The meeting was called to order by Board Chairperson, David Monroe, at 8:40 a.m.

ROLL CALL

Members Present:  DiGiovanni, Flack (10:15 AM depart), Grimes, Monroe, Nerdrum, 
Praschan (Via TX, 9:00 AM Arrival) Schreier

Members Absent:  Foster, Lynch

Staff Present:  Buffone, Gustafson, Hollabaugh, Orcutt

Others:  Michael VanOverbeke, Legal Counsel
Kyle Spade, IT (Via TX, 9:08 AM depart)

AUDIENCE COMMENTS

Kyle Spade, City employee, joined the meeting to discuss the deferred retirement provisions with the Board. Mr. Spade believes that when calculating deferred retirement benefits for employees of a certain age and longevity, there is a discrepancy and inequity between the pre 2017 (Traditional plan) and post 2017 (Dual Plan) total retirement payout. Mr. Spade noted that a Dual Plan employee under the scenario he presented receives more money towards their deferred retirement due to receiving the employer 5.2% matching contribution in the DC Plan component, whereas in certain situations, the Traditional plan employee fully funds their deferred retirement benefit and receives no benefit from the employer contributions toward their retirement. This is due to the fact that over such a long period of time, the interest earned on an employee’s contribution is potentially enough to cover the entire pension benefit upon the deferred retiree attaining age 60 and benefit commencement.

The Board and Michael VanOverbeke, legal counsel, discussed this with Mr. Spade and explained both plans and their purpose. A defined benefit plan is designed to reward employees for long term service. A defined contribution plan however, tends to be more portable and generally provides a greater benefit to short term employees rather than the traditional defined benefit plan. The Board informed Mr. Spade that the System’s role is to administer the benefits provided by the City of Ann Arbor and that if he chooses, he should discuss this topic further with appropriate City representatives or City Council. Plan design and the corresponding benefit structures are not the Board’s role.

A.  APPROVAL OF AGENDA

It was moved by Grimes and seconded by Schreier to approve the agenda as submitted.  
Approved

B.  APPROVAL OF MINUTES

B-1  February 25, 2024 Regular Board Meeting

It was moved by Grimes and seconded by Flack to approve the February 25, 2024 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Classification</th>
<th>Plan</th>
<th>Reciprocal Service Credit</th>
<th>Prior Reciprocal Retirement Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amanda Hayes</td>
<td>Finance &amp; Admin.</td>
<td>DUAL</td>
<td>13 Years, 9.5 Months</td>
<td>University of Michigan</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 Nerdrum and seconded by Grimes to approve the consent agenda as presented.

Approved

D. ACTION ITEMS

D-1 Proposed April 18, 2024 Board Retreat Agenda

The Board reviewed the proposed April 18, 2024 Board Retreat agenda and agreed to approve.

It was moved by Flack and seconded by Grimes to approve the April 18, 2024 Board Retreat agenda as submitted.
Approved

D-2  **2024 Annual Members Newsletter**

The Board reviewed the 2024 Annual Members Newsletter making some revisions and agreed to approve and mail out.

It was **moved** by Flack and **seconded** by Grimes to approve the 2024 Annual Newsletter as revised.

**Approved**

D-3  **2024 Spring MAPERS Conference, May 18-21**

Ms. Orcutt informed the Board of the upcoming Spring MAPERS Conference. Ms. Orcutt requested that any Board members interested in attending should notify the Retirement Office.

It was **moved** by Flack and **seconded** by Grimes to approve any interested Staff or Board Member to attend the Spring MAPERS Conference.

**Approved**

D-4  **Resolution to Raise Cash From Domestic Equities**

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees is required to act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and

WHEREAS, the System’s investment consultant, Meketa Investment Group, has evaluated the current asset class allocations relative to their respective targets, and

WHEREAS, Meketa as the System’s investment consultant, has recommended at the March 5th IPC meeting selling $8 million from the Northern Trust Russell 1000 Index Fund, so be it,

RESOLVED, that the Board of Trustees approves the redemption of $8 million from the Northern Trust Russell 1000 Index, to fund capital calls and benefit payments.

It was **moved** by Flack and **seconded** by Schreier to approve the redemption of $8 million from the Northern Trust Russell 1000 Index, to fund capital calls and benefit payments.

**Approved**

D-5  **Resolution to Rescind Remaining Redemption of the AEW Core Property Trust**

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retirement System, and
WHEREAS, the Board of Trustees is required to act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and

WHEREAS, Meketa as the Retirement System’s investment consultant, the Investment Policy Committee (IPC), and the Board of Trustees have approved a strategic asset allocation which has the policy target of Real Estate at 9%, and

WHEREAS, the System’s investment consultant, Meketa Investment Group, had evaluated the asset class allocations relative to their respective targets at the November 1, 2022 IPC meeting and determined that the portfolio was overweight in real estate with a position of 14% relative to the 9% policy target, and

WHEREAS, Meketa as the System’s investment consultant, recommended at the March 5th IPC meeting to halt the remaining redemption of approximately $11.5 million (original redemption request of $15 million) from the AEW Core Property Trust due to the reduction in the position and conditions in the real estate market and, so be it,

RESOLVED, that the Board of Trustees approves to rescind the remaining redemption of $11.5 million from the AEW Core Property Trust.

It was moved by Nerdrum and seconded by Schreier to approve to rescind the remaining redemption of $11.5 million from the AEW Core Property Trust.

Approved

D-6 Resolution to Terminate Sculptor Credit Opportunities Fund

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees is required to act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and

WHEREAS, the Investment Policy Committee (IPC), and the Board of Trustees have approved a strategic asset allocation target of 0 - 5% for Hedge Funds, and

WHEREAS, Meketa as the Retirement System’s investment consultant, has recommended liquidating funds that are invested with the remaining hedge fund manager due to the expense ratio and upcoming expiration of the lock up period on June 30, 2024, and

WHEREAS, Meketa as the Retirement System’s investment consultant, has presented a Private Markets Pacing Study at the March 5th IPC meeting, and

WHEREAS, the IPC and Meketa Investment Group recommend that the Hedge Fund manager Sculptor Credit Opportunities Fund be terminated and the funds be redeployed to fund other asset classes as presented in the pacing study, so be it,
RESOLVED, that the Board of Trustees approves the termination of Sculptor Credit Opportunities Fund, and the proceeds of such liquidation in the amount of approximately $4.7 million be used to fund other asset classes as presented in the pacing study.

It was **moved** by Flack and **seconded** by Nerdrum to approve the termination of Sculptor Credit Opportunities Fund, and the proceeds of such liquidation in the amount of approximately $4.7 million be used to fund other asset classes as presented in the pacing study.

**Approved**

E. **DISCUSSION ITEMS**

E-1 **Discussion on Personnel Matter**

Ms. Orcutt has requested to relocate out of state and work fully remotely, periodically being on-site and in-person throughout the year. The subcommittee presented a response to the relocation proposal that was submitted by Ms. Orcutt in January. Mr. Monroe noted that he also spoke with staff and a union representative to get their opinion. It was considered that Ms. Orcutt is an exceptional employee, and that the Board would like to accommodate this request in order to retain her.

Ms. Orcutt provided the Board with an estimate of travel costs per return visit to attend Board meetings, etc. The Board discussed the topic further deciding to approve the relocation as a trial for the first year, along with other reporting requirements that were detailed in the proposal response drafted by the subcommittee. The Board will discuss the travel expenses further as a total compensation package during the Executive Director review in July 2025. It was decided that a travel budget would be established and that Ms. Orcutt would return at minimum, once per quarter. Travel expenses above and beyond the budget would be the responsibility of Ms. Orcutt.

Mr. Monroe and Ms. Praschan informed the Board that they were not in favor of the travel expenses being paid by the system.

It was **approved** by Nerdrum and **seconded** by Flack to approve the relocation proposal for Ms. Orcutt on a one year trial basis, with a $5,000 travel budget (excluding conferences).

**Approved**

E-2 **MAPERS One Day Recap from Attendees**

Ms. Orcutt, Mr. Monroe and Mr. Gustafson reviewed the MAPERS Conference, highlighting topics from various sessions.

F. **REPORTS**

F-1 **Executive Report – March 21, 2024**

**AEW CORE PROPERTY DISTRIBUTIONS**

AEW Core Property Trust issued distributions in the amount of **$1,292,486** for the Retirement Plan and **$172,332** for the VEBA on 2/15/24. The redemption requests in the amount of $15,000,000 for ERS and $2,000,000 were made in November 2022.
CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of $96,916 for the Retirement System and $31,968 for VEBA on 2/16/24.

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 2/15/24 in the amount of $161,802 for the Retirement System and $47,588 for the VEBA consisting of return of capital and cash from operations netted against management fees.

HIGHVISTA CAPITAL CALLS

HighVista Private Equity (formerly abrdn) requested a capital call of our commitment to Fund X in the amount of $400,000 for the Retirement Plan and $50,000 for VEBA on 3/15/24 to fund investments and pay management fees. With these installments, CAAERS will have funded 5% of our total commitments of $4,000,000 for the Retirement Plan and $1,000,000 for the VEBA.

TORCHLIGHT CAPITAL CALL

Torchlight Investors requested a capital call for Debt Fund VII in the amount of $450,000 for the Retirement Plan and $200,000 for VEBA on 3/21/24 to fund investments.

NORTHERN TRUST RETIREE PORTAL

The website went live on March 1, 2024. The announcement along with registration instructions were sent out the week of March 11th and a note was added to the annual newsletter as well.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 38 estimates, 6 final calculations, 3 deceased calcs, 3 non-vested, 2 payouts and conducted 6 pre-sessions.

F-2 Executive Report – Voya Update

457 PLAN - Balance at 3/14/24 - $112,169,000
Admin Allowance $7,955
Average $ Deferral $235
Average % Deferral 9%
Investment Diversification 75%

401A PLAN – Balance at 3/14/24 - $7,179,000
Forfeiture Balance $202,006/ $58,459 of which is available for ERS expenses
401A Executive PLAN – Balance at 3/14/24 - $ 559,000

Forfeiture Balance $ 15,625

Current Items/Education:

Mike Landolt will be onsite for meetings on March 20th and 21st. During the month of February Mike had 11 zoom meetings and 11 phone calls with employees/retirees. Also, Mike will be the speaker at the Retiree Luncheon on May 30th, 2024.

It was determined during the bi-weekly calls with Voya that forfeitures will be processed as of distribution date or 1 year from date of termination. This will avoid a residual contribution being made when someone receives their final payout.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended February 29, 2024

Maria Buffone, Accountant, submitted the Financial Report for the month ended February 29, 2024 to the Board of Trustees:

<table>
<thead>
<tr>
<th>2/29/2024 Asset Value (Preliminary)</th>
<th>$623,107,139</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/31/2024 Asset Value (Audited by Northern)</td>
<td>$615,555,821</td>
</tr>
<tr>
<td>Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)</td>
<td>$14,255,185</td>
</tr>
<tr>
<td>Percent Gain &lt;Loss&gt;</td>
<td>2.3%</td>
</tr>
<tr>
<td>March 20, 2024 Asset Value</td>
<td>$626,704,532</td>
</tr>
</tbody>
</table>

F-4 Investment Policy Committee Minutes – March 5, 2024

Following are the Investment Policy Committee minutes from the meeting convened at 3:08 p.m. on March 5, 2024:

Member(s) Present: DiGiovanni, Flack(Via TX), Foster, Monroe, Praschan
Member(s) Absent: None
Other Trustees Present: None
Staff Present: Buffone, Gustafson(Via TX), Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group(Via TX)
John Harris, Meketa Investment Group(Via TX)
Keith Beaudoin, Meketa Investment Group(Via TX, 3:30 PM depart)

ECONOMIC AND MARKET UPDATE DATA AS OF JANUARY 31, 2024

Mr. Jaung provided an economic update noting that markets were mixed in January after posting strong returns in 2023. Looking into the rest of this year, the paths of inflation and monetary policy, China’s economic disorder and slowing economic growth, the looming elections, and the wars in Ukraine and Israel, will be key.
EXECUTIVE SUMMARY WITH ACTION ITEMS

Over the past 3, 5, 7, and 10 years, the ERS has returned 6.9%, 9.2%, 8.3% and 7.6%. These returns have outperformed the 60% equity /40% Bonds benchmarks as well as the primary benchmark in most periods.

Over the past 3, 5, 7, and 10 years, the VEBA has returned 5.4%, 8.2%, 7.7% and 6.9%. These returns have outperformed the 60% equity/40% Bonds benchmarks as well as the primary benchmark in most periods.

Cash Needs: Before March benefit payments, the ERS has $11.4 million in cash. They System has $4.85 million of uncalled capital in the PIMCO PIF which is expected to be called in the next 2-3 months. To prepare for those calls and have cash for monthly payments, Meketa recommended raising an additional $8 million in cash from domestic equities.

It was moved by Foster and seconded by Monroe to recommend to the Board to raise $8 million in cash from Domestic Equities.

APPROVED

Sculptor Credit Opportunities: The lock-up period for the system’s investment in the Sculptor Credit Opportunities Fund is set to expire on June 30, 2024 with a decision on a course f action due at the end of March (90 days notice). The ERS has $4.7 million invested in Sculptor representing 0.8% of the total portfolio. There are three options available for the System:

- Terminate Sculptor and redeploy capital elsewhere
- Renew and roll down to lower lock up period of 1 year
- Do nothing and roll over into the 3 years share class for another 3 years

Meketa recommended termination Sculptor and redeploying the proceeds to other asset classes as will be presenting in the pacing studies.

It was moved by Foster and seconded by Praschan to recommend to the Board to terminate Sculptor.

APPROVED

Private Equity Performance: Meketa compared the longest tracked private equity investments, Constitution III Funds, and applied the same cashflow and timing and compare them to the returns of the S&P 500 Index. The comparisons favor the Constitution funds by a very wide margin. For the same time period the Constitution fund outperformed by 6.8% and the co-investment by 11.9% annualized over the S&P 500 index. Also, the final value is 30% and 57% greater than what would have been if the assets were invest in the S&P 500 index.

The Committee discussed rescinding the sale of AEW to keep funds in real estate.

It was moved by Foster and seconded by Monroe to recommend to the Board to rescind the sale of AEW and to keep funds in real estate.

APPROVED

RETIREMENT SYSTEM
**Act 314 Compliance Review:** All investments are currently in compliance.

**January 31, 2024 Performance Update:** As of January 31, 2024, the balance of the Funds was $617,777,915 for ERS. Fiscal Year to Date performance was 4.8% for ERS net of fees.

**VEBA**

**Act 314 Compliance Review:** All investments are currently in compliance.

**January 31, 2024 Performance Update:** As of January 31, 2024, the balance of the Funds was $263,807,150 for VEBA. Fiscal Year to Date performance was 5.0% for VEBA net of fees.

**CURRENT ISSUES**

**Private Market Pacing Study:** Meketa provided a pacing study analysis highlighting Private Equity, Private Debt, Real Estate and Infrastructure. The Committee reviewed the data and briefly discussed.

**ADJOURNMENT**

It was **moved** by Foster and **seconded** by Praschan to adjourn the meeting at 4:26 p.m. 

*Meeting adjourned at 4:26 p.m.*

**F-5 Administrative Policy Committee Minutes – March 19, 2024**

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on March 19, 2024:

**Committee Members Present:** Grimes, Lynch, Monroe, Schreier

**Members Absent:** Praschan

**Other Trustees Present:** Alexa Nerdrum (Via TX, 3:55 arrival)

**Staff Present:** Buffone, Gustafson (Via TX), Hollabaugh, Orcutt

**Others Present:** Paul Nacario, Innovest (Via TX, 3:36 PM depart)

Kyli Soto, Innovest (Via TX, 3:36 PM depart)

Jared Martin, Innovest (Via TX, 3:36 PM depart)

Sydney Aeschlimann, Innovest (Via TX, 3:36 PM depart)

**VOYA UPDATES**

**457 Expense Discussion:** There is approximately $7000 remaining in the administrative allowance account to cover expenses related to the 457 such as staff time and legal and consulting fees. Voya can collect this as an asset-based fee or per participant fee. Ms. Orcutt provided an annual estimate of costs at $50,000 and the related cost would be 0.046% basis points or $56.24/annually based on the current balance and head count. The Committee discussed different payment options with Voya and would like to further discuss requesting payment from the City.

Ms, Orcutt also mentioned increasing the force out threshold in the Plans from the current $1000 to the new $7000 limit or somewhere in between. This would prevent terminated participants with very small balances from paying fees as well as reduce future costs from a recordkeeping standpoint. This item will be further discussed at the Board retreat along with other Secure 2.0 changes.
Future Forfeiture Timing: Ms. Orcutt notified the Committee that due to the method Voya uses to process forfeitures, these will now occur one year from a participant’s date of termination or when they take a distribution, whichever is sooner.

LEGAL COUNSEL RFP UPDATE

Ms. Orcutt provided the categories to review for the legal RFP. The committee agreed on the summary categories and will review proposals and select finalists at the April APC meeting. Proposals are due on March 28.

2024 ANNUAL MEMBER NEWSLETTER

The Committee reviewed and approved the newsletter.

It was moved by Grimes and seconded by Schreier to submit the Newsletter to the Board for approval.

Approved

FUTURE ITEMS

Finalize Policies: Disability & Electronic Meeting – OMA.

OTHER

A subcommittee drafted a response to the relocation proposal that was submitted in January. After discussion, the Committee requested an estimate of travel costs per return visit to attend Board meetings, etc. The response will be submitted to the Board for discussion and possible approval.

ADJOURNMENT

It was moved by Grimes and seconded by Lynch to adjourn the meeting at 4:10 p.m.

Meeting adjourned at 4:10 p.m.

F-6 Audit Committee Minutes – None

F-7 Legal Report - None

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 April Planning Calendar

G-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>American Express</td>
<td>$3,589.07</td>
<td>Kroger, NCPERS, Panera, Cleaning, Webers &amp; Culligan</td>
</tr>
<tr>
<td>Applied Imaging</td>
<td>$33.86</td>
<td>Printing Service 2/2024</td>
</tr>
<tr>
<td>Laura Hollabaugh</td>
<td>$218.23</td>
<td>DTE Reimbursement Electric 1/12-2/12/2024</td>
</tr>
<tr>
<td>Laura Hollabaugh</td>
<td>$141.93</td>
<td>DTE Reimbursement Gas 1/12-2/12/2024</td>
</tr>
<tr>
<td>GRS</td>
<td>$2,825.00</td>
<td>GASB 67/68 Valuation Q1 2024</td>
</tr>
<tr>
<td>GRS</td>
<td>$7,875.00</td>
<td>Pension Valuation Q1 2024</td>
</tr>
<tr>
<td>Dan Gustafson</td>
<td>$90.85</td>
<td>MAPERS 1Day Travel Reimbursement</td>
</tr>
<tr>
<td>Dan Gustafson</td>
<td>$69.95</td>
<td>Notary Renewal Reimbursement</td>
</tr>
<tr>
<td>Meketa</td>
<td>$10,000.00</td>
<td>Investment Consulting 2/2024</td>
</tr>
<tr>
<td>Milliman</td>
<td>$3,537.41</td>
<td>Pension Admin Software 1/2024</td>
</tr>
<tr>
<td>Dave Monroe</td>
<td>$307.93</td>
<td>MAPERS 1Day Travel Reimbursement</td>
</tr>
<tr>
<td>Wendy Orcutt</td>
<td>$294.03</td>
<td>MAPERS 1Day Travel Reimbursement</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$28,983.26</strong></td>
<td></td>
</tr>
</tbody>
</table>

**G-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>Union</th>
<th>Years of Service</th>
<th>Dept./Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matthew Francis</td>
<td>Age &amp; Service</td>
<td>April 1, 2024</td>
<td>Fire</td>
<td>FIRE</td>
<td>18 Years, 3.5 Months</td>
<td>Safety Services</td>
</tr>
</tbody>
</table>

**G-5 Analysis of Page Views on Retirement System Website**

**H. TRUSTEE COMMENTS / SUGGESTIONS**

**I. ADJOURNMENT**

It was moved by Nerdrum and seconded by Grimes to adjourn the meeting at 10:26 a.m. Meeting adjourned at 10:26 a.m.

Wendy Orcutt

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