

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
June 20, 2024**

B

The meeting was called to order by Board Chairperson, David Monroe, at 8:37 a.m.

ROLL CALL

Members Present: Foster, Grimes, Lynch, Monroe, Praschan, Schreier
Members Absent: DiGiovanni, Flack, Nerdrum
Staff Present: Gustafson, Lieder, Orcutt
Others: Michael VanOverbeke-Legal Counsel

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 May 16, 2024 Regular Board Meeting

It was **moved** by Grimes and **seconded** by Schreier to approve the May 16, 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
Michelle Landis	City Attorney	DUAL	3 Years, 11.5 Months	City of Montague
Bruce Tobias	Public Services	DUAL	4 Years, 7.5 Months	Pittsfield Charter TWP

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 Lynch to approve the consent agenda as presented.

Approved

C-2 2024 NAGDCA Annual Conference - September 15-18 Travel Request (Phoenix, AZ)

Ms. Orcutt provided details for her request to attend NAGDCA in Phoenix, AZ on September 15th through the 18th. Mr. Gustafson and Mr. VanOverbeke also expressed interest in going.

C-3 Income Withholding Order for Support

**Patrick Douglas Ouellette v. Laura Jean Ouellette
Income Withholding Order for Support Case No. 912535728**

WHEREAS, the Board of Trustees was in receipt of an Income Withholding for Support Order dated March 7, 2017, regarding Participant Patrick Douglas Ouellette and his benefits payable from the Retirement System, and

WHEREAS, the order requested income withholding from Mr. Ouellette's retirement benefits payable to the Washtenaw County Friend of the Court, and

WHEREAS, the Retirement System has complied with the income withholding order, and

WHEREAS, the Board is now in receipt of a Termination of Income Withholding for Support Order dated May 31, 2024 which serves to terminate the prior requirement of the Retirement System to withhold income from Participant Patrick Douglas Ouelette's monthly retirement benefits payable from the Retirement System, and

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

RESOLVED, that the Board acknowledges receipt of said court order as of May 31, 2024, acknowledges said court order is consistent with Plan provisions and applicable law, and hereby indicates that it will terminate the previous withholding in accordance with the terms of said order as soon as administratively feasible, 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 kept for the Retirement System relative to this matter, and

RESOLVED, the copies of this Resolution be sent to Patrick Douglas Ouelette, the Participant; Laura Jean Ouellette, the Participant's Former Spouse; and the Washtenaw County Friend of the Court.

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

Approved

D. ACTION ITEMS

D-1 Resolution to Invest in BlackRock Global Renewable Power Fund IV-

Ms. Orcutt presented a resolution to invest in the BlackRock Global Renewable Power Fund IV with a total commitment of \$5 million.

It was **moved** by Foster and **seconded** by Praschan to invest in the BlackRock Global Renewable Power Fund IV with a commitment in the amount of \$5 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence.

Approved

D-2 Resolution to Invest in Grain Communications Opportunity Fund IV -

Ms. Orcutt presented a resolution to invest in Grain Communications Opportunity Fund IV with a total commitment of \$5 million.

It was **moved** by Foster and **seconded** by Praschan to invest in Grain Communications Opportunity Fund IV with a commitment in the amount of \$5 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence.

Approved

D-3 FY 2024 Budget Allocations -

Ms. Orcutt presented the FY 2024 Budget Allocations highlighting amendments to severance pay, cost & training, postage, printing, and supplies, etc. YTD expenditures at expected numbers by 6/30/2024 were also presented.

It was **moved** by Foster and **seconded** by Grimes to approve the Fiscal Year 2024 Budget Allocations.

Approved

D-4 2024 Fall MAPERS

3 Conference - September 21-24 (Grand

Traverse Resort – Acme, MI) –

Ms. Orcutt discussed the upcoming Fall Mapers Conference for 2024, which will be held at the Grand Traverse Resort in Acme, MI from September 21st to the 24th.

It was **moved** by Grimes and **seconded** by Foster to allow travel requests to the conference in the Fall.

Approved

It was **moved** by Schreier and **seconded** by Foster to allow anyone who may be interested to attend the NAGDCA conference.

Approved

D-5 Revised Disability Retirement Procedure –

Ms. Orcutt presented the revised CAAERS' Disability Retirement Procedure with highlighted corrections addressed from the Administrative Policy Committee on June 11, 2024.

It was **moved** by Schreier and **seconded** by Foster to adopt revisions for the Disability Retirement Procedure.

Approved

E. DISCUSSION ITEMS -

E-1 Spring MAPERS Conference Recap from Attendees (Flack, Gustafson, Monroe, Orcutt) –

Ms. Orcutt discussed her recap of the MAPERS conference held in May 2024 at Mount Pleasant, MI. Ms. Orcutt thought it was great. Soaring Eagle was truly smoke free. The available seminars were informational and educational. Mr. Gustafson discussed some of the pension seminars as they were also very informative.

E-2 July 2024 Audit Committee Meeting Date –

Ms. Orcutt expressed her desire to hold an Audit Committee meeting soon. The meeting could be held via zoom, would be a quick meeting. Really need to do this in July. Mr. Monroe said he will check his schedule to see if he can do it right after the Administrative Policy Committee meeting scheduled on July 9, 2024, at 3:00 p.m.

F. REPORTS

F-1 Executive Report – June 20, 2024

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund VIII on 5/15/24 in the amount of \$ 270,741 for the Retirement System and \$59,627 for the VEBA consisting of cash from operations and return of capital netted against management fees.

DRA issued a distribution from the Growth and Income Fund XC on 5/15/24 in the amount of \$ 68,819 for the Retirement System and \$45,878 for the VEBA consisting of a gain,

cash from operations and return of capital netted against management fees.

HIGHVISTA CAPITAL CALLS

HighVista Private Equity (formerly abrdrn) requested a capital call of our commitment to

Fund X in the amount of \$119,621 for the Retirement Plan and \$29,815 for VEBA on 5/23/24 to fund investments. With these installments, CAAERS will have funded 8% of our total commitments of \$4,000,000 for the Retirement Plan and \$1,000,000 for the VEBA.

PIMCO CAPITAL CALLS

PIMCO requested a capital call of our commitment to the PIMCO Private Income Fund ("PIF") in the amount of \$ 4,852,992 for the Retirement Plan and \$2,079,854 for VEBA on 6/3/24 to fund investments and pay management fees. With these installments, CAAERS will have funded 100% of our total commitments of \$7,000,000 for the Retirement Plan and \$3,000,000 for the VEBA.

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund V in the amount of \$80,000 for the Retirement Plan and \$20,000 for VEBA on 6/18/24 to fund investments and pay management fees. With these installments, CAAERS will have funded 79.2% of our total commitments of \$8,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

RAISE CASH FOR BENEFIT PAYMENTS 7 CAPITAL CALLS

At the June 4th IPC meeting, Meketa/IPC recommended liquidating \$ 5,000,000 from the Rhumblin HEDI and \$3,000,000 from DFA for a total of \$8,000,000 to raise cash to fund benefit payments and capital calls.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 27 estimates, 5 final calculations, 2 deceased calcs, 6 non-vested calcs, and conducted 7 pre-sessions.

Dan is also working on compiling the data for the FOIA request for all Ann Arbor retirees which are paid a monthly pension broken down by employee and year, in electronic format for the year 2023.

RETIREE LUNCHEON

The annual luncheon was held at Webers on May 30th and was attended by 90 retirees. Mike Landolt from Voya gave a presentation following lunch and answered retiree questions on the market.

F-2 Executive Report – Voya Update

Voya Update – June 20, 2024

457 PLAN - Balance at 6/11/24 - \$ 111,067,000

Admin Allowance \$ 592

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

401A PLAN – Balance at 6/11/24 - \$ 7,664,000

Forfeiture Balance \$ 58,459

401A Executive PLAN – Balance at 6/11/24 - \$ 637,000

Forfeiture Balance \$ 15,348

Current Items/Education:

Mike Landolt held onsite meetings on May 22nd and 23rd and met with 13 employees and retirees. During the month Mike also had 5 phone calls with employees/retirees. Mike will be back onsite June 26th and 27th.

Small Balance Force Out Project – Please see APC minutes.

Administrative Fee Implementation – Please see APC minutes.

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

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

5/31/2024 Asset Value (Preliminary)	\$627,008,230
4/30/2024 Asset Value (Audited by Northern)	\$616,192,418
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$29,989,408
Percent Gain <Loss>	4.9%
June 20, 2024 Asset Value	\$634,000,000

F-4 Investment Policy Committee Minutes – June 4, 2024

Following are the Investment Policy Committee minutes from the meeting convened at 2:31 p.m. on June 4, 2024:

Member(s) Present: DiGiovanni, Flack (Via TX), Foster (3:44PM depart), Monroe (Via TX), Praschan
 Member(s) Absent: None
 Other Trustees Present: None
 Staff Present: Buffone, Gustafson, Lieder (Via TX), Orcutt (Via TX)
 Others Present: Henry Jaung, Meketa Investment Group (Via TX)
 John Harris, Meketa Investment Group (Via TX)
 Adam Toczykowski, Meketa Investment Group (Via TX, 3:35PM depart)

Mr. Jaung provided an economic update noting stronger than expected inflation and employment data in the US weighed on both stocks and bonds in April. Looking to the rest of this year, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, the many looming elections, and the wars in Ukraine and Israel will be key.

DISCUSS INVESTMENT MANAGER REVIEW

Private Infrastructure Presentation (Presenter: Adam Toczyłowski, Meketa Investment Group):

BlackRock Global Renewable Power Fund IV;

Grain Communications Opportunity Fund IV

Mr. Jaung suggested that the Committee consider reviewing BlackRock Global Renewable Power Fund IV & Grain Communication Opportunity Fund IV presentations for the IPC by Adam Toczyłowski. These managers are being reviewed in order to align with the pacing study presented earlier in the year by Meketa.

It was **moved** by Foster to invest \$5 Million in BlackRock Fund IV and \$5 Million in Grain Fund IV for ERS. **Seconded** by Praschan.

APPROVED

It was **moved** by Foster to invest \$3 Million in BlackRock Fund IV and \$3 Million in Grain Fund IV for VEBA. **Seconded** by Praschan.

APPROVED

EXECUTIVE SUMMARY & ERS CASH NEEDS ACTION ITEMS

Over the past 3, 5, 7, and 10 years, the ERS has returned 4.9%, 8.6%, 8.1% and 7.5%. 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 3.6%, 7.4%, 7.4% and 6.7%. These returns have outperformed the 60% equity/40% Bonds benchmarks as well as the primary benchmark in most periods.

Cash Needs: After June benefit payments, the ERS will have about \$2.9 million in cash. Meketa recommends raising cash from domestic equities by selling about \$8 million of the Northern Trust Russell 1000 index. The Committee discussed the current investment allocations and amended the recommendation to raise \$5 million cash from the Rhumblin HEDI and \$3 million from DFA in order to remain in balance with projected target allocation goals.

It was **moved** by Foster to liquidate \$5 million from Rhumblin HEDI and \$3 million from DFA. **Seconded** by Praschan.

APPROVED

RETIREMENT SYSTEM

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

April 30, 2024, Performance Update: As of April 30, 2024, the balance of the Funds was \$616,871,181 for ERS. Fiscal Year to Date performance was 6.8% for ERS net of fees.

VEBA

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

April 30, 2024, Performance Update: As of April 30, 2024, the balance of the Funds was \$267,655,630 for VEBA. Fiscal Year to Date performance was 6.9% for VEBA net of fees.

FUTURE MEETING

The next meeting was scheduled for Tuesday, July 2, 2024, at 3:00 p.m.

ADJOURNMENT

It was **moved** by DiGiovanni and **seconded** by Praschan to adjourn the meeting at 4:04 p.m.
Meeting adjourned at 4:04 p.m.

F-5 Administrative Policy Committee Minutes – June 11, 2024

Following are the Administrative Policy Committee minutes from the meeting convened at 3:07 p.m. on June 11, 2024:

Committee Members Present:	Grimes, Lynch, Monroe, Praschan, Schreier
Members Absent:	None
Other Trustees Present:	None
Staff Present:	Gustafson (<i>via TX</i>), Buffone, Lieder, Orcutt,
Others Present:	None

REVISED DISABILITY POLICY

Ms. Orcutt presented the revised disability policy from earlier in the year noting that the conflicting language regarding offset to members of the Firefighters union was removed. The Committee discussed the policy language and decided to recommend sending to the Board for approval.

It was **moved** by Grimes and **seconded** by Lynch to recommend to the Board to adopt the policy.

APPROVED

EXECUTIVE DIRECTOR COMPLETED GOALS FOR FY2024

Ms. Orcutt presented FY2023-24 goals stating that she would have FY 2025 goals prepared for the July meeting.

EXECUTIVE DIRECTOR ANNUAL REVIEW FORM

The Committee discussed the format of the annual review form. Mr. Monroe asks others to provide comments and will coordinate with Ms. Buffone to send the review form out to the Board members. The results will be reviewed at the July 9th APC meeting.

457 ADMIN FEE UPDATE AND COMMUNICATION TO PARTICIPANTS

Ms. Orcutt provided an update and noted that since Voya is responsible for sending out the communication it needs to be reviewed by their compliance department. This form was sent to Voya on May 31. Voya has stated that the soonest the fee can be assessed will be in September. The Committee discussed the admin fees in relation to the timing of the low balance force outs as well as expenditures for staff time incurred in the interim. Staff stated they discussed this with the auditor and can book a receivable to the System if needed.

STATUS UPDATE – FORCE OUT PROJECT – LESS THAN \$1000

Ms. Orcutt provided an update on the accounts of termed employees with balances less than \$1000. Voya provided a template of the communication that will need to be sent to participants in advance of the process. The draft will need extensive edits and Ms. Orcutt will coordinate with Innovest and Voya to complete. The letter will allow 30 – 60 days for participants to take action. Those with less than \$1000 will be cashed out, while those between \$1000 - \$7000 will have that balance rolled to an IRA. Staff is reviewing contracts for this process and usage of the Voya IRA with legal currently. Due to the timing, it was decided that instead of doing this process twice, it would be prudent to wait until July when the Voya system is updated to the \$7000 limit and perform this all at once. By the time the letter could be finished and the waiting period is complete, it will all fall in late August or September before the action can be taken. In September, all participants would be subject to a fee. Ms. Orcutt will verify with Voya if exceptions from the fee is a possibility for the low balance accounts if the low balance force out cannot be implemented before fees are charged to accounts.

IPS DRAFT – DC PLANS

Ms. Orcutt presented the IPS draft and questioned if it should also be discussed during the next IPC meeting. The Committee discussed needed edits for the policy and agreed that it should also be presented to IPC for input. Ms. Orcutt will ask Innovest for boiler plate language for certain aspects of the policy regarding proxy voting.

DC PLAN TOPICS FOR JULY

Mr. Monroe discussed brokerage investments, stable value funds, and in-service distributions.

FUTURE MEETING

The next Administrative Policy Committee meeting is scheduled for Tuesday, July 9, 2024, at 3:00 p.m.

The next regular Board meeting is scheduled for Thursday, June 20, 2024, at 8:30 a.m.

ADJOURNMENT

It was **moved** by Schreier 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 July Planning Calendar

G-3 Record of Paid Invoices

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	DTE	\$145.17	Electric 4/12/2024 to 5/13/2024
2	DTE	\$30.33	GAS 4/12/2024 to 5/13/2024
3	Statples	\$27.63	Miscellaneous Office Supplies
4	Jeremy Flack	\$798.16	Spring MAPERS Reimbursement 5/18/24 to 5/21/2024
5	Dan Gustafson	\$496.48	Spring MAPERS Reimbursement 5/18/24 to 5/21/2024
6	Wendy Orcutt	\$672.46	Spring MAPERS Reimbursement 5/18/24 to 5/21/2024
7	West Arbor Condo Association	\$376.00	Condo Association Dues 6/2024
8	Milliman	\$3,532.73	MARC Licensure & MFA 4/2024
9	Meketa	\$10,000.00	Investment Consulting Fee 4/2024
10	Meketa	\$10,000.00	Investment Consulting Fee 5/2024
11	Applied Innovation	\$22.82	Printing Services 5/2024
12	American Express	\$450.40	Amazon-1 computer stand, Kroger, S&J Cleaning, Culligan
13	Dave Monroe	\$1,028.05	Spring MAPERS reimbursement 5/18-5/21/2024
14	Maria Buffone	\$76.57	Petty Cash Reimbursement
	Total	\$27,656.80	

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
Maria Spencer	Age & Service	6/27/2024	General	AFSCME	18 Years, 8 Months	Community Services
Thomas Shewchuk	Age & Service	6/15/2024	General	NON UNION	14 Years, 6.5 Months	City Administration
Shari Norris	Age & Service	7/6/2024	General	AFSCME	12 Years, 6 Months	Public Services

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS /

10 SUGGESTIONS

I. **ADJOURNMENT**

It was **moved** by Foster and **seconded** by Lynch to adjourn the meeting at 9:18 a.m.
Meeting adjourned at 9:18 a.m.

Wendy Orcutt

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