

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
January 16, 2025**

**B**

The meeting was called to order by Board Vice-Chairperson, Alexa Nerdrum, at 8:38 a.m.

**ROLL CALL**

Members Present: Buselmeier (*Via TX*), DiGiovanni, Flack, Foster, Grimes, Lynch (*Via TX, Departed at 9:00am, Came Back at 9:32am*), Nerdrum, Schreier, Toth  
Members Absent: None  
Staff Present: Buffone (*Via TX*), Gustafson, Lieder, Orcutt (*Via TX*)  
Others: Michael VanOverbeke, Legal Counsel (*Via TX, In-Person at 9:00am*)  
Keith Beaudoin, Meketa Investment Group (*Via TX, Arrived at 8:57am, Departed at 9:43am*)

**AUDIENCE COMMENTS**

The Board welcomed new trustee Grant Toth, police representative.

**A. APPROVAL OF AGENDA**

Board discussed to amend the agenda by adding E-4 Election of Board Officers (Chairperson, Vice-Chairperson, and Secretary) and Appointment of Board Committee Members – IPC/APC/AC.

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

**B. APPROVAL OF MINUTES**

**B-1 December 19, 2024 Regular Board Meeting**

It was **moved** by DiGiovanni and **seconded** by Foster to approve the December 19, 2024 Regular Board Meeting minutes as submitted.  
**Approved**

**C. CONSENT AGENDA - None**

**D. EXECUTIVE SESSION**

Ms. Orcutt did not request a closed session to discuss disability re-examinations as the medical reports have not been received. These will be reviewed during the February 2025 Board Meeting.

**E. ACTION ITEMS**

**E-1 Motion Regarding Disability Examination Review**

No motion was presented during this month's meeting. This item will be discussed during the February 2025 Board Meeting.

**E-2 Resolution to Raise Cash from Domestic Equity**

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; an

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 January 7<sup>th</sup> IPC meeting selling \$10 million from the Rhumblin HEDI Fund, so be it,

RESOLVED, that the Board of Trustees approves the redemption of \$10 million from the Rhumblin HEDI, to fund capital calls and benefit payments.

It was **moved** by Nerdrum and **seconded** by Grimes to approve the redemption of \$10 million from the Rhumblin HEDI, to fund capital calls and benefit payments.

**Approved**

### **E-3 2025 Board Meeting Schedule Amendment for June 19, 2025**

Ms. Orcutt presented a change to the 2025 Board Meeting Schedule. The previously agreed upon date of June 19, 2025 will need to be changed to June 18, 2025 due to the original date being on a federal holiday.

January 16, 2025	July 17, 2025
February 20, 2025	August 21, 2025
March 20, 2025	September 18, 2025
April 17, 2025	October 16, 2025
May 15, 2025	November 20, 2025
<del>June 19, 2025</del> June 18, 2025	December 18, 2025

It was **moved** by Nerdrum and **seconded** by Grimes to approve the 2025 Board Meeting Schedule Amendment to replace June 19, 2025 with June 18, 2025.

**Approved**

### **E-4 Election of Board Officers (Chairperson, Vice-Chairperson and Secretary) and Appointment of Board Committee Members – IPC, APC, & AC**

It was **moved** by Grimes and **seconded** by Nerdrum to suspend the rules and provide that the Board elect its officers and appoint the committees at its January meeting instead of February.

**Approved**

It was **moved** by Grimes and **seconded** by Nerdrum to elect Jeremy Flack for Board Chairperson for the 2025 term:

**Approved**

It was **moved** by DiGiovanni and **seconded** by Nerdrum to elect Jennifer Grimes for Board Vice-Chairperson for the 2025 term:

**Approved**

It was **moved** by Nerdrum and **seconded** by Grimes to elect Jordan Schreier for Board Secretary for the 2025 term:

**Approved**

It was **moved** by Grimes and **seconded** by Nerdrum to appoint the Committees as follows:

- Investment Policy Committee: DiGiovanni/Chair, Buselmeier, Flack, Foster, Toth
- Administrative Policy Committee: Grimes/Chair, Buselmeier, Lynch, Schreier
- Audit Committee: Nerdrum/Chair, Buselmeier, Grimes

**Approved**

## **F. DISCUSSION ITEMS**

### **F-1 BlackRock Valuations Update**

Mr. Beaudoin from Meketa provided an update regarding the BlackRock Global Renewable Power (GRP) Funds, specifically Fund III. In brief, for the Q3 2024 reporting period, BlackRock wrote down the value of GRP III and this has resulted in changes to the GRP team, as well as revisions to BlackRock's plans for GRP IV fundraising. The Board discussed the ramifications to the value of the fund(s) and effect on future commitments still owed.

Meketa's infrastructure team plans to attend future BlackRock GRP webinars and continue to review materials provided on the GRP funds and team. Meketa will provide additional updates as new information arises.

### **F-2 Trustee Terms Expiring in 2025**

Ms. Orcutt informed the Board that Mr. Foster and Ms. Lynch's terms are expiring December 31, 2025. Ms. Lynch discussed her intent to not serve past 2025 due to work commitments. Mr. Foster discussed he would like to continue for another term starting January 1<sup>st</sup>, 2026.

### **F-3 Trustee Election Process**

The Board discussed issues with the previous Board Elections particularly the low voter turnout. Mr. Toth explained that forty or more officers either work third-shift or do not have the opportunity to come to the Clerk's office during the specified times. The Board discussed the possible adoption of an electronic election that can allow voters to vote from their workstations, but applicable Unions would need to be notified of this change.

Ms. Grimes explained this would be a good topic for a future Administrative Policy Committee to review.

### **F-4 Opal Group Public Funds Summit Debrief**

Ms. Orcutt provided a debrief of her attendance at the Opal Group Public Funds Summit held in January in Scottsdale, Arizona. Mr. VanOverbeke provided input for future

interested attendees that registration and possible hotel accommodations may be provided by the event if you are a speaker on a panel.

## **G. REPORTS**

### **G-1 Executive Report – January 16, 2025**

#### **SVB DISTRIBUTION**

SVB Fund VIII issued a distribution in the amount of **\$ 580,594** for the Retirement System and **\$145,149** for the VEBA on 12/19/24 consisting of 32% return of capital and 68% gain from the proceeds of our investments.

#### **DRA CAPITAL CALLS AND DISTRIBUTIONS**

DRA issued a distribution from the Growth and Income Fund IX on 12/23/24 in the amount of **\$ 380,516** for the Retirement System and **\$111,916** for the VEBA consisting of a return of capital netted against carried interest.

DRA issued a distribution from the Growth and Income Fund IX on 12/26/24 in the amount of **\$ 113,602** for the Retirement System and **\$33,413** for the VEBA consisting of a gain and return of capital netted against carried interest.

#### **CARLYLE DISTRIBUTION**

Carlyle Realty Fund VIII issued a distribution in the amount of **\$95,725** for the Retirement System and **\$23,925** for the VEBA on 12/24/24. The distribution was netted against a capital call for management fees and expenses.

#### **GRAIN COMMUNICATIONS CAPITAL CALLS AND DISTRIBUTIONS**

Grain Communications Opportunity Fund IV issued a distribution in the amount of **\$41,740** for the Retirement System and **\$ 25,044** for the VEBA on 1/14/24 consisting of previously called capital and interest.

#### **STAFF OPERATIONS/MISCELLANEOUS**

The Pension Analyst processed 24 estimates, 4 final calcs, 1 deceased calcs, 8 non-vested calcs, 3 deferred calcs and conducted 8 pre-sessions.

The new standard mileage rate for 2025 is \$0.70 per mile for miles driven on city business or for city travel.

Executive Director will be in office February 17-20.

### **G-2 Executive Report – Voya Update**

#### **Voya Update – January 16, 2025**

**457 PLAN - Balance at 1/8/2025 - \$ 116,130,000**

Admin Allowance \$ 13,175

**401A PLAN – Balance at 1/8/2025 - \$ 4 9,099,000**

Forfeiture Balance \$ 82,562

**401A Executive PLAN – Balance at 1/8/2025 - \$ 795,000**

Forfeiture Balance \$ 3,424

**Current Items/Education:**

During the December 10<sup>th</sup> and 11<sup>th</sup> meetings Mike had 12 in person meetings and 2 phone calls with employees/retirees. January and February One on Ones will be held virtually. There will be a webinar on January 29<sup>th</sup> covering Roth vs. Pretax, and demonstrations on contribution changes and updating beneficiaries.

The two additional optional provisions for Disaster Relief and Domestic Abuse were approved by the City and will be effective 2/1/2025.

The 457 Force Out letters were mailed out on December 20.

**Future Items/Education:**

Implementation of the Age 60 Catch Up

401 Plan Doc/Ordinance Revisions regarding Force Outs and other updates.

2025 – Communication regarding new provisions to the Plan once all are implemented.

**G-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended December 31, 2024**

Ms. Orcutt submitted the Financial Report for the month ended December 31, 2024 to the Board of Trustees:

12/31/2024 Asset Value (Preliminary)	\$647,831,032
11/30/2024 Asset Value (Audited by Northern)	\$667,784,443
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$55,668,640
Percent Gain <Loss>	9.0%
<b>January 15, 2025 Asset Value</b>	<b>\$640,151,912</b>

**G-4 Investment Policy Committee Minutes – January 7, 2025**

Following are the Investment Policy Committee minutes from the meeting convened at 3:06 p.m. on January 7, 2025:

Member(s) Present: Buselmeier, DiGiovanni, Foster (Via TX)  
Member(s) Absent: Flack  
Other Trustees Present: None  
Staff Present: Buffone (Via TX), Gustafson (Via TX, Departed at 3:13pm, Returned at 3:55pm), Lieder, Orcutt (Via TX)  
Others Present: Henry Jaung, Meketa Investment Group (Via TX)  
John Harris, 5 Meketa Investment Group (Via TX)

## **ECONOMIC AND MARKET UPDATE DATA AS OF NOVEMBER 30, 2024**

Mr. Beaudoin provided an economic update noting that US markets rallied in November, while outside the US, markets were mixed. Looking ahead, key factors influencing the global economic outlook include the paths of inflation, labor markets, and monetary policy, China's slowing economy and the impacts of policy stimulus, increased geopolitical tensions, and questions about new policies from the incoming US administration.

### **EXECUTIVE SUMMARY**

Recap: The market value of the ERS was \$664 million at the end of November 2024. The performance for November, FYTD, and YTD were 2.4%, 5.4% and 11.6% respectively.

Over the past 3, 5, 7, and 10 years, the ERS has returned 6.2%, 9.5%, 8.4% and 7.8%. These returns have outperformed the 60% Equity/40% Bonds benchmarks as well as the primary benchmark in most periods.

The market value of the VEBA was \$294 million at the end of November 2024. The performance for November, FYTD, and YTD were 2.6%, 5.9%, and 12.4% respectively.

Over the past 3, 5, 7, and 10 years, the VEBA has returned 5.4%, 8.4%, 7.8% and 7.3%. These returns have outperformed the 60%/40% benchmarks as well as the primary benchmark in most periods.

#### **2025 Planning:**

Asset Allocation Review: Updated capital market expectations will be released in January. Meketa will present updated asset allocation reviews to the IPC at an upcoming meeting in the first quarter with the new CME's.

Meketa will also review the domestic equity allocation compared to Russell 3000 once year end data is available.

Private Market Commitments: Meketa will continue to identify additional private equity and private debt managers. We will revisit Constitution Capital's most recent fund offering.

Meketa will present an annual pacing study at an upcoming IPC meeting to identify private market asset classes that require commitments to be made in 2025 to keep pace with their target allocations.

### **RAISE CASH FOR BENEFITS**

As of 1/7/2025 the ERS has approximately \$5.3 million in cash. The ERS is currently overweight to domestic equities, specifically mid-cap equities. There was a discussion about whether to liquidate funds from the S&P 400 Midcap fund or Rhumblin Hedi. It was decided to recommend a sale of \$10 million from the Rhumblin HEDI fund.

It was **moved** by DiGiovanni and **seconded** by Foster to recommend sending a resolution to the Board to approve the redemption of \$10 million from the Rhumblin HEDI to fund capitol calls and benefit payments.

**Approved**

**RETIREMENT SYSTEM**

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

*November 30, 2024, Performance Update: As of November 30, 2024, the balance of the Funds was \$664,587,625 for ERS. Fiscal Year to Date performance was 5.4% for ERS net of fees.*

*Ms. Orcutt noted that the December Preliminary report from Northern Trust reflects a substantial decline in the Blackrock III fund. Meketa will research and provide more information to include in the Board report.*

**VEBA**

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

*November 30, 2024, Performance Update: As of November 30, 2024, the balance of the Funds was \$293,735,422 for VEBA. Fiscal Year to Date performance was 5.9% for VEBA net of fees.*

**FUTURE MEETING**

*The next meeting was scheduled for Tuesday, February 4, 2025, at 3:00 p.m.*

**ADJOURNMENT**

*It was **moved** by DiGiovanni and **seconded** by Buselmeier to adjourn the meeting at 3:59 p.m.*

**Meeting adjourned at 3:59 p.m.**

**G-5 Administrative Policy Committee Minutes – None**

**G-6 Audit Committee Minutes – None**

**G-7 Legal Report**

Mr. VanOverbeke provided an update for the Northern Trust fraud issue. Staff had contacted Mr. Hupy after the last Board meeting. He stated that he had mailed response as requested but the letter was not received by the System. Staff asked Mr. Hupy to email his replies instead but to date has still not heard back from him regarding the requested information. Mr. VanOverbeke is concerned that Northern Trust is not taking the lead on preventing fraudulent attacks like this from happening when it comes to being a leader in this industry.

Mr. VanOverbeke also provided a testimonial for previous trustee David Monroe outlining his exemplary service for the System. An image of the plaque which was ordered by Staff was presented to the Board and will be mailed to Mr. Monroe's personal address.

# Joint Testimonial Resolution of Appreciation for Dave Monroe

**By: The Board of Trustees of the City of Ann Arbor Employees' Retirement System and the Board of Trustees of the City of Ann Arbor Retiree Health Care Benefit Plan**

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**WHEREAS**, Dave Monroe has faithfully served as a Trustee for the City of Ann Arbor Employees' Retirement System (the "Retirement System") and the City of Ann Arbor Retiree Health Care Benefit Plan (the "RHC Plan") since January of 2010, and

**WHEREAS**, throughout Trustee Monroe's fifteen (15) years of service to the Retirement System and RHC Plan, he worked diligently to provide thorough, comprehensive and respectful services as an elected police representative to the respective Boards of Trustees, and

**WHEREAS**, Trustee Monroe carried out his fiduciary responsibilities with dedication, sincerity, scholarship, hard work and honor and provided distinguished service to both of the Boards of Trustees and the members and beneficiaries of the Retirement System and RHC Plan, and

**WHEREAS**, the Boards of Trustees, the members and beneficiaries of the Retirement System and RHC Plan, and the employees and citizenry of the City of Ann Arbor owe a debt of gratitude to Trustee Monroe for his dedication and service to the Retirement System and RHC Plan, therefore be it

**RESOLVED**, that the Boards of Trustees, on behalf of the members and beneficiaries of the Retirement System and RHC Plan, hereby expresses its gratitude and appreciation to Trustee Monroe for his honorable and distinguished service as a Trustee to the City of Ann Arbor Employees' Retirement System and the Retiree Health Care Benefit Plan, and be it further

**RESOLVED**, that the Boards of Trustees, on behalf of all the aforementioned parties, says "*Thank You for a Job Well Done*" and expresses its best wishes to Trustee Monroe along with a reminder that he will always be welcome at future meetings of the Board.

It was **moved** by Nerdrum and **seconded** by Schreier to approve the testimonial resolution regarding David Monroe's service.

**Approved**

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

H-1 **Communications Memorandum**

H-2 **February Planning Calendar**

H-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	Milliman	\$3,532.44	MARC Licensure/MFA 210 - 11/2024
2	American Express	\$287.69	Kroger, MAPERS, and Culligan
3	Applied Innovations	\$35.00	Printing Services 12/2024
4	Meketa	\$10,000.00	Investment Consulting Fee 12/2024
5	City of Ann Arbor Treasurer	\$99.12	Fire Inspection 12/16/2024
6	Allstar Alarm	\$165.36	Fire Alarm Monitoring 2/1/2025-4/30/2025
	<b>Total</b>	<b>\$14,119.61</b>	

#### **H-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
Shellielynn Mathis	Age & Service	12/20/2024	Police	AAPOA	25 Years, 0 Months	Safety Services
Todd Schmidt	Age & Service	12/21/2024	General	AFSCME	20 Years, 11.5 Months	Public Services
Clifford Blackford	Age & Service	12/31/2024	Fire	FIRE	18 Years, 6 Months	Safety Services
Sheila Stranyak	Age & Service	1/31/2025	General	NON UNION	26 Years, 10 Months	Finance & Admin
Leslie Herter	Age & Service	2/8/2025	General	NON UNION	8 Years, 7 Months	Safety Services

#### **H-5 Analysis of Page Views on Retirement System Website**

##### **I. TRUSTEE COMMENTS / SUGGESTIONS**

##### **J. ADJOURNMENT**

It was **moved** by Nerdrum and **seconded** by Grimes to adjourn the meeting at 10:12 a.m.  
**Meeting adjourned at 10:12 a.m.**

*Wendy Orcutt*

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