

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
April 18, 2024**



The meeting was called to order by Board Chairperson, David Monroe, at 8:34 a.m.

ROLL CALL

Members Present: DiGiovanni, Flack, Grimes, Monroe, Nerdrum (arrival 8:50), Praschan, Schreier, Foster, Lynch (arrival 8:42)

Members Absent: None

Staff Present: Buffone, Gustafson, Orcutt

Others: Michael VanOverbeke-Legal Counsel, Henry Jaung-Meketa Investment Group, Keith Beaudoin-Meketa Investment Group, John Harris-Meketa Investment Group, Troy Jensen-Innovest (8:45), Paul Nacario-Innovest (8:45)

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

Approved

B. APPROVAL OF MINUTES

B-1 March 21, 2024 Regular Board Meeting

It was **moved** by Grimes and **seconded** by Flack to approve the March 21, 2024 Regular Board Meeting minutes as amended to:

“The Board will discuss the travel expenses further as a total compensation package during the Executive Director review in July 2025.”

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

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	Plan	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
Justin Riley	Public Services	DUAL	6 Years, 2.5 Months	City of Riverview

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 Foster and **seconded** by Grimes to approve the consent agenda as presented.

Approved

D. ACTION ITEMS

D-1 Legal RFP –

It was **moved** by Foster and **seconded** by Grimes to continue with our current Legal provider, VanOverbeke, Michaud & Timmony, P.C.

Approved

D-2 Retirement System Office Hours –

It was **moved** by Flack and **seconded** by Grimes to reduce the Retirement System office hours to Monday through Thursday.

Approved

E. DISCUSSION ITEMS -None

F. REPORTS

F-1 Executive Report – April 18, 2024

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund V in the amount of **\$328,000** for the Retirement Plan and **\$82,000** for VEBA on 4/5/24 to fund investments and pay management fees. With these installments, **CAAERS** will have funded 78.2% of our total commitments of \$8,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

INVESCO DISTRIBUTIONS

Invesco issued a distribution in the amount of **\$20,555** for the Retirement System consisting of realized gains on 3/25/24.

CARLYLE DISTRIBUTION

Carlyle Realty Fund VIII issued a distribution in the amount of **\$ 80,216** for the Retirement System and **\$20,055** for the VEBA on 3/28/24. The distribution was netted against fees and expenses.

CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of **\$ 172,431** for the Retirement System and **\$ 57,477** for VEBA on 3/27/24.

Ironsides Partnership Fund III, L.P. issued a distribution in the amount of **\$ 4,354,384** for the Retirement System on 4/9/24.

SVB DISTRIBUTION

SVB Fund VIII issued a distribution in the amount of **\$ 253,180** for the Retirement System and **\$63,295** for the VEBA on 3/28/24 consisting of return of capital.

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 4/3/24 in the amount of **\$ 138,810** for the Retirement System and **\$40,826** for the VEBA consisting of return of capital.

DRA issued a distribution from the Growth and Income Fund IX on 4/11/24 in the amount of **\$ 72,034** for the Retirement System and **\$21,186** for the VEBA consisting of a gain on sale and return of capital.

MESIROW CAPITAL CALL

Mesirow Financial Private Equity Fund VIII-A, L.P. requested a capital call in the amount of **\$550,000** for the Retirement Plan and **\$165,000** for the VEBA on 4/15/24. With these installments, **CAAERS** will have funded 56% of our total commitments of \$10,000,000 for the Retirement Plan and \$3,000,000 for the VEBA.

BLACKROCK CAPITAL CALLS AND DISTRIBUTIONS

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of **\$ 318,553** for the Retirement System and **\$ 119,458** for the VEBA on 4/9/24.

PENSION ADMINISTRATION SOFTWARE CONVERSION

The employee self-service website now has 259 registered! A reminder to register will be sent out when the 3/31/24 Accrued Benefit Statements are posted to the site later in the month.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 26 estimates, 3 final calculations, 5 deceased calcs, 5 non-vested, 3 payouts, 1 deferred and conducted 7 pre-sessions.

F-2 Executive Report – Voya Update

Voya Update – April 18th, 2024

457 PLAN - Balance at 4/10/24 - \$ 111,670.000

Admin Allowance \$ 7,963

Average \$ Deferral	<u>\$235</u>
Average % Deferral	<u>9%</u>
Investment Diversification	<u>75%</u>

401A PLAN – Balance at 4/10/24 - \$ 7,329,500

Forfeiture Balance \$ 158,250/ \$ 58,459 of which is available for ERS expenses

401A Executive PLAN – Balance at 4/10/24 - \$ 582,000

Forfeiture Balance \$ 15,645

Current Items/Education:

Mike Landolt held onsite meetings on March 20th and 21st and met with 19 employees and retirees. During the month Mike also had 1 zoom meeting and 11 phone calls with employees/retirees. Mike will be onsite again on April 24/25 and for the Retiree Luncheon.

Len Goff will be attending the May Board meeting along with Innovest for the quarterly review. Len will also be present the 2024 Plan Year items.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended March 31, 2024

Maria Buffone, Accountant, submitted the Financial Report for the month ended March 31, 2024 to the Board of Trustees:

3/31/2024 Asset Value (Preliminary)	\$632,699,847
2/29/2024 Asset Value (Audited by Northern)	\$624,890,541
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$27,942,137
Percent Gain <Loss>	4.5%
April 17, 2024 Asset Value	\$615,751,536

F-4 Investment Policy Committee Minutes – None

F-5 Administrative Policy Committee Minutes – April 9, 2024

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on April 9, 2024:

Committee Members Present: Grimes, Lynch, Monroe, Schreier, Praschan
Members Absent: None
Other Trustees Present: None
Staff Present: Buffone, Gustafson, Orcutt (Via TX)
Others Present: None

LEGAL COUNSEL RFP REVIEW

The Committee reviewed the RFP responses and after a broad discussion it was determined that all the firms were qualified applicants, but given the competitive rates, the public sector retirement focus, and the institutional knowledge that VanOverbeke, Michaud & Timmony (VMT) brings with their long-standing relationship with the System that the Committee would like to continue to retain VMT. It was discussed with Staff that all members of the firm, not just Mr. VanOverbeke, provide excellent service and are very responsive. Ms. Orcutt did note that quarterly invoices are often very late and this has been expressed to VMT. The Committee is recommending to the Board that based on their review and discussion that the RFP process is complete, that it does not feel it necessary to move on to the interview stage, and should continue to receive legal services from our current provider, VMT.

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

Approved

OFFICE HOURS

Ms. Orcutt informed the Committee that Laura Hollabaugh's last day was April 5th. The staff will be operating with a three-person team until a replacement is found and will continue when Ms. Orcutt relocates. Ms. Orcutt is proposing that the open office hours are reduced to four days a week beginning Friday, April 12th. Staff met on this topic and decided Friday is the day that would make the most sense due to team preference, very minimal traffic, etc. The Committee discussed that Friday makes the most sense for most businesses and current meeting and operational needs. Based on the discussion the Committee recommends that the Board approves the office be open from Monday through Thursday with all staff working remotely on Fridays.

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

Approved

UPDATE ON POSITION VACANCY – JOB POSTING / CROSS TRAINING

Ms. Orcutt confirmed that the position was posted last week and currently have received 41 responses. Once they are released, Ms. Orcutt will review applicants and then will have phone screens, an initial virtual interview, and final in person interviews will include staff, Ms. Lynch, HR, and any other Board members that would like to participate. The consensus was that Ms. Hollabaugh will definitely be missed. Cross training was completed by Ms. Buffone, and she will be filling in as needed. An option was discussed for a stipend to compensate for additional work performed by System staff should the timeline for a replacement be lengthy. Staff is prepared for training a new team member and there is a possibility of requesting Ms. Hollabaugh to help train on a limited basis depending on her new schedule.

ADJOURNMENT

It was ***moved*** by Grimes and ***seconded*** by Schreier to adjourn the meeting at 3:59 p.m.
Meeting adjourned at 3:59 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.

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	Dollarbill	\$2,428.33	Ann Arbor Retiree NT Portal Letter Mailing
2	GRS	\$1,550.00	EDRO Stewart v Stewart 2/23/2024
3	DTE	\$185.08	Electric 2/13/2024 to 3/12/2024
4	DTE	\$86.77	Gas 2/13/2024 to 3/12/2024
5	Milliman	\$3,533.70	MARC Licensure & MFA
6	Staples	\$96.14	Miscellaneous Office Supplies
7	Meketa	\$10,000.00	Investment Consultant fee 3-20-24
	Total	\$17,880.02	

G-4 Retirement Report

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

Name	Retirement Type	Effective Retirement Date	Group	Union	Years of Service	Dept./Service Area
Joseph Peariso	Age & Service	April 20, 2024	General	AFSCME	19 Years, 6.5 Months	Public Services
Matthew Francis	Age & Service	April 1, 2024	Fire	FIRE	18 Years, 3.5 Months	Safety Services
Brian Steglitz	Age & Service	April 27, 2024	General	NON UNION	26 Years, 7 Months	Public Services
Nina Lunsford	Deferred Age & Service	April 1, 2024	Police	AAPOA	18 Years, 1.5 Months	Safety Services
Glen Dempsey	Age & Service	April 27, 2024	General	NON UNION	7 Years, 4.5 Months	Community Services

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

I. ADJOURNMENT

It was **moved** by Foster and **seconded** by Grimes to adjourn the meeting at 8:50 a.m.
Meeting adjourned at 8:50 a.m.

Wendy Orcutt

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