

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
April 17, 2025**

**B**

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

**ROLL CALL**

Members Present: DiGiovanni, Flack, Grimes, Lynch, Nerdrum, Praschan, Schreier, Toth  
Members Absent: Foster  
Staff Present: Barroga, Buffone, Gustafson, Orcutt  
Others: Kyli Soto and Troy Jensen - Innovest,  
Len Goff - Voya  
Rich Koch and Jim Anderson - GRS  
Michael Van Overbeke, Legal Counsel

**AUDIENCE COMMENTS**

**A. APPROVAL OF AGENDA**

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

**B. APPROVAL OF MINUTES**

It was **moved** by Grimes and **seconded** by Schreier to approve the March 20, 2025, 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:

Name	Classification	Plan	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
Trevor Brydon	Public Services	DUAL	15 Years, 9.5 Months	Southeast Michigan Council of Governments
Gregory Scrimger	Community Services	DUAL	18 Years, 6 Months	City of Lansing Employees' Retirement System
Margaret Pahl Donaldson	Community Services	DUAL	5 Years, 2.5 Months	Washtenaw County

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 Schreier and **seconded** by Nerdrum to approve the consent agenda as presented.

**Approved**

#### **C-2 Jen Grimes NCPERS 2025 Travel Request (Orcutt)**

It was **moved** by Schreier and **seconded** by Nerdrum to approve Jen Grimes NCPERS 2025 Travel Request as submitted.

### **D. ACTION ITEMS**

#### **D-1 QTR End 3/31/25 401 / 401 Exec / 457 Reimbursement Requests (Buffone / Orcutt)**

It was **moved** by Nerdrum and **seconded** by Grimes to approve the QTR End 3/31/25 401 / 401 Exec / 457 Reimbursement Requests as submitted.

**Approved**

#### **D-2 OMA Virtual Meeting Policy (Orcutt)**

Ms. Orcutt noted that she noted that an official policy was never finalized when initially discussed last year. The draft presented was discussed at APC and the language requiring a certain amount of in person attendance was removed.

It was **moved** by Schreier and **seconded** by Grimes to approve the OMA Virtual Meeting Policy as submitted.

**Approved**

E. **DISCUSSION ITEMS - None**

F. **REPORTS**

F-1 **Executive Report – April 17, 2025 (Orcutt)**

**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 3/8/2025. The distribution was netted against a capital call for management fees and expenses.

**ANGELO GORDON CAPITAL CALLS AND DISTRIBUTION**

Angelo Gordon Direct Lending Fund IV Annex, L.P. issued a distribution in the amount of **\$ 795,580** for the Retirement System and **\$ 331,492** for VEBA consisting of return of capital on 4/11/2025.

**SUMMIT PARTNERS CAPITAL CALLS AND DISTRIBUTIONS**

Summit Partners Credit Fund III, L.P. issued a distribution in the amount of **\$ 347,059** for the Retirement System and **\$ 96,405** for the VEBA on 3/28/2025.

Summit Partners Credit Fund III, L.P. issued a distribution in the amount of **\$ 173,570** for the Retirement System and **\$ 43,392** for the VEBA on 4/9/2025.

**SVB DISTRIBUTION**

SVB Fund VIII issued a distribution in the amount of **\$ 224,132** for the Retirement System and **\$56,033** for the VEBA on 3/28/2025.

**TORCHLIGHT DISTRIBUTION**

Torchlight Investors issued a distribution from the Debt Fund VII in the amount of **\$121,888** for the Retirement Plan and **\$54,172** for the VEBA on 4/8/2025. These funds consist of net income and are not subject to recall.

**DRA CAPITAL CALLS AND DISTRIBUTIONS**

DRA issued a distribution from the Growth and Income Fund VIII on 4/8/25 in the amount of **\$ 314,815** for the Retirement System and **\$ 92,593** for the VEBA consisting of cash from operations and return of capital.

## **MEETINGS AND COMMUNICATIONS WITH CITY STAFF**

ED met with HR, City Legal and VMT on March 26th to discuss the many Ordinance changes that need to be taken to Council to update.

### **STAFF OPERATIONS/MISCELLANEOUS**

The Pension Analyst processed 24 estimates, 5 final calcs, 7 deceased calcs, 7 non-vested calcs, 3 payouts and 6 conducted pre-sessions

ED will be out of the office April 21st through the 25th.

#### **F-2 Executive Report – Voya Update (Orcutt)**

##### **457 PLAN - Balance at 4/10/2025 - \$ 102,005,400**

Admin Allowance \$ 15,350

Participation Rate	<u>55%</u>
Average \$ Deferral	<u>\$239</u>
Average % Deferral	<u>9%</u>
Investment Diversification	<u>85%</u>

##### **401A PLAN – Balance at 4/10/2025- \$ 8,509,800**

Forfeiture Balance \$ 105,755

##### **401A Executive PLAN – Balance at 4//2025 - \$ 766,324**

Forfeiture Balance \$ 2,541

#### **Current Items/Education:**

During the month of March, Mike had 9 in person meetings, 2 zoom meetings and 5 phone calls. Mike Landolt will be onsite April 16 & 17<sup>th</sup>.

#### **Future Items/Education:**

401 Plan Doc/Ordinance Revisions regarding Force Outs and other updates.  
Annual Goals and Communication Plan to be presented at Retreat  
401 Force Outs

#### **F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended March 31, 2025 (Orcutt)**

Ms. Orcutt submitted the Financial Report for the month ended March 31, 2025, to the Board of Trustees:

3/31/2025 Asset Value (Preliminary)	\$642,806,857
02/28/2025 Asset Value (Audited by Northern)	\$655,395,811
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	(\$13,873,711)

Percent Gain <Loss>	(2.16%)
<b>April 16, 2025 Asset Value</b>	<b>\$628,933,146</b>

#### **F-4 Investment Policy Committee Minutes - April 1, 2025 (DiGiovanni)**

Following are the Investment Policy Committee minutes from the meeting convened at 3:05 p.m. on April 1, 2025:

Member(s) Present: DiGiovanni, Flack (*Via TX*), Foster (*Departed at 3:45pm*), Praschan, Toth

Member(s) Absent: None

Other Trustees Present: Schreier (*Via TX, Departed at 4:15pm*)

Public Present: None

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

Others Present: Henry Jaung, Meketa Investment Group (*Via TX, Departed at 4:01pm*)

John Harris, Meketa Investment Group. (*Via TX, Departed at 4:01pm*)

#### **ECONOMIC AND MARKET UPDATE DATA AS OF APRIL 1, 2025**

Mr. Jaung provided an economic update noting that after a positive start to 2025, stock and bond markets had mixed returns in February with investors largely rotating away from US equities. Looking ahead, uncertainty related to the Trump Administration's policies and their impact on the economy, inflation, and Fed policy will be key. The path of China's economy and concerns over elevated valuations and technology-driven concentration in the US equity market will also be important focuses of 2025.

#### **EXECUTIVE SUMMARY**

Recap: The market value of the ERS was \$654 million at the end of February 2025. The performance for QTD, FYTD, and 1-year were 2.2%, 4.9% and 8.3% respectively.

Over the past 3, 5, 7, and 10 years, the ERS has returned 6.5%, 9.8%, 8.1% and 7.6%. 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 \$293 million at the end of February 2025. The performance for QTD, FYTD, and 1-year were 2.2%, 5.3%, and 8.9% respectively.

Over the past 3, 5, 7, and 10 years, the VEBA has returned 5.9%, 8.8%, 7.5% and 7.1%. These returns have outperformed the 60%/40% benchmarks as well as the primary benchmark in most periods.

#### **RETIREMENT SYSTEM**

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

February 28, 2025, Performance Update: As of February 28, 2025, the balance of the Funds was \$654,062,997 for ERS. Fiscal Year to Date performance was 4.9%

for ERS net of fees.

## **VEBA**

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

**February 28, 2025, Performance Update:** As of February 28, 2025, the balance of the Funds was \$293,168,587 for VEBA. Fiscal Year to Date performance was 5.3% for VEBA net of fees.

## **ASSET ALLOCATION REVIEW**

Mr. Jaung discussed comparisons of the annual asset allocation study. Mr. Jaung recommended that the current allocation is appropriate for this period to mitigate the volatility of the current market. Mr. DiGiovanni inquired about the potential reduction in equities when our crisis response plan speaks to the contrary. Meketa will include that language from the IPS in the discussion at the upcoming retreat.

## **DEFINED BENEFIT INVESTMENT CONSULTANT RFP DRAFT**

Ms. Orcutt presented the Defined Benefit Investment Consultant RFP draft. Ms. Orcutt discussed the RFP timing and stated that given that Mr. DiGiovanni will not be able to attend the September Board meeting, that finalist interviews would need to be scheduled in August, October or November. The Committee did not make any changes to the initial draft. This will be revisited at the May IPC with final approval at the Board meeting. Trustee availability will be discussed at the Retreat.

## **FUTURE MEETING**

The next meeting was scheduled for Tuesday, May 6, 2025, at 3:00 p.m.

## **ADJOURNMENT**

It was **moved** by Praschan and **seconded** by Schreier to adjourn the meeting at 4:15 p.m.

**Meeting adjourned at 4:15 p.m.**

## **F-5 Administrative Policy Committee Minutes - April 8, 2025 (Grimes)**

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on April 8, 2025:

Committee Members Present:	Grimes, Lynch ( <i>Arrived 3:29 pm, Via TX</i> ), Praschan, Schreier
Members Absent:	None
Other Trustees Present:	None
Staff Present:	Barroga, Buffone, Gustafson ( <i>Via TX</i> ), Lieder, Orcutt ( <i>Via TX</i> )
Others Present:	None

## **DC PLANS UPDATE**

**457 Force Out Project:** Ms. Orcutt shared that the Force Out Project has been completed. Everyone that was under \$1,000 received a distribution and everyone in between \$1,000 and \$7,000 has been rolled into an IRA. Ms. Orcutt recommended that as best practice we do the exercise annually going forward for both the 457 and Dual Plan. Towards the end of the year Staff will conduct this exercise for the 401 Dual Plan.

**Fraud Update:** Ms. Orcutt discussed that there was a recent fraud attempt with a participant's account. There has never been a fraud attempt with either Mission Square or Voya to date. Thankfully nothing was compromised and the participant will be contacted by the Voya Advocacy team to discuss further security measures he may want to implement. Ms. Grimes advised that reusing the same password is not good practice and could lead to a potential data breach. Mr. Schreier also agreed that using two-factor authentication is important.

## **DC PLAN EXPENSES FOR QUARTER END 3/31/2025**

Ms. Orcutt presented the 401 Executive Plan, 401 Dual Plan and 457 Plan Staff time expenses for the quarter. Mr. Schreier also wanted to understand how the dollar amount shown for each staff member is calculated. Ms. Orcutt explained there is a spreadsheet of the salaries and fringe benefits combined for an hourly rate.

It was **moved** by Schreier and **seconded** by Praschan to send the 401 Executive, 401 Dual Plan, and 457 Plan Expenses to the Board for final approval.

## **DISABILITY MISSED APPOINTMENT FEE ISSUE**

Ms. Orcutt stated that the retiree had taken issue with being billed \$500 for a no show fee from MedSource. One was due to the inclement weather, which he informed the System in a timely manner. The second time, the retiree went to the incorrect address, but by the time he made it to the correct location, the office had to reschedule the appointment. At the last Board meeting it was decided that the System would pay the first one but the second should be billed to the retiree. Mr. Schreier questioned if the \$500 no show fee was in the contract and was the retiree was aware of this. Mr. Lieder advised the retiree was aware of the fee and Ms. Orcutt advised she tried to get one of these fees waived but MedSource stated this was the physician's policy and they could not. Mr. Lieder reiterated that he spoke to the retiree advising the address of the office and it was also sent to him in an email. Ultimately the Committee agreed that the retiree is still responsible for the fee. Ms. Orcutt will follow up with the retiree, in a letter, to suggest that he could extend the payments out if need be.

## **AFFIDAVIT FOR DEFERRED MEMBERS UPDATE**

Ms. Orcutt provided a verbal update that there have been calls and emails regarding the Affidavit for Deferred Members that was mailed out recently. Approximately 100 letters were sent out and we have received about 20 responses. Ms. Orcutt advised the project has been moving along and will continue to update the Committee upon completion.

## **VIRTUAL MEETING POLICY**

Ms. Orcutt discussed that she realized<sup>7</sup> recently that the Board did not finalize a

formal policy last year. Ms. Orcutt indicated that we did do a motion in March of 2024 so that we can do meetings virtually, however a finalized policy was not completed. Of note was if the policy should have parameters on the number of meetings that must be attended in person annually. Ms. Grimes advised she would like to keep the option open with regards to physical versus virtual attendance. Mr. Schreier agreed and is fine with the drafted policy removing the optional provision regarding a physical requirement. Ms. Orcutt will present this to the Board at the April Board agenda meeting for approval.

It was moved **by Schreier and** seconded **by Praschan** to approve the policy as amended for the Board's final approval.

### **EX OFFICIO COMMITTEE REQUESTED HANDOUTS - LUNCHEON**

Ms. Orcutt discussed there will be handouts at the Retiree Luncheon including instructions for the Northern Trust retiree portal as well as instructions on steps to take upon the death of a retiree or beneficiary.

### **ED EVALUATION TIMING**

Ms. Orcutt discussed the timing of her evaluation with the Board and Committee and would like to be present for that if possible. Ms. Grimes stated she would like to get this started by mid-July and asked the Committee what gets done at the APC meetings versus what is done at the Board meetings. Ms. Praschan stated that APC did the scoring and then it will be reviewed with the Board at a subsequent meeting. Ms. Grimes stated we would tentatively plan to conduct the final review at the Board meeting in September.

### **MAY APC MEETING DATE**

Ms. Orcutt and the Committee agreed to cancel the May APC meeting.

### **ADJOURNMENT**

It was **moved** by Schreier and **seconded** by Praschan to adjourn the meeting at 3:37 p.m.  
**Meeting adjourned at 3:37 p.m.**

#### **F-6 Audit Committee Minutes - None**

#### **F-7 Legal Reports (VanOverbeke)**

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Mr. VanOverbeke provided an update on the Northern Trust Fraud issue. He stated that the bank is not willing to take any responsibility for the loss as they produced a letter that was allegedly sent to the impacted retiree. The Board decided that next steps would be to refer this matter back to the APC and that legal will develop a policy to clarify what actions should be taken should an issue like this arise again.

### **G INFORMATION** *(Received & Filed)*

#### **G-1 Communication Memorandum**

#### **G-2 May Planning Calendar**



### G-3 Record of Paid Invoices

April 17, 2025						
The following invoices have been paid since the last Board meeting.						
	<b>PAYEE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>			
1	Med Source MI	\$500.00	R.Morrow Medical Evaluation No Show 1/21/2025			
2	Med Source MI	\$500.00	R.Morrow Medical Evaluation No Show 2/4/2025			
3	Dollar Bill Printing	\$3,369.96	Printing Service for 2025 Annual CAAERS Newsletter			
4	DTE Electric	\$139.84	Electric 2/12/2025 to 3/12/2025			
5	DTE GAS	\$137.42	Gas 2/12/2025 to 3/12/2025			
6	Milliman	\$3,610.63	MARC Licensure/MFA 171-2/2025			
7	Staples	\$52.99	Bathroom Paper Towels and Soap			
8	American Express	\$682.09	DwtN Parking (2), FedEx,Kroger (2), S&J (2), Stapples & Culligan			
	Total	\$8,992.93				

### 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
Scott Larmee	Age & Service	5/17/2025	General	AFSCME	25 Years, 0.5 Months	City Admin. Services
Thomas Crawford	Deferred Age & Service	4/1/2025	General	NON UNION	17 Years, 3 Months	City Administration
Nancy Jerome	Age & Service	5/3/2025	Police	AAPOA	24 Years, 8.5 Months	Safety Services

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

#### H TRUSTEE COMMENTS

#### I ADJOURNMENT

It was **moved** by Grimes and **seconded** by Nerdrum to adjourn the meeting at 8:52 a.m.  
**Meeting adjourned at 8:52 a.m.**

*Wendy Orcutt*

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