

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
March 20, 2025**

B

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:31 a.m.

ROLL CALL

Members Present: DiGiovanni, Flack (*Via TX*), Foster, Grimes, Lynch, Nerdum (*Via TX; Arrived at 8:37am*), Praschan, Schreier, Toth
Members Absent: None
Staff Present: Barroga, Buffone, Gustafson, Lieder, Orcutt (*Via TX*)
Others: Frank Judd, 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 February 20, 2025 Regular Board Meeting

It was **moved** by Foster and **seconded** by Grimes to approve the February 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 |
|------------------------|------------------------|-------------|---------------------------|----------------------------------|
| Martin Anderson | Safety Services - Fire | Traditional | 7 Years, 11.5 Months | City of Lansing |
| LeAnn Belkonen | 15th District Court | DUAL | 23 Years, 6.5 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 Grimes and **seconded** by DiGiovanni to approve the consent agenda as presented.

Approved

D. ACTION ITEMS

D-1 Proposed April 17, 2025 Board Retreat Agenda

The Board reviewed the proposed April 17, 2025 Board Retreat agenda and agreed to approve. Ms. Orcutt inquired if any Trustee cannot make the Retreat for which Mr. Foster answered yes.

It was **moved** by Grimes and **seconded** by Lynch to approve the April 17, 2025 Board Retreat agenda as submitted.

Approved

D-2 Service Provider Disclosures

WHEREAS, the Board of Trustees ("Board") is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, (Michigan Public Act 314 of 1965, as amended), wherein the Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall 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; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered, and

WHEREAS, in light of its fiduciary responsibility, the Board recognizes that it is in the best interests of the Retirement System and its participants and beneficiaries to retain the

services of qualified professional service providers, including, but not limited to: investment consultants, investment managers, investment banks/brokers, custodians, actuaries, auditors, attorneys, administrators, and physicians to assist in and oversee the investments and administration of the Retirement System, and

WHEREAS, the Board is aware of the various disclosure requirements and “pay-to-play” restrictions imposed on its current and prospective service providers under the provisions of Act 314 and applicable federal law, and

WHEREAS, the Board is required to withhold payment from service providers who violate the “pay-to-play” provisions of Act 314 and applicable federal law, and

WHEREAS, several of the Retirement System’s professional service providers qualify as “service providers” and/or “investment service providers” as that term is defined under Act 314, and

WHEREAS, the term “service provider” is defined in Act 314 as “a person retained to provide services to a system and includes investment advisers, consultants, custodians, accountants, auditors, attorneys, actuaries, administrators, and physicians. Service provider includes an investment service provider as defined in Section 13(7). Service provider does not include a regulated investment adviser”, and

WHEREAS, the term “investment service provider” is defined under Act 314 as “any individual, third-party agent or consultant, or other entity that received direct or indirect compensation for consulting, investment management, brokerage, or custody services related to the system’s assets”, and

WHEREAS, the Board is desirous of establishing a formal disclosure policy applicable to appropriate service providers in order to monitor said service providers’ compliance with Act 314 and other applicable laws, therefore be it

RESOLVED, that every year in the month of April, the Board shall require each of its current “investment service providers” to disclose in writing all fees or other compensation associated with its relationship with the Retirement System for the previous [fiscal/calendar] year, as required under Section 13(7) of Act 314 [MCL 38.1133(7)], by submission of the attached Fee Disclosure Form, and further

RESOLVED, that prior to the transfer of any Retirement System assets to a prospective “investment service provider”, the prospective “investment service provider” shall be required to disclose all fees or other compensation to be associated with its relationship to the Retirement System through completion and submission of the Compensation Disclosure Form to the Board, and further

RESOLVED, that every year in the month of April, the Board shall require all of its service providers to acknowledge that they are in compliance with Section 13e of Act 314 [MCL 38.1133e] and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment adviser, and further

RESOLVED, that that any service provider’s failure or refusal to complete and submit either of the Retirement System’s disclosure forms shall be deemed a violation by the service provider of the requirements of Act 314 and this Policy, and shall result in appropriate action by the Board, including the possible suspension of payment for services rendered and/or termination of₃ the service provider’s relationship with the

Retirement System, and further

RESOLVED, that all services providers shall have an ongoing requirement to monitor all political contributions and, upon becoming aware of a violation, immediately disclose to the Board any and all political contributions that violate the restrictions of Section 13e of Act 314 and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment adviser, including the date of the contribution, the name of the contributor, the name of the recipient, and the amount of the contribution, and further

RESOLVED, that copies of this Policy shall be provided to all Retirement System service providers who shall be required to act in accordance with said Policy.

Mr. Schreier inquired about if there is a service provider disclosure for VEBA. Ms. Orcutt answered there is, but that disclosure will be addressed in the VEBA meeting.

It was **moved** by Grimes and **seconded** by Foster to approve the service provider disclosures.

Approved

E. DISCUSSION ITEMS

E-1 Disability No Show Invoices

Ms. Orcutt discussed the two no show invoices for one of the System's disability members. The first no show was due to weather related reasons in which the member did not notify the System over 24 hours before the scheduled appointment. The second no show the member went to the wrong address. Each invoice is \$500 each, a total of \$1,000. The Board discussed that the member should be responsible for the second no show invoice, but not the first one due to the member notifying the System well in advance of 24 hours.

It was **moved** by Grimes and **seconded** by Schreier to invoice the member for the second no show and the System will pay for the first invoice.

Approved

F. REPORTS

F-1 Executive Report – March 20, 2025

CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of **\$ 133,238** for the Retirement System and **\$ 44,412** for VEBA consisting of distribution of proceeds netted against management fees on 3/3/2025.

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 3/6/25 in the amount of **\$ 69,910** for the Retirement System and **\$ 20,591** for the VEBA consisting of gains and return of capital netted against carried interest.

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund VI in the amount of **\$228,000** for the Retirement Plan and **\$76,000** for VEBA on 3/24/25 to fund investments and pay management fees. With these installments, **CAAERS** will have funded 33.5% of our total commitments of \$6,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

GRAIN COMMUNICATIONS CAPITAL CALLS AND DISTRIBUTIONS

Grain Communications Opportunity Fund IV requested a capital call in the amount of **\$58,074** for the Retirement System and **\$35,838** for the VEBA on 3/24/25 to fund investments and fees.

JP MORGAN IIF DISTRIBUTIONS

The JP Morgan IIF Hedged L.P. issued a distribution on 3/4/25 in the amount of **\$ 522,268** for the Retirement System and **\$ 160,853** for VEBA which will be held for reinvestment.

MEETINGS AND COMMUNICATIONS WITH CITY STAFF

ED met with HR, Payroll and Voya on February 25th to discuss enrollment issues with the Executive 401(a) plan and an employee with duplicate records in Voya.

ED met with HR and Legal on March 3rd to discuss the Executive 401(a) plan and the enrollment process.

ED met with Voya, HR and Payroll on March 13th to discuss the Executive 401(a) plan enrollment issue, full integration with Voya and an ongoing issue with a duplicate record.

STAFF OPERATIONS/MISCELLANEOUS

The Pension Analyst processed 26 estimates, 7 final calcs, 8 deceased calcs, 4 non-vested calcs, 1 deferred calcs, 2 payout and conducted 4 pre-sessions

The calculations for the Minimum Benefit (aka Poverty Level) Increases were completed in March. Increases were applicable to 92 retirees resulting in a total annual increase of approximately \$ 39,000.

ED will be out of the office March 21st and 24th.

F-2 Executive Report – Voya Update

Voya Update – March 20, 2025

457 PLAN - Balance at 3/13/2025 - \$ 111,432,000

Admin Allowance \$ 10,604

401A PLAN – Balance at 3/13/2025 - \$ 9,121,000

Forfeiture Balance \$ 105,552

401A Executive PLAN – Balance at 3/13/2025 - \$ 807,400

Forfeiture Balance \$ 2,541

Current Items/Education:

During the month of February, Mike had 7 zoom meetings and 12 phone calls. 27 people attended the webinar on February 25th featuring a demonstration of Voya's new Financial Wellness Dashboard, MyOrangeMoney retirement planning tool and estimating your City of Ann Arbor pension.

The 457 Force out project is nearing completion resulting in 57 accounts being forced out. In addition, 8 participants took a distribution of their funds prior to the February 20 deadline.

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 February 28, 2025

Ms. Orcutt submitted the Financial Report for the month ended February 28, 2025 to the Board of Trustees:

| | |
|--|----------------------|
| 2/28/2025 Asset Value (Preliminary) | \$655,319,817 |
| 1/31/2025 Asset Value (Audited by Northern) | \$658,522,395 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | \$16,087,348 |
| Percent Gain <Loss> | 2.5% |
| March 19, 2025 Asset Value | \$643,643,054 |

F-4 Investment Policy Committee Minutes – None

F-5 Administrative Policy Committee Minutes – March 11, 2025

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on March 11, 2025:

Committee Members Present: Grimes, Lynch (Arrived at 3:17 pm), Praschan, Schreier
Members Absent: None
Other Trustees Present: None
Staff Present: Buffone, Gustafson (Via TX), Lieder, Orcutt (Via TX)
Others Present: None

DC PLANS UPDATE

457 Force Out Project: *Ms. Orcutt discussed the status of the 457 force out and provided a timeline of events starting with the mailer going out on December 20th, 2024, with the sixty days ending on February 20th, 2025, for anyone to take any action. Within the last week, Ms. Orcutt and Mr. Lieder reviewed the final force out list Voya provided compared to the mailing list from December 2024 to look for any discrepancies. Two names were identified, and the System is inquiring more on their status with Voya.*

401 Statement Notice: Ms. Orcutt discussed the issue Voya had internally that affected thirty dual plan participants causing a delay to the posting of their December 31st, 2024, statement. The impacted participants now have access to their statements. Mr. Schreier inquired about the type of issue whether it was actual contributions or investment related or administrative. Ms. Orcutt stated it was administrative and related to Voya's internal system.

Exec Plan Enrollment Process: Ms. Orcutt discussed the Executive Plan enrollment process. Ms. Orcutt is working with the City of Ann Arbor's HR department to streamline the process of enrollment. If an employee does not elect an option in a timely manner they are automatically being enrolled into the Dual Plan which initiates contributions to that plan. A new employee was recently defaulted into the Dual Plan when they wanted to be enrolled into the Executive Plan which caused additional administrative actions to fix the enrollment and contributions.

2025 Communications to Participants: Ms. Orcutt discussed the annual plan with Voya that Len Goff will present during the Board Retreat in April which includes the communication plan for the year. Ms. Orcutt asked Mr. Schreier if there were other suggestions for communications in addition to a reminder to participants to actively check their statements and information about the automatic rebalancing option. Mr. Schreier did not have additional suggestions at this time and noted that the rebalance item should be educational and not intended as advice on what to do.

DRAFT OF AFFIDAVIT FOR DEFERRED MEMBERS

Ms. Orcutt presented the draft of Affidavit for Deferred Members form to be sent to approximately 115 members. Ms. Orcutt provided the background that led to this form's creation noting that the annual death reports would not include names in this group and that an audit of the records would be prudent. Mr. Schreier asked if this form has already been sent out and Ms. Orcutt stated it has not. Ms. Grimes and Mr. Schreier discussed corrections to the form which staff will incorporate prior to mailing.

It was ***moved*** by Schreier and ***seconded*** by Praschan to adopt the Affidavit for Deferred Members form as revised and inform the Board that it was disseminated to eligible participants.

APPROVED

UPDATE ON TEMP POSITION SEARCH

Ms. Orcutt provided an update on the temp position search. The new temp, Gail Barroga, will start tomorrow (March 12th, 2025).

UPDATE TO CITIZEN TRUSTEE SEAT REPLACEMENT

Ms. Orcutt discussed that the System received two candidates who are interested in the open seat after Julie Lynch departs at year end. Ms. Orcutt discussed she will meet with one of the interested parties sometime next week to answer any questions they may have. Both candidates were directed to fill out the online application for the Mayor's office to review.

CLOSED SESSION – PERSONNEL MATTER

Ms. Orcutt and the Committee convened a close session to discuss a personnel matter. Closed session started at 3:31 p.m. and the Committee reconvened at 3:42 p.m.

NEXT APC DATE

Ms. Orcutt and the Committee agreed to hold the next Administrative Policy Committee meeting on April 8, 2025, at 3:00 p.m. at the Pension office.

ADJOURNMENT

*It was **moved** by Lynch and **seconded** by Praschan to adjourn the meeting at 3:43 p.m.
Meeting adjourned at 3:43 p.m.*

F-6 Audit Committee Minutes – None

F-7 Legal Report

Overpayment Update: Mr. Judd provided an update on the overpayment to Katie Hall. A letter was sent from VMT to her estate in February 2025 with thirty (30) days to respond. To date, no response has been received. Mr. Judd asked the Board if he should either send another follow up letter specifying if no action is taken on the estate's part that the System will take legal action, or proceed straight to legal action. Mr. Judd recommended sending one more letter since it will be less expensive for the System.

The Board discussed concerns that if they do not go straight to legal action within a timely manner that the money will be spent.

It was **moved** by Grimes and **seconded** by Lynch to proceed straight to legal action in the matter of the overpayment to Katie Hall's estate, to be filed within the appropriate court.

Approved

Northern Trust Fraud Update: Mr. Judd provided an update for the Northern Trust fraud issue regarding Green Dot bank. A letter was received in response to Michael VanOverbeke's email but it contained very little information. Mr. VanOverbeke will provide an update during the April 2025 Board Retreat.

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 | Meketa | \$10,000.00 | Investment Consulting Fee 1/2025 |
| 2 | Loomis Sayles | \$44,224.74 | Investment Manager Fee 10/1/2024-12/31/2024 |
| 3 | Rhumblin HED | \$21,047.00 | Investment Manager Fee 10/1/2024 to 12/31/2024 |
| 4 | Applied Innovations | \$16.55 | Printing Services 1/2025 |
| 5 | DTE - Electric | \$180.54 | Electric 1/11/2025 to 2/11/2025 |
| 6 | DTE - Gas | \$189.37 | Gas 1/11/2025 to 2/11/2025 |
| 7 | GRS | \$8,125.00 | Pension Valuation Q1 2025 |
| 8 | GRS | \$2,900.00 | GASB 67/68 Valuation Q1 2025 |
| 9 | Wendy Orcutt | \$954.75 | February Office Visit Expenses |
| 10 | West Arbor Condo Association | \$367.00 | Condo Association Dues 2/2025 |
| 11 | Milliman | \$3,613.50 | MARC Licensure/MFA 210 - 1/2025 |
| 12 | Wendy Orcutt | \$29.00 | Opal Summit Conference Transportation Reimbursement |
| 13 | Meketa | \$10,000.00 | Investment Consulting Fee 2/2025 |
| 14 | American Express | \$1,289.37 | Speaker, Kroger, S&J, Carlyle, USPS Env., & Culligan |
| 15 | Applied Innovations | \$21.11 | Printing Services 2/2025 |
| 16 | Med Source MI | \$1,200.00 | R.Morrow Medical Evaluation |
| 17 | West Arbor Condo Association | \$367.00 | Condo Association Dues 3/2025 |
| Total | | \$104,524.93 | |

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 |
| Roger Bouck | Age & Service | 3/11/2025 | General | AFSCME | 13 Years, 5 Months | Public Services |
| Scott Larmee | Age & Service | 5/17/2025 | General | AFSCME | 25 Years, 0.5 Months | City Admin. Services |
| Venita Harrison | Age & Service | 3/27/2025 | General | NON UNION | 19 Years, 1.5 Months | Public Services |
| Thomas Crawford | Deferred Age & Service | 4/1/2025 | General | NON UNION | 17 Years, 3 Months | City Administration |

G-5 Analysis of Page Views on Retirement System Website

I. TRUSTEE COMMENTS / SUGGESTIONS

Mr. DiGiovanni mentioned that he and Wendy Orcutt had a call with Meketa regarding the volatile market conditions and reminded the Board about the Crisis Response parameters that are in the current IPS which are similar to the instructions from the Covid era regarding equity rebalancing. Mr. DiGiovanni would like to talk about this issue more during the System's next Board meeting.

Ms. Grimes inquired if FOIA request recipients pay once they receive the invoice from the System. Staff stated that the majority do not since what they are requesting is already provided on our website.

J. ADJOURNMENT

It was **moved** by Foster and **seconded** by Lynch to adjourn the meeting at 9:05 a.m.

Meeting adjourned at 9:05 a.m.

Wendy Orcutt

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