The meeting was called to order by Board Chair Person, Jeremy Flack, at 8:42 a.m.

ROLL CALL

Members Present: Crawford, DiGiovanni (10:50 a.m. depart), Flack, Hastie, Lynch, Monroe, Nerdrum (8:50 a.m. arrival), Peariso
Members Absent: Schreier
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
Kevin Monds, ICMA-RC (Via TX 9:04 a.m. – 10:20 a.m.)
Michael Whitehead, City Employee (9:19 a.m. depart)
Dave Diephuis, City Resident

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 January 20, 2020 Regular Board Meeting

It was moved by Monroe and seconded by Lynch to approve the January 20, 2020 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>Shanon Henson</td>
<td>General</td>
<td>14 Years, 10 Months</td>
<td>Oakland County</td>
</tr>
<tr>
<td>Peter Bell</td>
<td>Police</td>
<td>5 Years, 4 Months</td>
<td>Michigan State Police</td>
</tr>
<tr>
<td>Marc Howell</td>
<td>General</td>
<td>13 Years, 10 Months</td>
<td>City of Ferndale</td>
</tr>
<tr>
<td>Glen Dempsey</td>
<td>General</td>
<td>2 Years, 3 Years, 10 Months, 14 Years, 1 Month, 19 Years, 11 Months</td>
<td>Leelanau County City of East Lansing Washington Township</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 Monroe and seconded by DiGiovanni to approve the consent agenda as submitted.

**Approved**

D. **EXECUTIVE SESSION – Disability Examination/Re-Examination Review**

It was moved by Crawford and seconded by DiGiovanni to convene an Executive Session for the purpose of discussing the medical reports for Lynn Hart and Michael Whitehead.

**Approved**

Roll call vote:

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

Executive session time: 8:43 a.m – 9:18 a.m

E. **ACTION ITEMS**

E-1 **Motions Regarding Disability Examination/Re-Examination Review**

It was moved by DiGiovanni and seconded by Peariso that the Board acknowledges receipt of the medical report dated January 21, 2020 from Stanley J. Szczecinski, D.O., with regards to the independent medical evaluation of Michael Whitehead, noting that the Board has reviewed the medical report and discussed with the applicant in closed session; requesting that the Executive Director contact Consulting Physicians, the Board’s medical director and arrange for a re-examination by a pulmonist or such other specialist as determined appropriate.

**Approved**
Staff is still awaiting Ms. Hart’s medical report from the Medical Consultant. The report will be reviewed at the next meeting.

**E-2 Election of Board Officers (Chairperson, Vice-Chairperson, Secretary)**

It was moved by Hastie and seconded by Crawford to retain the existing Board Officers for the 2020 term:

Board Chairperson: Jeremy Flack, Fire Trustee  
Vice-Chairperson: Alexa Nerdrum, Citizen Trustee  
Secretary: David Monroe, Police Trustee

Approved

**E-3 Appointment of Board Committee Members – IPC, APC & AC**

It was moved by Peariso and seconded by DiGiovanni to appoint the Committees as follows:

- Investment Policy Committee: Hastie/Chair, Crawford, DiGiovanni, Flack, Monroe  
- Administrative Policy Committee: Monroe/Chair, Lynch, Schreier, Peariso  
- Audit Committee: Nerdrum/Chair, Crawford, Monroe

Approved

**E-4 Proposed FY 2020-2021 Expenditure Budget**

Ms. Orcutt presented and reviewed the proposed expenditure budget for Fiscal Year 2020-2021.

It was moved by Monroe and seconded by Lynch to approve the 2020-21 Expenditure Budget as presented.

Approved

**E-5 Approval of Revised Committee Charters**

Mr. VanOverbeke informed the Board that the Committee Charters were revised to include the language and duties for the 401 and 457 Plans. Ms. Nerdrum stated that in the past, the Auditors would contact the Audit Committee Chair during the audit and would like them to continue doing so. Ms. Orcutt will follow up to ensure the auditors contact the Audit Committee Chair during the annual audit.

It was moved by Crawford and seconded by Nerdrum to acknowledge receipt of the revised Committee Charters and approve as submitted.

Approved

**F. DISCUSSION ITEMS**

**F-1 ICMA-RC Investment Review**

Kevin Monds, ICMA-RC Portfolio Manager called in to discuss the Plan Investment Report highlighting the ICMA-RC Investment Team & Philosophy, a brief funds review and performance as of December 31, 2019.
F-2 Board Retreat Agenda/Topics

Ms. Orcutt informed the Board of the quote from GRS to provide projections and modeling data for the Board Retreat. Ms. Nerdrum requested that Ms. Orcutt follow up with GRS to clarify what the fee includes and to also provide sample deliverables.

Ms. Orcutt updated the Board stating that an Agenda will be finalized next month. The Board further discussed agenda topics including GRS to provide benchmarking vs. peers and Meketa to provide a “big picture” overview and possibly have a strategist present.

G. REPORTS

G-1 Executive Report – February 20, 2020

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund VIII on 2/4/20 in the amount of $25,167 for the Retirement System and $7,402 for the VEBA consisting of dividends and return of capital.

DRA issued a distribution from the Growth and Income Fund VIII on 2/13/20 in the amount of $108,779 for the Retirement System and $31,994 for the VEBA consisting of return of capital and dividends netted against management fees.

DRA issued a distribution from the Growth and Income Fund IX on 2/14/20 in the amount of $146,364 for the Retirement System and $43,049 for the VEBA consisting of a gain on sale and dividends netted against management fees.

DRA CAPITAL CALLS

DRA requested a capital call of our commitment to the Growth and Income Fund IX in the amount of $ 254,490 for the Retirement Plan and $ 74,556 for the VEBA on 2/14/20 for the purpose of funding current commitments.

SUMMIT PARTNERS DISTRIBUTIONS

Summit Partners Credit Fund II, L.P. issued a distribution in the amount of $325,082 for the Retirement System and $81,270 for the VEBA on 1/23/20.

Summit Partners Credit Fund III, L.P. issued a distribution in the amount of $302,035 for the Retirement System and $83,899 for the VEBA on 1/22/20.

SUMMIT PARTNERS CAPITAL CALLS

Summit Partners Credit Fund III, L.P. requested a capital call of 9.72 % of our commitment to the Funds in the amount of $875,048 for the Retirement Plan and $243,069 for the VEBA on 2/11/20. With these installments, CAAERS will have funded 56.60 % of our total commitments of $9,000,000 for the Retirement Plan and $2,500,000 for the VEBA.
ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund V in the amount of $464,000 for the Retirement Plan and $116,000 for VEBA on 12/21/20 to fund investments. With these installments, CAAERS will have funded 7.7% of our total commitments of $8,000,000 for the Retirement Plan and $2,000,000 for the VEBA.

CONSTITUTION CAPITAL PARTNERS

Ironsides Direct Investment Fund V issued a distribution in the amount of $407,551 for the Retirement System and $135,850 for the VEBA on 1/31/20.

INVESTMENT CONSULTANT RFP

Seven consulting firms replied to the RFP. The Summary sheet and submissions were sent to IPC members on February 7th. Review and discussion of the proposals is slated for the March 3 IPC meeting.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 47 Estimates, 3 Final Calculations, 2 deceased calculations, 12 non vested and 4 payout calculations and conducted 4 pre sessions.

Annual reminder letters were sent to 37 non-vested former employees regarding their contribution balances. This list continues to grow as we no longer “force out” the payment of those funds upon termination. Interest stops accruing as of the termination date.

The calculations for the Minimum Benefit (aka Poverty Level) Increases were completed in January. Increases were applicable to 94 retirees resulting in a total annual increase of approximately $23,000.

The audit of the roster of those eligible for a Deferred Retirement is complete. The resulting list has 113 former employees who are entitled to a benefit.

G-2 Executive Report – ICMA-RC Update

457 Balance at 2/12/20 = $104,999,576 – Statistics as of 1/31/20

<table>
<thead>
<tr>
<th>Savings Rate Election as of 01/31/2020</th>
<th>Participant Balance as of 01/31/2020</th>
<th>Participant Rate of Return from 01/01/2020 through 01/31/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>8%</td>
<td>$108,694</td>
<td>-0.1%</td>
</tr>
<tr>
<td>1%</td>
<td>25%</td>
<td>$4</td>
</tr>
<tr>
<td>$189</td>
<td>$1,004,694</td>
<td>-3.5%</td>
</tr>
<tr>
<td>$5</td>
<td>$1,929</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Median Percentage Savings Election: 6%
Median Dollar Savings Election: $100
Median Participant Balance: $42,931
Total Plan Balance: $102,063,717
Median Participant Rate of Return: -0.2%
Current Items/Education:
- ICMA-RC was onsite January 21-23 for individual consultations as well as two Lunch & Learns “Your Saving & Investing Goals” and “Build Your Investment Portfolio”. Please see the next page for responses to the follow up surveys.
- ICMA-RC is incorporating the edits from ED and Staff into a customized slide presentation for Dual Plan members covering both the 401 and the 457.

Follow Up Items:
- Roth Codes Update – This is targeted for completion by 3/31/2020.
- Committee Charters adding the ICMA specific duties are in process

G-3 City of Ann Arbor Employees’ Retirement System Preliminary Report for the Month Ended January 31, 2020

Maria Buffone, Accountant, submitted the Financial Report for the month ended January 31, 2020 to the Board of Trustees:

<table>
<thead>
<tr>
<th>Date</th>
<th>Asset Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/31/2020</td>
<td>$531,608,735</td>
</tr>
<tr>
<td>12/31/2019</td>
<td>$535,788,495</td>
</tr>
<tr>
<td>Calendar YTD</td>
<td>$-1,261,192</td>
</tr>
<tr>
<td>19, 2020</td>
<td>$536,739,258</td>
</tr>
</tbody>
</table>

G-4 Investment Policy Committee Minutes – February 4, 2020

Following are the Investment Policy Committee minutes from the meeting convened at 3:12 p.m. on February 4, 2020:

Member(s) Present: Crawford (3:18 p.m. arrival), DiGiovanni, Flack, Hastie
Member(s) Absent: Monroe
Other Trustees Present: None
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group (4:50 p.m. departure)
Keith Beaudoin, Meketa Investment Group (4:50 p.m. departure)
PERFORMANCE REVIEW VEBA THROUGH 12/31/2019 FOR ERS AND VEBA, INCLUDING ACT 314

As of December 31, 2019, the balance of the Funds were $537,378,221 for ERS. Fiscal Year to Date performance was 5.8% for ERS net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

As of December 31, 2019, the balance of the Funds were $197,958,638 for VEBA. Fiscal Year to Date performance was 6.3% for VEBA net of fees. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

FOSSIL FUEL EXPOSURE (ERS AND VEBA)

Mr. Jaung presented a Fossil Fuel Exposure Update for the ERS and VEBA on their exposure to investments in companies that are invested in fossil fuels and/or the Carbon Underground 200. The analysis included all public securities managers. The Committee agreed that this update was informative and would like Meketa to continue to provide these updates on a quarterly basis.

UPDATE ON THE NEW RHUMBLINE HEDI TRANSITION

Mr. Jaung updated the Committee regarding the Rhumbline HEDI transition. There will be two separate accounts, the Retirement System and VEBA. The final fee will be 7.5 basis points and the transition will be a transfer-in-kind from the current NT R1000 Index Fund.

EDUCATION SESSION ON INFRASTRUCTURE INVESTING AND NEW POTENTIAL INVESTMENT IN RENEWABLE ENERGY, BLACK ROCK GLOBAL RENEWABLE POWER FUND III

Mr. Jaung and Mr. Beaudoin presented information regarding the new potential in Infrastructure Investing. Infrastructure represents a fairly new asset class in the U.S. and Infrastructure assets are structured to provide a stable, predictable, long-term cash flow stream to investors. The Committee reviewed the types of infrastructure, strategic objectives of an Infrastructure Allocation and the select Meketa Conviction Infrastructure Managers. The Committee expressed interest in perusing the Infrastructure market specifically in the BlackRock Global Renewable Power Fund III. Meketa will schedule BlackRock to present at the March IPC meeting.

TOPICS FOR 2020, INCLUDING ASSET ALLOCATION STUDY AND PACING STUDY

Meketa will plan to further discuss Asset Allocation, expected returns and the Pacing Study at the March IPC meeting.

UPDATE ON THE INVESTMENT CONSULTANT RFP

Ms. Orcutt provided an update on the RFP Process for the Committee stating that the entry closing date was February 3, 2020. One proposal has been disqualified due to an incomplete submission. Staff will provide the IPC with a summary and highlights of the submissions and the Committee will discuss further at the March IPC meeting. It was
also decided to schedule an early start to the March IPC meeting beginning at 2:00 p.m.

**CONTINUATION OF THE MID CAP ACTIVE MANAGER DISCUSSION**

This item was postponed due to time constraints.

**ICMA-RC PLAN INVESTMENT REPORT FOR QUARTER END 12/31/2019**

This item was postponed due to time constraints and will be reviewed at the February Board Meeting.

**OTHER**

Mr. Savage from The Seminole Companies, was present for a brief moment to introduce himself to the Committee.

**ADJOURNMENT**

It was moved by Crawford and seconded by Flack to adjourn the meeting at 5:08 p.m.

*Meeting adjourned at 5:08 p.m.*

G-5 Administrative Policy Committee Minutes – None.

G-6 Audit Committee Minutes – None.

G-7 Legal Report – None.

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

H-1 Communications Memorandum

H-2 March 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 MAPERS</td>
<td>$200.00</td>
<td>W. Orcutt &amp; J. Peariso Reg. Fee 1-Day Seminar 3/6/20</td>
</tr>
<tr>
<td>2 Buck</td>
<td>$1,583.33</td>
<td>Monthly Hosting Fee 12/2019</td>
</tr>
<tr>
<td>3 Loomis Sayles</td>
<td>$30,046.11</td>
<td>Investment Mgmt. Fee Q4 10/1/2019-12/31/2019</td>
</tr>
<tr>
<td>4 Laura Hollabaugh</td>
<td>$234.69</td>
<td>Petty Cash Reimbursement</td>
</tr>
<tr>
<td>5 DTE</td>
<td>$105.60</td>
<td>Gas 12/13/19-1/13/2020</td>
</tr>
<tr>
<td>6 DTE</td>
<td>$148.31</td>
<td>Electric 12/13/19-1/13/2020</td>
</tr>
<tr>
<td>7 Meketa Investment Group</td>
<td>$10,000.00</td>
<td>Investment Mgmt. Fee 1/2020</td>
</tr>
<tr>
<td>8 MedSource Services</td>
<td>$950.00</td>
<td>Disability Exam: M. Whitehead 1/21/2020</td>
</tr>
<tr>
<td>9 Laura Hollabaugh</td>
<td>$313.65</td>
<td>USPS Order: Stamped Envelopes Box/500</td>
</tr>
<tr>
<td>10 Allstar Alarm</td>
<td>$90.00</td>
<td>Fire Alarm Monitoring 2/1/2020-4/30/2020</td>
</tr>
<tr>
<td>11 Culligan</td>
<td>$30.49</td>
<td>Water Service 2/2020</td>
</tr>
<tr>
<td>12 AT&amp;T</td>
<td>$555.18</td>
<td>Phone Service 12/26/19-1/25/2020</td>
</tr>
<tr>
<td>13 Income Research Management</td>
<td>$4,273.85</td>
<td>Investment Mgmt. Fee Q4 10/1/2019-12/31/2019</td>
</tr>
<tr>
<td>14 Applied Imaging</td>
<td>$46.61</td>
<td>Printing Services 1/2020</td>
</tr>
</tbody>
</table>
H-4  Retirement Report – None.

H-5  Analysis of Page Views on Retirement System Website

I.  TRUSTEE COMMENTS / SUGGESTIONS

Ms. Orcutt and Mr. Crawford discussed the Agenda items for the Council Session scheduled in March. In addition to the Actuarial presentation, Mr. Crawford informed the Board that the Investment Opportunity in Renewable Energy should be mentioned as well as to be prepared to discuss a DROP program.

J.  ADJOURNMENT

It was moved by Crawford and seconded by Hastie to adjourn the meeting at 11:02 a.m.  
Meeting adjourned at 11:02 a.m.

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