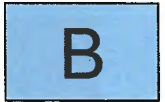


**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
March 15, 2018**



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

ROLL CALL

Members Present: DiGiovanni, Flack, Lynch, Monroe, Schreier
Members Absent: Clark, Crawford, Hastie, Nerdrum
Staff Present: Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
Matt Klein, Findley Davies, *(Via TX)*
Amy Kennedy, Findley Davies, *(Via TX)*
Kevin Sullivan, Findley Davies, *(Via TX)*

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

It was **moved** by DiGiovanni and **seconded** by Schreier to approve the agenda as submitted.
Approved

B. APPROVAL OF MINUTES

B February 15, 2018 Regular Board Meeting

It was **moved** by Monroe and **seconded** by Lynch to approve the February 15, 2018 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	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
Nicholas Jacob	Public Services	13 years, 11 months	Wayne County
Ira Harrison	Fire	15 years, 9 months	Washtenaw Community College
Andrew Vainner	Police	4 years, 10 months	City of Ypsilanti

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.

C-2 Authorization for Conference/Training – GFOA Annual Conference, May 5-9, 2018 - Hammond

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, Corbin Hammond, Accountant, has requested the Board of Trustees' authorization for his travel to St. Louis, Missouri, at Retirement System expense, estimated at \$1,445.61, to attend the GFOA Annual Conference, to participate in continuing education in his responsibility as Retirement System Staff person, therefore be it

RESOLVED, the Board of Trustees authorizes the conference and training request of Corbin Hammond to travel to St. Louis, Missouri, at Retirement System expense, estimated at \$1,445.61, to attend the GFOA Annual Conference, to participate in continuing education in his responsibility as Retirement System Staff person, and

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

It was **moved** by DiGiovanni and **seconded** by Schreier to approve the Consent Agenda as presented.

Approved

D. ACTION ITEMS

D-1 2018 Annual Members Newsletter

Ms. Orcutt presented the 2018 Annual Newsletter to the Board. No revisions or changes were made. The Retiree Luncheon was briefly discussed. The luncheon is to be educational therefore, the Speakers are not to be endorsed by the System nor should they solicit business. Mr. Monroe requested that the Retiree Luncheon Speaker be reminded of this.

It was **moved** by Schreier and **seconded** by DiGiovanni to approve the 2018 Annual Members Newsletter as presented.

Approved

D-2 Revised EDRO/DRO Policy

Mr. VanOverbeke presented the revised EDRO/DRO Policy stating that revisions were made to this policy and corresponding forms to reflect the Dual Plan Changes as well as the 457.

It was **moved** by Monroe and **seconded** by Lynch to approve the revised EDRO/DRO Policy as presented.

Approved

E. DISCUSSION ITEMS

E-1 2018 Spring MAPERS Conference – May 19-22, Soaring Eagle Resort

Ms. Orcutt informed the Board of the upcoming MAPERS Conference. The Retirement Office has received the tribal tax exemption and will need to send along with registrations. Ms. Orcutt requested that any Board Members interested in attending should notify the Retirement Office.

It was **moved** by Monroe and **seconded** by Schreier to approve any interested Staff or Board Member to attend the Spring MAPERS Conference.

Approved

E-2 Discussion on Retreat Topics – Findley Davies Call

Matt Klein, Amy Kennedy and Kevin Sullivan from Findley Davies discussed Board Retreat topics with the Board. Mr. VanOverbeke stated that the Board Retreat is strategic and requested that Findley Davies present their thoughts on how they vision the upcoming year to go rather than focusing all on the transition.

F. REPORTS

SUMMIT PARTNERS

Summit Partners issued a distribution from the Credit Fund II on 2/9/18 in the amount of **\$769,431** to the Retirement System consisting of \$ 15,004 of interest, \$17,620 in gains and \$736,807 in recallable principal. The distribution to the VEBA in the amount of **\$192,358** consisted of \$3,751 of interest, \$4,405 in gains and \$184,202 in recallable principal.

Summit Partners Credit Fund II, L.P. requested a capital call of 4.5% of our commitment to the Funds in the amount of **\$410,237** for the Retirement Plan and **\$102,559** for the VEBA on 3/9/18 for the purpose of funding current commitments. With these installments, **CAAERS** will have funded 100% of our total commitments of \$9,200,000 for the Retirement Plan and \$2,300,000 for the VEBA.

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund VIII on 2/12/18 in the net amount of **\$143,081** for the Retirement System consisting of \$177,949 in Interest and Dividends and fees of \$34,868. The VEBA distribution of **\$42,083** consisted of \$52,338 in Interest and Dividends and fees of \$10,255.

DRA issued a distribution from the Growth and Income Fund IX on 2/15/18 in the net amount of **\$69,888** for the Retirement System consisting of \$87,635 in Interest and Dividends and fees of \$17,747. The VEBA distribution of **\$20,555** consisted of \$25,775 in Interest and Dividends and fees of \$5,220.

DRA issued a distribution from the Growth and Income Fund IX on 2/28/18 in the net amount of **\$87,028** for the Retirement System consisting of \$79,129 in recallable principle and \$8,899 in Interest and Dividends. The VEBA distribution of **\$25,596** consisted of \$ 22,979 in recallable principle and Interest and Dividends of \$2,617.

FEE REBATES – HEDGE FUNDS

Meketa has recently negotiated fee savings via a rebate with 36 South and a share class change with Tse Capital. The change in share class with Tse lowers the management fee from 1.5% to 1.0% resulting in an annual savings of approximately \$30,000. 36 South is offering a rebate of .75% of the management fee resulting in an annual savings of approximately \$56,000. This rebate amount will be calculated quarterly and reinvested in the fund.

STAFF OPERATIONS/UPDATE

The Pension Analyst conducted 4 pre-sessions and completed 16 estimates.

ED met with the HR Department regarding 2 recently ratified contracts for AFSCME and PSS. New hires into the PSS are now under the Hybrid Plan with the 1.25% multiplier. Both have increased the military buy back percentage of annual compensation from 5% to 6%.

ED attended the MAPERS One-Day Seminar in Troy on March 2, 2018.

F-2 **City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended February 28, 2018**

Corbin Hammond, Accountant, submitted the Financial Report for the month ended February 28, 2018 to the Board of Trustees:

2/28/2018 Asset Value (Preliminary)	\$514,890,363
1/31/2018 Asset Value (Audited by Northern)	\$527,657,705
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$3,102,412
Percent Gain <Loss>	0.6%
March 14, 2018 Asset Value	\$515,323,154

F-3 Investment Policy Committee Minutes – None.

F-4 Administrative Policy Committee Minutes – February 20, 2018

Following are the Administrative Policy Committee minutes from the meeting convened at 3:04 p.m. on February 20, 2018:

Committee Members Present: Lynch, Monroe, Schreier
Members Absent: None
Other Trustees Present: None
Staff Present: Gustafson, Hollabaugh, Orcutt
Others Present: None

REVISED EDRO/DRO POLICY

Ms. Orcutt presented the EDRO-DRO Policy to the Committee, which was revised to reflect the Dual Plan changes. The Committee reviewed and briefly discussed the Policy. Mr. Schreier questioned if there was a provision regarding what happens if a DRO is rejected and/or there is no response, and what the release date would be if this were to happen. The Committee further discussed and it was decided Ms. Orcutt would contact ICMA and legal counsel on this topic and make additions to the policy if necessary.

DRAFT INTEREST CREDIT POLICY

Ms. Orcutt presented the drafted Interest Credit Policy. The Committee reviewed the policy and agreed to take to the Board for approval.

It was **moved** by Schreier and **seconded** by Lynch to present the drafted Interest Credit Policy to the Board of Trustees for approval.

Approved

DISCUSSION ON POLICY REVISION FOR NON-VESTED EMPLOYEE CONTRIBUTIONS

Ms. Orcutt enlightened the Committee of a situation in which a Non-Vested employee was notified of their options regarding their contributions and that the funds would be forced out in 6 months if no action was taken. Subsequent to the funds being disbursed, the Retirement Office was notified that the former employee wished to have the funds rolled over to another financial institution. Ms. Orcutt informed the Committee that this policy regarding the force out may be outdated and is being reviewed by legal counsel. The Policy will be updated in conjunction with the Check Reissuance Policy in the near future.

ADMINISTRATIVE UPDATE

File Checklists

Ms. Hollabaugh informed the Committee of the new file checklists that were implemented. These checklists were created to assist with file organization at the Retirement Office.

ADJOURNMENT

It was **moved** by Schreier and **seconded** by Lynch to adjourn the meeting at 3:37 p.m.
Meeting adjourned at 3:37 p.m.

APC Project Tracking Table		
Description	Originated	Status
Check Reissuance Policy	January 2018	Pending
Discussion on Benefit Multiplier Associated with Employee Group Change	November 2017	Pending
Revision to Death Policy	September 2017	Pending
Attendance Policy	2014	Pending
Fiduciary Audit Recommendations & Considerations (Ennis Knupp report) - Continue to discuss priorities and next steps on implementation	October 2009	Placed back on pending list on 8-9-2016
Revised Governance Policy - sections regarding Committees (from 2012 Retreat, pending meeting w/legal counsel)	2012 Retreat	Pending

F-5 Administrative Policy Committee Minutes – March 13, 2018

Following are the Administrative Policy Committee minutes from the meeting convened at 3:00 p.m. on March 13, 2018:

Committee Members Present: Lynch, Monroe
 Members Absent: Schreier
 Other Trustees Present: None
 Staff Present: Gustafson, Hollabaugh, Orcutt
 Others Present: None

REVISED EDRO/DRO POLICY

Ms. Orcutt presented the revised EDRO/DRO Policy to the Committee. The policy was reviewed and will be presented to the Board for approval at the March Board Meeting.

DISCUSSION OF CHECK REISSUANCE POLICY

It was decided to table this item until the draft policy has been received from legal counsel.

ICMA UPDATE – VERBAL

Ms. Orcutt informed the Committee that she is working with Jason Ashline from ICMA to prepare an informational piece detailing the Pre-Retirement Catch Up and Age-50 Catch Up options for Employees.

Ms. Orcutt also informed the Committee that legal invoices associated with the 401/457 have been received and would be utilizing the administrative allowance to pay for these services. These funds are currently held at the City. Ms. Orcutt informed the committee that she will be discussing accessing the funds with Karen Lancaster.

Ms. Orcutt stated that ICMA has a new model plan document effective in late April. The new document includes optional features such as auto enrollment which our plan does not incorporate. The plan document is being reviewed by legal counsel and will be presented to the Board once completed.

2018 ANNUAL RETIREE NEWSLETTER

The Committee reviewed the drafted 2018 retiree newsletter. It was decided to add clarification regarding ICMA stating that members seeking specific investment advice would need to further discuss with a financial advisor. The revised draft will be presented at the March Board Meeting.

ADJOURNMENT

It was **moved** by Lynch and **seconded** by Monroe to adjourn the meeting at 3:56 p.m.
Meeting adjourned at 3:56 p.m.

APC Project Tracking Table		
<i>Description</i>	<i>Originated</i>	<i>Status</i>
Check Reissuance Policy	February 2018	Pending
Discussion on Benefit Multiplier Associated with Employee Group Change	November 2017	Pending
Revision to Death Policy	September 2017	Pending
Attendance Policy	2014	Pending
Fiduciary Audit Recommendations & Considerations (Ennis Knupp report) - Continue to discuss priorities and next steps on implementation	October 2009	Placed back on pending list on 8-9-2016
Revised Governance Policy - sections regarding Committees (from 2012 Retreat, pending meeting w/legal counsel)	2012 Retreat	Pending

F-6 Audit Committee Minutes – None

F-7 Legal Report

Mr. VanOverbeke stated that Treasury has sent out the notifications for underfunded retirement systems and/or health care plans as well as published a list. The City of Ann Arbor Employees' Retirement System is not on the list.

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.

	PAYEE	AMOUNT	DESCRIPTION
1	Staples	150.24	Miscellaneous Office Supplies
2	Culligan Water Service	26.49	Service from 2-1-18-2/28/18
3	Culligan Water Service	23.74	Service from 1/1/18-1/31/18
4	Meketa Investment Group	10,000.00	Investment Management Fee January 2018
5	Midwest Maintenance Services	175.00	General Cleaning Service – January 2018
6	Hexavest	23,042.81	Management Fees 10/1/17-12/31/17
7	MAPERS	60.00	Wendy Orcutt 1 Day Seminar Registration
8	Conduent	12,684.30	2 Qtr Installment for 6.30.17 actuarial valuation and GASB 67/68, December hosting fee & plan change update
9	Conduent	7576.87	First Quarterly Installment for 6.30.17 actuarial valuation & monthly hosting fee for October
10	Conduent	1625.24	Monthly hosting fee for January
11	Conduent	3099.12	Pelzel EDRO Calc. & November hosting fee
12	Meketa Investment Group	10,000.00	Investment Management Fee February 2018

13	AT&T	610.92	Monthly Phone Service 2/13/18-3/12/18
14	DTE Energy – Electric	197.11	Electric Service 1/13/18-2/13/18
15	DTE Energy – Gas	157.05	Gas Service 1/13/18-2/13/18
16	US Postal Service	287.65	Pre Stamped Envelopes Box of 500
17	Hasselbring Clark	69.73	Monthly copier costs 11/1/17-11/30/17
18	Staples Advantage	55.33	Miscellaneous Office Supplies
TOTAL		69,841.6	

G-4 Retirement Report

Retirement paperwork has been submitted by the following employee(s):

Name	Retirement Type	Effective Retirement Date	Group	Years of Service	Department/Service Area
Larry Sanford	Age & Service	April 29, 2018	General	39 years, 8 months	Public Services
Julie Steiner	Deferred Age & Service	January 1, 2018	General	9 years	Human Resources
James Baird	Age & Service	March 24, 2018	Police	25 years, 2 months	Safety Services
John Kryda	Deferred Age & Service	March 5, 2018	General	14 years, 8 months	Public Services

G-5 Analysis of Page Views on City Intranet / Retirement System Page

I. **TRUSTEE COMMENTS / SUGGESTIONS – None**

J. **ADJOURNMENT**

It was **moved** by Schreier and **seconded** by DiGiovanni to adjourn the meeting at 9:08 a.m.
Meeting adjourned at 9:08 a.m.



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