The meeting was called to order by Jeremy Flack, Chairperson, at 8:50 a.m.

ROLL CALL

Members Present: Crawford, Flack, Hastie, Heusel, Monroe, Nerdrum
Members Absent: Clark, Powers
Staff Present: Kluczynski, Walker
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS – None

A. APPROVAL OF REVISED AGENDA

Two items were added to the packet since first distribution:

• D-3 Audit Engagement Letter for FY 2015/2016
• F-1 Revised Executive Report

It was moved by Heusel and seconded by Monroe to approve the agenda as revised.

Approved

B. APPROVAL OF MINUTES – May 21, 2015

It was moved by Nerdrum and seconded by Monroe to approve the May 21, 2015 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 1:561(e) 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>
<td>Brian Miller</td>
<td>General</td>
<td>3 years, 7 Months</td>
<td>Lump Sum</td>
<td>$12,428.43</td>
</tr>
</tbody>
</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 Heusel and seconded by Hastie to approve the Consent Agenda as submitted.

Approved

D. ACTION ITEMS

D-1 Ethics Policy – Final Draft

A lengthy discussion ensued regarding the gifts and gratuities section of the Policy, with the Board ultimately deciding to approve the Policy as presented.

It was moved by Monroe and seconded by Nerdrum to accept and approve the proposed Ethics Policy as presented.

Approved

D-2 Proposed Communication to Buck Consultants

Ms. Nerdrum reviewed a proposed letter to Mr. Langer of Buck Consultants addressing concerns and issues, as well as requesting that he attend the July Board meeting to address the concerns and discuss future projects. Ms. Nerdrum stated that the Audit Committee also recommends that the RFP schedule be followed as currently written, with the legal RFP being conducted this year and the actuarial RFP be conducted in 2016. The Board agreed, and decided that the letter to Buck Consultants should be forwarded this month.

It was moved by Heusel and seconded by Crawford to forward the proposed communication to Mr. Langer of Buck Consultants.

Approved

D-3 Audit Engagement Letter for FY 2015/2016

Ms. Walker reviewed the engagement letter from Rehmann Robson, which outlines the auditors' responsibilities in the audit, including testing and reporting on compliance with laws and regulations and internal control over financial reporting.

It was moved by Crawford and seconded by Hastie to approve and authorize execution of the FY 2015/2016 Engagement Letter as presented.

Approved

E. DISCUSSION ITEMS

E-1 Dashboard Concepts Discussion

The Board discussed possible ways of reporting the status of current projects by both staff and the various Committees. It was decided that each Committee should discuss its goals and prioritize current projects, and that a "project tracking chart" be added at the bottom of future Committee meeting minutes as a reporting tool.

E-2 Request for Proposals (RFP) Schedule

The Board confirmed that a legal RFP will be conducted this year as scheduled, and that the actuarial RFP will be conducted in 2016.
F. REPORTS

F-1 Executive Report (revised) – June 18, 2015

CONSTITUTION CAPITAL CALLS

Constitution Capital has called $3,320,370.99 for the Co Investment Fund and $322,591.44 for the Ironsides Partnership Fund III due June 29, 2015. Meketa has recommended that this funding be sourced from the NT S&P 400 MidCap Index as the system is slightly overweight domestic equity.

SUMMIT CAPITAL CALLS

Summit Partners Credit Fund II, L.P. (the "Fund") has current commitments which necessitated a takedown of three tenths percent (0.3%) of the Retirement System commitment to the Fund in the amount of $27,600 on May 26, 2015. With this installment, we will have funded twenty-two percent (22.0%) of the total commitment of $9,200,000 to Summit Partners Credit Fund II, L.P.

Summit Partners Credit Fund II, L.P. (the "Fund") has current commitments which necessitated a takedown of three tenths percent (0.3%) of the VEBA commitment to the Fund in the amount of $6,900 on May 26, 2015. With this installment, we will have funded twenty-two percent (22.0%) of the total commitment of $2,300,000 to Summit Partners Credit Fund II, L.P.

MANAGER UPDATES

The Investment Manager Agreement side letter and other required documents for the new private equity investment in Constitution Capital Partners Ironsides Fund III have been finalized and executed by both parties.

STAFF ACTIVITY

Rehmann Robson has agreed to advance its audit schedule for benefit payments audits for the FY 2014/2015, and has received the benefit listing from which it will choose the payments to be audited this year. As soon as they provide the request selection staff will pull the files.

Update-the auditors were in on Wednesday 6-16-2015 to review the benefit payments.

A site name Retirement Resources has been added to the A2 Central intranet site. This contains the link to the ESS calculation, the Employee Handbook, Social Security and IRS websites. Because the new intranet was rolled out May 19, the announcement of the site in the A2 newsletter (internal communication) also occurred on that date.

CITY COUNCIL

The updated language for Board composition changes has received its first and second reading at City Council. The Ordinance changes were enacted.

Below is the extract from the action minutes of the Council Meeting.

**B-4 15-0610** An Ordinance to Amend Sections 1:553(1) and (3) of Chapter 18 (Employees Retirement System), Title I of the Code of the City of Ann Arbor to Implement a Change in Board Composition Approved by Ballot Measure and Collective Bargaining (Ordinance No. ORD-15-10)

Adopted on Second Reading; Published 6/22/15; Effective 7/2/15
Enactment No: ORD-15-10
Board discussion:

Mr. Crawford requested that the certain Citizen Trustee terms be adjusted to be on a calendar year basis, because over the years some Trustee seats were filled mid-term, which resulted in the schedule becoming out of line, and ideally the terms should stagger. The Board agreed that Mr. Crawford should move forward with taking the necessary steps to make the adjustments for City Council approval.

F-2  City of Ann Arbor Employees’ Retirement System Preliminary Report for the Month Ended May 31, 2015

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/31/2015</td>
<td>Asset Value (Preliminary)</td>
<td>$478,152,315</td>
</tr>
<tr>
<td>4/30/2015</td>
<td>Asset Value (Audited by Northern)</td>
<td>$478,840,896</td>
</tr>
<tr>
<td>Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)</td>
<td>$17,312,157</td>
<td></td>
</tr>
<tr>
<td>Percent Gain &lt;Loss&gt;</td>
<td></td>
<td>3.7%</td>
</tr>
<tr>
<td>June 17, 2015</td>
<td>Asset Value</td>
<td>$473,154,541</td>
</tr>
</tbody>
</table>

F-3  Investment Policy Committee Minutes – June 2, 2015

Following are the Investment Policy Committee minutes from the meeting convened at 3:08 p.m. on June 2, 2015:

Member(s) Present: Clark, Flack, Hastie, Monroe
Member(s) Absent: None
Other Trustees Present: None
Staff Present: Kluczynski, Walker
Others Present: Henry Jaung, Meketa Investment Group

PRIVATE EQUITY PRIMER

Mr. Jaung provided an overview on private equity investments - specifically Venture Capital, and the return expectations, 20-year expected return, current cycle, and the typical fee structure.

ARBORETUM VENTURES PRESENTATION
Paul Mcreadie & Tim Petersen, Managing Directors

Paul Mcreadie and Tim Petersen were present to discuss Arboretum Ventures, a healthcare venture capital firm based in Ann Arbor and founded in 2002. The firm focuses exclusively on healthcare (medical devices, diagnostics, healthcare IT, and healthcare services). The firm’s investment performance history was reviewed, as well as an overview of the upcoming Arboretum IV Fund in mid-June.

After Mr. Mcreadie and Mr. Petersen departed, the Committee decided that the members
were interested in investing, and may make a recommendation to the Board of Trustees pending information on the ability to enter this fund before moving forward.

It was moved by Flack and seconded by Monroe to make a recommendation to the Board of Trustees at the June 18, 2015 meeting to invest in the Arboretum IV Fund with $5 million pending the opportunity exists and legal review.

Approved

APRIL 30, 2015 INTERIM INVESTMENT REVIEW

Mr. Jaung stated that as of April 30, 2015, the Retirement System was valued at $479.9 million, a slight increase from March 31, 2015 ($478.2 million).

ADJOURNMENT

It was moved by Flack and seconded by Clark to adjourn the meeting at 5:40 p.m.

Meeting adjourned at 5:40 p.m.

F-4 Administrative Policy Committee Minutes – June 9, 2015

Following are the Administrative Policy Committee minutes from the meeting convened at 12:01 p.m. on June 9, 2015:

Committee Members Present: Crawford, Monroe, Heusel (via telephone)
Members Absent: None
Other Trustees Present: None
Staff Present: Kluczynski, Walker
Others Present: None

FAC RECALCULATION POLICY

Due to time constraints, this item was postponed until the July 14th APC meeting.

EXECUTIVE DIRECTOR EVALUATION PREPARATION

The Committee discussed how the evaluation process will be conducted this year, including revisions to the survey/checklist for the Board members’ feedback. Mr. Crawford stated that he will put together and email the packets for Trustee feedback, with a request to return them to Mr. Monroe for consolidation by July 4th. The Committee will then discuss the responses at the July 14th APC meeting in anticipation of the Board’s discussion at its July 16th regular meeting.

REVISED DRAFT – ETHICS POLICY

The Committee further reviewed the drafted Ethics Policy, specifically, language regarding gifts and gratuities, meals, conferences as redrafted by Mr. Heusel per the May APC discussion.

After review, the Committee decided to implement the language changes as discussed and present the revised policy for approval at the June Board meeting.

ADJOURNMENT

It was moved by Crawford and seconded by Heusel to adjourn the meeting at 1:21 p.m.

Meeting adjourned at 1:21 p.m.

F-5 Audit Committee Minutes – June 9, 2015
Following are the Audit Committee minutes from the meeting convened at 4:10 p.m. on June 9, 2015:

Committee Members Present: Clark, Monroe, Nerdrum
Members Absent: Crawford
Other Trustees Present: None
Staff Present: Jarskey, Kluczynski, Walker
Others Present: David Diephuis, City Resident

REVIEW OF ACTUARIAL ASSUMPTIONS

The Committee discussed the economic and demographic assumptions, mortality rates, as well as the actuarial parameters and how to proceed with this year’s valuation.

It was moved by Clark and seconded by Monroe that the Committee, having reviewed the economic and demographic assumptions and recognizing that the economic assumptions were discussed at this year’s Board Retreat as well as prior discussions, and that the demographic and other actuarial parameters are either dictated by GASB requirements or were reconfirmed in the 2013 Experience Study, therefore recommends no changes from the prior valuation going forward.

Approved

REVIEW OF NECESSITY OF ACTUARIAL RFP VS. COMMUNICATION TO ACTUARY OF BOARD’S EVALUATION

Ms. Nerdrum stated that this has been placed on the agenda because both the legal and actuarial RFP’s are due to be conducted soon, and this was also discussed at the May Board meeting. At the May meeting, the Board had discussed certain concerns with the current actuary and decided to move forward with conducting an actuarial RFP this year with the legal RFP to be conducted in May 2016. Mr. Monroe stated that after the May meeting, he and Ms. Nerdrum discussed the issue further and recommends that Mr. Langer be given the Board’s concerns in writing in order to give him a chance to respond before moving forward with an RFP this year. Mr. Monroe believes this will help the Trustees to make a better decision during the RFP process, and that the legal RFP should be conducted per the current schedule.

The Committee reviewed a drafted letter to Mr. Langer indicating the areas of Board/Staff satisfaction as well as areas of the Board’s constructive feedback, and it was decided that the letter be recommended to the full Board of Trustees for review at the June meeting before being sent to Mr. Langer.

It was moved by Monroe and seconded by Clark to present the drafted letter to the Board of Trustees as discussed, have Mr. Langer attend the July AC meeting to discuss his feedback and amortization issues, and recommend to keep the regular RFP schedule as outlined in our policy, which will entail conducting the legal RFP prior to the actuarial RFP.

Approved

ADJOURNMENT

It was moved by Clark and seconded by Monroe to adjourn the meeting at 4:55 p.m.
Meeting adjourned at 4:55 p.m.

F-6 Legal Report – No Report

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum
**G-2**  July 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>B Green and Clean</td>
<td>210.00</td>
<td>Office cleaning services for January and April 2015</td>
</tr>
<tr>
<td>DTE Energy</td>
<td>40.36</td>
<td>Monthly Gas Fee dated May 13, 2015</td>
</tr>
<tr>
<td>DTE Energy</td>
<td>179.75</td>
<td>Monthly Electric Fee dated May 13, 2015</td>
</tr>
<tr>
<td>Buck Consultants</td>
<td>2,483.33</td>
<td>April monthly hosting fees &amp; Pieske EDRO</td>
</tr>
<tr>
<td>Kolossos Printing, Inc.</td>
<td>83.15</td>
<td>Programs for Retiree Educational Session on 5/26/15</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>319.33</td>
<td>Monthly telephone service</td>
</tr>
<tr>
<td>Sheraton Ann Arbor Hotel</td>
<td>5,515.50</td>
<td>Retiree Educational Session held on 5/26/2015</td>
</tr>
<tr>
<td>Hasselbring-Clark Co.</td>
<td>46.51</td>
<td>Monthly copier cost per copy</td>
</tr>
<tr>
<td>Government Finance Officers Assoc.</td>
<td>160.00</td>
<td>Membership renewal for 7/1/2015 – 6/30/2016</td>
</tr>
<tr>
<td>VanOverbeke, Michaud &amp; Timmony PC</td>
<td>11,007.50</td>
<td>Payment for Legal services 9/1/2014-12/31/2014</td>
</tr>
<tr>
<td>Meketa Investment Group</td>
<td>9,166.66</td>
<td>Investment Consultant Retainer - May 2015</td>
</tr>
<tr>
<td>Sheraton Ann Arbor Hotel</td>
<td>5,203.30</td>
<td>Retiree educational seminar – 5/26/2015</td>
</tr>
<tr>
<td>Culligan of Ann Arbor/Detroit</td>
<td>7.00</td>
<td>Water service – June 2015</td>
</tr>
<tr>
<td>David Monroe</td>
<td>443.23</td>
<td>Travel Reimbursement – 2015 Spring MAPERS</td>
</tr>
<tr>
<td>Nancy Walker</td>
<td>34.88</td>
<td>Travel Reimbursement – 2015 Spring MAPERS</td>
</tr>
<tr>
<td>Terry Clark</td>
<td>25.08</td>
<td>Travel Reimbursement – 2015 Spring MAPERS</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>Type of Retirement</th>
<th>Effective Date</th>
<th>Group</th>
<th>Years of Service</th>
<th>Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adele El-Ayoubi</td>
<td>Age &amp; Service</td>
<td>July 7, 2015</td>
<td>General</td>
<td>25 years, 5 months</td>
<td>Safety Services, Police Department</td>
</tr>
<tr>
<td>Kathleen Flynn</td>
<td>Age &amp; Service</td>
<td>July 7, 2015</td>
<td>General</td>
<td>27 years, 7 months</td>
<td>Safety Services, Police Department</td>
</tr>
</tbody>
</table>

**G-5**  IR&M Correspondence re: Personnel Changes

**G-6**  Spring MAPERS Certificates of Attendance

**G-7**  Meketa Management Transition

**H.**  TRUSTEE COMMENTS - None

**I.**  ADJOURNMENT

It was moved by Nerdrum and seconded by Monroe to adjourn the meeting at 11:11 a.m.

Meeting adjourned at 11:11 a.m.

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

u:\pension\Minutes-2015\BDMTG JUNE 2015.doc