmt, 1 <sup>st</sup> GASB Instlmt, Dec 2015 hosting fees
18	City of Ann Arbor Treasurer	533.20	ITSU Service Charge (K. Spade) for December 2015
<b>TOTAL</b>		<b>22,067.69</b>	

**H-4 Retirement Report**

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

Name	Type of Retirement	Effective Date	Group	Years of Service	Service Area
Jan Evanski	Age & Service	January 30, 2016	General	23 years, 5 months <i>(which includes 3 years, 1.5 months reciprocal credit)</i>	Public Services Water Treatment
Dee Bialoruski	Age & Service	February 6, 2016	General	28 years, 5 months	Public Services Fleet & Facility
Michael Amicangelo	Age & Service	February 27, 2016	General	19 years, 3 months	Public Services Wastewater Treatment
Thomas Gibbons	Age & Service	March 19, 2016	General	25 years, 6 months	Public Services Fleet & Facility

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

**H-6 Correspondence from 36 South Regarding Anti-Dilution Levy (ADL)**

**H-7 Correspondence from AEW Capital Management**

I. **TRUSTEE COMMENTS** - None

J. **ADJOURNMENT**

It was **moved** by Heusel and **seconded** by Clark to adjourn the meeting at 11:29 a.m.  
**Meeting adjourned at 11:29 a.m.**



Nancy R. Walker, Executive Director  
City of Ann Arbor Employees' Retirement System