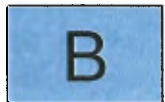


**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
July 19, 2018**



The meeting was called to order by Jeremy Flack, Board Chairperson, at 8:47 a.m.

ROLL CALL

Members Present: Crawford, Flack, Hastie, Lynch, Monroe, Schreier (*Via TX, 9:41a.m. departure*)
Members Absent: Clark, DiGiovanni, Nerdrum
Staff Present: Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B June 21, 2018 Regular Board Meeting

It was **moved** by Monroe and **seconded** by Hastie to approve the June 21, 2018 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 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:

Name	Classification	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
Demitrist McGregory (Wiley)	Financial & Admin.	13 years, 10 months	Charter Township of Mundy
John Craig	Public Services	8 years, 9 months	City of Adrian

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.

C-2 EDRO Certification Resolution – Lori L. Pelzel v. Jeffrey S. Pelzel

WHEREAS, the Board of Trustees is in receipt of a First Amended Eligible Domestic Relations Order dated June 19, 2018, wherein Lori L. Pelzel, the Alternate Payee, is awarded certain rights to the benefits of Jeffrey S. Pelzel, the Participant, 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 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 her share of the Participant's benefit at any time after the Participant reaches his earliest retirement date, 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 at the top sheet of the Participant's pension file and other appropriate records to be retained by the Retirement System relative to this matter, and further

RESOLVED, that copies of this resolution be sent to Jeffrey S. Pelzel, the Participant; Robert E. Kostin, Esq., attorney for the Participant; Lori L. Pelzel, the Alternate Payee; Karen M. Ross, Esq., attorney for the Alternate Payee; and the Board's Actuary.

It was **moved** by Lynch and **seconded** by Crawford to approve the Consent Agenda as presented.

Approved

D. EXECUTIVE SESSION – Disability Re-Examination

It was **moved** by Crawford and **seconded** by Hastie to convene an Executive Session for the purpose of discussing the disability re-examination medical report for Ralonda Robinson and Jason Gold.

Approved

Roll call vote:

Clark – Absent	Flack – Yes	Monroe - Yes
Crawford – Yes	Hastie – Yes	Nerdrum – Absent
DiGiovanni – Absent	Lynch – Yes	Schreier – Yes

Executive session time: 8:48 a.m. – 8:56 a.m.

E. ACTION ITEMS

E-1 Motion Regarding Disability Re-Exam Review

It was **moved** by Hastie and **seconded** by Crawford that the Board acknowledges receipt of the medical report dated June 22, 2018 from Carla Guggenheim, D.O., with regards to the independent medical re-evaluation of Ralonda Robinson, noting that the doctor has concluded that she remains 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 continuation of her disability retirement consistent with the Board's Disability Retirement Procedures.

Approved

It was **moved** by Crawford and **seconded** by Hastie that the Board acknowledges receipt of the medical report dated June 20, 2018 from Allen Babock, M.D., with regards to the independent medical re-evaluation of Jason Gold, noting that the doctor has concluded that he remains 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 continuation of his disability retirement consistent with the Board's Disability Retirement Procedures.

Approved

F. DISCUSSION ITEMS

F-1 Discussion on Return Assumption

The Board discussed the return assumption and asset allocation in an effort to sooner reach fully funded status. After a lengthy discussion, the Board ultimately decided to keep the current return assumption for this year's valuation and to continue the discussion in the coming Fiscal Year and possibly at the Annual Retreat.

G. REPORTS

G-1 Executive Report – July 19, 2018

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 6/18/18 in the amount of \$59,105 for the Retirement System consisting of \$ 19,454 in Gains and recallable capital in the amount of \$39,651. The VEBA distribution of \$17,384 consisted of \$ 5,722 in Gains and recallable capital in the amount of \$ 11,662.

CARLYLE CAPITAL CALLS

Carlyle requested a capital call of our commitment to the Carlyle Realty Fund VIII in the amount of \$ 60,493 for the Retirement Plan and \$ 15,123 for the VEBA on 7/11/18 for the purpose of funding management fees and expenses.

RAISE CASH FOR BENEFITS AND EXPENSES

The NT Aggregate Bond Index fund was utilized to raise cash in the amount of \$ 5,000,000 per direction from Meketa with a settlement date of 7/10/2018.

ICMA-RC UPDATES

The ICMA "Am I on Track Tool" on the website was updated to include Dual Plan multipliers for the respective labor groups.

ACTUARY TRANSITION/UPDATE

Findley drafted a work plan for the FYE 2018 Plan year and they have completed the match process for the 06/30/17 valuations. The census data for Pension should be completed and sent by 7/16/18. Claims data through 06/30/18 for OPEB will not be available until late August therefore

HR will provide data through May to be used for the Experience Study to meet the August deadline.

AUDIT UPDATE

Yeo & Yeo will be onsite August 29/30. They will not be conducting preliminary fieldwork this year.

STAFF OPERATIONS/UPDATE

The Pension Analyst conducted 3 pre-sessions and processed 14 estimates.

G-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended June 30, 2018

Wendy Orcutt, Executive Director, submitted the Financial Report for the month ended June 30, 2018 to the Board of Trustees:

6/30/2018 Asset Value (Preliminary)	\$503,486,834
5/31/2018 Asset Value (Audited by Northern)	\$507,869,289
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$1,926,032
Percent Gain <Loss>	0.4%
July 17, 2018 Asset Value	\$505,536,883

G-3 Investment Policy Committee Minutes – None

G-4 Administrative Policy Committee Minutes – None

G-5 Audit Committee Minutes – July 13, 2018

Following are the Audit Committee minutes from the meeting convened at 10:38 a.m. on July 13, 2018:

Committee Members Present: Crawford, Monroe (via TX), Nerdrum
Members Absent: Clark
Other Trustees Present: None
Staff Present: Gustafson, Hollabaugh, Orcutt
Others Present: None

ACTUARY TRANSITION UPDATE

Ms. Orcutt updated the committee stating that the transition was going well. All data was received by Conduent and Findley completed the match to the 6/30/2017 valuation. Ms. Orcutt informed the committee that Findley has been very responsive and organized thus far. Ms. Nerdrum requested follow up with Findley regarding the evaluation match percentage, mortality tables and to ask Findley if they saw anything while matching that stood out. Findley will have a draft valuation report ready in October 2018. Ms. Nerdrum also requested to have a meeting with Findley prior to receiving the valuation report.

FINDLEY WORK PLAN/TIMELINE

The Committee reviewed the timeline provided by Findley and agreed that it was on track.

DISCUSSION ON RETURN ASSUMPTION

The Committee discussed adjusting the return assumption and considered other options. It was ultimately decided to continue this discussion with the Board at the July Board meeting as long as all Trustees were available and/or comfortable having the discussion if absent.

YEO & YEO ENGAGEMENT LETTER

Ms. Nerdrum reviewed the Engagement Letters for the City of Ann Arbor Employees' Retirement System and Retiree Health Care Benefit Plan & Trust. Letters were executed as no changes or corrections were necessary.

ADJOURNMENT

It was **moved** by Monroe and **seconded** by Crawford to adjourn the meeting at 11:35 a.m.
Meeting adjourned at 11:35 a.m.

AC Project Tracking		
Description	Originated	Status
Actuarial Funding Policy Draft	7/17/14 Board Meeting	Tentative – Late 2015 to early 2018 (project for Actuary)

G-6 Legal Report

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 July Planning Calendar

H-3 Record of Paid Invoices

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

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	West Arbor Condo Assoc.	\$2,477.46	January & July 2018 Bi-Annul Condo Association Dues
2	DTE Energy	\$314.63	Electric Service 5/12/18-6/13/18
3	AT&T	\$616.27	Phone Service 5/14/18-6/13/18
4	Staples	\$90.73	Miscellaneous Office Supplies
5	Med Source Services	\$1,500.00	Ralonda Robinson Disability Re-Exam
6	Med Source Services	\$900.00	Jason Gold Disability Re-Exam
7	Midwest Maintenance	\$175.00	General Cleaning Service for June 2018
8	Meketa Investment Group	\$10,000.00	Investment Consulting Services June 2018
9	Applied Imaging	\$40.53	Printing Services 6/1/18-6/30/18
10	Conduent HR Consutling	\$3,277.08	May Hosting Fee & Acutarial Transition Fee to Findley
11	Hexavest	\$22,725.28	Management Fees 4/1/18-6/30/18
12	Culligan	\$38.99	Water Service 7/1/18-7/31/18
13	Government Finance Officers Association	\$160.00	Corbin Hammond Membership Fee 7/1/18-6/30/19
	Total	\$42,315.97	

H-4 Retirement Report

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

Name	Retirement Type	Effective Retirement Date	Group	Years of Service	Department/Service Area
Thomas Thorsby	Deferred Age & Service	August 1, 2018	General	14 years, 8 months	Public Services
Nancy Christopher	Age & Service	September 11, 2018	General	19 years, 2 months	Community Services

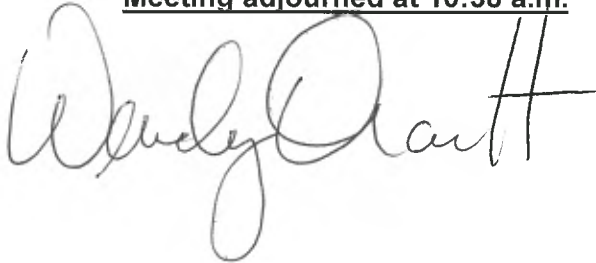
H-5 Analysis of Page Views on City Intranet / Retirement System Page

I. TRUSTEE COMMENTS / SUGGESTIONS

Mr. Flack had questions regarding ICMA-RC's self-service retirement tracker and Ms. Orcutt will be following up with Jason Ashline, from ICMA, for answers.

J. ADJOURNMENT

It was **moved** by Hastie and **seconded** by Crawford to adjourn the meeting at 10:38 a.m.
Meeting adjourned at 10:38 a.m.



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