

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
March 19, 2026**

B

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

ROLL CALL

Members Present: Flack, Foster, Grimes, Nerdrum (*Via TX*), Praschan, Schreier, Toth (*Via TX*), Walbridge
Members Absent: DiGiovanni
Staff Present: Buffone, Gustafson, Lieder, Orcutt (*Via TX*)
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

Approved

B. APPROVAL OF MINUTES

B-1 February 19, 2026 Regular Board Meeting

It was **moved** by Foster and **seconded** by Walbridge to approve the February 19, 2026 Regular Board Meeting minutes as submitted.

Approved

C. CONSENT AGENDA - None

D. ACTION ITEMS

D-1 Motion for Innovest Minority Ownership Change Consent

Ms. Orcutt discussed the minority ownership change consent request by Innovest that was discussed during the February 19, 2026, regular Board meeting. The intent for this month is to entertain a motion to approve the System's consent approval.

It was **moved** by Walbridge and **seconded** by Schreier to give consent to approve Innovest's minority ownership change.

Approved

D-2 2026 Spring Annual Newsletter Draft

Ms. Orcutt presented the 2026 Spring annual newsletter draft for Board approval. The newsletter was reviewed and approved once revisions were adopted during the March 10, 2026 APC meeting. No new edits or revisions were requested by the Board.

It was **moved** by Grimes and **seconded** by Foster to approve the 2026 Spring Annual Newsletter.

Approved

D-3 Revised Education and Travel Policy

Ms. Orcutt presented the revised Education and Travel policy. The policy was reviewed and approved once requested revisions were adopted during the March 10, 2026 APC meeting. A couple additional grammatical revisions were noted by Mr. Schreier.

It was **moved** by Grimes and **seconded** by Schreier to approve the revised Education-Travel policy as revised.

Approved

D-4 Proposed April 16, 2026 Board Retreat Agenda

Ms. Orcutt presented the proposed April 16, 2026, Board Retreat agenda. The Board agreed to not have the Actuary present this year. Legal proposed to discuss the topic of terminated non-vested participants who still have their contributions invested in the System and how to address the large growing number of this roster. These participants do not receive interest on their contributions. Grimes inquired about the Voya 2026-2027 annual plan and communications review. Mr. Foster inquired about the Graystone investment topics, confirming they met Mr. DiGiovanni's request from last Investment Policy Committee.

It was **moved** by Foster and **seconded** by Grimes to approve the proposed April 16, 2026 Board Retreat agenda.

Approved

D-5 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 of 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.

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

Approved

E. DISCUSSION ITEMS

E-1 Minimum Benefit Overpayment Discussion

Ms. Orcutt discussed the overpayments for two participants that resulted from an error in the minimum benefit calculation. A letter detailing the overpayment with the System's correction of errors policy was mailed to both participants. One participant responded electing a repayment option that excludes interest. The Board discussed the hardships the repayment would cause among these two participants due to the System's clerical error. Mr. Schreier requested an actuary review for a longer repayment option that surpasses the policy requirements. Once completed, it was agreed by the Board to communicate the dollar amounts for various repayment options to both participants so they may make a more informed decision. In the interim, Staff will inform the parties of what was discussed at this meeting and also reach out to the actuary requesting the calculations.

It was **moved** by Grimes and **seconded** by Walbridge to obtain an actuary review with the various options discussed in this specific matter and to notify both participants in advance of the next Board meeting.

Approved

F. REPORTS

F-1 Executive Report – March 19, 2026

RAISE CASH FOR BENEFIT PAYMENTS

At the March IPC meeting, upon recommendation from the Investment Consultant, the Committee voted to sell \$2 million from GQG Emerging Market Equity and \$2 million from the Northern Trust 1-5 Year Credit Bond fund to raise cash for benefit payments and expenses.

SUMMIT PARTNERS CAPITAL CALLS AND DISTRIBUTIONS

Summit Partners Credit Fund III, L.P. issued a distribution in the amount of **\$80,284** for the Retirement System and **\$ 22,302** for the VEBA on 2/20/2026.

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund VI in the amount of **\$ 294,000** for the Retirement Plan and **\$ 98,000** for VEBA on 3/18/2026 to fund investments. With these installments, **CAEERS** will have funded 49.6% of our total commitments of \$6,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

Arboretum Ventures requested a capital call of our commitment to Fund V in the amount of **\$ 56,000** for the Retirement Plan and **\$ 14,000** for VEBA on 3/24/2026 to fund

investments and pay fees. With these installments, **CAAERS** will have funded 94% of our total commitments of \$8,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund X on 3/13/2026 in the amount of **\$ 72,632** for the Retirement System and **\$ 48,432** for the VEBA consisting of return of capital.

STAFF OPERATIONS/MISCELLANEOUS

The Pension Analyst processed 26 estimates, 5 final calcs, 4 deceased calcs, 4 non-vested calcs, 5 payouts, and conducted 4 pre-sessions.

Dan is also working on the Poverty Level Increases which will be effective 7/1/2025.

F-2 Executive Report – Voya Update

Voya Update – March 19, 2026

457 PLAN - Balance at 3/12/2026 - \$ 123,946,000

EASE Account Balance \$ 9,409

Participation Rate	53%
Average \$ Deferral	\$255.00
Average % Deferral	10%
Investment Diversification	87%

401A PLAN – Balance at 3/12/2026 - \$ 12,948,000

Forfeiture Balance \$ 145,222

401A Executive PLAN – Balance at 3/12/2026 - \$ 1,324,000

Forfeiture Balance \$ 304

Current Items/Education:

During the month of February, Mike Landolt had 16 zoom meetings. He will be onsite during the month of March on the 18th and 19th.

401 and 457 Force Outs – 2025

The notices for both plans were mailed out on December 29th. After the 60-day window has passed, Voya provided updated lists with remaining balances and a record of who had already taken distributions. Staff has advised Voya to proceed with the distributions. Please see APC minutes for full details.

Mandatory Roth Catch Up Audit

Voya has flagged the accounts of the 11 City staff identified that fall into the over \$150,000 in FICA wages in 2025. The option to 5 make pre-tax catch up contributions was

eliminated for this group on the Voya website and payroll has capped their pre-tax deferral limit accordingly. Staff coordinated with Voys to draft a communication to these employees with directives on what action needs to be taken (if any) for their account. This will be sent to the 11 employees in the next week.

Forfeitures Returned to City to Offset Contributions

On February 25th, Staff sent a list of employee forfeitures totaling \$101,755 which the payroll department will use to offset employer contribution for upcoming pay periods.

401a City Match Issue

The City is working on the correction for the employer contribution match tied to an overtime code that was not being captured. HR has compiled the data on the 230 affected employees and will be engaging the actuary to determine the calculation of what is owed.

Future Items:

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

360 Integration with Payroll.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended February 28, 2026

Ms. Orcutt submitted the Financial Report for the month ended February 28, 2026 to the Board of Trustees:

2/28/2026 Asset Value (Preliminary)	\$727,375,872
1/31/2026 Asset Value (Audited by Northern)	\$718,433,105
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$32,137,719
Percent Gain <Loss>	4.6%
March 18, 2026 Asset Value	\$706,109,912

F-4 Investment Policy Committee Minutes – March 3, 2026

Following are the Investment Policy Committee minutes from the meeting convened at 3:07 p.m. on March 3, 2026:

Member(s) Present: DiGiovanni, Flack (Via TX), Praschan, Toth
 Member(s) Absent: Foster
 Other Trustees Present: None
 Public Present: None
 Staff Present: Gustafson (Via TX), Lieder, Orcutt (Via TX)
 Others Present: John Krakowiak, Graystone
 Amy Cole, Graystone (Via TX)
 Erik Burger, Graystone (Via TX)

MARKET UPDATE

Ms. Cole provided an update to the market. With the United States and Israel initiating hostilities with Iran, this drastic course of action could have a huge impact to certain sectors and the market overall if it is a prolonged conflict. If there is not a prolonged conflict, the forecasted outlook for the market would be that issues or negative impacts would likely settle themselves out. This is one reason from many why Graystone prefers to diversify their client's portfolios to limit risk.

Ms. Cole discussed there is a basis for continued upside in the equity markets based on earnings. The CPI is also projected to go down depending on current energy prices.

TARIFF DECISION AND MARKET IMPACT

Ms. Cole discussed the current tariff decisions from SCOTUS and POTUS and how that is currently impacting the market. With the Supreme Court striking down the President's authority to impose tariffs under IEEPA, the idea being floated around is how the market will be impacted once companies who were affected by the initial tariffs start asking for refunds. The lower court will likely be ruling on these matters.

Ms. Cole also discussed the expectation of the devaluation of the US Dollar as geopolitical uncertainty and questions around the US currency policy likely maintain a wide USD discount to yields.

JANUARY 31, 2026 FINANCIAL REPORT – ERS AND VEBA

Given that Graystone is still in the process of loading historical financial data onto their platform, Mr. Krakowiak presented the financial reports for the ERS and VEBA simply accounting for cash flows and using month end preliminary balances. As a note, this was done before the rebalance that was initiated in early February so those trades are not reflected.

For the ERS, the System reported a gain of roughly \$14 million for January 31 which equates to a 2% estimated return of the overall portfolio. For the VEBA, the gains reported were nearly identical to the ERS with a \$6 million increase and roughly 2% return.

RAISE CASH FOR BENEFITS DISCUSSION

Ms. Orcutt discussed current cash needs for benefit payments and expenses. The Committee and Graystone discussed the preference of keeping low amounts in the cash balance in order to keep money invested in the market as long as possible. Ms. Orcutt stated she would require approximately \$5 million minimum a month to cover benefits, capital calls and expenses and that the Investment Policy Statement allows her to act upon guidance from the investment consultant for liquidity needs. Each month or as needed, the source of funds would be determined by communication between Ms. Orcutt, Graystone, and the Committee (when timing aligns).

It was **moved** by Toth and **seconded** by Praschan to raise \$4 million from Fixed Income and Emerging Market to bring the total current cash balance to around \$5.7 million. \$2 million will be raised from Northern Trust 1-5 Year Credit Bond, and \$2 million from GQG Partners Emerging Market Equity fund.

Approved

ECONOMIST TOPICS FOR RETREAT

Ms. Orcutt and the Committee discussed with Graystone several topics the economist suggested for the Board Retreat held in April 2026. Mr. DiGiovanni would like an update on the gold market and the effect on US dollar dominance. Another item of Interest would be on international markets, specifically the value of the yen and Japanese bond rates which have been topical as of late.

APRIL IPC MEETING DATE

Ms. Orcutt and the Committee agreed to hold the next Investment Policy Committee meeting on May 5, 2026, at 3:00 p.m. at the Pension office and not hold an IPC meeting during April.

FUTURE MEETING

The next meeting was scheduled for Tuesday, May 5, 2026, at 3:00 p.m.

ADJOURNMENT

It was ***moved*** by Praschan and ***seconded*** by Toth to adjourn the meeting at 3:53 p.m.
Meeting adjourned at 3:53 p.m.

F-5 Administrative Policy Committee Minutes – March 10, 2026

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on March 10, 2026:

Committee Members Present:	Grimes, Schreier, Walbridge (Via TX, Departed at 4:00 pm)
Members Absent:	Praschan, Toth
Other Trustees Present:	None
Public Present:	None
Staff Present:	Buffone, Gustafson (Via TX), Lieder, Orcutt (Via TX)
Others Present:	None

DC PLANS UPDATE

401a & 457b Small Balance Force Out Update: Ms. Orcutt provided an update to the 401a Dual Plan and 457b small balance plan force outs. Voya provided updated reports following the 60-day period from when the mailer went out. Staff reviewed the final reports from Voya with the following results:

For the 401a, of the 86 members on the original list, 13 members withdrew their contributions and 72 members remained on the force out list. For the 457b, of the 5 members on the original list, 3 members withdrew their contributions and 2 members remained on the force out list. Len Goff is researching one name on the list prior to the System giving approval to proceed with the distributions.

401a Dual Plan Excess Forfeitures for City Usage: Ms. Orcutt stated that after review with Maria Buffone, payroll was sent a list former employees totaling \$101,755 in excess forfeitures to offset payroll contributions. The System accrues forfeitures over the year when terminated non-vested members withdraw Annually in December, Voya identifies the City match contribution for terminated non-vested members who still have funds with Voya and transfer those to the forfeiture account. This resulted in a large increase to the balance allowing Staff to determine an amount to transfer to the City for their use.

Roth 457b Catch-Up Communication: Ms. Orcutt presented the Roth 457b catch-up communication draft provided by Voya. In conjunction with HR, staff made revisions to the draft which will be sent to the 11 members from the City who would be affected by this mandatory catch-up provision. The Committee discussed several corrections to the communication, the majority of which were grammatical and spacing issues and agreed to allow the newly revised communication to be emailed to the 11 affected members.

Mr. Schreier asked what steps payroll was taking to ensure the pre-tax contribution would be stopped upon reaching the standard deferral amount. Ms. Orcutt stated that it was her understanding that the 11 records had been updated to reflect the maximum but will confirm with the City.

MINIMUM BENEFIT LETTER

Ms. Orcutt presented the minimum benefit letter to be sent to the retirees that qualify for an increase each year. The committee made no revisions to the letter. Due to the issue with the overpayments this year, the changes won't be effective until the May 1st payments.

2026 NEWSLETTER DRAFT

Ms. Orcutt presented the System's annual newsletter to employees and retirees. The Committee discussed several corrections to the newsletter before recommended approval by the Board.

It was **moved** by Schreier and **seconded** by Walbridge to submit the Annual Newsletter for 2026 as revised to the Board for approval.

APPROVED

EMERGING LEADERS PROGRAM

Ms. Orcutt and Mr. Lieder discussed with the Committee his interest in applying for the City's new Emerging Leaders program which focuses on building leadership competencies and developing the City's next group of emerging leaders. The program is currently accepting applications pending Supervisor approval for 16 open spots. The program meets monthly for an all-day meeting at various City locations. If selected for the program, it is understood that Mr. Lieder would need to work an additional day in office the week or pay period in which the monthly meeting occurs.

It was **moved** by Schreier and **seconded** by Walbridge to allow Mr. Lieder to apply for the City of Ann Arbor's Emerging Leaders program.

APPROVED

[Ms. Walbridge departed the meeting at 4:00 p.m.]

REVISED TRAVEL POLICY

Ms. Orcutt presented the revised travel policy. The Committee discussed several corrections to the policy and suggested replacing "employee" to "Trustees and staff" where applicable. It was also discussed that Staff should work with legal for a term that can be used where appropriate that includes ERS, VEBA as well as the DC plans.

Ms. Grimes and Mr. Schreier agreed to submit the travel policy as revised to the Board for approval.

REVISED RFP-RFI POLICY

Ms. Orcutt and the Committee agreed to push the revised RFP-RFI policy to April’s APC meeting due to time constraints.

APRIL APC MEETING DATE

Ms. Orcutt and the Committee agreed to hold the next Administrative Policy Committee meeting on April 14, 2026, at 3:00 p.m. at the Pension office pending availability of Committee members Ms. Praschan, Mr. Toth, and Ms. Walbridge.

ADJOURNMENT

It was ***moved*** by Schreier and ***seconded*** by Grimes 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

Mr. VanOverbeke stated his office sent out Evites for the Detroit Tiger’s opening day game on April 3, 2026 to system staff.

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 March 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	DTE	\$145.43	Electric 1/13/2026 to 2/11/2026
2	DTE	\$207.91	Gas 1/13/2026 to 2/11/2026
3	Culligan	\$46.96	2/11/26 Delivery (3) & Deposit 5 Gallon BW, Transp. Fee
4	Staples	\$138.68	Paper, Bathroom Towels, & Pens
5	Wendy Orcutt	\$331.62	February Office Visit
6	Milliman	\$3,712.52	MARC Licensure/MFA 238 - 1/2026
7	AMEX (itemized below 8-14)		AMEX Bill Cycle Closed 2/28/2026; Total \$562.68
8	AMEX - Parking Downtown AA	\$3.30	Lieder: Staff Liasion Training on 1/29/2026 - Larcom
9	AMEX - Parking Downtown AA	\$11.55	Lieder: CPR Training on 2/18/2026 - Larcom
10	AMEX - Kroger	\$39.77	Breakfast Food for Board Meeting on 2/19/2026
11	AMEX - S&J Cleaning	\$160.00	Office Cleaning 1/28/2026
12	AMEX - S&J Cleaning	\$160.00	Office Cleaning 2/11/2026
13	AMEX - S&J Cleaning	\$160.00	Office Cleaning 2/25/2026
14	AMEX - USPS	\$28.06	2 Calc. Error Overpayment Letters Mailed on 2/20/2026
15	Applied Innovations	\$28.91	Printing Services 2/2026
16	Culligan	\$14.00	Service 3/2026
17	DTE	\$139.48	Electric 2/12/2026 to 3/12/2026
18	DTE	\$118.31	Gas 2/12/2026 to 3/12/2026
19	MAPERS	\$1,200.00	MAPERS Spring Conference (Orcutt, Flack, & Gustafson)
20	Meketa	\$10,000.00	Investment Consulting Fee 2/2026
21	West Arbor Condo Association	\$367.00	Condo Association Dues 3/2026
	Total	\$17,013.50	

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
Cynthia Schultz	Age & Service	3/28/2026	General	NON UNION	27 Years & 9.5 Months	Finance & Admin
William Simpkins	Age & Service	3/21/2026	General	AFSCME	25 Years & 3.5 Months	Public Services

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

Mr. Schreier requested that the City of Ann Arbor come up with an all-encompassing name for the Retirement System that covers all System programs including ERS, VEBA, and the DC plans. Mr. VanOverbeke suggested the System come up with a few options to present to the City for adoption and will generate some ideas.

I. ADJOURNMENT

It was **moved** by Foster and **seconded** by Grimes to adjourn the meeting at 9:35 a.m.
Meeting adjourned at 9:35 a.m.

Wendy Orcutt

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