

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

B

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:52 a.m.

ROLL CALL

Members Present: DiGiovanni, Flack, Foster, Grimes, Lynch(10:48 am depart), Monroe, Praschan, Schreier
Members Absent: Nerdrum
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel(Via TX & 9:18 am arrival)

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 December 21, 2023 Regular Board Meeting

It was **moved** by Monroe and **seconded** by Lynch to approve the December 21, 2023 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 Authorization for Conference/Training ((\$6,010.00 (ESTIMATED)))

WHEREAS, the Board of Trustees (Board) of the City of Ann Arbor Employees' Retirement System (Retirement System) is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees is required to 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

WHEREAS, the Board of Trustees acknowledges that the Retirement System has evolved in complexity such that the circumstances 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 requires continuing education, training, and oversight of its advisors, and

WHEREAS, it is necessary, appropriate and incumbent upon Board trustees and/or Retirement System staff, from time to time, to participate in continuing education, training, and/or conduct due diligence trips in relation to their oversight of Retirement System advisors to ensure that Retirement System participants receive the best possible service, benefit and representation from these responsible persons, and

WHEREAS, Jen Grimes has requested the Board of Trustees' authorization for her travel to Seattle, WA at Retirement System expense, estimated at \$6,010.00, to attend the NCPERS 2024 Annual Conference & TEDS, and to participate in continuing education in her responsibility as Board Trustee and in keeping with Board policy, therefore it be

RESOLVED, the Board of Trustees authorizes the travel request of Jen Grimes to travel to Seattle, WA at Retirement System expense, estimated at \$6,010.00, to attend the NCPERS 2024 Annual Conference & TEDS, to participate in continuing education in her responsibility as a Board Trustee, and

FURTHER RESOLVED, that Jen Grimes comply with all travel and reporting requirements as contained in the Board of Trustees previously adopted Travel and Training Policy and Procedures

C-2 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
Angela Borrego	Public Services	Dual	8 Years, 5 Months	Washtenaw County
Derek Delacourt	Community Services	Traditional	9 Years, 8 Months	Rochester Hills
Bryan Manees	Public Services	Dual	7 Years, 5 Months	City of Riverview
Jerry Webb	Safety Services	Dual	2 Years, 11 Months	City of Novi

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 service₂rendered 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 Monroe and **seconded** by Lynch to approve the consent agenda as presented.

Approved

D. ACTION ITEMS

D-1 FY 2025 Expenditure Budget

Ms. Buffone presented and reviewed the FY 2025 Expenditure Budget.

It was **moved** by Praschan and **seconded** by Schreier to approve the Fiscal Year 2025 Expenditure Budget.

Approved

D-2 401 Expenses to be paid from Forfeitures for Quarter End 12/31/2023

The Board reviewed the quarter end 12/31/2023 expenses to be paid from forfeitures and agreed to approve.

It was **moved** by Monroe and **seconded** by Lynch to approve the quarter end 12/31/2023 Forfeiture expenses as submitted.

Approved

D-3 457 Expenses to be paid from Admin Allowance for Quarter End 12/31/2023

The Board reviewed the quarter end 12/31/2023 expenses to be paid from the administrative allowance funds and agreed to approve.

It was **moved** by Schreier and **seconded** by Foster to approve the quarter end 12/31/2023 administrative allowance expenses as submitted.

Approved

E. DISCUSSION ITEMS

E-1 Trustee Terms Expiring in 2024

Ms. Orcutt informed the Board that Ms. Grimes, Mr. Monroe and Ms. Nerdrum's terms are expiring December 31, 2024.

E-2 Employee Separation Agreement

Ms. Orcutt shared with the Board a recent agreement that was reached between the City and a former employee.

E-3 Discussion on Electronic₃ Meeting Policy – OMA Changes

The Board discussed the OMA changes with Mr. VanOverbeke who will provide a draft virtual meeting policy for APC to review. In the meantime, the Board agreed to authorize remote participation for Trustees for Board and Committee meetings.

It was **moved** by Monroe and **seconded** by Grimes to acknowledge that APC will be working on a virtual meeting policy draft and to authorize Trustees to participate remotely for Board and Committee meetings in the interim until a formal policy is adopted.

Approved

E-4 Board Meeting Items for 2024

Ms. Orcutt presented the Board calendar for the 2024 calendar year. The Board reviewed and agreed with the remaining task items.

F. EXECUTIVE SESSION – Personnel Matter

It was **moved** by Monroe and **seconded** by Foster to convene an Executive Session at the request of Ms. Orcutt for the purpose of discussing a personnel matter.

Approved

Roll call vote:

DiGiovanni - Yes
Flack - Yes
Grimes - Yes

Foster – Yes
Lynch – Yes
Monroe - Yes

Nerdrum – Absent
Praschan - Yes
Schreier - Yes

Executive session time: 9:38 a.m. – 10:48 a.m.

G. REPORTS

G-1 Executive Report – January 18, 2024

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 12/22/23 in the amount of **\$80,901** for the Retirement System and **\$23,795** for the VEBA consisting of a gain on sale and return of capital.

JP MORGAN CAPITAL CALLS AND DISTRIBUTIONS

JPM issued a distribution from the IIF Fund on 8/30/23 in the amount of **\$905,255** for the Retirement System and **\$278,800** for the VEBA. These amounts are held for reinvestment into the fund.

SVB DISTRIBUTION

SVB Fund VIII issued a distribution in the amount of **\$237,818** for the Retirement System and **\$59,455** for the VEBA on 12/27/23 consisting of return of capital.

CARLYLE DISTRIBUTION

Carlyle Realty Fund VIII issued a distribution in the amount of \$168,755 for the Retirement System and \$ 42,187 for the VEBA on 12/29/23. The distribution was netted against fees and expenses.

MEETINGS AND COMMUNICATIONS WITH CITY STAFF

ED met with legal on January 5th and January 11th to discuss Ordinance changes and a personnel matter.

ED met with HR on January 8th to discuss the contract implementations for PSS, COAM and Teamsters unions. Changes included an increase in pension contributions in 2024 and 2026 for PSS and COAM.

MILEAGE REIMBURSEMENT RATE 2024

Effective Jan. 1, 2024, the new standard mileage rate is \$0.67 per mile for miles driven on City business or travel.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 22 estimates, 3 final calculations, 2 deceased calcs, 3 non-vested, 2 payouts and conducted 7 pre-sessions.

The calculations for the Minimum Benefit (aka Poverty Level) Increases were completed in December. Increases were applicable to 102 retirees resulting in a total annual increase of approximately \$ 44,000 as compared to 101 retirees and an annual increase of \$116,000 last year.

Staff entered the new contribution rates and interest credits into the MARC system eff. 1/1/2024.

G-2 Executive Report – Voya Update

Voya Update – January 18, 2024

457 PLAN - Balance at 1/12/24 - \$108,500,000

Admin Allowance \$ 19,410

401A PLAN – Balance at 1/12/24 - \$6,759,000

Forfeiture Balance \$ 410,947

401A Executive PLAN – Balance at 1/12/24 - \$ 511,000

Forfeiture Balance \$ 15,922

Current Items/Education:

Mike Landolt was onsite for meetings on December 20th and 21st and met with 27 employees and retirees. During the month of December Mike also had 9 zoom meetings and 10 phone calls with employees/retirees.

Mike will be back onsite January 17th and 18th and will also be conducting a webinar at the end of January – date TBD.

When time permits I will be working with Voya on plan sponsor website training to be able to provide meaningful statistics/graphics.

G-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended December 31, 2023

Maria Buffone, Accountant, submitted the Financial Report for the month ended December 31, 2023 to the Board of Trustees:

12/31/2023 Asset Value (Preliminary)	\$614,574,789
11/30/2023 Asset Value (Audited by Northern)	\$598,479,813
Calendar YTD Increase/Decrease in Assets <i>(excludes non-investment receipts and disbursements)</i>	\$70,187,754
Percent Gain <Loss>	12.2%
January 17, 2023 Asset Value	\$609,140,391

G-4 Investment Policy Committee Minutes – None

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

Following are the Administrative Policy Committee minutes from the meeting convened at 3:09 p.m. on January 9, 2024:

Committee Members Present: Lynch, Monroe, Praschan, Schreier
Members Absent: None
Other Trustees Present: Grimes(3:27 PM Arrival)
Staff Present: Buffone, Gustafson(Via TX), Hollabaugh, Orcutt
Others Present: None

DC PLANS UPDATE

Forfeiture Project: During the transition from Mission Square to Voya, it was discovered that forfeitures were not being recognized at the date of termination but instead at the date of distribution. After a request to MSQ to sweep any forfeitures as of term date, there was a resulting \$300,000 in additional forfeiture funds. In order to use these in a timely manner to comply with IRS rules, an audit and reconciliation process was completed by Staff to apply forfeitures used by termination date and have the City use approximately \$300,000 to offset future contributions. Staff shared the information with City staff and is meeting with Voya on Wednesday, January 10 to learn the process of accessing the funds during payroll submissions. Approximately \$85,000 is currently remaining in the 401 forfeiture account for the System to use for various expenses.

Outstanding Check Issue: Staff has been working on contacting the employees who have outstanding checks from MissionSquare₆accounts to notify them and request re-

issued payment. Staff has been in communication with Mission Square, Voya & Innovest on this matter.

Voya Plan Sponsor Site: Staff will have regular meetings with Voya on website training.

NORTHERN TRUST RETIREE PORTAL UPDATE

Northern Trust has an employee website available for retirees to access. Retirees will have access to make address changes, tax updates and view statements. Staff is working with Northern Trust to activate website access with a targeted roll out date of March 1.

DISCUSSION ON ELECTRONIC MEETING POLICY – OMA CHANGES

The Committee discussed the OMA changes to the electronic meeting policy. Staff will get some clarification from legal before discussing further at the January Board meeting.

FEBRUARY MEETING SATE (SDBA, LEGAL COUNSEL RFP)

The February meeting was scheduled for Tuesday, February 13th, 2024.

PERSONNEL MATTER

Staff was excused for this item.

REVISED DISABILITY PROCEDURE

This item was postponed due to time constraints.

ADJOURNMENT

It was **moved** by Grimes and **seconded** by Lynch to adjourn the meeting at 4:14 p.m.
Meeting adjourned at 4:14 p.m.

G-6 Audit Committee Minutes – None

G-7 Legal Report

Legal provided a memorandum regarding JPMorgan Chase & Co. – Securities Action. The Board reviewed and made the following motion.

It was **moved** by Monroe and **seconded** by Foster to acknowledge receipt of the memorandum and to proceed as outlined in the memo.

Approved

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 February 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	Allstar Alarm	\$159.00	Fire Alarm Monitoring 2/1/2024-4/30/2024
2	American Express	\$929.50	Afternoon Delight Board Food, Office Cleaning, USPS postage Envelopes, Water
3	Applied Innovation	\$24.40	Printing 12/2023
4	Aventric Technologies	\$80.00	Office AED Battery Replacement
5	Laura Hollabaugh	\$174.52	Reimbursement DTE Electric 11/10/2023-12/12/2023
6	Laura Hollabaugh	\$98.73	Reimbursement DTE Gas 11/10/2023-12/12/2023
7	GRS	\$3,500.00	PA 202 Compliance - reference funding valuation reports
8	City of Ann Arbor Treasurer	\$391.20	K.Spade Time worked 7/13/2023-12/11/2023
9	MedSource	\$1,400.00	Kostanko Disability Re-Exam 11/29/2023
10	Meketa	\$10,000.00	Investment Consultant Services 12/2023
11	Miliman	\$5,782.95	MARC Implementation, Licensure and MFA Fees
12	Rehmann	\$2,725.00	6/30/2023 Audit Payment 1
13	Rehmann	\$2,725.00	6/30/2023 Audit Payment 2
14	Staples	\$130.81	Misc. Office Supplies
	Total	\$28,121.11	

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
Christopher Cheng	Age & Service	January 17, 2024	General	AFSCME	26 Years, 6 Months	Community Services
Michael Montgomery	Age & Service	December 21, 2023	Police	AAPOA	21 Years, 8 Months	Safety Services
Karen Channey	Age & Service	February 4, 2024	General	AFSCME	5 Years, 6 Months	Public Services
David Wilburn	Age & Service	March 1, 2024	General	NON UNION	25 Years, 4 Months	City Administration
Katherine Bemish	Age & Service	March 1, 2024	General	NON UNION	23 Years, 0.5 Months	Public Services

H-5 Analysis of Page Views on Retirement System Website

I. TRUSTEE COMMENTS / SUGGESTIONS

J. ADJOURNMENT

It was **moved** by Monroe and **seconded** by Grimes to adjourn the meeting at 10:59 a.m.
Meeting adjourned at 10:59 a.m.

Wendy Orcutt

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