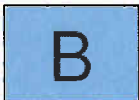


**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
March 19, 2015**



The meeting was called to order by Jeremy Flack, Chairperson, at 8:50 a.m.

ROLL CALL

Members Present: Crawford, Flack, Hastie (8:58 am), Heusel, Monroe, Nerdrum
Members Absent: Clark, Powers
Staff Present: Kluczynski, Walker
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS – None

A. APPROVAL OF AGENDA

It was **moved** by Crawford and **seconded** by Heusel to approve the agenda as presented.
Approved

B. APPROVAL OF MINUTES – February 19, 2015

It was **moved** by Heusel and **seconded** by Monroe to approve the February 19, 2015 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
Bonnie Theil	Police	4 years, 11 months	City of Ypsilanti
Conuetta Wright	General	11 years, 3 months	City of Detroit

Steven Shields	General	26 years, 5 months	Village of Deerfield
Jennifer Hall	General	3 years, 10 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.

C-2 Purchase of Military Service Time

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, Section 1:561(e) of the Retirement Ordinance, Chapter 18 of the Code of the City of Ann Arbor allows for prior Military Service Credit, and

WHEREAS, the Board is in receipt of an Application for Purchase of Military Service Time, 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 purchase of Military Service Time:

Name	Employee Group	Requested Military Service Time	Requested Method of Payment	Cost for Purchase of Military Service Time
Bonnie Theil	Police	5 Months	Lump Sum Payment	\$ 1,608.23

FURTHER RESOLVED, that the applicant(s) purchasing Military Service Time be notified of the amount of money necessary to buy the Military Service Time, and upon full payment, the member(s) shall be credited the service time.

C-3 Authorization for Conference/Training – 2015 Spring MAPERS Conference, May 17-19, 2015 – Clark, Monroe, Walker

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, Terry Clark, David Monroe, and Nancy Walker have requested the Board of Trustees' authorization for travel to Mt. Pleasant, Michigan, at Retirement System expense, estimated at \$2,555.00 (collectively), to attend the 2015 Spring MAPERS Conference, to participate in continuing education in their responsibilities as Board Trustees and Retirement Staff and in keeping with Board policy, therefore it be

RESOLVED, the Board of Trustees authorizes the travel request of Terry Clark, David Monroe, and Nancy Walker to travel to Mt. Pleasant, Michigan, at Retirement System expense, estimated at \$2,555.00 (collectively), to attend the 2015 Spring MAPERS Conference, to participate in continuing education in their responsibilities as Board Trustees and Retirement Staff, and

FURTHER RESOLVED, that Terry Clark, David Monroe, and Nancy Walker 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 Heusel and **seconded** by Crawford to approve the Consent Agenda as submitted.

Approved

D. ACTION ITEMS

D-1 2015 "Letter to Members" Newsletter

Ms. Walker reviewed the annual newsletter to employees, retirees, and beneficiaries. With no suggested changes or corrections, a motion was made to approve and distribute the newsletter as presented.

It was **moved** by Crawford and **seconded** by Heusel to approve the annual newsletter as submitted.

Approved

E. DISCUSSION ITEMS

E-1 Grievance Matters Referred to Legal Counsel

Ms. Walker advised the Board of recent grievance issues that she has referred to legal counsel for opinions. Mr. VanOverbeke stated that he will review the matters and provide legal opinions at the April Board meeting.

F. REPORTS

F-1 Executive Report – March 19, 2015

INVESCO CAPITAL TRANSACTIONS

INVESCO Mortgage Recovery Loans AIV, L.P. made a **distribution** on Friday, February 27, 2015, totaling \$9,831,361 comprised of \$2,864,163 of return of capital and \$6,967,198 of realized gains. CAAERS's allocable share of distribution: **\$130,879**.

MANAGER CHANGES

IR&M paperwork has been completed, signed, and sent to the manager to facilitate the transition to a commingled fund (saving 2 basis points of fees). Target date for the change is 3-31-2015.

BOARD RETREAT

Minutes are available from the Board Retreat. One key item discussed at the Retreat is a Buck demonstration of new amortization/funding approaches and the associated cost with closing the amortization period and/or establishing layers of amortization schedules for the unfunded liability. Buck has this analysis underway.

TRAINING

Pension Employee Self Service training was completed Tuesday February 24th at 10-11.30. While the class was booked as full, there was one early departure and one not attending.

A manager at Wheeler Center requested through HR that we consider a training session for a large group there at 7 am. ED has contacted the manager to begin the process of setting up and scheduling such training. This session may be addressing a large group with a screen demo as opposed to hands-on individual training due to the size of the group and the facility.

ADMINISTRATIVE TASKS UPDATES

We show 10 individuals who terminated non-vested and have not made an election regarding their contributions within the required period. We are reminding these former employees of the necessity to either direct the System to maintain their contributions in the Trust in conjunction with their pursuit of another Michigan government entity position covered by the Reciprocal Act or to elect a rollover distribution. If no directions are received within 30 days from the receipt of the letter we will begin the process of involuntary cash-outs per the System policy.

Staff is working with Buck on cleaning up old data from terminated and retired individuals in the contribution history. This has entailed a review of more than 700 lines of records to review and assure proper categorization of employee refunds and transfers.

Retirements FY to date total 25. This is a little ahead of the expected actuarial assumption of 18-20 per year or about 73 over the last five years as established in the last Experience Study.

F-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended February 28, 2015

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended February 28, 2015 to the Board of Trustees:

2/28/2015 Asset Value (Preliminary)	\$479,670,640
1/31/2015 Asset Value (Audited by Northern)	\$467,192,716
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$12,122,623
Percent Gain <Loss>	2.6%
March 18, 2015 Asset Value	\$ 476,932,190

F-3 Investment Policy Committee Minutes – None

F-4 Administrative Policy Committee Minutes – March 10, 2015

Following are the Administrative Policy Committee minutes from the meeting convened at 3:10 p.m. on March 10, 2015:

Committee Members Present: Crawford, Monroe
Members Absent: Heusel
Other Trustees Present: None
Staff Present: Kluczynski, Walker
Others Present: None

REVISED DRAFT – ETHICS POLICY

The Committee further reviewed the drafted Ethics Policy, specifically, language regarding gifts and gratuities, meals, conferences. The Committee ultimately decided that the language could be condensed, and decided to continue the review at the April APC meeting. Mr. Monroe requested that a copy of the current Conduct Policy be emailed to the Committee for comparison purposes and added to the April APC packet.

TWO GRIEVANCE AND ARBITRATION ISSUES

Ms. Walker reviewed two current matters involving employee contribution issues resulting from grievance and arbitration settlements. The Committee agreed that Ms. Walker should advise legal counsel of the matters for his review and recommendation.

ADJOURNMENT

It was **moved** by Crawford and **seconded** by Monroe to adjourn the meeting at 4:58 p.m.
Meeting adjourned at 4:58 p.m.

F-5 Audit Committee Minutes – None

F-6 Legal Report – None

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	DTE Energy	175.01	Monthly Gas Fee dated February 12, 2015
2	DTE Energy	174.23	Monthly Electric Fee dated February 12, 2015
3	Buck Consultants	1,583.33	Monthly hosting fees – January 2015
4	Robertson Morrison Inc.	447.50	Zone damper repair/Nancy's office – Jan. 2015
5	Hasselbring-Clark Co.	63.99	Monthly copier cost per copy – January 2015
6	Meketa Investment Group	9,166.66	Investment Consultant Retainer – January 2015
7	Comcast	94.74	Monthly Cable Fee (January)

8	Med Source Services/Consulting Physicians	1,125.00	Medical exam & report – E. Patten 2/2/2015
9	Culligan of Ann Arbor/Detroit	21.00	Water cooler set up/deposit – January 2015
10	Culligan of Ann Arbor/Detroit	7.00	Water service – February 2015
11	DLA Piper LLP	2,495.70	Securities Litigation defense svcs/Lyondell – Invoice #3104972 & 3095592
12	Meketa Investment Group	9,166.66	Investment Consultant Retainer - February 2015
13	Comcast	94.74	Monthly Cable Fee (February)
14	AT&T	311.94	Monthly telephone service
15	First Impression Printing	64.00	Business cards – D. Gustafson
16	Culligan of Ann Arbor/Detroit	7.00	Water service – March 2015
17	Zingerman's Catering	369.70	Board Retreat – 2/27/2015
TOTAL		25,368.20	

G-4 Retirement Report

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

Name	Type of Retirement	Effective Date	Group	Years of Service	Service Area
Mark Allen	Age & Service	April 23, 2015	General	29 years, 6 months	Field Operations Services Public Services
Donald Pieske	Early Age & Service	April 4, 2015	General	21 years	Field Operations Services Public Services
Andrew Pomo	Age & Service	May 2, 2015	General	8 years, 5 months (which includes 7 years and 7 months reciprocal credit)	Community Standards Safety Services
Ralph Welton	Age & Service	May 7, 2015	General	5 years, 2 months	Planning & Dev. Community Services

G-5 Board Retreat Notes

G-6 Notice from Loomis, Sayles & Company

H. TRUSTEE COMMENTS

Mr. Monroe commented on the One-Day MAPERS Conference that he and Mr. Flack attended on March 13th, and briefly discussed one of the topics regarding disability claim aspects.

Mr. Flack advised the Board that the Fire Contract has been finalized.

I. ADJOURNMENT

It was **moved** by Heusel and **seconded** by Hastie to adjourn the meeting at 10:24 a.m.

Meeting adjourned at 10:24 a.m.



Nancy R. Walker, Executive Director
City of Ann Arbor Employees' Retirement System