The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:41 a.m.

ROLL CALL

Members Present: DiGiovanni (8:44 AM arrival), Flack, Foster, Grimes, Lynch, Monroe, Praschan, Schreier
Members Absent: Nerdrum
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
        Paul Nacario (9:18 AM arrival), Innovest
        Jared Martin (9:18 AM arrival), Innovest
        Dan Clark, Rehmann
        William Abramowicz (8:56 AM arrival), Corebridge Financial

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 December 15, 2022 Regular Board Meeting

It was moved by Monroe and seconded by Grimes to approve the December 15, 2022 Regular Board Meeting minutes as submitted. Approved

C. CONSENT AGENDA

C-1 Purchase of Military Service Time

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, Section 1:555(C)(3) of the Retirement Ordinance, Chapter 18 of the Code of the City of Ann Arbor allows for prior Military Service Credit, and

WHEREAS, the Board is in receipt of an Application for Purchase of Military Service Time, 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 purchase of Military Service Time:

<table>
<thead>
<tr>
<th>Name</th>
<th>Employee Group</th>
<th>Requested Military Service Time</th>
<th>Requested Method of Payment</th>
<th>Cost for Purchase of Military Service Time</th>
</tr>
</thead>
<tbody>
<tr>
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</table>
FURTHER RESOLVED, that the applicant(s) purchasing Military Service Time be notified of the amount of money necessary to buy the Military Service Time, and upon full payment, the member(s) shall be credited the service time.

It was moved by Monroe and seconded by Grimes to approve the consent agenda as presented.

Approved

D. ACTION ITEMS

D-1 Motion Regarding Disability Examination Review

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 Schreier and seconded by Lynch that the Board acknowledges receipt of the medical report date January 3, 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

D-2 PRESENTATION: FYE June 30, 2022 Financial Statements

Dan Clark was present from Rehmann to present the FYE June 30, 2022 Financial Statements.

It was moved by Praschan and seconded by Lynch to accept the Retirement System & VEBA Financial Statements for June 30, 2022.

Approved

E. DISCUSSION ITEMS

E-1 Welcome Mark Foster – New Trustee

The Board and Staff introduced themselves to the new Citizen Trustee, Mark Foster.

E-2 Innovest Updates

RFP Timeline: Innovest will begin working with Ann Arbor to draft an RFP for the 401/457 Recordkeeper in February. The Board decided to delegate oversight of this RFP to the Administrative Policy Committee but have finalist interviews with the full Board. The RFP process is expected to take 18-19 weeks.
Fund Line Up Communications: Employees were recently notified through A2 news regarding the upcoming fund line up changes and that further communications would be coming. MissionSquare will be notifying participants in the next week via email. In addition, Innovest has drafted a detailed mailer for all participants explaining the fund line up changes further as well as offering educational meeting dates/times. This will be sent out once MSQ makes the formal announcement.

Secure 2.0 Act: Once of the provisions eliminates the need to wait until the first of the month for 457 deferral changes to take effect. Participants can now make changes to their account at any time. Staff will discuss with HR/Payroll in the next week to implement this change. There are many other provisions that will require updates to plan documents over the next couple of years.

E-3  Trustees’ Terms Expiring in 2024

Ms. Orcutt informed the Board that Mr. DiGiovanni, Mr. Flack and Mr. Schreier’s terms are expiring December 31, 2024.

It was moved by Grimes and seconded by Monroe to approve recommendation of reappointment for Mr. DiGiovanni and Mr. Schreier.

Approved

E-4  MAPERS One Day Seminar

Ms. Orcutt informed the Board of the upcoming MAPERS One-Day Seminar on March 3, 2023. Trustees shall let staff know if interested in attending to have registration completed.

It was moved by Monroe and seconded by Schreier to approve interested Staff or Board Members to attend the MAPERS One Day Seminar.

Approved

F.  REPORTS

F-1  Executive Report – January 19, 2023

SUMMIT PARTNERS CAPITAL CALLS AND DISTRIBUTIONS

Summit Partners Credit Fund II, L.P. issued a distribution in the amount of $445,801 for the Retirement System and $111,452 for the VEBA on 12/20/22.

Summit Partners Credit Fund III, L.P. requested a capital call in the amount of $18,940 for the Retirement Plan and $5,261 for the VEBA on 12/22/22. With these installments, CAAERS will have funded 118.6% of our total commitments of $9,000,000 for the Retirement Plan and $2,500,000 for the VEBA.

CARLYLE DISTRIBUTION

Carlyle Realty Fund VIII issued a distribution in the amount of $265,884 for the Retirement System and $66,471 for the VEBA on 12/23/22. The distribution was netted against fees and expenses.

ARBORETUM CAPITAL CALLS
Arboretum Ventures requested a capital call of our commitment to Fund V in the amount of $120,000 for the Retirement Plan and $30,000 for VEBA on 1/25/23 to fund investments and pay management fees. With these installments, CAAERS will have funded 67.8% of our total commitments of $6,000,000 for the Retirement Plan and $2,000,000 for the VEBA.

Arboretum Ventures requested a capital call of our commitment to Fund VI in the amount of $135,000 for the Retirement Plan and $45,000 for VEBA on 1/26/23 to fund investments and pay management fees. With these installments, CAAERS will have funded .65% of our total commitments of $6,000,000 for the Retirement Plan and $2,000,000 for the VEBA.

**INVESCO DISTRIBUTIONS**

Invesco issued a distribution in the amount of $105,366 for the Retirement System consisting of return of capital and realized gains on 12/21/22.

**BLACKROCK CAPITAL CALLS AND DISTRIBUTIONS**

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of $523,397 for the Retirement Plan and $196,274 for the VEBA on 1/27/23.

**PENSION ADMINISTRATION SOFTWARE CONVERSION**

Staff continues to meet weekly with Milliman and the system went live on 12/19. Staff has a 30-day period from that date to continue to test and advise Milliman of any issues with calcs, data or reports. Service with Buck was extended until January 31, 2023.

An announcement regarding the conversion will be sent out in the A2 News & Notes that after 1/31, there will be no access to an employee self-service website until the new MARC site is rolled out to employees. Staff and Milliman is targeting mid-April for a completion date on that phase of the conversion.

**FYE/AUDIT UPDATE**

Staff signed the representation letters on December 20 and the City statements were issued on the 21st. Rehmann will be presenting the Audited Financial Statements to the Board at the January meeting.

**MEETINGS AND COMMUNICATIONS WITH CITY STAFF**

ED met with Innovest, HR and MSQ on 1/5/22 to discuss the communications and education surrounding the upcoming fund lineup changes to the 401 and 457.

ED met with payroll, HR and finance on 1/6/22 to discuss resolving the issue with the Fire pension contribution that was not updated to 6.5% for CY2022.

**NEW TRUSTEE**

ED met with Mark Foster on January 5 and he will attend his first Board meeting on the 19th. Welcome Mark!
The Pension Analyst processed 26 estimates, 3 final calculations, 2 non-vested calculations, 1 deceased calc, 4 payouts and conducted 5 pre sessions.

Staff continues to spend extensive time testing reports, pension transmittals and calculations for the new MARC system.

F-2 Executive Report – MissionSquare (ICMA) Update

(Statistics for the month ending December 31 are not yet available)

457 Balance at 1/13/23 - $ 103,682,000
457 Admin Allowance Balance = $38,100
401 Balance at 1/13/23 – $ 4,545,000
401 Forfeiture Balance = $ 75,031

Current Items/Education:

Dan Stewart was promoted to the Institutional Sales team at MSQ. Bill Sims will be our new retirement plan specialist. An announcement will be in the January 17 A2 News and Notes.

ED (reviewed by Innovest) approved both the Fund Changes and the Notice to participants regarding the changes. MSQ will be sending the notice out on the 18th. Any participants without an email address will be mailed a hard copy.

A brief announcement regarding the changes to the investment options will also be in the January 17 A2 News and Notes notifying participants to stay tuned for future communications on these changes coming from both MissionSquare and the City of Ann Arbor Employees’ Retirement System.

Innovest has provided a draft notice to send to participants which will include upcoming meeting dates available with MSQ and detailed information about the investment changes. This will be distributed the week of the 20th and also included in the A2 News on January 31.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended December 31, 2022

Maria Buffone, Accountant, submitted the Financial Report for the month ended December 31, 2022 to the Board of Trustees:

| 12/31/2022 Asset Value (Preliminary) | $577,112,044 |
| 11/30/2022 Asset Value (Audited by Northern) | $589,950,910 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | ($56,446,808) |
| Percent Gain <Loss> | -8.6% |
| January 18, 2023 Asset Value | $585,226,370 |

F-4 Investment Policy Committee Minutes – None.

F-5 Administrative Policy Committee Minutes – None.

F-6 Audit Committee Minutes – None.
F-7  Legal Report

On December 29, 2022, the Consolidated Appropriations Act of 2023 (CAA) was signed into law to fund the federal government through September 30, 2023. Division T of the CAA is identified as the SECURE 2.0 Act of 2022 which contains 92 provisions intended to promote additional retirement savings and ease administrative requirements through modernization of federal retirement laws. Plan sponsors and plan fiduciaries need to be aware of and ready to implement the various changes made by SECURE 2.0 in a timely manner. Not all the changes enacted under SECURE 2.0 are applicable to governmental plans. However, there will be some impact on governmental defined benefit plans, defined contribution plans, and deferred compensation plans.

G.  INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 February Planning Calendar

G-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 Ann Arbor Treasurer</td>
<td>$2,278.43</td>
<td>K.Spade Time Worked 10/3/2022-12/22/2022</td>
</tr>
<tr>
<td>2 Allstar Alarm</td>
<td>$156.00</td>
<td>Fire Alarm Monitoring 2/1/23-4/30/23</td>
</tr>
<tr>
<td>3 American Express</td>
<td>$639.22</td>
<td>Misc. Office supplies, Cleaning &amp; Water</td>
</tr>
<tr>
<td>4 Applied Imaging</td>
<td>$41.33</td>
<td>Printing Service 12/2022</td>
</tr>
<tr>
<td>5 Buck</td>
<td>$1,924.34</td>
<td>Admin. Software Hosting 12/2022</td>
</tr>
<tr>
<td>6 GRS</td>
<td>$2,750.00</td>
<td>GASB 67/68 Valuation Q1 2022</td>
</tr>
<tr>
<td>7 GRS</td>
<td>$7,625.00</td>
<td>Pension Valuation Q1 2023</td>
</tr>
<tr>
<td>8 IFEBP</td>
<td>$1,600.00</td>
<td>2023 Membership Renewal</td>
</tr>
<tr>
<td>9 MedSource</td>
<td>$900.00</td>
<td>B.Kostanko Disability Exam</td>
</tr>
<tr>
<td>10 Meketa</td>
<td>$10,000.00</td>
<td>Investment Consultant Fee 12/2022</td>
</tr>
<tr>
<td>11 Milliman</td>
<td>$7,157.00</td>
<td>MARC Implementation 12/2022</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$35,071.32</strong></td>
<td></td>
</tr>
</tbody>
</table>

G-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>Department/Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack Foster</td>
<td>Age &amp; Service</td>
<td>February 21, 2023</td>
<td>Police</td>
<td>AAPOA</td>
<td>26 Years, 8 Months</td>
<td>Safety Services</td>
</tr>
</tbody>
</table>
G-5  Analysis of Page Views on Retirement System Website

I.  TRUSTEE COMMENTS / SUGGESTIONS

J.  ADJOURNMENT

It was moved by Schreier and seconded by Lynch to adjourn the meeting at 10:51 a.m.

Meeting adjourned at 10:51 a.m.

Wendy Orcutt

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