The meeting was called to order by Board Secretary, Dave Monroe, at 8:47 a.m.

ROLL CALL

Members Present: Crawford, DiGiovanni, Hastie, Monroe, Peariso, Schreier
Members Absent: Flack, Lynch, Nerdrum
Staff Present: Gustafson, Hollabaugh, Hammond, Orcutt
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

It was moved by DiGiovanni and seconded by Crawford to approve the agenda as submitted.

Approved

B. APPROVAL OF MINUTES

May 16, 2019 Regular Board Meeting

It was moved by DiGiovanni and seconded by Schreier to approve the May 16, 2019 Regular Board Meeting minutes.

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:
<table>
<thead>
<tr>
<th>Name</th>
<th>Classification</th>
<th>Reciprocal Service Credit</th>
<th>Prior Reciprocal Retirement Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skyler Verhelle</td>
<td>Police</td>
<td>8 Years, 8 Months</td>
<td>City of Wayne</td>
</tr>
</tbody>
</table>

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.

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

Approved

D. EXECUTIVE SESSION – Disability Re-Examination Review

It was moved by Crawford and seconded by Schreier to convene an Executive Session for the purpose of discussing the disability re-examination medical report for Anthony Fischer.

Approved

Roll call vote:
Crawford – Yes    Hastie – Yes    Nerdrum - Absent
DiGiovanni – Yes  Lynch – Absent  Peariso – Yes
Flack – Absent    Monroe – Yes    Schreier – Yes

Executive session time: 8:48 a.m. – 8:58 a.m.

E. ACTIONS ITEMS

E-1 Motion Regarding Disability Re-Examination Review

It was moved by Schreier and seconded by Peariso that the Board acknowledges receipt of the medical report dated May 22, 2019 from Robert Daniel Travis, M.D., with regards to the independent medical re-evaluation of Anthony Fischer, 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

E-2 Equity Rebalance

Mr. Hastie informed the Board that the IPC had rebalanced $5 Million at its June meeting and would like to rebalance the second tranche of $5 Million.
It was moved by Crawford and seconded by Schreier to rebalance a total of $5 Million; $3 Million from US Equities and $2 Million from EAFE to raise cash.

Approved

E-3 Investment Policy Statement Addendum

Mr. Hastie updated the Board regarding IPC’s recent discussions concerning the rebalancing plan. A brief discussion ensued. The Board acknowledges that asset allocation will have the largest impact on the total return of the Retirement System’s portfolio. To increase the likelihood of benefiting from increased equity allocations, a rebalancing plan was created that will be implemented by the IPC and Investment Consultant. The IPC will manage the asset allocation such that it has a higher probability of achieving the actuarial assumed investment return with an acceptable level of risk. The Board would like the IPS to be corrected on page 2 to state “higher probability” rather than “high probability”.

It was moved by Crawford and seconded by DiGiovanni to accept the Investment Policy Statement Addendum as amended.

Approved

F. DISCUSSION ITEMS

F-1 Upcoming Meeting Schedules

Ms. Orcutt requested that the Board check their schedules for future Board meeting dates to ensure there will be a quorum.

F-2 MAPERS & GFOA Conferences Recap from Attendees

Conference attendees briefly reviewed the MAPERS & GFOA Conferences, highlighting topics from various sessions.

F-3 Executive Director Goals & Objectives

Ms. Orcutt reviewed the listing of her Goals and Objectives as discussed at the June APC meeting. There were no additions or changes made to the listing at this time. Mr. Monroe requested that the Trustees competed their evaluations forms by June 30, 2019.

F-4 401(a) Forfeitures – Ordinance Language

Ms. Orcutt and Mr. Hammond informed the Board that the current ordinance language does not include the ability to use plan forfeitures for plan expenses. Mr. Hammond further explained the necessary accounting for DC Plan expenses. After further discussion, the Board decided to have the Executive Director and Legal draft a letter suggesting modifications to the City Ordinance to include that DC plan forfeitures may be used to pay for plan expenses.

It was moved by Schreier and seconded by Crawford to have a letter drafted to City Council suggesting the modifications to the City Ordinance to change the language to include that DC Plan forfeitures may be used to pay for plan expenses.

Approved

G. REPORTS
G-1 Executive Report – June 20, 2019

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 5/15/19 in the amount of $142,227 for the Retirement System consisting of $172,608 in gains, dividends and return of capital netted against $30,381 in management fees. The VEBA distribution of $41,831 consisted of $50,766 in gains, dividends and return of capital netted against $8,935 in management fees.

DRA issued a distribution from the Growth and Income Fund VIII on 6/7/19 for return of capital in the amount of $75,464 for the Retirement System and $22,195 for VEBA.

DRA CAPITAL CALLS

DRA requested a capital call of our commitment to the Growth and Income Fund IX in the amount of $809,010 for the Retirement Plan and $237,944 for VEBA on 6/24/19 for the purpose of funding current commitments.

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund V in the amount of $64,000 for the Retirement Plan and $16,000 for VEBA on 5/31/19 to cover management fees and organizational expenses for the third quarter of 2019.

SUMMIT PARTNERS

Summit Partners issued a distribution of recallable capital from the Credit Fund III on 5/21/19 in the amount of $1,103,709 to the Retirement System and $306,586 to the VEBA.

Summit Partners Credit Fund II, L.P. requested a capital call of 4.0 % of our commitment to the Funds in the amount of $365,872 for the Retirement Plan and $91,468 for the VEBA on 6/17/19 which represents a recall of distributions. With these installments, CAAERS will have funded 127.6 % of our total commitments of $9,200,000 for the Retirement Plan and $2,300,000 for the VEBA.

CONSTITUTION CAPITAL PARTNERS

Ironsides Co-Investment Fund III, L.P. (the "Fund" or "Partnership") requested a capital call in the amount of $462,635 for the Retirement System on 5/31/19.

RAISE CASH FOR BENEFITS AND EXPENSES

The Russell 1000 Index was utilized to raise cash for benefit payments and expenses in the amount of $3,000,000 on May 28, 2019.

ACTUARY UPDATE

GRS has completed the replication of the 06/30/18 valuation and discussed the results at the June 11 Audit Committee meeting. ED requested the Data Request for the upcoming valuation be sent as soon as possible so Staff can begin compiling the data.
RETIREE EDUCATIONAL SEMINAR

The Retiree Educational Seminar was held at Weber's on May 30 with 130 in attendance. ED introduced Staff and Trustees in attendance and provided an update on the funded status and investment performance as of 6/30/18. Nancy Lange from ICMA-RC provided a well-received presentation on Market Volatility, the Importance of Beneficiary Designations and a legislative update. Feedback on the change of venue was very positive.

Thanks to Laura for coordinating another successful event!

STAFF OPERATIONS/UPDATE

The Pension Analyst conducted 2 pre-sessions and processed 7 estimates.

Non-union staff will receive a 2.5% annual increase effective July 1, 2019. Additionally, salary ranges have been updated to reflect a 2.00% increase for nonunion employees

G-2 Executive Report – ICMA-RC Update

Ms. Orcutt reviewed the quarterly statistics as of May 31, 2019 for the 457 and 401 Plans as well as provided the following updates:

Education

- ICMA sent a reminder email regarding the monthly webinars which continue until November.
- Nancy Lange was very well received at the Retiree Luncheon. There were many follow up questions and her presentation was very relevant for the audience covering market volatility, beneficiary designations, and RMD’s
- Nancy Lange will be at the City for individual meetings on July 9/10. She will also be hosting a Lunch & Learn on July 10 in Council Chambers. The topic is “Why Save Early”

Other

- In order to obtain the most accurate statistics in the Plan Health Monitor (shown below) data was requested from HR for current 457 participants including deferral percentage and amounts as well as current salary. Updated statistics should be reflected in next months materials.
- ICMA-RC will attend the September Board Meeting to present the Plan Review as of 06/30/19.

G-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended May 31, 2019

Corbin Hammond, Accountant submitted the Financial Report for the month ended May 31, 2019 to the Board of Trustees:

<table>
<thead>
<tr>
<th>Date</th>
<th>Asset Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/31/2019</td>
<td>$496,873,937</td>
</tr>
<tr>
<td>4/30/2019</td>
<td>$510,834,895</td>
</tr>
</tbody>
</table>
G-4  Investment Policy Committee Minutes – June 4, 2019

Following are the Investment Policy Committee minutes from the meeting convened at 12:14 p.m. on June 4, 2019:

Member(s) Present: Crawford (2:25p.m. depart), DiGiovanni, Hastie, Monroe
Member(s) Absent: Flack
Other Trustees Present: None
Staff Present: Gustafson, Hammond, Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group

RETIREMENT SYSTEM AND INTERIM UPDATE AS OF APRIL 30, 2019

As of March 30, 2019, the balance of the Funds were $511,271,021 for ERS. Fiscal year to date performance was 5.0% for ERS net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

BEAR MARKETS AND MARKET CORRECTION REBALANCING PLAN

Mr. Jaung informed the Committee that Bear markets represent 20% or more drawdown from a high and market corrections represent 10-20% drawdown from a high. The committee also reviewed the Bear Market of Q4 2018, noting that Q4 2018 was unusual. The length of the Bear Market was very short, less than a month; the recovery from the bottom to the previous high was less than three months.

REBALANCING PLAN AND IMPACT SCENARIO DURING Q4 2018/Q1 2019

Mr. Jaung compared the current plan with the More Aggressive A Plan with the Committee recommending that if the equity range criteria are not met, then the plan should be executed during a market drawdown. A discussion arose regarding the different scenarios and the rebalancing plan. The Committee discussed risk and the Boards acknowledgment to have a higher equity target and higher confidence during such a market environment. In the long run it will be a positive investment change. In order to tactically take advantage of lower pricing in a timely manner, delegation of responsibility to the IPC is necessary. The Committee continued to discuss and made revisions to the proposed rebalancing plan. It was decided to have Mr. Jaung revise the plan for presentation at the June Board meeting. The Committee also decided to rebalance making the following motion:

It was moved by DiGiovanni and seconded by Crawford to rebalance US Equity to 30% and Developed Market Equity to 11% accomplished by liquidating $10 Million in two tranches; one rebalancing a total of $5 Million; $3 Million from US Equities and $2 Million from EAFE to raise cash and the second $5 Million at a later date.

Approved

PACING STUDY

This item was postponed due to time constraints.
RFP/RFI DISCUSSION

This item was postponed due to time constraints.

ADJOURNMENT

It was moved by DiGiovanni and seconded by Monroe to adjourn the meeting at 2:36 p.m. Meeting adjourned at 2:36 p.m.

<table>
<thead>
<tr>
<th>IPC Project Tracking Table</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Draft Investment Policy Statement 401A/457B</td>
</tr>
<tr>
<td>Board's Preliminary Financial Report: Add benchmark info on reports – stock market index</td>
</tr>
<tr>
<td>Custom Benchmarks</td>
</tr>
<tr>
<td>Condo Mortgage</td>
</tr>
<tr>
<td>RFP/RFI Discussion</td>
</tr>
</tbody>
</table>

G-5 Administrative Policy Committee Minutes – June 6, 2019

Following are the Administrative Policy Committee minutes from the meeting convened at 8:35 a.m. on June 6, 2019:

Committee Members Present: Lynch, Monroe, Peariso, Schreier (9:39 a.m. depart)
Members Absent: None
Other Trustees Present: None
Staff Present: Gustafson (9:39 a.m. depart), Hollabaugh, Orcutt
Others Present: None

CONTINUE REVIEW OF GOVERNANCE POLICY

The Committee continued to review and revise the Governance Policy. The Committee plans to complete the revisions at the July meeting.

PENSION ACCOUNTANT POSITION UPDATE

Ms. Orcutt updated the Committee regarding the Pension Accountant Position. The current Accountant, Corbin Hammond, will be leaving in mid-late July. The position has been posted and Human Resources is screening candidates for the Retirement System to interview. Ms. Orcutt also informed the Committee that Karen Lancaster from the City may be able to assist with Fiscal Year End accounting if needed.

2018-19 EXECUTIVE DIRECTOR EVALUATION FORM & EXECUTIVE DIRECTOR 2019-20 GOALS & OBJECTIVES

The Committee reviewed Ms. Orcutt's goals and objectives as well as the evaluation form. It was decided to have the evaluation form issued to the Board of Trustees at the June Board Meeting. The completed evaluations forms will be submitted to APC Chairperson, Dave Monroe
NAGDCA MEMBERSHIP

Ms. Orcutt informed the Committee of the NAGDCA Membership; an organization that exclusively serves public sector defined contributions administrators. The Committee agreed there may be conferences beneficial to the system worth looking into.

ADJOURNMENT

It was moved by Peariso and seconded by Lynch to adjourn the meeting at 10:02 a.m. Meeting adjourned at 10:02 a.m.

<table>
<thead>
<tr>
<th>APC Project Tracking Table</th>
<th>Originated</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Governance Policy</td>
<td>7/24/18</td>
<td>Pending</td>
</tr>
<tr>
<td>Discussion on Benefit Multiplier Associated with Employee Group Change</td>
<td>November 2017</td>
<td>Pending</td>
</tr>
<tr>
<td>Revision to Death Policy</td>
<td>September 2017</td>
<td>Pending</td>
</tr>
<tr>
<td>Attendance Policy</td>
<td>2014</td>
<td>Pending</td>
</tr>
<tr>
<td>Fiduciary Audit Recommendations &amp; Considerations (Ennis Knupp report) - Continue to discuss priorities and next steps on implementation</td>
<td>October 2009</td>
<td>Placed back on pending list on 8-9-2016</td>
</tr>
</tbody>
</table>

G-6 Audit Committee Minutes – June 11, 2019

Following are the Audit Committee minutes from the meeting convened at 4:01 p.m. on June 11, 2019:

Committee Members Present: Crawford, Nerdrum
Members Absent: Monroe
Other Trustees Present: None
Staff Present: Hollabaugh, Orcutt
Others Present: Jim Anderson, GRS (via TX)
Rich Koch, GRS (via TX)

ACTUARY TRANSITION UPDATE

Jim Anderson and Rich Koch from GRS updated the committee stating that the transition went well and gave a brief review of the Retirement System and VEBA matches. Both the VEBA and Retirement System were within acceptable limits. The Committee also discussed the 6/30/19 valuations. GRS will be including their own underwriting and are working on completing the data request and will send to staff as soon as possible.

YE0 & YE0 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 Crawford and seconded by Nerdrum to adjourn the meeting at 4:37 p.m. Meeting adjourned at 4:37 p.m.
<table>
<thead>
<tr>
<th>Description</th>
<th>Originated</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Funding Policy Draft</td>
<td>7/17/14</td>
<td>Tentative – Late 2015 to early 2018 (project for Actuary)</td>
</tr>
</tbody>
</table>

G-7  **Legal Report**

Mr. VanOverbeke gave a brief legislative update stating that he is continuing to work with the Task Force Committee regarding the PA 202 reporting.

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.

<table>
<thead>
<tr>
<th>PAYEE</th>
<th>AMOUNT</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 DTE Energy</td>
<td>$184.91</td>
<td>Electric Usage 4/11/19-5/10/19</td>
</tr>
<tr>
<td>2 DTE Energy</td>
<td>$39.38</td>
<td>Gas Usage 4/11/19-5/10/19</td>
</tr>
<tr>
<td>3 MedSource Services</td>
<td>$950.00</td>
<td>A. Fischer Disability Re-Exam</td>
</tr>
<tr>
<td>4 Dan Gustafson</td>
<td>$958.80</td>
<td>2019 Spring MAPERS Conference Travel Reimbursement</td>
</tr>
<tr>
<td>5 Jeremy Flack</td>
<td>$812.23</td>
<td>2019 Spring MAPERS Conference Travel Reimbursement</td>
</tr>
<tr>
<td>6 Corbin Hammond</td>
<td>$1,270.20</td>
<td>2019 GFOA Annual Conference Travel Reimbursement</td>
</tr>
<tr>
<td>7 Wendy Orcutt</td>
<td>$887.60</td>
<td>2019 Spring MAPERS Conference Travel Reimbursement</td>
</tr>
<tr>
<td>8 Applied Imaging</td>
<td>$57.96</td>
<td>Printing Services 4/1/19-4/30/19</td>
</tr>
<tr>
<td>9 Staples</td>
<td>$80.35</td>
<td>Miscellaneous Office Supplies</td>
</tr>
<tr>
<td>10 Buck Global, LLC</td>
<td>$1,583.33</td>
<td>April Hosting Fee</td>
</tr>
<tr>
<td>11 Dave Monroe</td>
<td>$978.00</td>
<td>2019 Spring MAPERS Conference Travel Reimbursement</td>
</tr>
<tr>
<td>12 Weber's Inn</td>
<td>$3,121.80</td>
<td>2019 Retiree Luncheon</td>
</tr>
<tr>
<td>13 Culligan</td>
<td>$39.99</td>
<td>Water Service 6/1/19-6/30/19</td>
</tr>
<tr>
<td>14 Midwest</td>
<td>$175.00</td>
<td>General Cleaning Services May 2019</td>
</tr>
<tr>
<td>15 Meketa Investment Group</td>
<td>$10,000.00</td>
<td>Investment Consulting Services May 2019</td>
</tr>
<tr>
<td>16 AT&amp;T</td>
<td>$466.75</td>
<td>Phone Services 4/26/19-5/25/19</td>
</tr>
<tr>
<td>17 Roberston Morrison Inc.</td>
<td>$230.00</td>
<td>Quarterly Maintenance Fee</td>
</tr>
<tr>
<td>18 Staples</td>
<td>$68.17</td>
<td>Miscellaneous Office Supplies</td>
</tr>
<tr>
<td>19 Laura Hollabaugh</td>
<td>$268.16</td>
<td>Petty Cash Reimbursement</td>
</tr>
</tbody>
</table>

**Total** $22,172.63
H-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>Years of Service</th>
<th>Department/Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matthew Horning</td>
<td>Early Age &amp; Service</td>
<td>July 10, 2019</td>
<td>General</td>
<td>22 years, 1 month</td>
<td>Financial &amp; Administrative</td>
</tr>
</tbody>
</table>

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

I.  TRUSTEE COMMENTS / SUGGESTIONS

J.  ADJOURNMENT

It was moved by Hastie and seconded by Crawford to adjourn the meeting at 10:25 a.m.  
Meeting adjourned at 10:25 a.m.

[Signature]

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