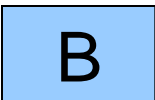


**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
November 18, 2021**



The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:38 a.m.

ROLL CALL

Members Present: DiGiovanni(*Via TX, Ann Arbor, MI*), Flack(*Via TX, Wood County, OH*), Lynch(*Via TX, Dexter, MI*), Monroe(*Via TX, Ann Arbor, MI*), Nerdrum(*Via TX, Ann Arbor, MI*), Peariso(*Via TX, Ann Arbor, MI*), Praschan(*Via TX, Ann Arbor, MI*), Schreier(*Via TX, Ann Arbor, MI*)

Members Absent: Hastie

Staff Present: Buffone(*via TX*), Hollabaugh(*Via TX*), Orcutt(*Via TX*)

Others: Michael VanOverbeke, Legal Counsel(*via TX*)
Ray Fortin, MissionSquare, (*Via TX, 9:12 a.m. – 9:40 a.m.*)
Dan Stewart, MissionSquare (*Via TX, 9:12 a.m. – 9:40 a.m.*)
Gina John, MissionSquare (*Via TX, 9:12 a.m. – 9:40 a.m.*)

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

Approved

B. APPROVAL OF MINUTES

B-1 October 21, 2021 Regular Board Meeting

It was **moved** by Monroe and **seconded** by DiGiovanni to approve the October 21, 2021 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
Zachary Allen	Police	Traditional	12 Years, 8 Months	City of Ypsilanti
Tara Berishaj	Police	Traditional	3 Years, 11.5 Months	Livingston County
Matthew McCallum	Police	Traditional	7.5 Months	City of Livonia
Jason Polger	Police	Traditional	11 Years, 10.5 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 Nerdrum and **seconded** by Peariso to approve the consent agenda as presented.

Approved

D. ACTION ITEMS

D-1 Single Candidate Election

Dave Monroe was the only employee to complete a Declaration of Candidacy Form for the 2021 Police Member Election. Per the Board’s Rules and Regulations Governing Elections of Board Trustees:

ARTICLE IV - ELECTION

A) Single Candidate Election

If only one candidate has filed the Declaration of Candidacy, the City Clerk’s Office shall not hold the election. The Clerk shall notify the Board of Trustees that the candidate is unopposed. The Board, upon such notice, shall declare the unopposed candidate to be the Trustee for the designated term.

Mr. Monroe’s new term will begin January 1, 2022 through December 31, 2024.

It was **moved** by DiGiovanni and **seconded** by Peariso to acknowledge Mr. Monroe's reappointment to the Board of Trustees effective January 1, 2022 through December 31, 2024.

Approved

D-2 2022 Board Meeting Schedule

January 20, 2022	July 21, 2022
February 17, 2022	August 18, 2022
March 17, 2022	September 15, 2022
April 21, 2022	October 20, 2022
May 19, 2022	November 17, 2022
June 16, 2022	December 15, 2022

Mr. VanOverbeke informed the Board that currently virtual meetings are not permitted under the Open Meetings Act beginning January 2022. A Bill is currently in with Legislature regarding Retirement System virtual meetings but is not expected to be reviewed until the first quarter of 2022. Staff will provide a list of possible meeting locations that provide enough space to meet safety protocols and the Board will discuss further at the December meeting.

It was **moved** by Peariso and **seconded** by Schreier to approve the 2022 Board Meeting Schedule.

Approved

D-3 Decision on Pension Administration Software

Ms. Nerdrum informed the Board that Audit Committee and Staff have reviewed the RFPs, software demonstrations, had interviews with GRS and Milliman, and discussed summaries prepared by Staff. Everyone involved in the review process felt that Milliman's system was the clearly superior option. The Committee recommends hiring Milliman. The Board briefly discussed and agreed.

It was **moved** by Nerdrum and **seconded** by Monroe to approve the recommendation to hire Milliman to provide Pension Administration Software Services pending review of the contractual documents by the Board's legal counsel and any recommended additional due diligence.

Approved

D-4 AEW Restructure

Ms. Orcutt informed the Board of a recent restructure with AEW. Meketa and legal have both reviewed and opined.

It was **moved** by DiGiovanni and **seconded** by Schreier to approve the AEW restructure.

Approved

E. DISCUSSION ITEMS

E-1 MissionSquare Plan Investment Report for Q2 2021

Ray Fortin, Gina John and Dan Stewart from MissionSquare were present to provide a quarterly plan review including an education overview through mid-year.

E-2 DC Plans RFP Discussion

Mr. Schreier suggested to narrow the scope of the drafted RFP discussed at APC and focus only on the MissionSquare investment lineup and associated fees as an RFP will be done later which will cover the due diligence aspect. The Board discussed further with legal. It was decided to revise the RFP draft for an investment consultant to conduct both the RFP search as well as provide an analysis of the record keepers' performance. Staff will work with legal and will provide an update at the APC meeting.

F. REPORTS

F-1 Executive Report – November 18, 2021

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund VIII on 10/20/21 in the amount of **\$299,959** for the Retirement System and **\$88,223** for the VEBA consisting of gains on sales and return of capital(unrecallable).

DRA issued a distribution from the Growth and Income Fund IX on 11/15/21 in the amount of **\$137,758** for the Retirement System and **\$40,517** for the VEBA consisting of dividends netted against management fees.

DRA issued a distribution from the Growth and Income Fund X on 11/15/21 in the amount of **\$75,226** for the Retirement System and **\$50,151** for the VEBA consisting of return of capital(recallable) and dividends netted against management fees.

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund V in the amount **\$440,000** for the Retirement Plan and **\$110,000** for VEBA on 11/10/21 to fund investments and management fees. With these installments, **CAAERS** will have funded 50.7 % of our total commitments of \$8,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

CONSTITUTION CAPITAL PARTNERS

Ironsides Partnership Fund III issued a distribution in the amount of **\$1,566,298** for the Retirement System on 10/29/21 comprised of gains on sales netted against a call for management fees.

Ironsides Co-Investment Fund III issued a distribution in the amount of **\$170,806** for the Retirement System on 11/3/21 comprised of gains on sales netted against a call for management fees.

PENSION ADMINISTRATION SOFTWARE RFP

The Audit Committee is making a recommendation to the Board to hire Milliman as the provider for the Pension Administration Software solution. This discussion/decision will be added as an agenda item for the Board meeting on the 18th.

TRUSTEE ELECTION UPDATE

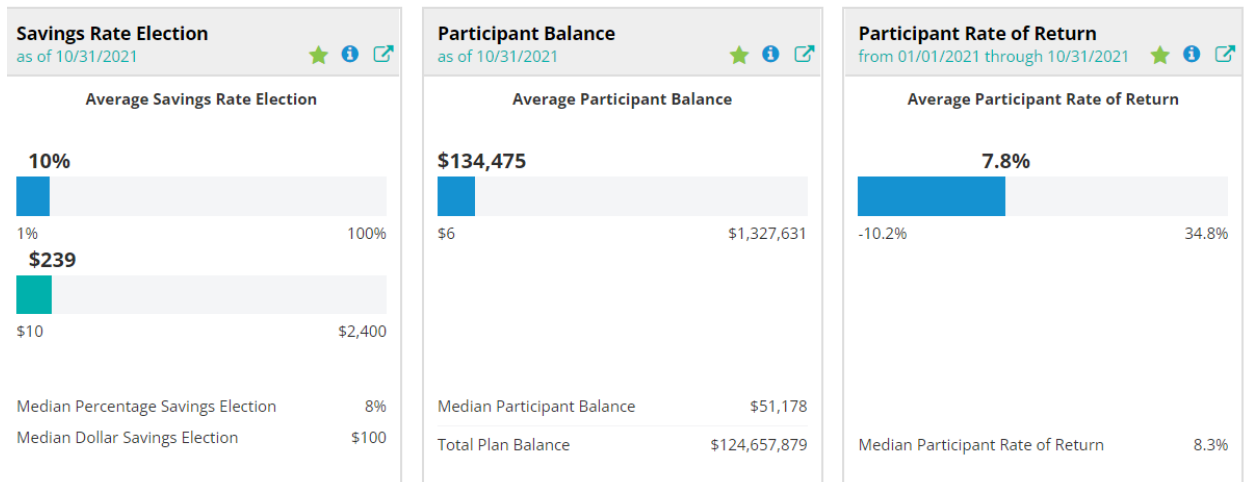
Dave Monroe was the only candidate for the Police Trustee so an election will not be needed. There were two applicants for the General Trustee Representative. Ballots and election materials will be distributed on December 3 with the election on the 8th and 9th.

STAFF OPERATIONS/UPDATE

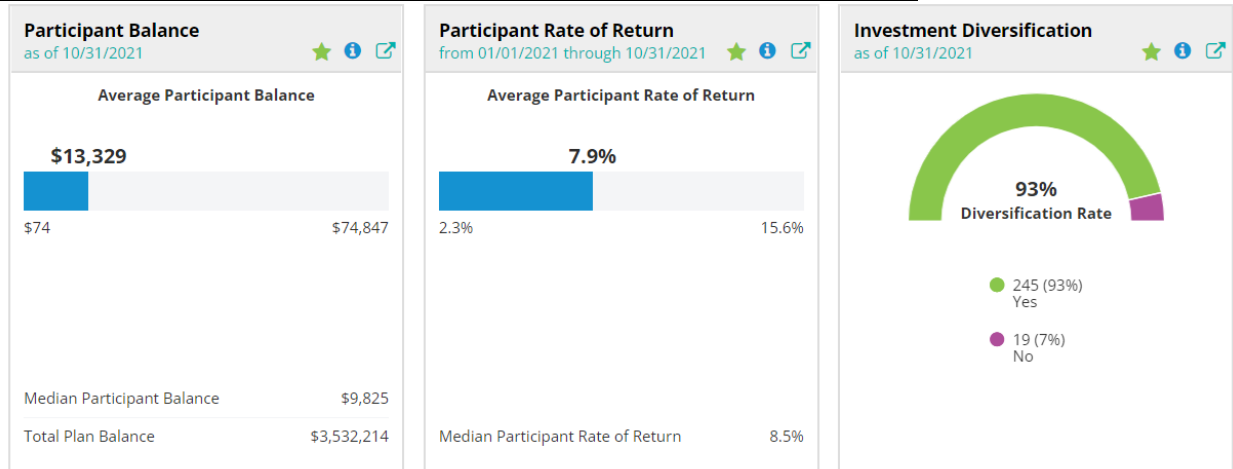
The Pension Analyst processed 53 estimates, 4 non-vested calculations, 2 payouts, 3 final calculations, 3 deceased calcs and 5 pre sessions.

F-2 Executive Report – MissionSquare (ICMA) Update

457 Balance at 11/9/21 - \$ 126,976,482 – Statistics as of 10/31/21



401 Balance at 11/9/21 – \$ 3,608,596- Statistics as of 10/31/21



Current Items/Education:

The 457 and 401 contracts have been fully executed extending the term of the 401 until 1/1/2023 and incorporating the new fee structure. Note: Until the City of Ann Arbor executes the agreement for the Executive 401(a), the fee structure on all plans will remain unchanged.

Gina John conducted 7 one-on-one consultations during October 27-28, 2021.

Dan Stewart will be conducting individual consultations and a webinar December 2nd and 3rd.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended October 31, 2021

Maria Buffone, Accountant, submitted the Financial Report for the month ended October 31, 2021 to the Board of Trustees:

10/31/2021 Asset Value (Preliminary)	\$651,792,867
9/30/2021 Asset Value (Audited by Northern)	\$631,138,003
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$83,959,113
Percent Gain <Loss>	14.4%
November 17, 2021 Asset Value	\$651,040,342

F-4 Investment Policy Committee Minutes – November 2, 2021

Following are the Investment Policy Committee minutes from the meeting convened at 3:11 p.m. on November 2, 2021:

Member(s) Present: DiGiovanni(via TX, Livonia, MI), Monroe(via TX, Ann Arbor, MI)
Member(s) Absent: Flack, Hastie, Praschan
Other Trustees Present: None
Staff Present: Buffone(via TX), Hollabaugh(via TX), Orcutt(via TX)
Others Present: John Harris(via TX), Meketa Investment Group
Keith Beaudoin(via TX), Meketa Investment Group

The meeting was called to order without a quorum. The Meketa materials were reviewed for informational purposes.

ECONOMIC AND MARKET UPDATE DATA AS OF SEPTEMBER 30, 2021

Mr. Beaudoin provided an economic update reviewing the market returns, sector returns, breakeven inflation, and the impact of the pandemic.

EXECUTIVE SUMMARY

The Board will approve a new asset allocation for VEBA at the November Board meeting. Private equity fund of funds is the next search for the ERS and VEBA.

RETIREMENT SYSTEM

Act 314 Compliance Review: Mr. Beaudoin reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

September 30, 2021 Performance Update: As of September 30, 2021, the

balance of the Funds was \$631,406,466 for ERS. Fiscal Year to Date performance was 0.6% for ERS net of fees.

VEBA

Act 314 Compliance Review: Mr. Beaudoin reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

September 30, 2021 Performance Update: As of September 30, 2021, the balance of the Funds was \$245,478,252 for VEBA. Fiscal Year to Date performance was 0.2% for VEBA net of fees.

PRIVATE EQUITY FUND OF FUNDS MANAGER SEARCH

This item was postponed due to lack of quorum.

ADJOURNMENT

The meeting was adjourned due to lack of quorum at 3:44 p.m.

Meeting adjourned at 3:44 p.m.

F-5 Administrative Policy Committee Minutes – November 9, 2021

Following are the Administrative Policy Committee minutes from the meeting convened at 8:33 a.m. on November 9, 2021:

Committee Members Present: Lynch(via TX, Dexter, MI, 9:29 AM depart), Monroe(Via TX, Ann Arbor, MI), Praschan(Via TX, Ann Arbor, MI), Schreier(Via TX, Ann Arbor, MI)
Members Absent: Peariso
Other Trustees Present: None
Staff Present: Buffone(Via TX), Gustafson(Via TX), Hollabaugh(Via TX), Orcutt(Via TX)
Others Present: None

VEBA DRAFT ANNUAL REPORT

The Committee reviewed and made revisions to the drafted annual report. A final draft will be presented at the Board meeting.

It was **moved** by Schreier and **seconded** by Lynch to submit the VEBA Summary Annual Report as revised to the Board for approval.

APPROVED

UPDATE ON NAEBECK OVERPAYMENT ISSUE

Legal has sent a letter to the Estate to inform of the overpayment amount due to the Retirement System. Staff has had no response from the estate regarding the letter or repayment. The deadline for repayment is December 8, 2021. Ms. Orcutt will provide an update at the December APC.

CYBER SECURITY DISCLOSURES REVIEW UPDATE

IT is in the process of reviewing the disclosures. Ms. Orcutt will provide an update once complete.

DC PLANS RFP DISCUSSION AND INITIAL DRAFT

The Committee reviewed the RFP draft and noted not to include the Roth IRA or the Executive 401a as they are both under the oversight of the City not the System. Mr. Schreier suggested to remove the due diligence aspect of the RFP and focus only on the MissionSquare investment lineup and associated fees as an RFP will be done later which will cover the due diligence. The Committee agreed with Mr. Schreier and decided to discuss further at the Board with legal counsel before proceeding.

ADJOURNMENT

It was **moved** by Schreier and **seconded** by Praschan to adjourn the meeting at 9:31 a.m.

Meeting adjourned at 9:31 a.m.

F-6 Audit Committee Minutes – November 9, 2021

Following are the Audit Committee minutes from the meeting convened at 1:04 p.m. on November 9, 2021:

Committee Members Present:	Monroe(Via TX, Washtenaw County, MI), Nerdrum(Via TX, Ann Arbor, MI), Praschan(Via TX, Ann Arbor, MI),
Members Absent:	None
Other Trustees Present:	None
Staff Present:	Buffone(Via TX), Gustafson(Via TX), Hollabaugh(Via TX), Orcutt(Via TX)
Others Present:	None

PENSION ADMINISTRATION SOFTWARE RFP DISCUSSION/DECISION

Staff provided a final summary of the RFP submissions for the Committee to review. After a brief discussion with Staff it was the general consensus to move forward with Milliman as the vendor for the Pension Administration Software. Ms. Nerdrum will provide an update for the Board at the next meeting.

It was **moved** by Monroe and **seconded** by Praschan to hire Milliman as the Pension Software Administration System, pending review of contract documents by the Board's legal counsel and any recommended additional due diligence.

Approved

NEXT AC MEETING DATE

The December AC meeting was scheduled for December 14, 2021 at 10:00 AM.

ADJOURNMENT

It was **moved** by Monroe and **seconded** by Praschan to adjourn the meeting at 1:21 p.m.

Meeting adjourned at 1:21 p.m.

F-7 Legal Report

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 December 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	Laura Hollabaugh: DTE	\$129.09	Reimbursement Electric 9/11/2021-10/12/2021
2	IRM	\$3,730.10	Investment Manager Fee Q3 2021
3	Rhumblin	\$15,925.00	Investment Manager Fee HEDI Q3 2021
4	Meketa	\$10,000.00	Investment Consulting Fee 10/2021
5	Dave Monroe	\$686.46	MAPERS Travel Reimbursement Fall Conference 2021
6	West Arbor Condo Association	\$912.00	10/2021 & 11/2021 Dues
7	Shred It	\$413.40	Shred bins for misc. office clean up
8	Yeo & Yeo	\$1,000.00	6/30/2021 Financial Statement Audit
	Total	\$32,796.05	

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	Department/Service Area
Tilvis Bolen	Age & Service	November 21, 2021	Fire	FIRE	21 Years, 3 Months	Safety Services
Daniel Iverson	Age & Service	November 15, 2021	Police	AAPOA	25 Years, 1 Month	Safety Services
Andrew Rupert	Age & Service	November 15, 2021	General	AFSCME	19 Years, 3 Months	Community Services

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

I. ADJOURNMENT

It was **moved** by Monroe and **seconded** by Lynch to adjourn the meeting at 10:09 a.m.
Meeting adjourned at 10:09 a.m.

Wendy Orcutt

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