

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
September 17, 2015**

The meeting was called to order by Jeremy Flack, Chairperson, at 8:36 a.m.

**ROLL CALL**

Members Present: Clark, Crawford, DiGiovanni, Flack, Hastie, Heusel (9:30), Lynch,  
Monroe  
Members Absent: Nerdrum  
Staff Present: Kluczynski, Walker  
Others: Michael VanOverbeke, Legal Counsel

**AUDIENCE COMMENTS – None**

**A. APPROVAL OF AGENDA**

It was **moved** by Hastie and **seconded** by Crawford to approve the agenda as presented.  
**Approved**

**B. APPROVAL OF MINUTES – August 19, 2015**

It was **moved** by Monroe and **seconded** by Clark to approve the August 19, 2015 Board Meeting minutes as submitted.  
**Approved**

**C. CONSENT AGENDA - None**

**D. EXECUTIVE SESSION – Disability Application / Medical Report**

It was **moved** by Monroe and **seconded** by Crawford to convene an Executive Session for the purpose of discussing a disability application and medical report for Lynn Hart.  
**Approved**

*Roll call vote:*

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

At this point in the meeting, Ms. Kluczynski excused herself from attending the closed session.

*Disability session time: 8:38 a.m. – 9:24 a.m.*

**E. ACTION ITEMS**

**E-1 Motion Regarding Disability Application / Medical Report**

It was **moved** by Monroe and **seconded** by Crawford to acknowledge receipt of the medical report from Allen Babcock, M.D. dated August 24, 2015, with regards to the independent medical evaluation of Lynn Hart. The Board directs that a copy of excerpts from that report regarding her medical condition be forwarded by the Executive Director to the appropriate Human Resources representative(s) requesting clarification and opinion, as to in light of the opinions and diagnosis expressed in the opinion, if the applicant can fulfill the customary duties of her employment, and if not, why.

**Approved**

## **E-2 FAC Recalculation Policy**

The Board reviewed the FAC Recalculation Policy as submitted by the Administrative Policy Committee. A lengthy discussion ensued regarding the proposed language, including the past practice history and further clarification from legal counsel. Mr. Monroe suggested that before the proposed language is approved, that it be forwarded to the various collective bargaining units to be sure that the language is clear and understood. Mr. Heusel recommended a minor language change which the Board agreed to.

The Board agreed that the policy be forwarded as discussed, and to request that responses be submitted back to the Retirement Office before October 10<sup>th</sup> in order for the policy to be approved at the October 15<sup>th</sup> regular Board meeting.

It was **moved** by Monroe and **seconded** by Heusel to table the adoption of this policy resolution and direct that a copy in draft form be sent to the appropriate union and City representatives with a request that they provide a comment, if any, to the Board prior to the October Board meeting.

### **Approved**

## **F. DISCUSSION ITEMS**

### **F-1 Legal RFP Candidates – Scheduling of Interviews**

Ms. Walker informed the Board that she has received three responses to the Legal Counsel Request for Proposals, and recommended that a special-call Board meeting be scheduled in order to interview the three candidates. After discussion, the Board tentatively set the special-call meeting for Tuesday, October 20, 2015 at 9:00 a.m.

## **G. REPORTS**

### **G-1 Executive Report – September 17, 2015**

#### **INTERCONTINENTAL REIF III DISTRIBUTION**

A distribution from the Intercontinental Real Estate Fund (REIF) III of **\$304,478.61**, representing CAAERS pro-rata share of a total of \$9,000,000 derived from the sale of a property, was received September 2, 2015.

#### **SUMMIT PARTNERS CREDIT FUND**

On August 27, 2015, **\$297,635** was **returned** to the Retirement System and **\$74,409** to the VEBA from Summit Partners Credit Fund II, L.P. (the "Fund"). With this return, we will have funded of 23.7% of our total commitment to Summit Partners Credit Fund II, L.P. The capital was called in anticipation of closing on a specific investment, which for the time being has been put on hold.

#### **DRA CAPITAL CALL**

A capital call is being made for the ERS to pay down the Fund's credit facility for the DRA/RCG Retail Portfolio, Sardis Center and Piedmont Plaza acquisitions, on September 25, 2015 in the amount of **\$377,778.00**, which is the pro-rata share of the total capital call of \$60,000,000. After this capital call our remaining Commitment to the Fund is \$5,483,153.00.

A capital call is being made for the VEBA to pay down the Fund's credit facility for the DRA/RCG Retail Portfolio, Sardis Center and Piedmont Plaza acquisitions on September 25,

2015, in the amount of **\$111,111.00**, which is the pro-rata share of the total capital call of \$60,000,000. After this capital call the remaining Commitment to the Fund is \$1,612,692.00.

**ACTUARIAL VALUATION PROGRESS**

All data has been received by the actuary, and staff has provided clarification to actuary questions. The roll-forward letter for the pension fund has been provided to City accounting staff by the actuary. The draft actuarial reports are anticipated for the first week in October.

**AUDIT AND FINANCIAL STATEMENTS**

The financial statements have been sent to the auditor for review. We are waiting for the actuarial valuation to complete the supplementary disclosures.

**STAFF ACTIVITY**

Staff scheduled ESS/pension training for September 23, in the early a.m., for Wheeler Field Operations staff at their facility.

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

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

8/31/2015 Asset Value (Preliminary)	\$460,541,437
7/31/2015 Asset Value (Audited by Northern)	\$475,860,836
Calendar YTD Increase/Decrease in Assets <i>(excludes non-investment receipts and disbursements)</i>	(\$2,110,155)
Percent Gain <Loss>	-0.4%
<b>September 16, 2015 Asset Value</b>	<b>\$458,839,637</b>

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

**G-4 Administrative Policy Committee Minutes – September 15, 2015**

Following are the Administrative Policy Committee minutes from the meeting convened at 3:18 p.m. on September 15, 2015:

Committee Members Present: Crawford, Monroe  
 Members Absent: Heusel  
 Other Trustees Present: Clark  
 Staff Present: Jarskey, Kluczynski, Walker  
 Others Present: None

**FAC RECALCULATION POLICY**

*The Committee continued their discussion regarding the revised FAC Recalculation Policy. Mr. Monroe stated that he is still uncomfortable with the revised language, and feels that it conflicts with the current Ordinance language. Mr. Monroe suggested that perhaps the language should be reviewed by the various union groups to find out if the language is clear and if there are additional concerns. After discussion regarding the proposed language and the various case-by-case scenarios, the Committee decided that it would like additional input from the rest of the Board of Trustees as well as legal counsel, and decided to further discuss the policy at the upcoming September 17<sup>th</sup> Board meeting.*

## REVIEW OF POTENTIAL APPLICANTS FOR LEGAL RFP

The Committee reviewed the legal RFP candidate summaries as provided by Ms. Walker, and decided that all three candidates appear to be very qualified and should be brought in for interviews. The Committee decided to coordinate and schedule a special-call Board meeting with the rest of the Board members during the September Board meeting, recommending that interviews take place during the last week of October.

## APC PROJECT TRACKING

The Committee reviewed the Project Tracking Table and agreed that the proposed topics remain as presented.

## ADJOURNMENT

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

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

**G-6 Legal Report – No Report**

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

**H-1 Communications Memorandum**

**H-2 October 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	13.26	Monthly Gas Fee dated August 12, 2015
2	DTE Energy	276.17	Monthly Electric Fee dated August 12, 2015
3	B Green and Clean	140.00	Office cleaning services for July 2015
4	Staples Advantage	108.29	Miscellaneous Office supplies
5	Meketa Investment Group	10,000.00	Investment Consultant Retainer - July 2015
6	Comcast	85.32	Monthly Cable Fee
7	Hasselbring-Clark Co.	71.02	Monthly copier cost per copy
8	Buck Consultants	1,583.33	Monthly hosting fees – July 2015
9	MedSource Services/Cons. Physicians	1,500.00	Disability re-exam & report for R. Robinson – 7-28-2015
10	Nancy Walker	70.00	State Bar of Michigan – Reimb. for Legal RFP Ad.
11	Meketa Investment Group	10,000.00	Investment Consultant Retainer – August 2015
12	AT&T	377.28	Monthly telephone service
13	City of Ann Arbor Treasurer	133.30	ITSU Service Charge (K. Spade) for July 2015
14	City of Ann Arbor Treasurer	166.63	ITSU Service Charge (K. Spade) for August 2015
15	MedSource Services/Cons. Physicians	875.00	Disability exam & report for L. Hart – 8-24-2015
16	Staples Advantage	72.59	Miscellaneous Office supplies – keyboard drawer
17	Wall Street Journal	903.60	Renewal of 2-year subscription
18	Comcast	85.32	Monthly Cable Fee
19	MLive Media Group	33.38	Legal RFP Announcement
20	Staples Advantage	121.29	Miscellaneous Office supplies
	<b>TOTAL</b>	<b>26,615.78</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
Vernon Pappas	Age & Service	October 3, 2015	General	9 years, 1 month	Community Services Planning & Development

I. TRUSTEE COMMENTS

J. ADJOURNMENT

It was **moved** by Heusel and **seconded** by Hastie to adjourn the meeting at 10:55 a.m.  
**Meeting adjourned at 10:55 a.m.**



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