

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
May 19, 2022**

B

The meeting was called to order by Board Secretary, Dave Monroe, at 8:43 a.m.

ROLL CALL

Members Present: DiGiovanni, Flack(*via tx*), Grimes, Lynch, Monroe, Schreier
Members Absent: Hastie, Nerdrum, Praschan
Staff Present: Buffone(*via tx*), Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
William Callaway, AIG

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 April 22, 2022 Regular Board Meeting

It was **moved** by Schreier and **seconded** by Lynch to approve the April 22, 2022 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 EDRO Certification: Sandra L. Hootman v. Bradley K. Hootman

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated April 14, 2022, wherein Sandra L. Hootman, the Alternate Payee, is awarded certain rights to the benefits of Bradley K. Hootman, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's benefits payable the Retirement System which is subject to either the Participant or the Alternate Payee making an application for the same, and

WHEREAS, the parties' EDRO provides that the Participant shall designate the Alternate Payee as the surviving spouse for all purposes under the Plan for that portion of the Participant's retirement allowance that is subject to the EDRO, and

WHEREAS, the payments from the plan to the Alternate Payee shall begin when the Participant commences benefits from the Retirement System, unless the Alternate Payee elects to commence her share of the Participant's benefit at any time after the Participant reaches his earliest retirement date, and

WHEREAS, the Board's policy is to require that the costs for the actuary's calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the parties agree to share any such costs, and that the Alternate Payee's share of said costs shall be in proportion to the amount awarded to her under the parties' EDRO, and

WHEREAS, said matter having been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order and will administer benefits consistent with said order upon application of either the Participant or the Alternate Payee, and further

RESOLVED, that the EDRO provision noted above regarding surviving spouse benefits only applies to the Retirement System's pre-retirement death benefit in the event of the Participant's death prior to the Alternate Payee's commence of benefits under the EDRO, and further

RESOLVED, that a copy of this Resolution be immediately attached as the top sheet of the Participant's pension file and other appropriate records be retained by the Retirement System relative to this matter, and further

RESOLVED, that copies of this resolution be sent to Bradley K. Hootman, the Participant; Sandra L. Hootman, the Alternate Payee; and the Board's Actuary.

It was **moved** by Schreier and **seconded** by Lynch to approve the consent agenda as presented.

Approved

D. ACTION ITEMS

D-1 Annual Disability Re-Examinations

Per the Board's Policies and Procedures, disability retirees who have not met voluntary retirement age may be recalled for a medical re-examination at least once each year during the first five years after their approved disability retirement, then at least once in every three-year period thereafter.

Per the policy amendment approved on July 21, 2011, the Re-Exam policy states:

*The Retirement Board shall review the files of all disability retirees twice a year to determine which retirees must undergo a medical re-examination by the Board's Medical Director. **The files shall be reviewed each May for disability retirements that commenced or had a re-examination in the prior year January through June time frame, and each November for disability retirements that commenced or had a re-examination in the prior year July through December timeframe.***

The following person would qualify for a medical re-examination per the Board's policy:

| DISABILITY RETIREE | DATE BOARD GRANTED DISABILITY | DATE OF LAST RE-EXAMINATION | EXECUTIVE DIRECTOR'S RECOMMENDATION FOR RE-EXAMINATION |
|---------------------------|--------------------------------------|------------------------------------|---|
| Jason Gold | February 17, 2017 | 6/10/2021 | Yes |
| Pablo Ramirez | July 15, 2021 | 7/13/2021 | Yes |

| | | | |
|-------------------|----------------|-----------|-----|
| Michael Whitehead | March 18, 2020 | 7/13/2021 | Yes |
|-------------------|----------------|-----------|-----|

It was **moved** by Lynch and **seconded** by Schreier to direct the disability re-examination of Jason Gold, Pablo Ramirez and Michael Whitehead consistent with the Board's Disability Retirement Procedures.

Approved

D-2 FY 2022 Budget Reallocation

Ms. Buffone presented the FY 2022 Budget reallocation to the Board. The Board reviewed and approved.

It was **moved** by Schreier and **seconded** by DiGiovanni to approve the FY 2022 Budget Reallocation as submitted.

Approved

D-3 401 Expenses to be paid from Forfeitures for FYE 6/30/2022

The Board reviewed the FYE 2022 expenses to be paid from forfeitures and agreed to approve.

It was **moved** by DiGiovanni and **seconded** by Grimes to approve the FYE 2022 Forfeiture expenses as submitted.

Approved

D-4 457 Expenses to be paid from Admin Allowance for FYE 6/30/2022

The Board reviewed the FYE 2022 expenses to be paid from admin allowance and agreed to approve.

It was **moved** by DiGiovanni and **seconded** by Grimes to approve the FYE 2022 administrative allowance expenses as submitted.

Approved

E. DISCUSSION ITEMS

E-1 IPC Meeting Summary Example from Meketa

The Board reviewed the summary provided by Meketa regarding the IPC meetings and agreed that this would be helpful to add to the IPC minutes.

E-2 RFP Finalists

Ms. Orcutt informed the Board that APC has agreed on four finalists for the RFP. Interviews will be held at the June Board meeting.

F. REPORTS

F-1 Executive Report – May 19, 2022

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund X on 4/22/22 in the amount of **\$56,100** for the Retirement System and **\$37,400** for the VEBA consisting of a gain on sale and return of capital(recallable).

DRA issued a distribution from the Growth and Income Fund IX on 4/26/22 in the amount of **\$100,317** for the Retirement System and **\$29,505** for the VEBA for return of capital (not recallable).

DRA issued a distribution from the Growth and Income Fund IX on 5/9/22 in the amount of **\$73,121** for the Retirement System and **\$22,388** for the VEBA for return of capital (not recallable).

DRA issued a distribution from the Growth and Income Fund IX on 5/13/22 in the amount of **\$125,397** for the Retirement System and **\$36,881** for the VEBA consisting of dividends from operations netted against management fees.

DRA issued a distribution from the Growth and Income Fund X on 4/29/22 in the amount of **\$ 122,179** for the Retirement System and **\$ 81,452** for the VEBA consisting of a gain on sale and return of capital(recallable).

DRA issued a distribution from the Growth and Income Fund VIII on 5/3/22 in the amount of **\$109,047** for the Retirement System and **\$32,072** for the VEBA consisting of gain on sales, cash from operations and return of capital(unrecallable) netted against management fees.

DRA issued a distribution from the Growth and Income Fund X on 5/13/22 in the amount of **\$ 76,660** for the Retirement System and **\$51,107** for the VEBA consisting of cash from operations and return of capital(recallable) netted against management fees.

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund V in the amount of **\$360,000** for the Retirement Plan and **\$90,000** for VEBA on 5/25/22 to fund investments and pay management fees. With these installments, **CAAERS** will have funded 59.9 % of our total commitments of \$8,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

DC PLANS RECORDKEEPER SEARCH CONSULTANT/INVESTMENT ADVISORY SERVICES RFP UPDATE

Four firms were selected to interview at the June 29th Board meeting.

PENSION ADMINISTRATION SOFTWARE CONVERSION

ED was notified on May 10 that Rick Hunsinger, the Director of Client Technology will be leaving Buck on May 13. ED has a call scheduled with Valerie Long on Monday May 16 to discuss the transition of duties and ensure that our conversion deadlines will be met.

Staff continues to meet weekly with Milliman. Please see the attached Implementation Timeline for an update on the conversion.

AUDITING SERVICES RFP ISSUED BY CITY

The interviews for the 3 finalists will be held the week of May 16th.

STAFF OPERATIONS/UPDATE

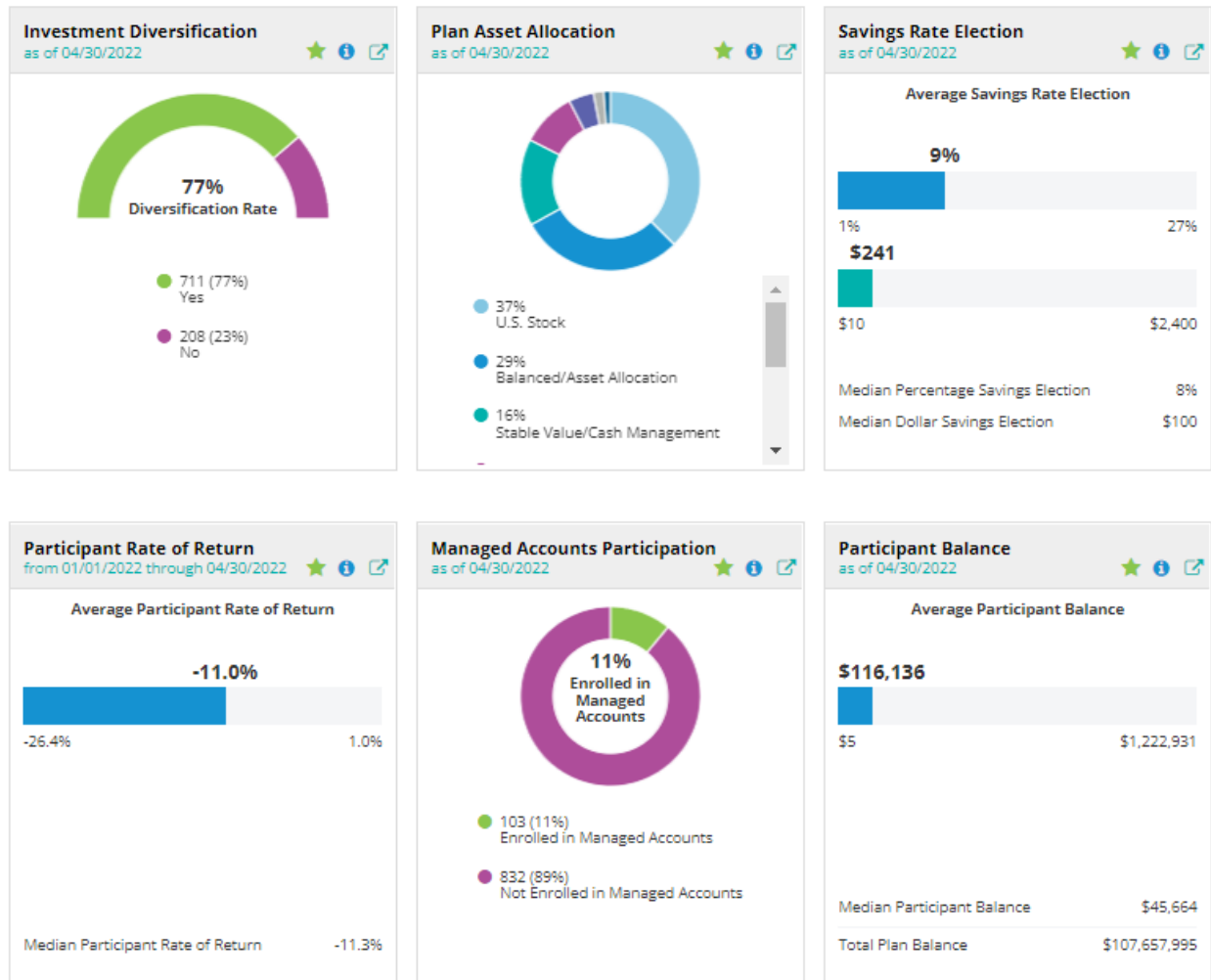
The Pension Analyst processed 36 estimates, 1 deferred calculation, 1 payout, 12 final calculations, 1 deceased calcs and 4 pre sessions.

Dan also spent a significant amount of time working on questions from Milliman regarding the participant data.

Dan Gustafson and Wendy Orcutt will be attending the spring MAPERS Conference May 22-24.

F-2 Executive Report – MissionSquare (ICMA) Update

457 Balance at 5/11/22 - \$ 104,392,000 – Statistics as of 4/30/22



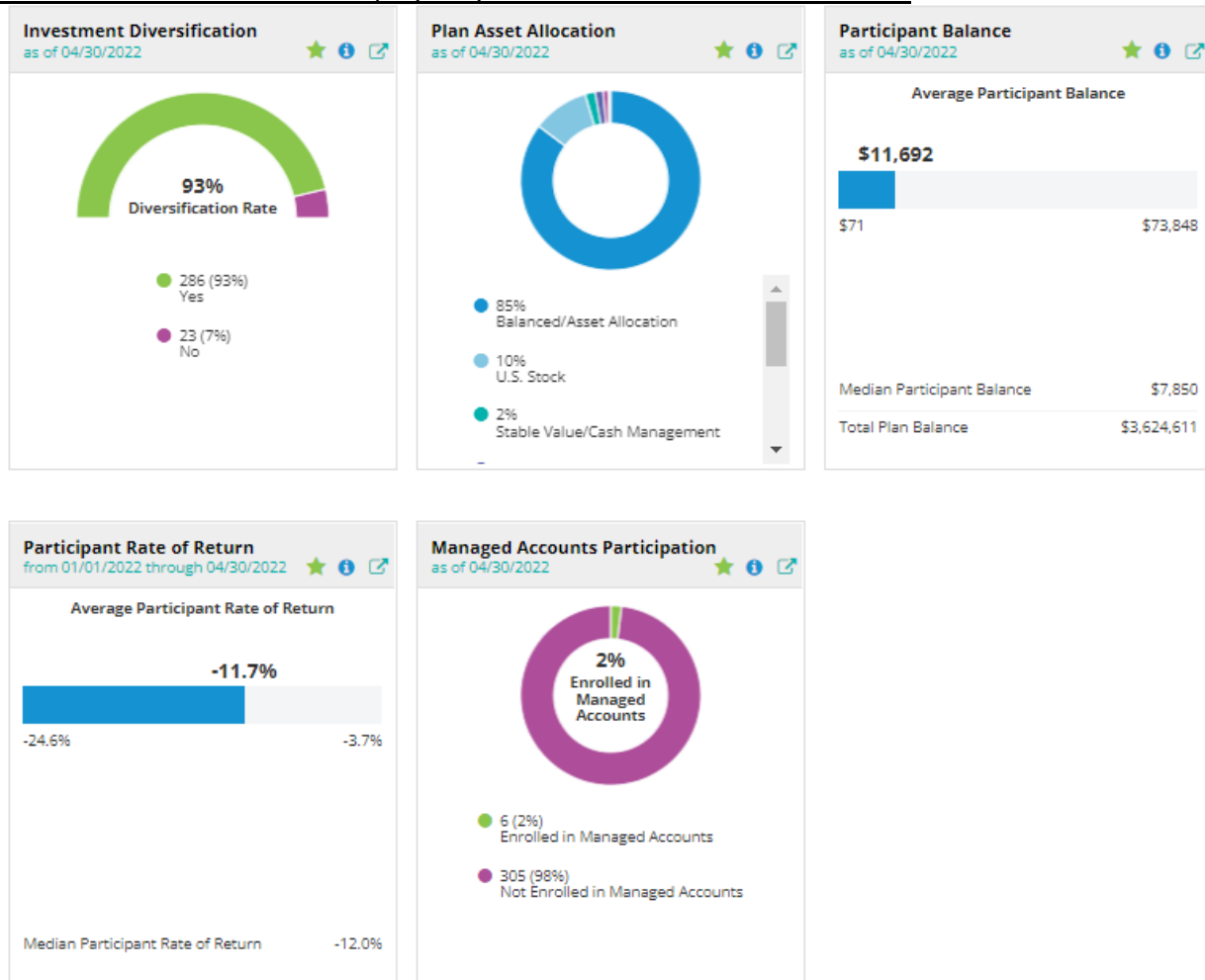
Current Items/Education:

Dan Stewart conducted 26 consultations during April 26-28 and 6 employees attended the webinars.

The annual Administrative Allowance and Forfeiture requests for staff time and benefits

are on the May agenda for approval. Going forward this process will be done on a quarterly basis.

401 Balance at 5/11/22 – \$ 3,549,000 - Statistics as of 4/30/22



401 Forfeiture Balance @ 3/31/2022 = \$45,593

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended April 30, 2022

Maria Buffone, Accountant, submitted the Financial Report for the month ended April 30, 2022 to the Board of Trustees:

| | |
|--|----------------------|
| 4/30/2022 Asset Value (Preliminary) | \$598,900,701 |
| 3/31/2022 Asset Value (Audited by Northern) | \$625,983,604 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | (\$47,515,438) |
| Percent Gain <Loss> | -3.8% |
| May 18, 2022 Asset Value | \$587,492,440 |

F-4 Investment Policy Committee Minutes – None

F-5 Administrative Policy Committee Minutes – May 10, 2022

Following are the Administrative Policy Committee minutes from the meeting convened at 3:07 p.m. on May 10, 2022: 6

Committee Members Present: Lynch, Monroe, Praschan, Schreier (*Via TX*)
Members Absent: None
Other Trustees Present: Grimes (*Via TX*)
Staff Present: Buffone, Hollabaugh, Orcutt
Others Present: None

RFP UPDATE

Discussion of Responses: The Committee reviewed the remaining RFP responses and discussed the pros and cons of each firm.

References: The Committee reviewed all the submitted references.

Selection of Finalists: After a lengthy discussion, the Committee decided to interview four finalists and will make a recommendation to the Board on the 19th.

It was **moved** by Lynch and **seconded** by Praschan to recommend to the Board to interview the following four firms: AndCo, Innovest, Rehman and RPA.

Approved

401 EXPENSES TO BE PAID FROM FORFEITURES FOR FYE 6/30/2022

Ms. Orcutt presented the staff time and related fringe benefit expenditures of \$10,711.32 to be paid from forfeitures for the fiscal year ending 6/30/2022. The forfeiture balance as of 3/31/2022 is \$45,594 and there are minimal legal fees to be paid as well.

It was **moved** by Praschan and **seconded** by Lynch to recommend to the Board that the 401 staff time expenditures and legal fees be paid from the forfeitures for fiscal year ending 6/30/2022.

Approved

457 EXPENSES TO BE PAID FROM ADMIN ALLOWANCE ACCOUNT FOR FYE 6/30/2022

Ms. Orcutt presented the staff time expenditures and related fringe benefits of \$11,817.76 to be paid from the administrative allowance for fiscal year ending 6/30/2022. The administrative allowance balance as of 3/31/2022 is \$17,000 and there are minimal legal fees to be paid as well.

It was **moved** by Praschan and **seconded** by Lynch to recommend to the Board that the 457 staff time expenditures and legal fees be paid from the administrative allowance for fiscal year ending 6/30/2022.

Approved

PRAIN ACCOUNT LETTER

Ms. Orcutt informed the Committee of a recent retiree account issue. Staff was notified of a retiree death resulting in pension benefit overpayment. Payments have been stopped and the estate has been notified of the amount owed to the Retirement System. Currently there has been zero payments made despite repeated calls to collect the amount. The Committee suggested to draft a second letter notifying the estate of the balance due.

Staff will prepare a letter to the estate, send certified mail, and update the Committee next month.

ADJOURNMENT

It was **moved** by Lynch and **seconded** by Praschan to adjourn the meeting at 4:26 p.m.
Meeting adjourned at 4:26 p.m.

F-6 Audit Committee Minutes – None

F-7 Legal Report – None

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 June 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 | \$148.38 | 3/12/2022-4/11/2022 Electric Service |
| 2 | DTE | \$91.62 | 3/12/2022-4/11/2022 Gas Service |
| 3 | GRS | \$7,095.00 | Pension Valuation Fee Q2 2022 |
| 4 | GRS | \$2,550.00 | GASB 67/68 Valuation Fee Q2 2022 |
| 5 | GRS | \$1,500.00 | EDRO for Lalonde |
| 6 | IRM | \$3,614.57 | Investment Manager Fee Q1 2022 |
| 7 | Rhumblin | \$16,359.00 | Investment Manager Fee Q1 2022 |
| 8 | American Express | \$1,621.84 | Kroger office supplies, MAPERS registration, Office clean, Stamps & Weber's Retreat |
| 9 | Applied Imaging | \$43.72 | Printing Services 4/2022 |
| 10 | Meketa | \$10,000.00 | Investment Consulting Fee 4/2022 |
| 11 | Milliman | \$2,250.00 | Pension Admin System (MARC) implementation fee 4/2022 |
| 12 | VanOverbeke, Michaud & Timmony | \$10,960.00 | Legal fees 10/1/2021-12/31/2021 |
| Total | | \$56,234.13 | |

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 |
|------|-----------------|---------------------------|-------|-------|------------------|-------------------------|
| | | | | | | |

| | | | | | | |
|-----------------------|------------------------|---------------|---------|-----------|----------------------|--------------------|
| Earl Kenzie | Age & Service | June 25, 2022 | General | NON UNION | 29 Years, 5 Months | Public Services |
| Michael Dortch | Age & Service | June 3, 2022 | Police | COAM | 24 Years, 3.5 Months | Safety Services |
| Daniel Rainey | Deferred Age & Service | April 1, 2022 | General | NON UNION | 7 Years, 9.5 Months | City Administrator |
| Wendy Welser | Deferred Age & Service | April 1, 2022 | General | NON UNION | 8 Years, 10.5 Months | Public Services |

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

Mr. Schreier questioned the status of 457 participants reactions considering the current market conditions wanting to know if more participants were withdrawing or moving their money. Ms. Orcutt will follow up with MissionSquare.

Mr. DiGiovanni questioned the Boards fiduciary responsibility when it comes to fossil fuel mandates. Mr. VanOverbeke gave a brief explanation to the Board regarding the Boards fiduciary responsibility.

I. ADJOURNMENT

It was **moved** by DiGiovanni and **seconded** by Grimes to adjourn the meeting at 9:15 a.m.
Meeting adjourned at 9:15 a.m.

Wendy Orcutt

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