The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:38 a.m.

ROLL CALL

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

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 October 20, 2022 Regular Board Meeting

It was moved by Monroe and seconded by Lynch to approve the October 20, 2022 Regular Board Meeting minutes as submitted. Approved

C. CONSENT AGENDA

C-1 EDRO Resolution: Derek Delacourt v. Michelle Anna Delacourt

WHEREAS, the Board of Trustees is in receipt of a Qualified Domestic Relations Order dated October 19, 2022, wherein Michelle Anna Delacourt, the Alternate Payee, is awarded certain rights to the benefits of Derek Delacourt, the Participant, and

WHEREAS, regardless of the order being titled a Qualified Domestic Relations Order, the Board of Trustees will consider the Order to be an Eligible Domestic Relations Order, 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 equally any such costs, 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 Derek Delacourt, the Participant; Miriam Saffo, Esq., attorney for the Participant; Michelle Anna Delacourt, the Alternate Payee; Michael J. Becker, Esq., attorney for the Alternate Payee; and the Board’s Actuary.

C-2 Revised GASB Disclosure 67/68

The GASB report has been revised. An error was discovered on the covered payroll number that was disclosed for FYE22. This number is informational and only impacts the required supplementary information schedules on pages 12-15 of the reports.

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

Approved

D. ACTION ITEMS

D-1 2023 Board Meeting Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 19</td>
<td>July 20, 2023</td>
</tr>
<tr>
<td>February 16</td>
<td>August 17, 2023</td>
</tr>
<tr>
<td>March 16</td>
<td>September 21, 2023</td>
</tr>
<tr>
<td>April 20</td>
<td>October 19, 2023</td>
</tr>
<tr>
<td>May 18</td>
<td>November 16, 2023</td>
</tr>
<tr>
<td>June 15</td>
<td>December 21, 2023</td>
</tr>
</tbody>
</table>

It was moved by Monroe and seconded by Lynch to approve the 2023 Board Meeting Schedule.

Approved

D-2 Resolution to Terminate Sky Harbor Broad High Yield

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, Meketa as the Retirement System’s investment consultant, the Investment Policy Committee (IPC), and the Board of Trustees have approved a strategic asset allocation which reduces the policy target of High Yield Bonds to 0%, and

WHEREAS, Meketa as the Retirement System’s investment consultant, has recommended liquidating funds that are invested in asset classes that have a 0% policy target at the June 7 IPC meeting, and

WHEREAS, the IPC and Meketa Investment Group recommend that the High Yield Bond manager Sky Harbor be terminated in order to align with the asset allocation policy and the funds be used to fund benefit payments, new fund commitments and capital calls, so be it,

RESOLVED, that the Board of Trustees approves the termination of Sky Harbor Broad High Yield Bonds, and the proceeds of such liquidation in the amount of approximately $4.6 million be used to fund benefit payments, new fund commitments and capital calls.

It was moved by Monroe and seconded by DiGiovanni to approve termination of Sky Harbor Broad High Yield Bonds, and the proceeds of such liquidation in the amount of approximately $4.6 million be used to fund benefit payments, new fund commitments and capital calls.

Approved

D-3 Resolution to redeem $15 Million from AEW Core Property Trust

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, Meketa as the Retirement System’s investment consultant, the Investment Policy Committee (IPC), and the Board of Trustees have approved a strategic asset allocation which has the policy target of Real Estate at 9%, and

WHEREAS, the System’s investment consultant, Meketa Investment Group, has evaluated the current asset class allocations relative to their respective targets and determined that the portfolio is overweight in real estate with a position of 14% relative to the 9% policy target, and

WHEREAS, Meketa as the System’s investment consultant, has recommended at the November 1 IPC meeting selling $15 million (2.5% of the Plan) from the AEW Core Property Trust to move closer to its policy target, so be it,

RESOLVED, that the Board of Trustees approves the redemption of $15 million from the AEW Core Property Trust and the proceeds will be held in cash to fund benefit payments and capital calls.

It was moved by DiGiovanni and seconded by Monroe to approve the redemption of $15 million from the AEW Core Property Trust and the proceeds will be held in cash to fund benefit payments and capital calls.
D-4 Resolution to Invest in abrdn U.S. Private Equity Fund X

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, Meketa as the Retirement System’s investment consultant, the Investment Policy Committee (IPC), and the Board of Trustees have discussed an allocation to Private Equity which has a policy target of 7%, and

WHEREAS, potential Private Equity Fund of Fund Strategies were discussed by Meketa and the IPC on November 1, 2022, and

WHEREAS, Meketa and the Investment Policy Committee have recommended an investment with abrdn U.S. Private Equity Fund X so be it,

RESOLVED, that the Board of Trustees approve the investment In the abrdn U.S. Private Equity Fund X with a commitment in the amount of approximately $4 million, pending review of investment management documents by the Board’s legal counsel and any recommended additional due diligence.

It was moved by DiGiovanni and seconded by Monroe to approve the investment In the abrdn U.S. Private Equity Fund X with a commitment in the amount of approximately $4 million, pending review of investment management documents by the Board’s legal counsel and any recommended additional due diligence.

Approved

E. DISCUSSION ITEMS

E-1 Proposed Board Retreat Date

The Board discussed the 2023 Board retreat and decided to schedule for April 20, 2023.

F. REPORTS

F-1 Executive Report – November 17, 2022

ANGELO GORDON DISTRIBUTION

Angelo Gordon Direct Lending Fund IV Annex, L.P. issued a distribution in the amount of $170,179 for the Retirement System and $70,908 for VEBA on 10/31/22.

DRA CAPITAL CALLS AND DISTRIBUTIONS
DRA issued a distribution from the Growth and Income Fund X on 11/1/22 in the amount of $42,288 for the Retirement System and $28,192 for the VEBA consisting of return of capital (recallable).

**BLACKROCK CAPITAL CALLS AND DISTRIBUTIONS**

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of $418,049 for the Retirement Plan and $156,768 for the VEBA on 11/3/22. (This is a correction to last month’s report the figures were incorrect).

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of $509,397 for the Retirement Plan and $191,025 for the VEBA on 11/28/22.

**DRA DISTRIBUTIONS**

DRA issued a distribution from the Growth and Income Fund IX on 11/15/22 in the amount of $53,934 for the Retirement System and $15,863 for the VEBA consisting of cash from operations netted against management fees.

DRA issued a distribution from the Growth and Income Fund X on 11/15/22 in the amount of $69,531 for the Retirement System and $46,354 for the VEBA consisting of cash from operations netted against management fees.

**PENSION ADMINISTRATION SOFTWARE CONVERSION**

Staff continues to meet weekly with Milliman and has started one hour training sessions. Milliman will be onsite for all day training with Staff on 12/7. Please see timeline for updates.

**FYE/AUDIT UPDATE**

Rehman is preparing the drafts of the financial statements this week. An Audit Committee meeting will be scheduled upon receipt of the drafts.

Revised GASB reports have been added to the consent agenda for approval.

**TRUSTEE ELECTION UPDATE**

The letters for the reappointment of Julie Lynch and Brock Hastie’s replacement were sent to the City on October 21, 2022 and are slated for the December 5 City Council Meeting.

**STAFF OPERATIONS/UPDATE**

The Pension Analyst processed 37 estimates, 2 final calculations, 2 non-vested calcs, 1 payout and 3 pre sessions.

ED will be out of town (working remotely) November 22 - 30.
F-2 Executive Report – MissionSquare (ICMA) Update

Metrics are not available this month due to the conversion to the new employer website.

457 Balance at 11/9/22 - $99,941,000

401 Balance at 11/9/22 – $3,998,000

Current Items/Education:
Dan Stewart will be conducting individual appointments and a webinar December 13-15. There was a positive turn out to onsite appointments conducted in October.

401 Forfeiture Balance = $60,024

457 Admin Allowance Balance = $40,496

Notes:
The one-year amendments to the Plans extending the term and incorporating the new pricing were received on 11/7 and forwarded to VMT for review. Please see the APC minutes for an update on the new employer and employee website rollout.

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

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Asset Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/31/2022</td>
<td>$578,190,471</td>
</tr>
<tr>
<td>9/30/2022</td>
<td>$554,400,871</td>
</tr>
<tr>
<td>Calendar YTD</td>
<td>($72,710,283)</td>
</tr>
<tr>
<td>Percent Gain</td>
<td>-11.0%</td>
</tr>
<tr>
<td>November 16, 2022 Asset Value</td>
<td>$590,851,521</td>
</tr>
</tbody>
</table>

F-4 Investment Policy Committee Minutes – November 1, 2022

Following are the Investment Policy Committee minutes from the meeting convened at 3:13 p.m. on November 1, 2022:

Member(s) Present: DiGiovanni, Flack(Via TX), Hastie, Monroe, Praschan
Member(s) Absent: None
Other Trustees Present: None
Staff Present: Buffone(Via TX), Gustafson(Via TX), Hollabaugh, Orcutt
Others Present: Keith Beaudoin (via TX), Meketa Investment Group
                John Harris(via TX), Meketa Investment Group

ECONOMIC AND MARKET UPDATE DATA AS OF SEPTEMBER 30, 2022

Mr. Beaudoin provided an economic update noting that global markets sold off in August and September, leading to quarterly declines as slower growth and higher inflation weighed on sentiment.
Persistently high inflation and the likely increased pace of the policy response, the war in Ukraine, lingering COVID-19 issues, and lockdowns in China will all have considerable consequences for the global economy.

**EXECUTIVE SUMMARY**

Over the past 3, 5, 7, and 10 years, the ERS has returned 6.8%, 6.2%, 7.4% and 7.2%. These returns have outperformed the 60% equity/40% Bonds benchmarks as well as the primary benchmark in most periods.

Over the past 3, 5, 7, and 10 years, the VEBA has returned 4.7%, 5.2%, 6.8% and 6.5%. These returns have outperformed the 60% equity/40% Bonds benchmarks as well as the primary benchmark in most periods.

The JP Morgan Infrastructure Fund made capital calls of $14 million and $6 million, for the ERS and VEBA, respectively on October 3.

**SSGA FUNDING & CASH NEEDS**

The Board approved an allocation to SSGA S&P Global LargeMidCap Natural Resources Index Strategy in August. Funding for the ERS from the Beach Point redemption and IR&M TIPS for VEBA.

**Future Cash Needs of ERS:** The ERS will have ~$10 million remaining after its contribution to SSGA. In order to raise cash, Meketa recommended placing a full redemption for Sky Harbor High Yield fund for a redemption on 12/1. Proceeds are expected to be $4.6 million given the market value as of 9/30.

**Future Cash Needs of VEBA:** The VEBA will have ~$2 million remaining after its contribution to SSGA. Proceeds of ~$6 million from the Beach Point redemption are expected to be received towards the end of December. This will leave the VEBA with enough cash so no action was recommended.

**Real Estate:** The ERS & VEBA currently have overweight positions in Real Estate relative to their policy targets. This is the result of the plan’s real estate funds performing well in the past year while other asset classes declined, and additional mid-year funding.

- Meketa recommended putting in a $15 million redemption from the AEW Core Property Trust.
- Meketa recommended putting in a $2 million redemption from the AEW Core Property Trust and $2 Million in from the Vanguard REIT.

It was **moved** by DiGiovanni and **seconded** by Monroe to recommend to the Board to redeem 100% of Sky Harbor to have cash available for benefit payments and capital calls. **Approved**

It was **moved** by DiGiovanni and **seconded** by Monroe to recommend to the Board to rebalance $15 million from the AEW Core Property Trust to have cash available for benefit payments and capital calls. **Approved**

It was **moved** by DiGiovanni and **seconded** by Monroe to recommend to the Board to rebalance $2 million from the AEW Core-Property Trust and $2 Million from the Vanguard...
REIT to have cash available for expenses and capital calls.  

**Approved**

**REirement System**

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

**September 30, 2022 Performance Update:** As of September 30, 2022, the balance of the Funds was $550,785,729 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.

**September 30, 2022 Performance Update:** As of September 30, 2022, the balance of the Funds was $218,120,541 for VEBA. Fiscal Year to Date performance was -3.8% for VEBA net of fees.

**Current Issue**

**Private Equity Buyout Fund of Funds Manager Search:** The Board has an asset allocation target of 7% (ERS) and 5% (VEBA) to private equity. To maintain the Plan’s respective target allocations and exposure, Meketa recommended to commit up to $4 million for ERS and $1 million for VEBA to private equity buyout focused strategies.

Meketa outlined two options:

- **Ironsides VI** is a buyout-focused fund-of-funds and co-investment fund that provides exposure to the middle market sector primarily in North America through partnership funds and directly in companies.
- **abrdn U.S. Private Equity XI** is a buyout-focused fund-of-funds and co-investment fund that provides exposure to the lower middle market sector primarily in North America through partnership funds and directly in companies.

The Committee discussed the two presented options and decided to invest in abrdn.

It was **moved** by DiGiovanni and **seconded** by Monroe to recommend to the Board to invest $4 million from the ERS into abrdn U.S. Private Equity XI.  

**Approved**

It was **moved** by DiGiovanni and **seconded** by Monroe to recommend to the Board to invest $1 Million for the VEBA into abrdn U.S. Private Equity XI.  

**Approved**

**Adjournment**

It was **moved** by Monroe and **seconded** by DiGiovanni to adjourn the meeting at 4:39 p.m.  

**Meeting adjourned at 4:39 p.m.**
Committee Members Present: Lynch, Monroe, Praschan, Schreier
Members Absent: None
Other Trustees Present: None
Staff Present: Buffone, Gustafson (Via TX), Hollabaugh (Via TX), Orcutt
Others Present: None

REHIRE FORMS

Ms. Orcutt presented the service credit reinstatement forms to the Committee. These forms will be used for rehired employees who are eligible to reinstate prior service credit by repaying withdrawn employee contributions with interest. The Committee reviewed and made minor revisions to the forms.

It was moved by Schreier and seconded by Lynch to approve the service credit reinstatement forms as revised.

APPROVED

MISSIONSQUARE UPDATES

Plan Sponsor Website Issues: MissionSquare (MSQ) recently updated their employer and employee websites. The new employer website has not proven user friendly thus far and no training was conducted prior to the roll out. There have been several issues such as plan statistics not being available, changes to the deferral change report and UEW requests being sent to ED for approval. The latter is not part of our plan document and MissionSquare is responsible for determining if IRS criteria are met. The quarterly financial reports are lacking detail that is needed to reconcile the quarterly contributions and related journal entry. Of greatest concern is that employer and employee contributions were not being posted on time and City staff was having difficulty enrolling new employees into the 401a Plan.

Ms. Orcutt met with MissionSquare on all of these issues. These complications are not specific to Ann Arbor and MissionSquare is working on resolving these conversion complications. If there are time periods where funds were out of the market, MSQ will backdate the contributions to the date they should have been posted had they been received in good form. Regarding the reporting, MSQ is researching if they can make improvements or if there are more appropriate reports that will provide what we need.

Employee Website: The employee website has also been updated now requiring employees to re-submit their log in credentials and provide a social security number. Staff has informed all employees of this via an all email after receiving a few inquiries regarding the SSN requirement upon initial login. Ms. Orcutt informed the Committee that the call center for MissionSquare has been difficult to reach with lengthy hold times. Ms. Praschan noted an incident where all available funds were not appearing on the site when an employee was attempting to adjust their lineup.

CYBER SECURITY DISCLOSURES

Ms. Orcutt informed the Committee that the cyber security disclosures have been completed and reviewed by Jen Grimes in IT. Ms. Grimes will provide an update at the next APC meeting.
**DECEMBER MEETING DATE**

*The Committee reviewed schedules and planned to meet December 13th at 3:00 pm.*

**ADJOURNMENT**

*It was moved by Schreier and seconded by Monroe to adjourn the meeting at 3:43 p.m.*

Meeting adjourned at 3:43 p.m.

Jen Grimes provided a cyber security update informing the Board that all have been completed and reviewed. Overall, each vendor’s cyber security looked good. Ms. Grimes noted that the security protocols in place at the Board’s legal council’s office could be improved.

Ms. Orcutt provided an update on the ongoing issues related to the MissionSquare conversion to a new website hosted by SS & C.

**F-6 Audit Committee Minutes – None.**

**F-7 Legal Report**

Mr. VanOverbeke informed the Board that legal is continuing the watch the proceedings of the Open Meetings Act amendments since the election changes and will keep the Board updated.

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

**G-1 Communications Memorandum**

**G-2 December 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 American Express</td>
<td>$538.70</td>
<td>October Board Supplies, Office Cleaning, Stamps</td>
</tr>
<tr>
<td>2 Buck</td>
<td>$1,924.34</td>
<td>Administrative Hosting Fee Service 9/2022</td>
</tr>
<tr>
<td>3 Laura Hollabaugh</td>
<td>$32.33</td>
<td>DTE Reimbursement Gas Service 8/12/2022-9/12/2022</td>
</tr>
<tr>
<td>4 Laura Hollabaugh</td>
<td>$121.77</td>
<td>DTE Reimbursement Electric 9/13/2022-10/12/2022</td>
</tr>
<tr>
<td>5 Innovest</td>
<td>$9,750.00</td>
<td>Advisory Fee 10/1/2022-12/31/2022</td>
</tr>
<tr>
<td>6 Loomis Sayles</td>
<td>$29,605.88</td>
<td>Investment Manager Fee 7/1/2022-9/30/2022</td>
</tr>
<tr>
<td>7 Rhumbline</td>
<td>$14,221.00</td>
<td>Investment Manager Fee 7/1/2022-9/30/2022</td>
</tr>
<tr>
<td>8 Meketa</td>
<td>$10,000.00</td>
<td>Investment Consulting Fee 10/2022</td>
</tr>
<tr>
<td>9 Milliman</td>
<td>$2,250.00</td>
<td>MARC Implementation Fee 10/2022</td>
</tr>
<tr>
<td>10 Staples</td>
<td>$117.98</td>
<td>Misc. Office Supplies</td>
</tr>
<tr>
<td>11 Dave Monroe</td>
<td>$2,094.52</td>
<td>MAPERS Fall Travel Reimbursement</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>Jeanette Jerore-Zachariah</td>
<td>Age &amp; Service</td>
<td>December 4, 2022</td>
<td>Police</td>
<td>AAPOA</td>
<td>25 Years, 3 Months</td>
<td>Safety Services</td>
</tr>
<tr>
<td>David Dykman</td>
<td>Age &amp; Service</td>
<td>December 3, 2022</td>
<td>General</td>
<td>NON UNION</td>
<td>13 Years, 11 Months</td>
<td>Public 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 Monroe and seconded by Grimes to adjourn the meeting at 9:08 a.m.  
Meeting adjourned at 9:08 a.m.

Wendy Orcutt

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