

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

B

The meeting was called to order by Board Chairperson, David Monroe, at 8:44 a.m.

ROLL CALL

Members Present: Flack, Grimes (*via TX*), Lynch, Monroe, Nerdrum
Members Absent: DiGiovanni, Foster, Praschan, Schreier
Staff Present: Buffone, Gustafson, Lieder, Orcutt
Others: Michael VanOverbeke-Legal Counsel (*arrived at 8:51 a.m.*)

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

It was **moved** by Flack and **seconded** by Lynch to approve the agenda as submitted.
Approved

B. APPROVAL OF MINUTES

B-1 June 20, 2024 Regular Board Meeting

It was **moved** by Flack and **seconded** by Lynch to approve the June 20, 2024, 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:

Name	Classification	Plan	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
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Michael Lieder	Pension	DUAL	5 Years, 5 Months	Oakland/Washtenaw Counties
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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.

C-2 Eligible Domestic Relations Order – EDRO

James Robert Clare v. Amy Lynn Clare Washtenaw County Circuit Court Case No. 23-001997-DO

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated April 17, 2024, wherein Amy Lynn Clare, the Alternate Payee, is awarded certain rights to the benefits of James Robert Clare, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's benefits payable the Retirement System which is subject to either the Participant or the Alternate Payee making an application for the same, and

WHEREAS, the parties' order provides that the Participant shall designate the Alternate Payee as the surviving spouse for all pre-retirement purposes under the Plan for that portion of the Participant's retirement allowance that is subject to the order, and

WHEREAS, the payments from the plan to the Alternate Payee shall begin when the Participant commences benefits from the Retirement System, unless the Alternate Payee elects to commence his share of the Participant's benefit at any time after the Participant reaches his earliest retirement date, and

WHEREAS, the Board's policy is to require that the costs for the actuary's calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the parties agree to share any such costs equally, and

WHEREAS, said matter having been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order and will administer benefits consistent with said order upon application of either the Participant or the Alternate Payee, and further

RESOLVED, that a copy of this Resolution be immediately attached as the top sheet of the Participant's pension file and other appropriate records be retained by the Retirement System relative to this matter, and further

RESOLVED, that copies of this₂ resolution be sent to James Robert Clare,

the Participant; Michael B. Rizik, Jr., Esq, attorney for the Participant; Amy Lynn Clare, the Alternate Payee; Erin Ellis, Esq., attorney for the Alternate Payee; and the Board's Actuary.

It was **moved** by Flack and **seconded** by Nerdrum to approve the consent agenda as presented.

Approved

D. EXECUTIVE SESSION – Executive Director Annual Evaluation

It was **moved** by Nerdrum and **seconded** by Lynch to convene an Executive Session at the request of Ms. Orcutt for the purpose of discussing the Executive Director Annual Evaluation.

Approved

Roll call vote:

DiGiovanni–Absent	Foster – Absent	Nerdrum – Yes
Flack – Yes	Lynch – Yes	Praschan – Absent
Grimes – Yes	Monroe – Yes	Schreier – Absent

Executive session time: 9:11 a.m. – 9:52 a.m.

E. ACTION ITEMS

E-1 Motion Regarding Executive Director Annual Evaluation

The motion regarding the Executive Director annual evaluation was deferred until the August Board meeting.

E-2 Motion Regarding Disability Re-Examination Review

Ms. Orcutt has reviewed the medical report for Ms. Ralonda Robinson and it is consistent with the Physician's decision. Ms. Orcutt informed the Board that the Physician has concluded that she is physically and totally incapacitated for duty in the service of the City, and that such incapacity is likely to be permanent.

It was **moved** by Flack and **seconded** by Nerdrum that the Board acknowledges receipt of the medical report dated July 8, 2024 from Antoine Geffard, M.D. with regards to the independent medical evaluation of Ralonda Robinson, noting that the doctor has concluded from the medical evaluation conducted on June 26, 2024 that she is physically and totally incapacitated for duty in the service of the City, and that such incapacity is likely to be permanent; the Board therefore grants the disability retirement consistent with the Board's Disability Retirement Procedures.

Approved

E-3 Actuarial Assumptions for the June 30, 2024 Evaluations

Ms. Nerdrum and Ms. Orcutt presented the actuarial assumptions proposed to be used with the June 30 2024 valuations. The Audit Committee is recommending keeping the assumed rate of return at 6.70%

It was **moved** by Flack and **seconded** by Lynch to adopt the actuarial assumptions for the June 30, 2024 evaluations as presented.

Approved

E-4 401 Expenses to be paid from Forfeitures for FYE 6/30/2024

Ms. Orcutt presented the 401 Expenses to be paid from Forfeitures for FYE 6/30/2024. The proposed amount to be paid would be \$ 5,498.18.

It was **moved** by Flack and **seconded** by Nerdrum to approve the 401 Expenses to be paid from Forfeitures for FYE 6/30/2024.

Approved

E-5 401 Executive Plan Expenses to be paid from Forfeitures for FYE 6/30/2024

Ms. Orcutt presented the 401 Executive Plan Expenses to be paid from Forfeitures for FYE 6/30/2024. The proposed amount to be paid would be \$ 588.55.

It was **moved** by Flack and **seconded** by Nerdrum to approve the 401 Executive Plan Expenses to be paid from Forfeitures for FYE 6/30/2024.

Approved

E-6 457 Expenses to be paid from Admin Allowance for FYE 6/30/2024

Ms. Orcutt presented the 457 Expenses to be paid from Admin Allowance for FYE 6/30/2024. The proposed allowance request would be \$ 5,643.27.

It was **moved** by Flack and **seconded** by Lynch to approve the 457 Expenses to be paid from Admin Allowance for FYE 6/30/2024.

Approved

F. **DISCUSSION ITEMS** – None

G. **REPORTS**

G-1 **Executive Report** – July 18, 2024

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund VI in the amount of **\$120,000** for the Retirement Plan and **\$40,000** for VEBA on 6/27/24 to fund investments and pay management fees. With these installments, **CAAERS** will have funded 23.7% of our total commitments of \$6,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

BLACKROCK CAPITAL CALLS AND DISTRIBUTIONS

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of **\$ 300,159** for the Retirement System and **\$ 112,560** for the VEBA on 6/28/24.

CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of **\$ 44,506** for the Retirement System and **\$ 14,835**₄ for VEBA consisting of return of capital and

realized gains netted against carried interest on 6/20/24.

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of \$ 51,515 for the Retirement System and \$ 17,172 for VEBA on 7/11/24.

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund XI on 7/12/24 in the amount of \$ 1,177,978 for the Retirement System and \$ 346,464 for the VEBA consisting of a gain on sale and return of capital.

JP MORGAN IIF DISTRIBUTIONS

The JP Morgan IIF Hedged L.P. issued a distribution on 6/4/24 in the amount of \$ 492,542 for the Retirement System and \$ 151,698 for VEBA which will be held for reinvestment.

CARLYLE DISTRIBUTION

Carlyle Realty Fund VIII issued a distribution in the amount of \$25,803 for the Retirement System and \$6,273 for the VEBA on 6/28/24. The distribution was netted against a capital call, fees and expenses.

MEETINGS AND COMMUNICATIONS WITH CITY STAFF

ED met with HR on July 3rd to discuss the comp and class study and potential reclassification for pension team staff. ED met with Legal on July 9th to discuss Ordinance changes.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 21 estimates, 2 final calculations, 4 deceased calcs, 8 non-vested calcs, 2 payouts and conducted 5 pre-sessions as well as compiling the census data for the annual valuations.

G-2 Executive Report – Voya Update

Voya Update – July 18, 2024

457 PLAN - Balance at 7/10/24 - \$ 113,222,000

Admin Allowance \$ 589

Average \$ Deferral	<u>\$239</u>
Average % Deferral	<u>9%</u>
Investment Diversification	<u>84%</u>

401A PLAN – Balance at 7/10/24 - \$ 7,931,000

Forfeiture Balance \$ 107,757

401A Executive PLAN – Balance at 7/10/24 - \$ 668,354

Forfeiture Balance \$ 15,373

Current Items/Education:

Mike Landolt held onsite meetings on June 26th and 27th and met with 13 employees and retirees. During the month Mike also had 17 phone calls with employees/retirees.

Voya will have a portfolio manager at the August Voard meeting to discuss the stable value fund.

Small Balance Force Out Project – Please see APC minutes.

Administrative Fee Implementation – Please see APC minutes.

G-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended June 30, 2024

Ms. Orcutt submitted the Financial Report for the month ended June 30, 2024 to the Board of Trustees:

6/30/2024 Asset Value (Preliminary)	\$637,457,368
5/31/2024 Asset Value (Audited by Northern)	\$628,346,654
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$35,699,570
Percent Gain <Loss>	5.8%
July 17, 2024 Asset Value	\$649,497,321

G-4 Investment Policy Committee Minutes – None

G-5 Administrative Policy Committee Minutes – July 9, 2024

Following are the Administrative Policy Committee minutes from the meeting convened at 3:03 p.m. on July 9, 2024:

Committee Members Present: Grimes, Lynch (Departed at 4pm), Monroe, Praschan, Schreier (Via-TX)

Members Absent: None

Other Trustees Present: None

Staff Present: Gustafson (Via-TX), Buffone, Orcutt,

Others Present: Kyli Soto (Innovest), Paul Nacario (Innovest), Troy Jenson (Innovest)

DISCUSSION ON SELF-DIRECTED BROKERAGE ACCOUNT & IN-SERVICE DISTRIBUTIONS - INNOVEST

Mr. Nacario and Mr. Jenson presented the pros and cons of offering a self-directed brokerage investment option to participants. The Committee's general take away was that it would add more fees and potential risk to participants, and more fiduciary obligations to the Board.

It was **moved** by Grimes and **seconded** by Lynch to recommend the Board not offer a self-directed brokerage option on the 457 at this time. The Committee voted 4 to 1 and

Mr. Monroe asked that it be noted he was not in favor of this recommendation and would like to discuss further with the full Board.

Approved

Mr. Jenson also answered questions regarding the in-service distributions and how they are affected by the Secure Act(s). In the interest of time it was decided that this topic would be discussed further at the August meeting.

EXECUTIVE DIRECTOR EVALUATION

The Committee reviewed the results of the FYE 2024 Executive Director Evaluation Forms in closed session. Staff was dismissed at this time.

EXECUTIVE DIRECTOR GOALS FOR FY2025

Ms. Orcutt provided an update regarding the Executive Director goals for FY2025. Mr. Monroe asked if there were any RFP's on the schedule for this year. Ms. Orcutt confirmed the only one will be for the firm to conduct an actuarial audit.

401 AND 457 REIMBURSEMENT REQUESTS FOR QUARTER END
6/30/2024

Ms. Orcutt briefly discussed the 401 and 457 staff time explaining that the reimbursement calculations are being reviewed and will be presented at the Board Meeting for approval. Ms. Orcutt also reminded the Committee that due to the delay of 457 participant fees we will issue a receivable for the 6/30/2024 reimbursement amount to be paid with the first collection of participant fees in October 2024.

DC PLANS STATUS UPDATE – FORCE OUT PROJECT AND 457 ADMIN
FEE IMPLEMENTATION

Ms. Orcutt stated the 457 admin fee communication is going to be mailed out soon but is currently still with Voya compliance. The force out project communication and implementation are on hold until late July when the Voya system is updated to accommodate the new \$7,000 limit. Once completed, reports of eligible participants will be provided for review. In the interim Staff is auditing addresses to ensure we have the most current on file for distributing the force out mailer.

FUTURE MEETING

The next Administrative Policy Committee meeting is scheduled for Tuesday, August 13, 2024, at 3:00 p.m.

The next regular Board meeting is scheduled for Thursday, July 18, 2024, at 8:30 a.m.

ADJOURNMENT

It was ***moved*** by Grimes and ***seconded*** by Praschan to adjourn the meeting at 4:30 p.m.
Meeting adjourned at 4:30 p.m.

G-6 Audit Committee Minutes – July 9, 2024

Following are the Audit Committee minutes from the meeting convened at 2:33 p.m. on July 9, 2024:

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

ACTUARIAL ASSUMPTIONS MEMORANDUM

The Committee reviewed the actuarial assumptions memo for June 30, 2024. Ms. Nerdrum requested for GRS to provide a preliminary review of the underwriting gain/loss that could impact the valuations in relation to health care claims. Ms. Orcutt will follow up with GRS and provide the committee with feedback.

The Committee discussed the investment rate of return and decided to remain consistent at 6.70% for the FYE 2024 valuation.

It was **moved** by Monroe and **seconded** by Praschan to recommend the FYE 2024 actuarial assumptions to the Board for approval.

APPROVED

2024 ANN ARBOR GRS WORK PLAN

The Committee reviewed the GRS workplan for the FYE 2024.

FUTURE MEETING

The next Audit Committee meeting will be held on Tuesday, October 8, 2024, at 4:00 p.m.

ADJOURNMENT

It was **moved** by Monroe and **seconded** by Praschan to adjourn the meeting at 2:55 p.m.

Meeting adjourned at 2:55 p.m.

G-7 Legal Report - None

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 August 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	DTE Electric	\$209.12	Electric 5/14/2024 to 6/13/2024
2	DTE Gas	\$50.61	Gas 5/14/2024 to 6/13/2024 (Including \$30.33 May Payment)
3	VMT 1/1/24 - 3/31/24	\$6,832.80	Legal Fees 1/1/2024-3/31/2024
4	VMT 10/1/23 - 12/31/23	\$11,352.90	Legal Fees 10/1/23-12/31/23
5	Milliman	\$3,531.33	MARC Licensure & MFA - 5/2024
6	American Express	\$2,121.28	Kroger, Print-Tech, Staples, Webers Food
7	Applied Innovations	\$21.97	Printing Services 6/2024
8	City of AA Treasurer K.Spade	\$475.20	K.Spade Time 4/2024-6/2024
9	Meketa	\$10,000.00	Investment Consulting Fee 6/2024
10	Staples	\$155.02	Keyboard, 11x17 Paper, PP Towels, Air Cans
	Total	\$34,750.23	

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
David Clemons	Age & Service	7/10/2024	General	TEAMSTERS	21 Years, 0 Months	Public 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 Flack to adjourn the meeting at 9:54 a.m.
Meeting adjourned at 9:54 a.m.

Wendy Orcutt

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