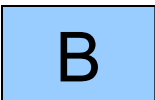


**457City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
May 16, 2024**



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

ROLL CALL

Members Present: DiGiovanni, Flack, Foster (8:40 a.m.), Grimes (Via TX), Lynch, Monroe, Praschan, Schreier

Members Absent: Nerdrum

Staff Present: Buffone, Gustafson, Lieder, Orcutt

Others: Michael VanOverbeke-Legal Counsel, Troy Jensen-Innovest (Via TX 8:45), Paul Nacario-Innovest (Via TX 8:45), Kyli Soto(Via TX 8:45), Lendall Goff (Via TX 8:45)

AUDIENCE COMMENTS

Ms. Orcutt introduced our new Office Manager Michael Lieder that will begin on May 28, 2024 to the Board.

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 April 18, 2024 Regular Board Meeting

It was **moved** by Flack and **seconded** by Schreier to approve the April 18, 2024 Regular Board Meeting minutes.
Approved

C. CONSENT AGENDA-None

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
Ralonda Robinson	January 17, 2013	7/19/2021	Yes

It was **moved** by Flack and **seconded** by Lynch to direct the disability re-examination of Ralonda Robinson consistent with the Board's Disability Retirement Procedures.

Approved

D-2 401 Executive Plan Expenses to be paid from Forfeitures for Quarter End 3/31/24 –

Ms. Orcutt presented the 401 Executive plan staff time expense of \$367.24 to be paid from plan forfeitures.

It was **moved** by Flack and **seconded** by DiGiovanni to submit expenses to be paid by VOYA.

Approved

D-3 401 Plan Expenses to be paid from Forfeitures for Quarter End 3/31/24 –

Ms. Orcutt presented the 401(a) Dual Plan staff time expense of \$8,987.91 to be paid from plan forfeitures.

It was **moved** by Flack and **seconded** by DiGiovanni to submit expenses to be paid by VOYA.

Approved

D-4 457 Plan Expenses to be paid from Administrative Allowance for Quarter End 3/31/24 –

Ms. Orcutt presented the 457 plan staff time expense of \$7,065.18 to be paid from 457 plan administrative allowance.

It was **moved** by Flack and **seconded** by DiGiovanni to submit expenses to be paid by VOYA.

Approved

D-5 Fee Communication to Participants –

The Board discussed the need for 457 administrative fees to cover expenses. The fees were evaluated and it was determined that a fee of \$19 for recordkeeping and \$61 for a total of \$80 administrative expenses will be assessed annually and ¼ will be collected by Voya on a quarterly basis.

It was **moved** by Flack and **seconded** by Foster to implement the fee assessment on an annual basis and fee collection on a quarterly basis.

Approved

The Board also reviewed a memo to participants to communicate the need for an administrative fee. The memo will be amended to reflect the effective date once this is determined by Staff and Voya.

It was **moved** by Flack and **seconded** by Schreier to approve the memo as amended to participants.

Approved

D-6 Memo to City – Force Out Limit –

The Board discussed the current force out limit of less than \$1,000 for termed participants. The Secure 2.0 act has raised the force out limit from \$5,000 to \$7,000 and Innovest has recommended we raise the limit to \$7,000 for a variety of reasons. The City is the plan sponsor and will need to approve and implement this plan change. This change will need to be approved by the City Administrator (Milton Dohoney) only and not the City Council. The memo will be amended to read that Voya will update its system to accommodate this change in July 2024.

It was **moved** by Flack and **seconded** by Lynch to send the memo as amended to the City Administrator (Milton Dohoney).

E. DISCUSSION ITEMS -

E-1 Innovest – Q1 2024 Performance Report –

Mr. Jenson and Ms. Soto presented the Innovest Q1 2024 performance report, noting that studies show as a plan offer more investment fund choices there is a corresponding decrease in participation. The System's current investment fund choices are currently a good balance. In comparison to similar plans our plan is paying about ½ the fees of the benchmark. Mr. Jenson gave an overview of the current investment market trends and the System's current investment manager score card, which is good overall.

E-2 Innovest – DC IPS Draft 2024 –

Ms. Soto presented a draft of the DC Investment Policy Statement (IPS) to the Board. After a brief overview and discussion, the Board determined to review it in detail at the June IPC or APC meeting.

E-3 Voya – Q1 2024 Performance Report –

Mr. Goff gave a summary review of the 401 and 457 plans and participation over the quarter ended 3/31/2024. The Board discussed ways to increase participation in the voluntary 457 plan and educational opportunities as well as the possibility of auto enrollment.

F. REPORTS

F-1 Executive Report – May 16, 2024

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund VI in the amount of **\$348,000** for the Retirement Plan and **\$116,000** for VEBA on 5/7/24 to fund investments and pay management fees. With these installments, **CAAERS** will have funded 21.7% of our total commitments of \$6,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

ANGELO GORDON CAPITAL CALLS AND DISTRIBUTION

Angelo Gordon Direct Lending Fund IV Annex, L.P. issued a distribution in the amount of **\$ 330,498** for the Retirement System and **\$ 137,707** for VEBA consisting of income and return of capital on 4/30/24.

CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of **\$ 137,932** for the Retirement System and **\$ 49,977** for VEBA on 4/19/24.

Ironsides Partnership Fund III, L.P. issued a distribution in the amount of **\$ 440,163** for the Retirement System on 5/10/24.

TORCHLIGHT CAPITAL CALL

Torchlight Investors requested a capital call for Debt Fund VII in the amount of **\$900,000** for the Retirement Plan and **\$400,000** for VEBA on 5/9/24 to fund investments.

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 5/9/24 in the amount of **\$ 134,835** for the Retirement System and **\$39,657** for the VEBA consisting of a gain and return of capital.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 31 estimates, 5 final calculations, 4 deceased calcs, 3 non-vested, 1 payout, and 5 conducted pre-sessions.

F-2 Executive Report – Voya Update

Voya Update – May 16, 2024

457 PLAN - Balance at 5/9/24 - \$ 110,240,000

Admin Allowance \$ 7,963

Average \$ Deferral	<u>\$235</u>
Average % Deferral	<u>9%</u>
Investment Diversification	<u>75%</u>

401A PLAN – Balance at 5/9/24 - \$ 7,375,000

Forfeiture Balance \$ 103,357/ \$ 58,161 of which is available for ERS expenses

401A Executive PLAN – Balance at 5/9/24 - \$ 589,581

Forfeiture Balance \$ 15,645

Current Items/Education:

Mike Landolt held onsite meetings on April 24th and 25th and met with 20 employees and retirees. During the month Mike also had 5 zoom meeting and 14 phone calls with employees/retirees.

The Wellness Program is now allowing 1 credit per year for employees that meet with Mike.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended April 30, 2024

Maria Buffone, Accountant, submitted the Financial Report for the month ended April 30, 2024 to the Board of Trustees:

3/31/2024 Asset Value (Preliminary)	\$618,523,213
2/29/2024 Asset Value (Audited by Northern)	\$632,873,038
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$17,645,827
Percent Gain <Loss>	2.9%
May 15, 2024 Asset Value	\$626,733,552

F-4 Investment Policy Committee Minutes – None

F-5 Administrative Policy Committee Minutes – May 14, 2024

Following are the Administrative Policy Committee minutes from the meeting convened at 3:06 p.m. on May 14, 2024:

Committee Members Present:	Grimes, Lynch, Monroe, Praschan, Schreier
Members Absent:	None
Other Trustees Present:	None
Staff Present:	Gustafson, Orcutt
Others Present:	Paul Nacario - Innovest (Via TX), Troy Jensen - Innovest (Via TX), Lendall Goff - Voya (Via TX)

DRAFT OF FEE COMMUNICATION TO PARTICIPANTS

Ms. Orcutt, Mr. Jensen, and Mr. Nacario presented a draft of the participant communication regarding the 457 administrative fees. The weighted average is used to make sure that the actual cost is represented by how many dollars are in each fund. The impact should show that the fees go down overall but are more transparent. Mr. Schreier pointed out a discrepancy that needs to be corrected and also asked that instead of “Summary of Fees” it read “Summary of Savings”. In this section it was also decided to list the annual fee but note that it will be assessed quarterly. Ms. Orcutt noted that this fee should be assessed to everyone with a balance over \$1,000 since a decision on raising the force out amount is dependent on the City. Pending Board approval, the expected implementation of fees would take approximately 3 weeks and will be targeted for June30/July 1st.

It was **moved** by Schreier and **seconded** by Grimes to submit the communication piece as amended to the Board for approval.

Approved

VOYA – DRAFT MEMO TO CITY – FORCE OUT LIMIT

Ms. Orcutt shared the draft memo to the City for raising the Force Out Limit to \$7,000. The City is the plan sponsor, therefore, needs to approve the force out limit. Participants can choose a cash payout or direct to a rollover account. Mr. Schreier asked to add language to clarify that a participant’s lack of direction will result in funds being transferred to an IRA. If approved, a plan amendment will be needed and a form to set up the IRA account.

It was **moved** by Grimes and **seconded** by Schreier to submit the recommendation as amended to the Board for approval.

Approved

VOYA UPDATES – EMAIL ADDRESS “FROM” / BENEFICIARY FLYER / PLAN AMENDMENT STATUS

Ms. Orcutt informed the Committee about future Voya emails to employees utilizing the sender address to read “From” – “Voya on behalf of the City of Ann Arbor” to clarify that the communication is from Voya not the City.

Ms. Orcutt shared the beneficiary designation flyer that will be sent out to participants for the Committee to review. The Committee had a discussion to clarify the consequences of an account with an unassigned beneficiary at the time of death and a requested audit of accounts with missing beneficiaries.

Ms. Orcutt stated that the Voya Plan amendment revising the plan year to January 1 to December 31 has been completed.

401 EXECUTIVE PLAN EXPENSES TO BE PAID FROM FORFEITURES FOR QUARTER END 3/31/24

Ms. Orcutt presented the staff time and related fringe benefit expenditures of \$367.24 to be paid from forfeitures for the fiscal year ending 3/31/2024.

It was **moved** by Schreier and **seconded** by Grimes to submit the recommendation to the Board for approval.

Approved

401 PLAN EXPENSES TO BE PAID FROM FORFEITURES FOR QUARTER END 3/31/24

Ms. Orcutt presented the staff time and related fringe benefit expenditures of \$8,987.91 to be paid from forfeitures for the fiscal year ending 3/31/2024.

It was **moved** by Schreier and **seconded** by Grimes to submit the recommendation to the Board for approval.

Approved

457 PLAN EXPENSES TO BE PAID FROM ADMIN ALLOWANCE FOR QUARTER END 3/31/24

Ms. Orcutt presented the staff time and related fringe benefit expenditures of \$7,056.18 to be paid from Administrative Allowance for the fiscal year ending 3/31/2024.

It was moved by Schreier and seconded by Grimes to submit the recommendation to the Board for approval.

Approved

UPDATE ON POSITION VACANCY – JOB POSTING / CROSS TRAINING

Ms. Orcutt informed the Committee that Michael Lieder will start with the System on May 28. Ms. Buffone continues to fill in as needed. The Committee briefly discussed a stipend to compensate for additional work performed by System staff during the interim period. Staff is prepared for training the new team member and Ms. Orcutt spoke with Ms. Hollabaugh about any capacity for training around the first week of June.

ADJOURNMENT

It was **moved** by Grimes and **seconded** by Lynch to adjourn the meeting at 3:49 p.m.
Meeting adjourned at 3:49 p.m.

F-6 Audit Committee Minutes – None

F-7 Legal Report - None

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 May Planning Calendar

G-3 Record of Paid Invoices

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	American Express	\$710.05	Amazon-2 computer stands, Kroger, SJ Cleaning, Culligan
2	Allstar Alarm	\$159.00	Fire Alarm Monitoring 5/1/2024-7/31/2024
3	Applied Innovation	\$59.37	Printing Services 3/2024
4	City of Ann Arbor Treasurer	\$691.20	K.Spade Time 1/2024-3/2024
5	Dollarbill	\$3,443.90	Ann Arbor Retiree Newsletter Mailing
6	Staples	\$189.09	Misc office supplies
7	Loomis-Sayles	\$43,259.64	Investment Manager Fee 1/1/2024-3/31/2024
8	Afternoon Delight	\$232.50	4/18/2024 Board Retreat - Breakfast
9	Afternoon Delight	\$309.00	4/18/2024 Board Retreat - Lunch
10	DTE-Eletric	\$189.23	Electric 3/13/2024 to 4/11/2024
11	DTE-Gas	\$74.88	Gas 3/13/2024 to 4/11/2024
12	GRS	\$2,825.00	GASB 67/28 Valuation Q2 2024
13	GRS	\$7,875.00	Pension Valuation Q2 2024
14	Rhumblin HEDI	\$19,413.00	Investment Manager Fee 1/1/2024-3/31/2024
15	West Arbor Condo Association	\$367.00	Condo Association Dues -Replacement of 1/28/2024 check
16	West Arbor Condo Association	\$367.00	Condo Association Dues - 4/29/2024 payment
17	Milliman	\$3,533.25	MARC Licensure & MFA
18	Applied Innovation	\$30.52	Printing Services 4/2024
20	American Express	\$1,608.55	Amazon- 1 computer stand, Yourmembership-Job Posting, Kroger, MAPERS, S&J Cleaning, Culligan
	Total	\$85,337.18	

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	Dept./Service Area
James Tiernan	Age & Service	6/27/2024	FIRE	FIRE	25 Years, 1.5 Months	Safety Services
Treca Zdybek	Age & Service	7/14/2024	Police	AAPOA	25 Years, 6 Months	Safety Services
Gerald Hancock	Age & Service	7/10/2024	General	NON UNION	34 Years, 1.5 Months	Public Services

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

I. ADJOURNMENT

It was **moved** by Schreier and **seconded** by Foster to adjourn the meeting at 10:30 a.m.
Meeting adjourned at 10:30 a.m.

Wendy Orcutt

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