

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
May 17, 2018**

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

ROLL CALL

Members Present: Clark, Flack, Hastie (*9:30am arrival*), Lynch, Monroe (*Via TX, 9:21am departure*),
Nerdrum (*9:10am arrival*), Schreier
Members Absent: Crawford, DiGiovanni
Staff Present: Gustafson, Hammond, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
Doug Smith, Retiree (*8:45am arrival*)

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B April 19, 2018 Regular Board Meeting

It was **moved** by Schreier and **seconded** by Lynch to approve the April 19, 2018 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 Letter regarding Ironside V Compliance with Public Act 314 of 1965, as amended

Received and filed.

C-2 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
John Gilbee	Safety Services	3 years, 8 months	Pittsfield Charter Township

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-3 EDRO Certification Resolution – Stephen Goebel, Jr. v. Andria Goebel

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated November 28, 2017, wherein Andria Goebel, the Alternate Payee, is awarded certain rights to the benefits of Stephen Goebel, Jr., the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant’s contributions to 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 withdraw her portion of the Participant’s contributions at any time after the Participant reaches his earliest retirement date, and

WHEREAS, the Participant is eligible for vested deferred retirement benefit payable from the Retirement System through recognition of additional service credit pursuant to Michigan’s Reciprocal Retirement Act, and

WHEREAS, the parties have expressed their understanding that if the Alternate Payee or the Participant were to elect to withdraw the Participant’s contributions to the Retirement System that the Participant would no longer be eligible for a monthly retirement benefit payable from the Retirement System, 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 Stephen Goebel, Jr., the Participant; Andria Goebel, the Alternate Payee; and Susan M. Dehncke, Esq., attorney for the Alternate Payee.

It was **moved** by Clark and **seconded** by Scheier to approve the Consent Agenda as presented.

Approved

D. ACTION ITEMS

D-1 Annual Disability Re-Examinations

Ms. Orcutt submitted a memo indicating that:

Per the Board's Policies and Procedures, disability retirees who have not met voluntary retirement age may be recalled for a medical re-examination at least once each year during the first five years after their approved disability retirement, then at least once in every three-year period thereafter.

Per the policy amendment approved on July 21, 2011, the Re-Exam policy states:

*The Retirement Board shall review the files of all disability retirees twice a year to determine which retirees must undergo a medical re-examination by the Board's Medical Director. **The files shall be reviewed each May for disability retirements that commenced or had a re-examination in the prior year January through June time frame, and each November for disability retirements that commenced or had a re-examination in the prior year July through December timeframe.***

The following person would qualify for a medical re-examination per the Board's policy:

DISABILITY RETIREE	DATE BOARD GRANTED DISABILITY	DATE OF LAST RE-EXAMINATION	EXECUTIVE DIRECTOR'S RECOMMENDATION FOR RE-EXAMINATION
Ralonda Robinson	January 17, 2013	June 22, 2017	Yes
Jason Gold	February 17, 2017	January 18, 2017	Yes
Anthony Fischer	July 22, 2016	July 6, 2016	Yes

It was **moved** by Monroe and **seconded** by Clark to direct the disability re-examination of Ralonda Robinson, Jason Gold and Anthony Fischer consistent with the Board's Disability Retirement Procedures.

Approved

D-2 Approval of Administrative Procedure for Withdrawal of Contributions Policy

WHEREAS, the Board of Trustees of the City of Ann Arbor Employees' Retirement System (the "Board") is vested with the authority and fiduciary responsibility for the general administration, management and responsibility for the proper operation of the retirement system and for making effective and construing the provisions of the City of Ann Arbor Employees' Retirement System Ordinance (the "Retirement Ordinance"); and

WHEREAS, the Retirement Ordinance establishes the Annuity Savings Fund as "the accounting fund which shall be credited with (i) Member mandatory contributions . . . , (ii) repayment of Accumulated Contributions by rehired Members including any applicable interest charges, and (iii) any interest allocated . . . ; and which shall be charged with refunds, payments and transfers of Accumulated Contributions as provided in this Retirement Ordinance." (Sec. 1:565(a)); and

WHEREAS, the membership of the Retirement System generally includes all active officers and employees of the City of Ann Arbor (the "City") (Sec. 1:553); and

WHEREAS, Section 1:564(a) of the Retirement Ordinance provides if a Member ceases to be an employee of the City, "for any reason except the Member's death, and is not entitled to a Retirement Allowance . . . , the Member shall automatically be paid all of the Accumulated Contributions credited to the Member in the Annuity Savings Fund **as the Member shall demand in writing** on forms furnished by the Board."; and

WHEREAS, the Retirement System's Annuity Savings Fund has on deposit accumulated contributions of non-vested former members; and

WHEREAS, the Board desires to restate its policy and procedures for a refund of the accumulated contributions of non-vested former members of the Retirement System; therefore be it

RESOLVED, that upon the Retirement System's notification of a non-vested Member's termination of employment, a copy of (1) this policy resolution; (2) the Retirement System's "Request for Withdrawal of Employee Contributions and Interest from the Retirement System and Distribution Designation" form; and (3) the Retirement System's "Notice to Recipient of Total or Partial Lump Sum Distribution", shall be forwarded to such non-vested former member; and further

RESOLVED, that non-vested former members may request in writing to withdraw their accumulated contributions in the Annuity Savings Fund via the appropriate Retirement System form(s) at any time following their termination from employment; and further

RESOLVED, that non-vested former members may request in writing to redeposit previously withdrawn contributions plus all interest accrued thereon, upon subsequent employment with another governmental entity in accordance with the provisions of the Reciprocal Retirement Act, Public Act 88 of 1961, as amended (MCL 38.1101 *et seq.*) (proof of such qualifying governmental service may be requested by the Board); and further

RESOLVED, that in the event the Retirement System does not receive a Request for Withdrawal of Employee Contributions and Interest form from a non-vested former member, the Retirement System shall retain all accumulated contributions and annual notification shall be provided to such non-vested former members of their right to withdraw said contributions, upon written request to the Retirement System.

It was **moved** by Schreier and **seconded** by Clark to approve the Administrative Procedure for Withdrawal of Contributions Policy.

Approved

E. DISCUSSION ITEMS

E-1 ICMA Survey Report

The Board reviewed the results of the ICMA Employee Survey. After a brief discussion the Board decided the survey was a good idea and would like to follow up with ICMA to address the issues that were mentioned in the survey. Ms. Orcutt assured the Board that she has recently discussed this with Jason Ashline at ICMA who has put together the On-Site presentations based upon the survey requests.

E-2 Discussion on Communication Policy

Ms. Orcutt requested a recommended response to be given for media when and/or if approached. The Board briefly discussed and ultimately decided that any media requests should be taken to the Board and/or legal counsel to be discussed before responding.

E-3 Northern Trust Visit and GFOA Re-Caps from Conference Attendees

Ms. Orcutt and Mr. Hammond briefly reviewed their recent visits at Northern Trust and the GFOA Conference, highlighting topics from various sessions.

E-4 Executive Director's Goals & Objectives

Ms. Orcutt reviewed the listing of her Goals and Objectives as discussed at the May 15th APC meeting. There were no additions or changes made to the listing at this time.

F. REPORTS

F-1 Executive Report – May 17, 2018

CONSTITUTION CAPITAL – IRONSIDES PARTNERSHIP FUND V

The contracts for Ironsides Fund V and Direct Investment Fund V were executed on May 8, 2018.

CONSTITUTION CAPITAL PARTNERS

Ironsides Co-Investment Fund III, L.P. issued a distribution in the amount of **\$ 2,123,076** on 4/19/2018. This was net of **\$ 31,764** in Management Fees and Expenses.

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund VIII on 5/14/18 in the net amount of **\$154,824** for the Retirement System consisting of \$177,819 in Dividends, \$12,215 in recallable capital and fees of \$35,210. The VEBA distribution of **\$45,537** consisted of \$ 52,300 in Dividends, \$3,593 in recallable capital and fees of \$10,356.

ICMA-RC

The ICMA "Realize Retirement Tour" scheduled for June 6, 2018 has been cancelled. There was not sufficient space available at City Hall to accommodate the new vehicle in use by ICMA.

ED and Pension Analyst met with Finance/Payroll on 4/24 to discuss processing of Final Payouts, Catch Ups and timing of deferral changes.

ED and Staff worked with ICMA-RC to draft an Age 50 Catch-Up form and an email campaign highlighting the Pre-Retirement and Age 50 Catch Ups with links and instructions for both forms. This was distributed to all employees on May 9, 2018.

ACTUARY TRANSITION

On April 25, 2018 Findley requested the 6/30/17 data from Conduent to begin their work.

A conference call was held on 4/30 with Findley, Karen Lancaster, Corbin Hammond and ED to discuss the GASB 75 Implementation and the City's timeline.

Conduent has entered into an agreement to sell their U.S. based human resource consulting and actuarial business to H.I.G. Capital, a global private equity investment firm. However, The Administration System utilized by ERS is part of the Total Benefits Outsourcing (TBO) business and will be retained by Conduent.

STAFF OPERATIONS/UPDATE

The Pension Analyst conducted 3 pre-sessions and processed 13 estimates.

ED attended the Northern Trust Institutional Investment Symposium in Chicago on 5/3/18 and the following day met with Larry Fumarolo, and other Northern Trust team members from Benefit Payments, the Investment team, Class Action department, and Reporting. The latter spent time covering Private Equity/Hedge Fund reporting and the process that takes place behind the scenes when NT processes capital calls, management fees, commingled fund purchases/sales, etc. and how they flow through to our reporting. Each session was very informative.

Corbin Hammond attended the GFOA Training in St. Louis, Missouri from May 5-9.

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

Corbin Hammond, Accountant, submitted the Financial Report for the month ended April 30, 2018 to the Board of Trustees:

4/30/2018 Asset Value (Preliminary)	\$508,080,984
3/31/2018 Asset Value (Audited by Northern)	\$509,398,655
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$1,321,029
Percent Gain <Loss>	0.3%
May 16, 2018 Asset Value	\$508,507,719

F-3 Investment Policy Committee Minutes – None

F-4 Administrative Policy Committee Minutes – May 15, 2018

Following are the Administrative Policy Committee minutes from the meeting convened at 3:08 p.m. on May 15, 2018:

*Committee Members Present: Lynch, Monroe (Via TX), Schreier
 Members Absent: None
 Other Trustees Present: None
 Staff Present: Hollabaugh, Orcutt
 Others Present: None*

ICMA UPDATE – TIMING OF DEFERRALS AND OTHER ITEMS (VERBAL)

Ms. Orcutt informed the committee that the ICMA Survey results will be presented at May's Board meeting. The Committee agreed to have Jason Ashline on standby for the meeting to address any questions that may arise.

Ms. Orcutt also informed the Committee regarding the timing of deferrals, stating that while Human Resources were processing the 457 deferral changes, the changes were submitted each pay period. The 457 Contribution form and the Internal Revenue Code both state that deferral elections can only be made on a monthly basis, effective the first pay period of the calendar month following the date changes submitted. In order to comply with the Internal Revenue Code Human Resources will now process monthly.

Ms. Orcutt updated the Committee stating that an ICMA 457 Catch Up education email was recently sent out to all employees, as well as being mentioned during New Hire presentations. A new 457 50 Catch Up form was also introduced by staff to be used between the Retirement System, Human Resources and Payroll. Mr. Schreier stated that the form asks for a participant's social security number and would like to see an alternative option for security purposes.

APPROVAL OF ADMINISTRATIVE PROCEDURE FOR WITHDRAWAL OF CONTRIBUTIONS POLICY

Ms. Orcutt introduced the Administrative Procedure for Withdrawal of Contributions Policy drafted

by legal counsel. The Committee reviewed the policy and agreed to take to the May Board meeting for approval.

DISCUSSION ON OUTSTANDING CHECKS

Ms. Orcutt informed the Committee of the status of outstanding checks dating back to 2004 due to retirees, deceased retirees and former employees that need to be reissued. These checks are outstanding due to incorrect addresses and/or contact information that needs to be updated. Ms. Orcutt informed the Committee that staff has been working with Northern Trust and Legal Counsel on best practice for the various situations.

2017-18 EXECUTIVE DIRECTOR EVALUATION FORM & SUMMARY OF 2017-18 COMPLETED ACTIVITIES

Ms. Orcutt reviewed the evaluation process with the Committee. Ms. Lynch stated that she had revised the evaluation form and will issue blank evaluation form copies to the Board of Trustees at the May Board meeting to be completed by May 31, 2018. The completed evaluation forms will be submitted to APC Chairperson, Dave Monroe.

EXECUTIVE DIRECTOR'S 2018-19 GOALS & OBJECTIVES

The Committee informed Ms. Orcutt to include her 2018-19 Goals and Objectives at the May Board Meeting.

The Committee briefly discussed the pending agenda items for APC Committee prioritizing the items to be sure they are completed.

ADJOURNMENT

It was **moved** by Lynch and **seconded** by Monroe to adjourn the meeting at 3:45 p.m.
Meeting adjourned at 3:45 p.m.

APC Project Tracking Table		
Description	Originated	Status
Discussion on Benefit Multiplier Associated with Employee Group Change	November 2017	Pending
Revision to Death Policy	September 2017	Pending
Attendance Policy	2014	Pending
Fiduciary Audit Recommendations & Considerations (Ennis Knupp report) - Continue to discuss priorities and next steps on implementation	October 2009	Placed back on pending list on 8-9-2016
Revised Governance Policy - sections regarding Committees (from 2012 Retreat, pending meeting w/legal counsel)	2012 Retreat	Pending

F-5 Audit Committee Minutes – None

F-6 Legal Report - None

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 June Planning Calendar

G-3 Record of Paid Invoices

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

	PAYEE	AMOUNT	DESCRIPTION
1	Conduent	3925.24	February Hosting Fee, Steiner EDRO, Kooy EDRO, ALM Study Meketa items
2	DTE Energy	88.78	Gas 3/15/18-4/12/18
3	DTE Energy	186.03	Electric 3/15/18-4/12/18
4	Allstar Alarm	90.00	Fire Alarm Monitoring 5/1/18-7/31/18
5	Corbin Hammond	292.40	GFOA Conference Flight 5/5/18-5/9/18
6	Hexavest	23,262.45	Management fees 1/1/18-3/31/18
7	Loomis Sayles	27,704.35	Management fees 1/1/18-3/31/18
8	Corbin Hammond	658.00	Office Desk
9	Applied Imaging	58.92	Monthly Copier Usage 3/1/18-3/31/18
10	MAPERS	600.00	Orcutt & Flack MAPERS Registration 5/19/18-5/22/18
11	Dollar Bill Copying	2177.75	Annual Newsletter print & mail
12	AT&T	610.06	Monthly Phone Service 4/13/18-5/12/18
13	Culligan	32.74	Monthly Water Service 5/1/18-5/31/18
14	Meketa Investment Services	10,000.00	Investment Consulting Services April 2018
15	Midwest Maintenance Services	175.00	Monthly Cleaning Services April 2018
	TOTAL	69,861.72	

G-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
Matthew Lige	Age & Service	May 18, 2018	Police	21 years, 3 months	Safety Services
James Adams	Age & Service	May 25, 2018	Fire	20 years, 9 months	Safety Services
Ellen Taylor	Age & Service	June 10, 2018	Fire	22 years, 8 months	Safety Services

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

I. **TRUSTEE COMMENTS / SUGGESTIONS** – None

J. **ADJOURNMENT**

It was moved by Nerdrum and seconded by Clark to adjourn the meeting at 9:32 a.m.

Meeting adjourned at 9:32 a.m.

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