

CITY OF ANN ARBOR
EMPLOYEES' RETIREMENT SYSTEM
&
RETIREE HEALTH CARE BENEFIT PLAN & TRUST
(VEBA)

GOVERNANCE POLICIES

As adopted by the Board of Trustees on

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INTRODUCTION

BACKGROUND

1. The City of Ann Arbor Employees' Retirement System (CAAERS) is established under the Ann Arbor City Charter 17 Section 17.1 and is governed by the provisions of Chapter 18 of Title 1 of the Code of the City of Ann Arbor. The System's purpose is to provide retirement allowances for city employees and their beneficiaries.
2. The Retiree Health Care Benefit Plan & Trust (VEBA) is established under Chapter 21 of Title 1 of the Code of the City of Ann Arbor. The purpose of the VEBA is to provide health insurance benefits or such other benefits approved by the City or approved by collective bargaining agreements for the welfare of the Retirees of the City who are eligible to receive a retirement benefit from the City of Ann Arbor Employees' Retirement System and the Spouses and eligible Dependents of such Retirees. Health care benefits under the VEBA are provided for pursuant to the City of Ann Arbor Health Care Plan.
3. The CAAERS and the VEBA will hereafter be referred to as the System.
4. The Board of Trustees of the CAAERS and VEBA (the "Board") has the responsibility for the management, general administration and proper operation of the Systems.
5. The Trustees of the Board are fiduciaries, and as such are required to discharge their duties with respect to the System solely in the interest of and for the exclusive purpose of providing benefits to plan members and beneficiaries. Trustees are required to discharge their duties with the care, skill, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with those matters, would use in the conduct of an activity of like character and purpose.

PURPOSES

These Governance Policies and Charters are intended to:

1. Establish the manner in which the Board and its Committees will conduct themselves so as to allow the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with applicable laws.
2. Facilitate effective communication among the Trustees, staff, System participants, and external parties.
3. Establish guidelines by which service providers will be selected and retained.
4. Establish Board expectations concerning routine reports it is to receive from various sources.
5. Help ensure that all policies adopted by and actions taken by the Board of Trustees are consistent with applicable law and the fiduciary duties of the Board and staff.

6. Establish the responsibilities of the Executive Director and the process by which the Executive Director will be evaluated.
7. Ensure that all Trustees are provided with adequate opportunity and assistance to acquire the knowledge they need to carry out their duties.
8. Provide a process whereby the Trustees may conduct self-analysis to ensure continuous improvement of the Board's effectiveness.
9. Further the objective that the Board's primary role will be on setting direction and policy and on monitoring its implementation, and the Executive Director shall be accountable for the operational performance of the System.
10. Ensure that the Trustees and staff engage in a regular planning process to meet the needs of the System.

These Governance Policies shall be subject to review and revision by the Board as may be deemed necessary or appropriate.

BOARD OPERATIONS POLICY

Establish the manner in which the Board and its Committees will conduct themselves so as to allow the Board to carry out its responsibilities as effectively and efficiently as possible, and in accordance with applicable laws.

A. Board Officers

1. The Board will annually elect from its membership a Chair, Vice Chair and Secretary.
2. The above officers will be elected at the first regular meeting in February of each year, and will serve for a term of one year.
3. The Chair will preside at all meetings of the Board. In the absence of the Chair, the Vice Chair will assume the duties of the Chair. If neither the Board Chair, Vice Chair nor Secretary is present at the Board meeting, the remaining Board members may appoint a Chair from among themselves for the meeting.
4. In the event that a vacancy should occur in the position of Chair, Vice Chair, or Secretary for any reason, the Board will elect a successor for the balance of the unexpired term at its next regular meeting.

B. Signature Authorization

The Authorized Signature Form shall be updated annually or as needed in the event of Staff or Trustee turnover at the request of the Executive Director. Wire transfers and cash movement may be completed by the Executive Director and Staff. Legal Documents may only be signed by the Executive Director, the Board Chairperson, Board Vice-Chairperson and Secretary.

C. Committees

1. The Standing Committees of the Board will be as follows:
 - (a) Investment Policy Committee (IPC)
 - (b) Administrative Policy Committee (APC)
 - (c) Audit Committee (AC)
2. The members and Chairs of each Standing Committee shall be authorized annually by Board resolution/motion upon the recommendation of the Chair, at the first regular meeting following the election of officers. Each Standing Committee will be comprised of not less than three Board members. Each Standing Committee will be delegated such authority and responsibility to act on the Board's behalf as set forth in the respective Committee Charter as adopted by the Board and set forth in this Governance Policy. The Standing Committees shall have no further authority other than that as specifically provided in its respective Committee Charter. All actions taken by Committees must be approved by the Board at a Board meeting.
3. The Board may approve the establishment of ad hoc Committees in consultation with the Executive Director, provided that the responsibilities of the ad hoc Committees do not overlap with those of any standing Committee. The Chair will recommend to the Board for its approval the members and Chair of each ad hoc Committee.
4. The Executive Director will prepare for Board approval a charter for each ad hoc Committee that provides a description of the Committee's mandate and a provision for disbanding the Committee once it has fulfilled its mandate.
5. The Executive Director will ensure Board Committees receive adequate support from staff in order to fulfill their Charter responsibilities.
6. In the event that a Committee Chair is unable to complete his or her term, an interim Chair will be authorized to complete the term.

D. Board Meetings

1. Board meetings will be held monthly and according to a schedule annually adopted by the Board and published in accordance with the Open Meetings Act. Timely notice of all Board meetings shall be provided to the public, in accordance with the Open Meeting Act.
2. The Board Chair in consultation with the Executive Director, may cancel or reschedule a meeting if it is apparent that there will not be a quorum or if it is deemed that there is insufficient business to warrant a meeting. Attempts will be made to provide all Board members and the public notice of cancellation of any meeting.
3. Special Board meetings may be called by the Chair or by any five Trustees by providing reasonable advance notice to each Trustee and to the public in accordance with the Open Meeting Act. A call for a special meeting must state the business to be considered, and the time, date and place of the meeting.

E. Committee Meetings

1. Each Standing Committee will annually establish a projected schedule of meetings for the year. The times and locations of such meetings will be determined by the Committee, and timely notice is to be provided to the public in accordance with the Open Meeting Act.
2. A Committee Chair, in consultation with the Executive Director, may cancel or reschedule a meeting if it is apparent that there will not be a quorum or if it is deemed that there is insufficient business to warrant a meeting. Attempts will be made to provide all Committee members and the public notice of cancellation of any meeting.
3. If the Committee Chair is not present at a Committee meeting, the remaining Committee members may appoint a Chair from among themselves for the meeting.
4. Ad hoc Committee meetings shall be scheduled, as needed, by the Chair of the Committee in question. Timely notice of the meetings shall be given to the ad hoc Committee members.

F. Agendas and Meeting Materials

1. The Executive Director, in cooperation with the Chair and Committee Chairs, will prepare and distribute a written agenda for all regular meetings of the Board and standing Committees. There shall be an open session agenda publicly available.
2. The agenda and related materials for Board and standing Committee meetings will generally be distributed to Trustees at least three (3) calendar days in advance of the meeting. Members of the public wishing to obtain copies of the agenda materials may do so to the extent and in the manner the materials are available under Michigan's Freedom of Information Act.
3. Items may be placed on the Board agenda, prior to the meeting, by any of the following means:
 - (a) By the Chair;
 - (b) By the Executive Director;
 - (c) By standing or ad hoc Committee recommendation; and
 - (d) By initiation of any Trustee, through the Chair/Executive Director, and at the discretion of the Chair.

G. Quorum and Voting

1. Board Meetings. With respect to Board meetings, five Trustees serving on the Board is a quorum for:
 - (a) The transaction of any business;
 - (b) The exercise of any power; or
 - (c) The performance of any duty authorized or imposed by law.

Each Trustee is entitled to one vote. Trustees may not vote by proxy. At least five concurring votes are required for a decision of the Board.

2. Committee Meetings. With respect to Committee meetings, a majority of Committee members then serving on the Committee represents a quorum. Each Committee member is entitled to one vote on the Committees on which he/she serves, but may not vote by proxy.

H. Attendance

1. All Trustees are encouraged to attend all monthly Board and Committee meetings in person.
2. When Trustees are unable to attend a meeting of the Board or a Committee, they will notify the Executive Director as soon as possible to help ensure that a quorum will be achieved.
3. If personal attendance is impractical, an individual Trustee may attend public Board or Committee meetings via telecommunications device. Participation in a meeting of the Board by Trustees through the use of a conference telephone or other similar device shall be used only under special circumstances. Use of a conference telephone or any similar communications equipment shall be in a manner through which all persons participating in the meeting, including members of the public who may be attending the meeting, can hear each other, Active participation in a meeting constitutes presence at the meeting whereby a physically absent Trustee may vote on any matter which may come before the Board. It is the responsibility of a Trustee or other individual wishing to participate via a telecommunications device (i.e. telephone, interactive television, internet, etc.) to make appropriate arrangements for the successful use of that device at the meeting. The minutes of the meeting shall reflect a Trustee's participation by telecommunication device where appropriate.
4. Trustees may attend meetings of Committees of the Board as observers, but only Committee members may vote on matters before the Committee.

I. Rules of Order

Meetings of the Board and all of its Committees shall be governed by a modified form of Robert's Rules of Order (**see Appendix #1**).

J. Executive Session

1. The Board and Committees may conduct business in Executive Session, which will be closed to the public in accordance with The Michigan Open Meetings Act.
 - (a) Except as otherwise provided under the Open Meetings Act, a two-thirds majority of the Board or Committee members must vote in the affirmative to enter into Executive Session.
 - (b) Before the Board or Committee meets in an Executive Session, the Chair (or presiding officer) will:
 - (i) Conduct a roll call vote on the closing of the session: and
 - (ii) Make a public statement for the reason for closing the meeting and a listing of the topics to be discussed.

K. Public Comment

The Board will provide the public an opportunity to address the Board or standing Committee at each meeting on any item under its jurisdiction. Members of the public wishing to address the Board(s) shall arrange to do so through the office of the Executive Director no later than prior to the beginning of the meeting. The duration of any address by a member of the public will be limited at the discretion of the Chair. The duration of the public comment session for any one meeting shall not exceed 20 minutes. The Board shall not be required to respond to any public comment.

L. Meeting Minutes

1. Staff will prepare the minutes of all Board meetings, recording therein the time and place of each meeting, the names of members present, each item considered, and the actions of the Board giving the ayes, nays and abstentions upon all votes, except where the action is unanimous, and sufficient other details concerning any actions taken. When requested, a member's statement and/or vote on board actions will be recorded. The Executive Director, generally, will present the minutes for approval at the next regular Board meeting.
2. Minutes of Committee meetings will be similarly prepared by staff and submitted to the Board for approval.
3. The minutes as approved by the Board and signed by the Executive Director will be preserved as a part of the permanent record of the Board and will be open to public inspection.

Retirement System Records
Records Retention Policy and Disposal Schedule
Social Security Number Privacy Protection Policy

To properly balance public access to retirement system public records in accordance with the FOIA with the need to efficiently and cost effectively manage the records of the Retirement System and respect those records and that information which is of a confidential or protected nature.

A. Record Retention and Disposal Schedule

This Record Retention Policy and Disposal Schedule shall be administered in accordance with the Michigan Freedom of Information Act [MCL § 15.231 *et seq.*] and other applicable laws. This Policy is applicable to public records which are defined as a writing prepared, owned, used, in the possession of, or retained by, the System in the performance of an official function from the time it is created. The term "writing" shall include handwriting, typewriting, printing, photostating, photographing, photocopying, and every other means of recording including, but not limited to: letters, words, pictures, sounds, symbols, papers, maps, magnetic or paper tapes, photographic films or prints, microfilm, microfiche, magnetic or punched cards, discs, drums, or other means of recording or retaining meaningful content. Pursuant to Public Act 563 of 2014, the FOIA

was amended with an effective date of July 1, 2015. In accordance with the amendments to the FOIA under Public Act 563 of 2014, the **System's FOIA Policy and Procedures has been prepared and is provided in Appendix 7.**

As custodian of the records, the Board recognizes its duty to ensure that System records are retained in a secure manner which allows for relative ease of retrieval/accessibility, as well as protects the confidentiality of System member and beneficiary information.

In administering this Policy, the Board and its representatives recognize that certain System records (i.e., closed session minutes, disability retirement applications, disability retirement and medical records, legal opinions, and employee/retiree/beneficiary personal information) are to be kept in a locked/secure location.

MINIMUM RETENTION PERIOD	RECORD SERIES
Permanent	Plan documentation (i.e., Charter, Ordinance, collective bargaining agreements, etc.); Board meeting minutes; Board meeting agendas; Board Resolutions; System/Board policies; Annual audits; Annual actuarial valuations; Annual Custodial Bank statements; Legal opinions; Correspondence establishing policy.
Fiscal Year + 7 Years	General Ledger; Payment Records; Invoices; Investment Performance Reports and Analysis prepared by the System's Investment Consultant and/or Investment Managers; Summary Annual Reports; Trustee Conference/Seminar registration materials; Trustee Expense reports.
Termination/Expiration/Death + 6 Years	Service Provider contracts; Bids, quotes and proposals awarded; Employee/Retiree pension files; All other Contracts, Leases and Agreements;
3 Years	General correspondence; Bids, quotes and proposals not awarded;
1 Year + 1 Day	Closed Session meeting minutes; Board meeting notices; Freedom of Information Act Requests and Responses;
Upon approval of written minutes	Audio recording(s) of Board meetings;

B. Social Security Number Privacy Protection Policy

The Michigan legislature has adopted the Social Security Number Privacy Act, Public Act 454 of 2004, effective March 1, 2005, to protect against the disclosure of an individual's social security number. The Board has determined that it is in the best interest of the System to restate its policy with respect to the System's use of social security numbers, as well as System records generally.

All records of the System shall be retained to protect the privacy interests of the members, retirees and beneficiaries of the System, and shall be maintained in accordance with the Board's Record Retention Policy, and the Social Security Number Privacy Act, Public Act 454 of 2004, and further

All documents which contain social security numbers and other personal information shall be maintained as confidential by the System and shall not be publicly disclosed without a signed authorization to disclose by the affected individual, or an order compelling disclosure issued from a court of competent jurisdiction.

The social security numbers reflected on any document or record submitted to the System shall be redacted prior to duplication, display or distribution. Any documents containing personal and private information shall be maintained, transmitted and disposed of by the System in a secured manner [*and in accordance with the Board's Record Retention Policy*], and further

Only individuals authorized by the Board of Trustees of the System shall have access to personal information and such individuals shall be required to maintain the confidentiality of such information.

Only the following individuals shall be authorized to review personal information: members of the Board, the Executive Director, Retirement Staff, the System's Actuary, Auditor, Attorney and Custodian.

Any willful violation of this Policy may result in such person or persons being subject to civil or criminal penalties as provided in the Social Security Number Privacy Act, together with applicable federal and state law.

BOARD COMMUNICATIONS POLICY

Facilitate effective communication between the Trustees, Staff, System participants, and external parties.

A. Communication Among Trustees

1. The Board will carry out its activities in the spirit of open governance and in accordance with the Michigan Open Meetings Act and other relevant law.
2. Trustees will communicate in an open, straight forward, timely and constructive manner during meetings of the Boards and Committees.

B. Trustee Communication with System Participants

1. Trustees will be aware of the risk of communicating inaccurate information to plan members, and the potential exposure to liability and possible harm to a member that may result from such miscommunications. Trustees will mitigate this risk by refraining from providing specific advice, counsel or education with respect to the rights or benefits a member may be entitled to under Chapter 18 of Title 1 of the Code of the City of Ann Arbor, Collective Bargaining Agreements and/or City Personnel Rules and Regulations.
2. In the event a plan member requests that a Trustee provide specific information with respect to Systems' policy on benefits, the Trustee will assist the plan member by referring the plan member to the Executive Director or his or her designee or by having the Executive Director or his or her designee contact the member. The Trustee shall be informed of the outcome.

C. Trustee Communication with the System Management

1. Trustees will direct questions regarding any aspect of the Systems' operations to the Executive Director.
2. Staff will only receive direction from the Executive Director.
3. Requests for information that require a significant expenditure of staff time or the use of external resources should be consistent with the policy role of the Board, be directed to the Executive Director and formally requested at a Board or Committee meeting.
4. In the spirit of open communication, individual Trustees will share any information pertinent to the System with the Executive Director in a timely manner. The Executive Director will similarly share with the Board any pertinent information in a timely manner.
5. The Executive Director will ensure that information that has been requested by the Board or by individual Trustees is made available to all Trustees as appropriate.

D. Trustee Communication with External Parties

1. The Executive Director or the Chair will serve as the spokesperson for the System, unless the Board designates the Chair or another member of the Board to serve as spokesperson on a specified issue. The following guidelines will apply with respect to the spokesperson:
 - a) If time permits, the spokesperson will address sensitive, high profile issues with as many members of the Board as possible, prior to engaging in external communications. At a minimum, the Chair, Vice Chair and Legal Counsel should be contacted.
 - b) To the extent possible, in situations where Board policy concerning an issue has not been established, the Board will meet to discuss the issue prior to the spokesperson's engaging in external communications.

2. When asked to be interviewed or otherwise approached by the media for substantive information concerning the affairs of the System, Trustees will generally refer the matter to the Executive Director or spokesperson or Legal Counsel if the matter relates to pending litigation, and in no event will make comments and/or commitments on behalf of the Board or the System.
3. In their external communications, Trustees will:
 - a) Speak on behalf of the Board only when explicitly authorized to do so by the Board;
 - b) Respectfully indicate when they are representing a personal position, opinion, or analysis, whether the same or different from a Board-approved position, and clearly indicate that their position, opinion, or analysis does not represent the official position of the Board or is in opposition to the position of the Board; and
 - c) Indicate if they are speaking in a capacity other than that of a member of the Board.
4. Trustees may indicate publicly that they disagree with a policy or decision of the Board, but will do so respectfully and will abide by the policy or decision to the extent this is consistent with their fiduciary duties.
5. Communications by Trustees, when acting in their capacity as Trustees, should be consistent with their fiduciary duty to represent the interests of all System participants.
6. Written press releases concerning the business of the System will be the responsibility of the Executive Director and will clearly and accurately reflect the provisions of the policies of the Board. The Executive Director will submit to the Chair and the Vice Chair for approval all press releases of a sensitive or high profile nature, or pertaining to Board's policy. Such press releases will be shared with the Board prior to their release.
7. To ensure the accuracy of materials prepared by Trustees for publication or general distribution, which are related to the affairs of the System, and to ensure that the System is not inadvertently placed at risk, Trustees agree to provide such material to the Executive Director, or his or her designee, for review prior to distribution or publication.

ETHICS AND CODE OF CONDUCT POLICY
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I. OVERVIEW AND PURPOSE

The Board of Trustees (the "Board" or "Board of Trustees") of the City of Ann Arbor Employees' Retirement System (the "System") is established pursuant to the Retirement System Ordinance, as amended, and its members serve as trustees of the Plan. Board Members are fiduciaries to the Plan and must prudently administer the Plan in accordance with Plan provisions and all applicable laws and regulations.

In order to maintain the respect, trust and confidence of its members and retirees, all Board members and Plan representatives must use the powers and resources of their

office in the interests of Plan members, retirees and beneficiaries, and not to obtain personal benefits or pursue private advantage incompatible with these interests. Board members and Plan representatives shall conduct themselves in a manner that justifies the confidence placed in them by Plan members and retirees, at all times maintaining their integrity and discharging their responsibilities ethically in the course of their association with the Plan.

Accordingly, Board members and Plan representatives are expected to comply with all applicable laws in the performance of their duties including, without limitation, the Constitution, laws and ordinances of the United States, the State of Michigan, and the City of Ann Arbor. This Ethics Policy is intended (to the extent possible) to reduce the likelihood of any vague or ambiguous principle or standard of conduct expected of Plan representatives and to instill and maintain a high level of confidence in the relationship between the Plan and those persons doing business with the Plan as well as maintain the confidence of government officials and the general public in the Plan and the Board.

II. DEFINITIONS

For purposes of this policy, the following words shall have the meanings respectively ascribed to them by this section:

“Agent” means a person performing duties on behalf of the Plan other than an employee or Board member.

“Act 314” means Michigan Public Act 314 of 1965, as amended (M.C.L. § 38.1132 *et seq.*).

“Anything of value” includes anything of monetary value, including but not limited to, money, loans, gifts, food or beverages, social event tickets and expenses, travel expenses, golf outings, consulting fees, compensation, or employment.

“Board” or “Board of Trustees” shall mean the Board of Trustees of the Plan.

“Board member” means any member of the Board of Trustees.

“Conflict of Interest” includes the prohibited transactions and interests described in Section III and V below, the gifts prohibited under Section VI below, and any other personal or private transaction, interest, or relationship that, under the circumstances, creates an appearance of impropriety that could reasonably be expected to diminish public confidence in the independent and impartial administration of the Plan in the best interests of Plan members and beneficiaries.

“Fiduciary” means (a) a Board member; or (b) such other person, including but not limited to Plan representatives, service providers, and agents, who are fiduciaries because they have been identified as such by contract, or because of the nature of the relationship with the Plan.

“Gift” means any rendering of value for which legal consideration of equal value is not given and received. The term “gift” also includes the rendering of a personal benefit or favor that results in an economic benefit or financial gain by a Board member, representative, or a related party that is not expressly permitted under applicable laws and administrative rules.

“Party in interest” means, as it relates to the Plan, any of the following:

1. An investment fiduciary, counsel, or employee of the Plan;
2. A person providing services to the Plan;
3. The City or any of its political subdivisions;
4. An organization, any of whose members are covered by the Plan;
5. A spouse, domestic partner, ancestor, lineal descendant, or spouse of a lineal descendant of an individual described in subdivision (1) or (2); or
6. An entity controlled by an individual or organization described in subdivisions (1) through (5).

“Plan Representative” means Staff member.

“Policy” means this Ethics Policy.

“Related Party” means a person who is:

1. The spouse, domestic partner or child of a Board member;
2. A brother, sister or child or other descendant of a Board member or the spouse or domestic partner of any of them;
3. A parent of a Board member, or of a spouse or domestic partner of a Board member;
4. An entity in which a person referred to in any of paragraphs (1) through (3) has a substantial investment; or
5. A corporation or other business entity that is directly or indirectly controlled by a Board member;

“Service Provider” includes, but is not limited to, any person, corporation, or other party that is doing or seeking to do business with, regulated by, or has interests before the Board or the Plan, including anyone who is known or should be known to be an agent or acting on behalf of such a party, including any partnership of which the Plan is a partner, any person or entity that has a contract related to investment of the System’s funds, and any other person marketing or otherwise attempting to secure business involving the System’s funds.

III. STATUTORY GUIDELINES

A. STATUTORY GUIDELINES. In accordance with Section 13 of Act 314, the Board of Trustees shall have the authority and fiduciary responsibility for the administration of the Plan and the investment of its assets subject to all of the following:

1. Board members shall discharge their duties solely in the interest of Plan participants and their beneficiaries;
2. Board members shall 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;

3. Board members shall act with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered;
4. Board members shall make investments for the exclusive purposes of providing benefits to Plan participants and beneficiaries, and of defraying reasonable expenses of investing the assets of the Plan;
5. Board members shall give appropriate consideration to those facts and circumstances that the Board member knows or should know are relevant to the particular investment or investment course of action involved, including the role the investment or investment course of action plays in the Plan's investments; and act accordingly. "Appropriate consideration" includes, but is not limited to, a determination by the Board that a particular investment or investment course of action is reasonably designed, as part of the investments of the Plan, to further the purposes of the Plan, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment or investment course of action; and consideration of the following factors as they relate to the investment course of action:
 1. The diversification of the investments of the Plan;
 2. The liquidity and current return of the investments of the Plan relative to the anticipated cash flow requirements; and
 3. The projected return of the investments of the Plan relative to the funding objectives.
6. Board members shall give appropriate consideration to investments that would enhance the general welfare of the State of Michigan and its citizens if those investments offer the safety and rate of return comparable to other investments permitted under Act 314 and available to the Board at the time the investment decision is made;
7. Board members may use a portion of the income of the Plan to defray the costs of investing, managing, and protecting the assets of the Plan; may retain investment consulting and all other services necessary for the conduct of the affairs of the Plan; and may pay reasonable compensation for those services.

B. PROHIBITED TRANSACTIONS. In accordance with Section 13, subsections (8) and (9) of Act 314, the Board and Plan representatives shall not cause the Plan to engage in a transaction if he or she knows or should know that the transaction is any of the following, either directly or indirectly:

1. A sale or exchange or a leasing of any property from the Plan to a party in interest for less than the fair market value, or from a party in interest to the Plan for more than the fair market value.

2. A lending of money or other extension or credit from the Plan to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to the Plan with the provision of excessive security or at an unreasonably high rate of interest.
3. A transfer to, or use by or for the benefit of, the City of any assets of the Plan for less than adequate consideration.
4. The furnishing of goods, services, or facilities from the Plan to a party in interest for less than adequate consideration, or from a party in interest to the Plan for more than adequate consideration.

Board members and Plan representatives shall not do any of the following:

1. Deal with the assets of the Plan in his or her own interest for his or her own account;
2. Engage in any transaction involving the Plan on behalf of a party whose interests are adverse to the interests of the Plan or the interest of Plan participants or beneficiaries; or
3. Receive any consideration for his or her own personal account from any party dealing with the Plan in connection with a transaction involving Plan assets.

IV. GENERAL ETHICAL STANDARDS

A. FIDUCIARY DUTIES.

1. **Duty of Loyalty.** Board members and Plan representatives shall act solely for the benefit of Plan participants and beneficiaries, and shall give their undivided loyalty to such participants and beneficiaries. Good faith does not excuse disloyalty.
2. **Duty to Deal Impartially.** Board members and Plan representatives shall deal impartially with all Plan participants, beneficiaries and retirees.
3. **Duty to Preserve the Trust.** Board members and Plan representatives shall preserve the trust assets through implementation of the Board's *Investment Policy* and the monitoring of fund performance. The Board has adopted a *Due Diligence Policy* to further preserve trust assets.
4. **Duty to be Educated.** The complexities of sound management of the assets and liabilities of the Plan impose a continuing responsibility for all Board members and Plan representatives to attend educational conferences, seminars, and other events that will better prepare them to perform their fiduciary duties. Consistent with this duty, the Board has adopted an *Education Policy*.

5. **Duty as a Board member.** Board members and Plan representatives have a duty to use reasonable care to prevent other Board members from committing a breach, and have a duty to compel performance or redress of a breach.
6. **Board Attendance/Participation.** Board members are expected to have read the prepared materials for each meeting. Additionally, Board members are expected to attend or call in to at least 75% of Board meetings, and Committee members are expected to attend or call in to at least 75% of their respective Committee meetings. If a member does not meet the expected standard of attendance after one year, the Board agrees that a review with that member will occur to determine the appropriate course of action.

B. ETHICAL PRINCIPLES.

1. This Policy cannot address all of the circumstances in which Board members could benefit themselves or parties in interest, rather than Plan participants and beneficiaries. This Policy must therefore consist of general principles that will provide Board members with guidelines for managing the many complicated situations that arise in administering a public employee Plan.
2. In situations where the law or this policy are not clear, any doubt shall be resolved in a manner that abates or mitigates any actual conflict of interest and furthers the members' sense of faith in the integrity of the administration of the Plan by the Board members and representatives.
3. Board members must be aware that the mere appearance of a conflict of interest, or conduct that may be legal but appears to conflict with the interest of the members and beneficiaries of the Plan, can erode confidence in the Plan and its administration, and should be avoided.
4. Board members and representatives must be honest in the exercise of their duties.
5. Board members and representatives must be loyal to the interests of the Plan, its members and its beneficiaries.

C. POLICY GUIDELINES. Board members and representatives shall not:

1. Solicit or accept employment from anyone doing business with the Board or the Plan, unless the Board member or representative completely withdraws from any discretionary or decision-making activity regarding the party offering employment, and the Board approves the withdrawal in the case of a Board member or the Plan Administrator of the System, and the Executive Director approves the withdrawal in the case of another Plan representative;

2. Use his or her public position to obtain benefits or a special privilege for the Board member or a related party;
3. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell goods or services to, the Board or the Plan;
4. Hold or benefit from a contract with, authorized by, or approved by, the Board or System.
5. Vote, authorize, recommend, or in any other way use his or her position to secure approval of a Board or Plan contract (including employment or personal services) in which the Board member or a related party has an interest;
6. Use or authorize the use of, his or her title, the name of the Board or Plan, or the Board's or System's logo in a manner that suggests impropriety, favoritism, or bias by the Board, Plan or a representative;
7. Solicit or accept any compensation, except as allowed by law, to perform his or her official duties or any act of service in his or her official capacity; or
8. Use a third party for which he or she may not do directly under the foregoing restrictions.

V. CONFLICTS OF INTEREST

The phrase "conflict of interest" includes prohibited transactions and interests, gifts, and any other personal or private transaction, interest, or relationship that, under the circumstances, creates an appearance of impropriety that could reasonably be expected to diminish public confidence in the independent and impartial administration of the Plan in the best interests of Plan members and beneficiaries.

- A. EXISTENCE.** A conflict of interest exists for a Board member, Plan representative, or service provider whenever there exists personal or private, commercial, or business relationships or interests that could reasonably be expected to diminish the Board member's, representative's or service provider's independence of judgment in the performance of the person's responsibilities to the Plan.
- B. DISCLOSURE.** Board members, representatives, service providers, and any other person(s) or organization(s) having fiduciary obligations to the Plan must promptly disclose any actual or potential conflicts of interest in detail sufficient to be understood by the Board and by the public. Disclosure may be made orally during Board meetings or by submission of a written statement to the Chair of the Board, with a copy to all Board members and the Executive Director. Disclosure shall be made immediately prior to the Board's consideration of a matter, and shall be reflected in the official record of the meeting. Members of the Board shall be accountable for recognizing a potential or actual conflict of interest and

for disqualifying themselves from making, participating in, or attempting to influence Board decisions which may affect any of their financial interests. Recusal from acting on any matter in which an actual or potential conflict exists is required.

In addition to the disclosures required above, each Board member shall disclose his or her and any related party's financial interest in any business proposing to engage in a transaction with the Plan prior to any official act by the Board on such transaction. Such disclosure shall be set forth in the minutes of the meeting of the Board at which such transaction is considered.

C. DUTY TO CURE. Persons and organizations who have a duty to disclose a conflict of interest also have a duty to cure the conflict, if the conflict is their own and a cure is deemed required prior to any action by the Board. A person normally cures a conflict of interest by promptly eliminating it. Persons who cannot or do not wish to eliminate the conflict must terminate their relationship with the Plan as soon as is reasonably possible. However, if the conflict of interest involves a Board member or employee who may prudently withdraw from action on a particular matter in which a conflict exists, he or she may cure the conflict in that manner provided that:

1. The person may be and is effectively separated from influencing the action taken;
2. The action may properly be taken by others; and
3. The nature of the conflict is not such that the person must regularly and consistently withdraw from decisions which are normally his or her responsibility with respect to the Plan. Board members must disclose any conflicts regarding matters which are before the Board, leave the room during any relevant deliberations, and not vote on the matter.

D. EXCEPTIONS. It shall not be considered a conflict, and a disclosure and recusal shall not be required if:

1. A Board member or representative is a member, retiree, or beneficiary of the Plan or, with respect to the matter at issue, has an interest no greater than a large class of its members or retirees;
2. A Board member or representative or party in interest has an investment in the securities of a publicly or privately traded corporation which is owned, purchased, sold, or otherwise dealt with by the Plan provided that that affected person's interest in the securities is not more than 5 percent of any class of securities and the person is not a director or officer of the corporation other than as a representative of the Plan; or

3. A Board member, representative or party in interest maintains ownership in a mutual fund or commingled investment fund that holds securities or other assets of a firm that provides or is being considered to provide services to the Plan unless the Board, representative or related party participates in the management of such funds.

VI. GIFTS, POLITICAL CONTRIBUTIONS AND SOLICITATIONS, GOLF AND SPORTING/CULTURAL EVENT ACTIVITIES

Except as otherwise specifically provided in this Section VI of the Policy, Board members and Plan representatives shall adhere to and abide by the following policies:

A. GENERAL POLICY STATEMENT

1. Engaging in or condoning bribery is strictly prohibited.
2. Solicitation of gifts and gratuities from anyone is strictly prohibited
3. Board members and Plan representatives shall not, directly or indirectly, solicit, accept or receive any gift, whether in the form of money, service, loan, travel, gratuity, favor honoraria, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could reasonably be expected or perceived to compromise, impair or influence him or her, in the performance of his or her official duties or was intended as a reward for any official action on his or her part.
4. Board members and Plan representatives shall not solicit or accept contributions or gifts from current, prospective or potential service providers if they know, or reasonably should know, that such contributions or gifts are intended to influence their actions or decisions with respect to the Plan.

More simply put, regardless of legality, no gifts of any kind or in any amount should be accepted if someone might consider that gift as influencing a decision made in service to the Plan.

B. GIFTS AND GRATUITIES-DEFINED

Gifts and gratuities generally include, but are not limited to, discounted services, events, merchandise, entertainment, hospitality, training, transportation, meals, lodging and other items which have monetary value, including:

1. Free or discounted personal services from a service or investment provider or its affiliates, such as below-market rates on loans, discounted brokerage services from a broker, free legal or financial advice, free accounting services, free computers, free use of homes, boats and cars;

2. Cash awards, retirement parties or gifts, non-cash gifts of more than nominal value (such as certificates and plaques), charitable contributions in the name of the fiduciary or in connection with a plan sponsor event;
3. Expenses of spouses, family members and friends at meals, conferences, entertainment events;
4. Personal expenses of a fiduciary while traveling (e.g., spa fees, movies, room service meals, incidentals, dry cleaning, personal phone calls);
5. Purely recreational activities, i.e., not involving or incident to business discussions (e.g., golf outing, afternoon sailing outing);
6. Gifts and gratuities provided with evidence of intent to influence a specific decision (e.g., acceptance of new contact) in contrast to promoting general goodwill and relationship building;
7. Items where cost is extravagant or unrelated to the benefit derived (e.g., three nights' room and board for half-day meeting).

C. EXCEPTIONS:

Board members and Plan representatives may accept the following without violating this Policy:

1. A gift of less than \$25 shall not be included in the limitation on gifts;
2. Educational, promotional, or advertising items of a nominal value, costing less than \$50 with minimum resale value.

De minimus gifts should not be received on so frequent a basis as to lead a reasonable person to believe the recipient is using his or her office for personal gain);

3. Awards and honors;
4. Cost of participation in educational conferences that would otherwise be a reasonable administrative expense if paid directly from the assets of the Plans;
5. Meals or associated activities in a seminar or educational setting which are open to all attendees;
6. Meals conducted in an educational or business setting open to all Board members and staff. Expensive meals are discouraged.

The Board may add or delete exceptions from this Policy from time to time and may approve specific gifts or gratuities if the Board has determined that acceptance of such gift or gratuity would not create a conflict of interest or impair the recipient's ability to satisfy his or her fiduciary duties to the Plans. A Board member whose gift or gratuity is under consideration will not vote on whether or

not to approve the gift or gratuity. All such decisions will be made based on the specific facts and circumstances.

If a Board member or Plan representative receives an unsolicited, prohibited contribution or gift, which is restricted by this Policy, then he or she should return such contribution or gift to the source; however, if returning the contribution or gift is not possible or feasible, the contribution or gift should be donated to a charitable organization.

D. POLITICAL CONTRIBUTIONS.

A person who is a candidate for the Board or serving on the Board by election of the Plan membership (i.e., employee elected representative) shall not accept any political contributions from a Service Provider. A person who is a candidate in a primary or general election for a position that qualifies the person for ex-officio membership on the Board or with the authority to appoint a person to the Board, or any member serving as an ex-officio on the Board, shall not accept any political contributions from a Service Provider in excess of the “*de minimus contribution exception*”. The “*de minimus contribution exception*” as provided herein shall mean up to \$350.00, per election, from an individual who is entitled to vote in such election, or \$150.00, per election, from an individual who is not entitled to vote in such election.

The term “*political contribution*” as used herein shall mean a gift, donation, subscription, loan, deposit of money or anything of value made for the purpose of influencing an election for an office related either directly or indirectly to the Board.

Violation of these provisions will subject a Service Provider to disqualification, suspension or termination as determined by the Board.

E. SPONSORED TRAVEL.

It is well recognized that Board members of most governmental and private Plans are invited to and attend conferences sponsored by trade associations as well as service providers to the plan industry (such as consultants, investment managers, and investment advisors). Further, it is in Plan’s members’, retirees’, and survivors’ best interest that the Board and Plan representatives are as well-educated and informed on various matters pertaining to benefit design, investment opportunities, and management of a large governmental Plan as reasonably possible. It is thus considered appropriate and desirable for Board members and representatives to attend various conferences throughout their tenure and employment, including those sponsored by service providers. Further, it is neither uncommon nor improper in many cases for the service provider to pay for the cost of travel and related costs of attendees, provided the same is uniformly done by such service provider.

Acceptance of expensive meals, refreshments, or entertainment from a service provider is discouraged. Application of the rule in the preceding sentence shall take into account the location and context of the event at which such meal, refreshment, and entertainment occurs.

F. DISCLOSURES.

All parties who engage in business or seek to do business with the Plan directly or indirectly are required to disclose whether they have provided, or have been requested to provide, during the preceding 12 months, any gifts to Board members. The information disclosed will be retained by the Executive Director (even if the response is that no gifts were made) for a period of five (5) years from the disclosure unless a longer period is required under applicable law.

Prior to any contract decisions made by the Board, the Executive Director and the Board's legal counsel will obtain and provide any third party disclosures to the Board.

Appropriate Plan representatives shall be responsible for responding to requests for such disclosures, and for notifying affected Board members when information concerning gifts or contributions to them is being disclosed.

G. PROCUREMENT OVERSIGHT.

Written notice of Plan gift prohibitions should be provided to all potential service providers. If an unsolicited prohibited gift is received by a Board member or representative, he or she should attempt to return the gift to its source. If that is not possible or feasible, the gift shall be forwarded to a bona fide charitable organization.

During the pendency of any Request for Proposal or Invitation to Bid, no person or entity that submits an application or bid for the award of a Plan contract, or an agent for such person or entity, may have any communication concerning any topic with the Board or representative, except as expressly provided in the procurement document. This communication restriction exists from the date that the procurement document is mailed until the contract is awarded.

Any applicant or bidder who violates these communication restrictions, or permits an agent to violate these restrictions on behalf of the applicant or bidder, will be immediately disqualified from further consideration under the solicitation.

These communication restrictions shall not apply to:

1. Staff who are identified within the Request for Proposal or Invitation to Bid as responsible for responding to prospective applicant or bidder questions;
2. Communications by a firm under contract to provide services to the Plan, where the communication is made formally to the Board or Committee and relates to the services for which the firm has been retained; and
3. Communication that is required of finalists, consistent with the terms of the Request for Proposal or Invitation to Bid, for the purpose of providing the Board and representatives with information that updates any information previously included in the proposal or bid.

If the Chair (or the Vice Chair if the Chair is involved) determines that a violation has occurred, the Chair will promptly inform the Board and the Executive Director of this determination, and the Executive Director will inform the applicant or bidder of his/her immediate disqualification.

VII. PROHIBITED CONDUCT

A. CONFIDENTIAL/SENSITIVE INFORMATION.

No member of the Plan Board or representatives shall obtain or use for personal reasons or for private gain any confidential information acquired as a result of his or her position as a member of the Board.

1. A Board member or representative shall not use information to which he or she has access by reason of his or her office to acquire, or aid another to acquire, a pecuniary interest in any property, transaction or enterprise that may be affected by the information; speculate, or aid another to speculate, on the information; or coerce another to suppress or fail to report that information to a law enforcement agency.
2. Board members and representatives may not disclose confidential information, except when duly authorized personnel determine that disclosure is either permitted or required by law.

B. OUTSIDE EMPLOYMENT AND OTHER OUTSIDE ACTIVITY.

Board members and the Executive Director may not engage in any outside employment or other activity that is not compatible with the full and proper discharge of their duties and responsibilities or which may impair efficient operation of the Board. Activities or actions that are not compatible with Board duties include, but are not limited to, the following:

1. Accepting employment or rendering services in exchange for pay regarding Plan policies, rules or matters of Plan business, except if the employment or services are in the course of public employment;
2. Ordering, directing or requesting Board members or representatives to perform during regular working hours any personal services not related to official Board functions or activities;
3. Engaging in any outside employment, private business activity, or interest, which permits a Board member or others to capitalize on his or her official title or position; and
4. Serving in a representative capacity or as an agent, consultant, expert witness or attorney for any outside entity involving any matter before the Board or matter that involves the Board.

C. USE OF PLAN RESOURCES FOR PRIVATE GAIN.

No Plan representative or Board member shall use Board consultants or representatives, or Plan facilities, equipment, materials or supplies for any purpose other than the discharge of his or her responsibilities and duties to the Plan.

D. USE OF POSITION FOR PRIVATE GAIN.

No Plan representative or Board member shall use or seek to use his or her position to obtain an economic benefit or financial gain for himself or herself, for any party in interest or for any for-profit business or not-for-profit organization on whose behalf such economic benefit or financial gain is solicited by a Board member or Plan representative.

E. NEPOTISM.

On the basis of objective qualifications and competitive cost, the Board is not prohibited from hiring or retaining the relative of a Board or representative; however, it will be incumbent upon the Board or representative to disclose such a relationship to the Board as early in the evaluation and selection process as is reasonably possible.

VIII. ETHICS ADVISORY OPINIONS

In its sole discretion, the Board of Trustees from time to time may seek advisory opinions from its legal counsel or special counsel to the Plan to aid in its application of this policy to particular factual situations presenting an apparent ethical issue. Such counsel's opinion shall be advisory only, but any Board member or representative acting in reliance thereon shall be deemed to be acting in good faith compliance with this policy.

Advisory opinions sought by the Board of Trustees pursuant to this provision, together with the Board's initial request and that documentation setting forth the factual circumstances giving rise to the request for advisory opinion, shall not be public information unless or until so determined by a court of competent jurisdiction.

Counsel rendering an advisory opinion hereunder and so acting at the direction of the Board shall not owe an express or implied ethical duty of loyalty or confidentiality to a Board member, representative, or any other party affected by such advisory opinion, nor does the consideration or issuance of such advisory opinion establish an attorney-client relationship between counsel and any person other than the Plan and its full Board of Trustees with regards to the subject matter of the Board's request for the advisory opinion.

IX. COMPLIANCE AND ENFORCEMENT

The Board, with the assistance of its legal counsel, shall enforce this *Ethics Policy* with respect to Board members, representatives, service providers and agents providing investment and actuarial services. Such enforcement shall be through resolutions of reprimand, censure, or other appropriate parliamentary measures, including, but not limited to requests for resignation. The Board may also pursue all available legal

remedies against any Board member, Plan representative, agent, service provider or other offender of this *Ethics Policy*.

Board members and Plan representatives with knowledge of a violation of this policy shall report such violation to the legal counsel. No retaliatory action will be taken for any such report made in good faith.

The Board may not impose a fine on another Board member; however, the Board may order restitution to repay assets of the Plan that have been dissipated because of a Board member's behavior. Additionally, a Board member may be required to reimburse the Plan or repay the value of a gift to comply with this policy.

Plan representatives and Board members, respectively, shall sign and date a Statement, stating that they have received and read this policy, that they will comply with its provisions, that it is their duty to report violations of this policy, and, for Plan representatives, that adherence to the policy is a condition of their employment. The statement will also include a disclosure of any conflicts of interest or violations of the policy of which they are aware and a reminder that they are required to update their statements if a change in circumstances occurs which would require reporting under this policy. A copy of this Ethics Policy shall be provided to all Plan service providers, receipt of which shall be acknowledged in writing.

No Board member or representative may engage in illegal activities at any time, in matters related to the Plan. Such illegal behavior is not tolerated and is subject to immediate discipline, including possible termination and prosecution.

XI. POLICY REVIEW

The Board shall review this *Ethics Policy* to assure its efficacy and relevance. The Board may amend this policy, from time to time, by majority vote of the Board.

EDUCATION & TRAVEL POLICY

The purpose of this policy is to provide guidelines for Trustee and Staff participation at educational conferences, training seminars, and other related activities which they may attend from time to time, including permitted travel expenses. Ensures that all Trustees and Staff are provided with adequate opportunity and assistance to acquire the knowledge they need to carry out their duties.

A. Statement of Intent and Statutory Support

It is the policy of the Board to fulfill its fiduciary duties in accordance with the strictest ethical and professional guidelines. The System recognizes the need for training and education of its Trustees pursuant to the Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965 ("Act 314") [MCL §38.1132 *et seq.*], as amended by Public Act 347 of 2012 ("PA 347"). This policy applies to all members of the Board, and staff. All Trustees are encouraged to participate in continuing professional education and training. It is the responsibility of each Trustee to choose which relevant educational conferences, conventions, and training seminars he/she will attend based upon the amount

allocated under the System's annual budget. Commonly used methods for continuing professional education that may be relied upon by the Board include, but are not limited to: individual research; review of relevant periodicals; networking with investment service providers, fellow trustees and representatives of retirement Systems; as well as attending educational conferences, training seminars, and conventions with investment managers to stay abreast of constantly changing investment options, state and federal legislation, regulations and rules within the financial marketplace and their fiduciary responsibilities.

Trustees and staff are expected to show good judgment in the matter of travel expense and have proper regard for economy in the conduct of business away from the City.

B. General Provisions

1. Trustees agree to develop and maintain an adequate level of knowledge and understanding of relevant issues pertaining to the administration of the System throughout their terms on the Boards.
2. Trustees agree to pursue appropriate education across a range of relevant areas. The general topic areas to be pursued include:
 - a) Governance and fiduciary duty
 - b) Investment policy and asset allocation
 - c) Actuarial policies and funding
 - d) Technology
 - e) Regulatory and legal issues
 - f) Health care issues

Specific topics within these general areas are identified in Appendix 3, for reference purposes.

3. Each Trustee and the Executive Director are encouraged to attend training and educational conferences and programs annually. Examples of approved conferences and programs include, but are not limited to, the following:

MAPERS, CAPP Program, IFEBP, NCPERS, conferences sponsored through investment groups, and the annual Board retreat. Training and educational conferences and programs should be directly related to the role and responsibilities of a Trustee or the Executive Director in the service of the System.

C. Orientation Program

1. A formal orientation program, covering the general topic areas outlined in paragraph 2 above, will be developed by the Executive Director for the benefit of new Trustees.
2. Prior to attending their first meeting of the Boards as a Trustee, new Trustees will receive a welcome letter from the Executive Director to set up an orientation meeting, and to invite them to attend a meeting of the Board and/or a standing Committee as an observer.

3. At the orientation meeting, the New Trustees will be:
 - a) Introduced to staff
 - b) Given a tour of the System offices
 - c) Briefed on the history and background of the Systems
 - d) Briefed on current issues before the Boards
 - e) Briefed on their fiduciary duties, conflict of interest guidelines, and other pertinent laws and regulations
 - f) Provided with:
 - (i) A Trustee Handbook (listed in Appendix 4).
 - (ii) A listing of upcoming recommended educational opportunities.
 - (iii) Other relevant information and documentation deemed appropriate by the Executive Director or the Chair.
4. The Executive Director will review and, if necessary, update all orientation material and supply each Trustee with those updates. A master copy of the Trustee Handbook will be available for use by Trustees in the System's offices.

D. Annual Retreats

At least once per year, the Executive Director will arrange an educational retreat for the benefit of all Trustees. The Executive Director will canvass the Board to identify topics of interest.

E. Attendance at Conferences & Educational Seminars

The Executive Director will maintain a list of recommended conferences and educational seminars based on the feedback of Trustees and staff who have attended specific conferences.

F. Reporting

Conference attendees will complete an assessment form on the quality and relevance of each conference attended. On an annual basis, the Executive Director will review these assessments and update the list of recommended conferences as appropriate.

G. Investment Consultant Role as Educational Resource for Routine Focused Training Topics:

1. The Board's investment consultant will periodically host conference calls or "webinars", as an educational opportunity for trustees and staff.
2. The investment consultant (and/or the research department at the investment consultant) will also conduct regular due diligence visits (or conference calls) to current investment managers and future finalists in manager and service provider searches.
3. When the Board's investment consultant holds a client conference with formal presentations on investment topics, the investment consultant will extend an invitation to the Board and Staff.

4. The investment consultant will make available research and other “white papers” on various investment topics written by the professionals at the firm.
5. Upon request, the investment consultant will provide education on specific investment topics germane to the investment of the System’s assets.

H. Annual Budget

1. The Board shall establish an annual budget for professional training and education, including travel costs, applicable to the Board and System staff consistent with the requirements and limitations of Act 314 of 1965, as amended. Annual education and training expenses for individual Trustees and staff members, including travel, shall not exceed those amounts specified in the Retirement System’s annual budget. The Executive Director shall prepare an annual report on trustees’ training and education attendance and expense at the August Board Meeting.
2. Board member attendance at any conference(s), seminar(s), webinar, or similar training opportunity whose cost exceeds \$100 shall require prior approval by a vote of the Board at a regularly scheduled meeting.

I. Attendance

If the educational program or seminar provides a certificate of attendance, attendees must provide a copy of the certificate of attendance from the conference or seminar sponsor to the Executive Director upon returning from the conference or seminar. Failure to provide a copy of the certificate of attendance within a reasonable period of time may result in the suspension of future travel for attendance at educational programs for a period of time as determined by the Board. The Board acknowledges that there may be extenuating circumstances (i.e., family or personal emergencies, illness, etc.), or instances where an individual’s schedule may not permit participation in the entire conference which may result in a conference attendee not attending the required number of sessions or classes to receive a certificate of attendance. In such an event the Board has discretion in determining the appropriate course of action.

J. Lodging

1. Lodging reservations shall be made at the best available “single rate” which shall take into account cost, convenience, efficient use of trustee time, and relevant System policies. Costs for additional guests, if any, shall be the responsibility of the individual. Lodging costs for the first night’s stay may be paid for in advance by the System.
2. Lodging charges shall include the base rate for the room as well as any taxes or surcharges levied by the facility as part of the room charge, which may include but are not limited to; daily parking rates, maid charges, resort fees or other charges assessed by the facility for the basic use of the room. In determining the best available rates, transportation arrangements may be made to cover the cost of additional night(s) lodging charges and per diem costs depending on the conference start and end times.

K. Transportation

1. Transportation, other than by personal automobile, shall be reserved at the best available rate, which shall take into account cost, convenience, efficient use of trustee time, and relevant System policies. If air transportation is utilized, the best available coach fare shall be obtained.
2. In determining the best available rates, transportation arrangements may be made to cover a Saturday stay if the savings realized will exceed the cost of the additional night(s) lodging charges and per diem costs. Reimbursement shall be equal to the best available rate unless there are mitigating circumstances.
3. The transportation mileage allowance for personal automobile use shall be at the "Standard Mileage Rate" established by the IRS.
4. Individual travelers shall be responsible for submitting a copy of their airline receipt, or other available documentation if purchased individually, and a receipt for no more than one checked bag, as evidence of his/her incurred airfare expense.
5. Ground transportation in association with air travel from the airport to the place of lodging and back to the airport shall be calculated at the lowest/best rate, which may include cab fares, shuttle service or reasonable car rental expenses supported by receipts. The personal automobile reimbursement rate shall not exceed the then current "Standard Mileage Rate" established by the IRS and shall be based on the location of the seminar/conference attended but shall not exceed the cost of normal per mile reimbursement rate for vehicular travel established by the City of Ann Arbor for its employees. Rental car and gas reimbursement must be supported by receipts.
6. Each Trustee or staff member shall be reimbursed for parking associated with travel at a reasonable rate. In lieu of parking, each Trustee or staff member shall have the option to choose an alternative means of transportation to and from the airport (taxi, carpool, etc.) and shall be reimbursed for the reasonable expense. Fines or other violations incurred as a result of traffic or parking violations are the responsibility of the driver and shall not normally be reimbursed.

L. Cancellation

Each Trustee and/or staff member shall be responsible for the full reimbursement of any and all non-refundable costs incurred to the System resulting from that Trustee's or staff member's cancellation of attendance at an educational conference or seminar or professional training session. This requirement may be waived in the event of extenuating circumstances, by a majority vote of the Board.

M. Meals

1. Meal allowances shall be calculated either as supported by receipts or on a per diem basis and shall be in accordance with the per diem rates recommended by

the Executive Director and approved by the Board at the beginning of the System's calendar year. Meal expenses in excess of the rates below may be reimbursed when supported by receipts and a written explanation of the reason for incurring such additional expense(s). Per Diem meal allowances will be as follows with receipts:

Standard locations in and out of state: \$60.00
 For Boston, California, Chicago New York, and Washington, D.C.: \$70.00

2. Per Diem Allowance: A per diem (per day) allowance of \$50.00 travel is authorized in lieu of filing a report of actual expenses. This per diem is to cover meals only. When attending conferences, meetings, training, etc., the per diem allowance for Boston, California, Chicago, New York and Washington D. C. will be \$60.00 per day in lieu of filing a report of actual expenses.
3. For events for which a portion of the meals are provided by the venue, the per diem allowance shall be prorated to reflect only the meals purchased at the traveler's expense.

Partial Per Diems will be as follows:

	<u>With Receipts</u>	<u>Without Receipts</u>
Standard Locations:	Breakfast \$10	\$10
	Lunch \$20	\$15
	Dinner \$30	\$25

Higher Cost (Boston, California, Chicago, New York and Washington D. C.)

	<u>With Receipts</u>	<u>Without Receipts</u>
	Breakfast \$15	\$10
	Lunch \$20	\$20
	Dinner \$35	\$30

N. Non-Reimbursable Expenses

Costs for laundry, dry cleaning, in-room movies, personal entertainment, use of an in-room honor bar, local transportation not required as part of the conference, alcoholic beverages, or other non-business related expenses shall not be reimbursed. Exceptions for emergencies may be handled on an individual basis. Final determination of reimbursable expenses shall be made by the Executive Director or his/her designee.

O. Documentation of Expenses

1. It is the responsibility of each Trustee or Staff Member to properly maintain receipts for all expenses except meal allowances, miscellaneous expenses, and personal automobile use, and submit said receipts and documentation no later than thirty (30) days after education or training is completed, unless otherwise outlined below. This documentation should include a detailed expense report breaking down the cost of each expense and how it is reimbursable. Failure to submit receipts and documentation within sixty (60)

days following the conclusion of the educational seminar or conference may result in non-reimbursement of expenses

2. At the next regularly scheduled Board meeting no more than ninety (90) days after education or training is completed, the Director shall provide a reconciliation report on the System's travel account identifying any missing receipts and/or outstanding balances.
3. Failure to submit all required receipts and documentation within ninety (90) days after education or training is completed shall result in the suspension of all future due diligence, education, and training until the account is reconciled. Any advances unaccounted for will be reported as income to the trustee on an IRS form 1099.

P. Registration

Individuals shall be reimbursed for registration and are encouraged to pre-register through the retirement office.

Q. Expense Reimbursement/Advances

Trustees may request a travel advance for longer trips with more expensive upfront costs, such as airline tickets.

R. Reconciliation of Travel Advances

The System has no obligation to reimburse expenses in excess of what is authorized and supported by receipts or other appropriate documentation.

S. Reimbursement for Overpayments/Underpayments

1. In the event that the amount of a travel advance exceeds the documented expenses, a reimbursement in the amount of the overpayment shall be submitted to the Executive Director, or his/her designee, via check, by the next Board meeting or within thirty (30) days of the written notice above. If reimbursement is not received by the deadline, that individual shall not be permitted to travel for System business until such time as the reimbursement is received.
2. In the event of an underpayment to a Board or staff member, the amount will be reimbursed to him/her on the earliest available System disbursement schedule.

T. Record Retention

Records related to education and training will be maintained in accordance with the Record Retention Policy established by the System's Rules of Procedure, and in accordance with federal, state and county requirements.

U. Reporting

All expenses are required to be reported in the monthly minutes. Board members attending training or seminars are requested, to the extent practicable,

to provide Retirement office staff with copies of written material, or to supply any electronic link for materials, to be shared with all trustees. The Retirement System shall provide on its website an itemized budget containing all projected expenditures, including, but not limited to, expenditures for professional training and education, including travel expenditures, by or on behalf of the Retirement System Board Members that are paid by the System pursuant to PA 314.

V. Review and Modification

The Administrative Policy Committee shall periodically review this policy to assure its efficacy and relevance. The requirement of periodic review is not intended to limit the Board's ability to modify these rules at any other time it deems appropriate.

<p style="text-align: center;">RULES & REGULATIONS GOVERNING ELECTION OF BOARD TRUSTEES. Board of Trustees Plan Provisions</p>

1. Chapter 18 of the Code of the City of Ann Arbor, Section 1:620 provides in pertinent part that the general administration, management and responsibility for the proper operation of the Retirement System and for making effective and construing the provisions of this Retirement Ordinance shall be vested in the Board of Trustees. The Board shall be a quasi-judicial body consisting of 9 Trustees as follows:
 - (a) The City's Chief Financial Officer, to serve by virtue of the office;
 - (b) Five Citizen Trustees appointed by the Council, to serve at the pleasure of the Council;
 - (c) One Trustee who is: i) a general City Member or ii) a Retirant and former general City Member (general City Members being members other than Police and Firefighter Members), to be elected by the general City Members;
 - (d) One Trustee who is: i) a Firefighters Member or ii) a Retirant and a former Firefighter Member, to be elected by the Firefighter Members; and,
 - (e) One Trustee who is: i) a Police Member or ii) a Retirant and former Police Member, to be elected by the Police Members.
2. The election of Member Trustees provided in paragraphs (c), (d) and (e) of subsection (1) of this section shall be held in accordance with rules and regulations as the Board shall from time to time adopt.
3. Election of Trustees shall be governed under such rules and regulations as adopted herein by the Retirement Board of Trustees.

A. Election Dates

Election dates are the second Wednesday & Thursday of December.

B. Eligibility

1. Eligibility to Serve as an Elected Trustee - must be either: (a) an active employee of the City of Ann Arbor and an active member of the Retirement System; or (b) a Retirant of the Retirement System and a former Member of the respective employment group (i.e., a General City Member, Firefighter Member or Police Member).
2. Eligibility to Vote for Trustee - Any active employee of the City who is an active member of the Retirement System is eligible to vote in Member-Trustee Elections in accordance to Section 1:620 of Chapter 18 of the City of Ann Arbor Code, provided, however, that eligibility can be verified through City payroll records indicating that such person is eligible by his or her name appearing on the last regular payroll covering the last regular payroll period ending before such election. Employees on leave of absence, layoff, or absent while receiving worker's compensation disability act benefits are not eligible to vote. In all cases of doubt, the Board, in its sole discretion, shall resolve questions of eligibility to vote in Member-Trustee Elections.

C. Declaration of Candidacy

No candidate's name (including that of the incumbent Trustee) will appear on any election ballot unless a Declaration of Candidacy Form provided by the City Clerk's Office (see attached sample) is filed by the candidates. The Declaration of Candidacy must be received by the City Clerk's Office no later than 30 calendar days prior to the scheduled election.

D. Write-In Candidates

Write-in votes for candidates not listed on the printed ballot will not be accepted in accordance to Section 1:620 of Chapter 18 of the City of Ann Arbor Code.

E. Election

1. 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.
2. Ballots - Ballots for elections are prepared by the System in accordance with all specifications listed below. Ballots are printed and retained by the Retirement System. In order for ballots to be included in the voting process, they must be returned to the City Clerk's Office by noon of Friday following the election.

Specifications for the make-up of all City Employee-Trustee election ballots are as follows:

- (a) Voting Instructions: The ballot contains instructions on how many candidates to vote for from among those listed.
- (b) Alphabetical Listing: Names of all candidates must appear on the ballot in horizontal column, in alphabetical order according to last name.

(c) Department: Following each candidate's name, the ballot will show that candidate's department of employment if the candidate is an active employee or if a Retirant, the former department of employment at the time of retirement.

3. Absentee Ballots - There are no allowances for absentee ballots.

F. Election Time-Line

1. Mid-October – Send election notice in A2 News Notes, UltiPro, Retirement System Website and a notice for posting to all departments announcing the candidacy filing period and election dates. The filing deadline is 5:00 p.m., 30 calendar days prior to the election.
2. Mid-November – Send election notice in A2 News Notes, UltiPro and a notice for posting to all department announcing the official list of candidates and the time, date and locations of voting.
3. November – For General employee elections, make arrangements with the contact people at the various polling sites. (Police and Fire elections are held in the Clerk's Office only). Request employee lists from Information Technology Services Department.
4. 1st week in December – Prepare ballots and election materials for various polling sites.
5. 2nd week in December (Wed. & Thurs.) – Conduct election.
6. After election – Send notice for posting to all departments announcing election results. Send copy of notice to Board.

G. Polling Site

The main polling site for all employees shall be the City Clerk's Office, however, at the discretion of the Board, outlying polling sites may be provided for the convenience of the members.

H. Tally of Votes

The City Clerk's Office has the responsibility for tallying votes cast at the Employee-Trustee Election.

I. Tie Vote

To break a tie, a special election will be set by the Board to break the tie among candidates.

J. Notice of General Election Results

1. The City Clerk's Office shall notify all candidates of the election results.

2. The Board shall certify all election results at its next regular Board meeting.
3. The elected Trustee must be sworn in by the City Clerk within 10 days after Board certification.

K. Vacancies/Unexpired Terms

If a vacancy occurs in the office of an appointed citizen Trustee or Member elected Trustee, the vacancy shall be filled in accordance to section 1:621 of the Ordinance.

BOARD PERFORMANCE EVALUATION POLICY

Provide a process whereby the Trustees may at their discretion conduct self-analysis to ensure continuous improvement of the Board's effectiveness.

A. Roles & Responsibilities

The Administrative Policy Committee will be responsible for overseeing the implementation of this policy, including the approval of the Board of Trustee Self-Evaluation Questionnaire for the performance evaluation of the Board, and for making recommendations to the Board for addressing issues arising out of the evaluation process.

B. Procedures

1. The Board Performance Evaluation will be initiated by the Administrative Policy Committee as circumstances warrant.
2. When a Board Performance Evaluation is undertaken, the Administrative Policy Committee will review the Board of Trustees Self-Evaluation Questionnaire and make modifications, as appropriate. The purpose of the Board of Trustees Self-Evaluation Questionnaire will be to provide Trustees with a framework for evaluating the performance of the Board and for confidentially raising any concerns or suggestions Trustees may have. The Board of Trustees Self-Evaluation Questionnaire must provide for written comments or suggestions of the Trustees.
3. Copies of the Board of Trustees Self-Evaluation Questionnaire will be distributed to each Trustee in December of the evaluation year.
4. Trustees shall complete the Board of Trustees Self-Evaluation Questionnaire and return it to the Chair of the Administrative Policy Committee within two weeks of receipt of the questionnaire.
5. The Chair of the Administrative Policy Committee will prepare and present the summary report to the full Board at the annual Board Retreat.
6. The results of any Board discussions and resulting actions on the part of the Board will be recorded in the minutes of the Board meeting.

BOARD POLICY DEVELOPMENT PROCESS

Further the objective that the Boards' primary focus will be on setting direction and policy and on monitoring its implementation, and the Executive Director shall be responsible for the operational performance of the System.

A. Policy Development

1. In determining whether a particular issue warrants a Board policy, the Boards will consider whether the issue satisfies the following criteria:
 - a) The issue may have a significant impact on the System's ability to meet its Mission;
 - b) The issue is expected to recur or continue in the future;
 - c) A policy is legally required; or
 - d) A policy would be consistent with fiduciary best practices.
2. The Boards will not adopt any policy without first ensuring that the policy has been thoroughly analyzed by staff and appropriate advisors and the analysis has been explained to the Boards.
3. Board policies should be written in a format consistent with all other policies in effect.
4. Where a Committee has been assigned responsibility for developing a Board policy, it will consider the Executive Director's proposed policy, and provide a recommendation to the Board for approval.
5. Governance policies, Board regulations and the Trustee Handbook will be maintained in up-to-date form in a single volume or series of volumes within the Retirement Office and will be accessible to Trustees, staff and members of the public.

B. Policy Compliance

As a general rule, the Board and Staff will comply with all Board policies. Should the Board take an action contrary to one of its policies, it will record in the Board minutes the specific rationale for deviating from the policy. At such time, the Board will also request that the Executive Director review the need to amend the policy.

C. Policy Review

All policies will be formally reviewed on a regularly scheduled basis; however, if a Trustee, Board Committee, advisor or the Executive Director believes that a particular policy requires review in advance of the scheduled review, they may recommend to the Board that such a review be initiated.

OPERATIONAL PLANNING POLICY

Ensure that the System engages in a planning process to meet the needs of the System and communicate that plan to necessary parties.

A. Roles and Responsibilities

1. The Executive Director will be responsible for:
 - a) Identifying business risks, opportunities, and needs
 - b) Identifying and prioritizing business plan initiatives
 - c) Recommending to the Boards any amendments to the business plan

2. The Boards will be responsible for:
 - a) Providing System staff with input on the Mission and business plan
 - b) Approving the Mission and business plan and ensuring adequate resources are in place to support them; and
 - c) Monitoring the implementation of the business plan

B. The Planning Process

1. During the Annual Board Retreat each year, the Executive Director will present a business planning analysis of the Systems. At a minimum, the analysis and report will include:
 - a) A review of the progress made in implementing the previous years' business plan
 - b) An analysis of the continued appropriateness of the Mission. Consideration of the following issues:
 - i) Investments and funding;
 - ii) Administration & Operations
 - iii) Recommended new business initiatives, including, at a minimum:
 - Rationale for undertaking the initiative, including benefits impact, and consequences of not undertaking the initiative
 - Timelines for completion
 - Assignment of responsibilities for implementation
 - Budget implications
 - Criteria for assessing the success of the initiative; and
 - Provisions for reporting to the Board(s)

EXECUTIVE DIRECTOR PERFORMANCE EVALUATION POLICY

Establish the responsibilities of the Executive Director and the process by which the Executive Director will be evaluated.

I. GENERAL PRINCIPLES

1. The primary responsibility of the Executive Director is the effective management of the operations of the System. Accordingly, the performance of the operations constitutes the most relevant measure of his or her performance, and should weigh heavily in his or her performance evaluation.
2. The Executive Director is responsible for the performance of the staff of the System.
3. The Executive Director's evaluation process and its results shall be shared with all Trustees and the Executive Director.

II. POLICY GUIDELINES

A. Administrative Policy Committee

1. The Administrative Policy Committee will facilitate the evaluation of the performance of the Executive Director, in accordance with this policy.

B. Evaluation Criteria and Forms

1. In May of each year, the Executive Director will recommend to the Administrative Policy Committee a set of criteria and/or objectives to be used in evaluating the Executive Director's performance over the upcoming calendar year.
2. The Administrative Policy Committee and the Executive Director shall jointly develop specific performance objectives to be approved by the Board and used by the Administrative Policy Committee in the evaluation.
3. The Board has developed and approved a "Confidential Performance Evaluation" form (**See Appendix 5**) (the "Evaluation Form") which shall be distributed to each individual Trustee to provide an opportunity for all Trustees to participate in the evaluation of the Executive Director.

C. Performance Assessment

1. In May, Trustees will be provided copies of the performance criteria and objectives and the Evaluation Form pertaining to the evaluation of the Executive Director's performance in the prior year. To assist Trustees in completing the Evaluation Form, the Executive Director will provide the Board with a summary addressing those criteria and objectives approved by the Board. The summary may also cover additional accomplishments achieved during the year.
2. Trustees will be allowed two weeks to complete and return the Evaluation Form directly to the Chair of the Administrative Policy Committee.

3. The Chair of the Administrative Policy Committee will ensure that the results of all Evaluation Forms are tabulated and summarized on a confidential basis.
4. The Administrative Policy Committee will discuss the results of the Evaluation Forms, and any other related matters with the Executive Director. Upon request of the Executive Director, this meeting shall be held in executive session.
5. The Chair of the Administrative Policy Committee will prepare a Performance Report, summarizing the Committee's assessment.
6. At the June meeting of the Board, the Administrative Policy Committee Chair will present a resolution to the Board recommending salary adjustments if any. It will also be requested that Board Members submit their suggestions or ideas for the following year's goals and objectives. Upon request of the Executive Director, any discussion of the Executive Director's performance will be held in executive session and the Executive Director shall participate in these sessions.

**ADOPTION OF CITY HUMAN RESOURCES POLICIES & PROCEDURES FOR
RETIREMENT STAFF**

Section 1:623 (5) & (6) of Chapter 18 of Title 1 of the Code of the City of Ann Arbor outlines the authority of the Board to employ personnel.

The Board of Trustees shall comply with the most recently adopted Human Resources Policies and Procedures, as they may apply, to govern employment and employee relations within the System.

Should there be any area of concern with the Human Resources Policies and Procedures of the City of Ann Arbor Employees' Retirement System, the Executive Director may bring it to the Board of Trustees, and it will be the Board's purview whether to approve an executive override to the City's Policies and Procedures.

COMPUTER/INTERNET USAGE POLICY

The Board of Trustees shall comply with the most recently adopted computer/internet policy, as they may apply, to govern employee computer and internet usage within the System.

Should there be any area of concern with the Computer/Internet Policy of the City of Ann Arbor Employees' Retirement System, the Executive Director may bring it to the Board of Trustees, and it will be the Board's purview whether to approve an executive override to the City's Policies and Procedures.

FRAUD POLICY

A. BACKGROUND

This fraud policy is established to facilitate the development of internal controls, which will aid in the detection and prevention of fraud against the System. It is the intent of the System to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

B. SCOPE OF POLICY

1. This policy applies to any fraud, or suspected fraud, involving employees as well as Trustees, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the System.
2. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the System.

C. POLICY

1. The Executive Director is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury or an injury to a third party or Systems or its participants. Staff will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.
2. Any fraud that is detected or suspected must be reported immediately to the Executive Director or Board Chairperson, who coordinates all investigations with the Board's Legal Counsel and other affected areas, both internal and external.

D. ACTIONS CONSTITUTING FRAUD

Actions constituting fraud refer to, but are not limited to:

- Intentional, false representation or concealment of material fact for the purpose of inducing another to act upon it to his or her injury.
- Theft
- Defalcation
- Misappropriation
- Other fiscal wrongdoings
- Forgery or alteration of any document or account belonging to the System
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Profiteering as a result of insider knowledge of the System's activities

- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by the System
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct

If there is any question as to whether an action constitutes fraud, contact Legal Counsel for guidance.

E. INVESTIGATION RESPONSIBILITIES

1. The Executive Director has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Executive Director will issue reports to appropriate Board Trustees through the Audit Committee.
2. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, the Board of Trustees, and Executive Director, as will final decisions on disposition of the case.

F. CONFIDENTIALITY

1. The System treats all information received regarding suspected fraud confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURES section below).
2. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the System from potential civil liability.

G. REPORTING PROCEDURES

1. Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.
2. An employee who discovers or suspects fraudulent activity will contact the Executive Director or Board Chairperson unless suspected to be involved, *immediately*. To the extent practicable, the employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to Legal Counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

3. The reporting individual should be informed of the following:
 - a) Do not contact the suspected individual in an effort to determine facts or demand restitution.
 - b) Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Legal Counsel or Executive Director.

H. TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the Board of Trustees and the Legal Counsel before any such action is taken.

I. POLICY REVIEW

The Board of Trustees is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed and revised as needed.

SERVICE PROVIDER PROCUREMENT AND REVIEW POLICY

Establish guidelines by which service providers will be selected and retained.
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A. ROLES AND RESPONSIBILITIES

1. The role of the Board(s) with respect to the selection of service providers is to:
 - a) Ensure appropriate policies and processes are in place to assist the Boards and staff in making prudent and sound selection decisions;
 - b) Monitor compliance with such policies and processes; and
 - c) Select and/or ratify the hiring and termination of the following Service Providers:
 - Actuary
 - Auditor
 - Custodian Bank
 - Commission Recapture Managers
 - Investment Consultant
 - Investment Managers
 - Legal Counsel
 - Transition Manager
 - Medical Director
 - Special Consultants as needed.
2. When the Board directs the Executive Director to conduct the search process the following guidelines will be observed;

B. General Guidelines

1. The Executive Director will consider as broad a universe of qualified service providers as is practical and reasonable given budgetary, staffing, time and other relevant constraints.
2. All interested service providers may be subject to a due diligence visit.
3. Prior to conducting a search, the Executive Director will present a work plan to the Board or a designated Committee of the Board that, at a minimum, contains the following:
 - a) The type of service provider being sought and why;
 - b) The objectives to be met and selection criteria to be used;
 - c) An estimated timeline for completion of the search process;
 - d) A description of the search methodology that is most appropriate and cost effective in the particular circumstances; and
 - e) The solicitation method to be used (RFP, RFI, how advertised)
4. The Executive Director will provide the Board or a designated Committee of the Board with periodic reports on the status of the search process.
5. When candidates are submitted to the Board for consideration, the Executive Director will provide a report to the Board or a designated Committee of the Board containing at a minimum:
 - a) The recommended service provider(s) and the rationale for the recommendation;
 - b) A report summarizing the candidates;
 - c) A description of performance expectations and a time horizon for evaluation.
6. The Executive Director along with legal counsel will negotiate all agreements in connection with service providers retained by the System. After legal counsel's review the contract will be presented at a regular meeting of the Board for its approval.
7. All service providers will be subject to regular monitoring of performance and periodic reviews, as appropriate, throughout the term of their contracts. Criteria for review may include, among others, performance expectations, service quality, competitiveness of fees, accuracy of assumptions, and adherence to contract terms.
8. The Executive Director will report regularly to the Board(s) on monitoring efforts, identifying any material issues or actions taken in a timely fashion. This will include informing the Board(s) of all reviews scheduled for the coming year.

Trustees of Public Funds are fiduciaries of the highest standard; they are "prudent experts". As such it is incumbent on the Board to adopt an objective process for selecting service providers regardless of the type. A prudent process should at the minimum provide the following information:

- An assessment of the qualifications of the service provider
- An assessment of the quality of the work product

- An assessment of the reasonableness of the fees charged for the services
- An avoidance of conflicts of interest or other improper influence.

RFP/RFI POLICY

A. REQUEST FOR PROPOSAL (RFP)

1. A formal Request for Proposal (RFP) should be used when:
 - Seeking a Provider of a New Service
 - Seeking to Replace a Current Service Provider (regardless of reason(s))
 - At a minimum of six (6) years on a rotating basis for the following service providers unless administratively impractical:
 - Actuary
 - Custodian Bank
 - Investment Consultant
 - Legal Counsel
 - Medical Director

2. The RFP should contain the following items:
 - A brief description of the plan
 - A statement of the specific services sought
 - A contact person at the plan who can provide any further information needed
 - A statement of any specific limitations or restrictions, which might disqualify potential bidders
 - Cut-off date and time for submission of proposal
 - A request for the following information about the bidder:
 - Location of offices
 - Size and make-up of staff
 - Names and resumes of the persons who will actually provide the services – and a commitment that those persons will provide the services
 - Fee quote
 - Existence and amount of liability insurance
 - Experience in the field
 - Other clients – and references
 - A copy of their proposed form of contract
 - A disclosure of any past, present, or threatened litigation against the bidder
 - A disclosure of any past, present, or threatened investigation, suit, indictment, or conviction of any member of the staff of the bidder by the Department of Labor, IRS, Justice Department, or other government agency
 - A copy of their E&O insurance binder

3. The Executive Director in most cases should prepare the RFP. An exception to this is when the Board elects to have the investment consultant be responsible for the investment manager searches.

4. The RFP should be sent to a sufficient number of prospective bidders so that the bidding process is meaningful. Utilizing local and national advertisement will be at the discretion of the Executive Director.
5. If any question(s) in the RFP is/are not fully answered the proposal should either be disqualified or specifics answers should be sought in writing.
6. All Trustees should be invited to participate in the selection process. The Trustees should select finalists and presentations of the finalists should be scheduled.
7. Background checks (when applicable) and due diligence visits should be scheduled by the Trustees and/or Executive Director.

B. THE PRESENTATION

1. What questions should be asked during the presentation?
 - a. Information on Background
 - b. Knowledge of the subject
 - c. Actual issues that the candidate is handling that are similar to the Plan issues
 - d. Character of the company and the individual
 - e. Conflicts of interest that may exist
 - f. Who is actually going to do the work
 - g. References
 - h. What do they know about the Fund
 - i. Which of the Trustees do they already know, and in what context
 - j. Transition plans and availability of candidate to facilitate a smooth transition
2. Comparison Questions

Have several questions that are asked of each of the presenters. This gives a basis for comparison of answers, and of handling specific questions.
3. How Much Time Should be Allowed for Presentations?
 - a. Presentations should be limited, but the time for questions by Trustees and responses by candidates should be unlimited. Allow time for all pertinent questions to be answered.
 - b. Set specific time limits, and have a timekeeper enforce the limits. This allows the presenter to stick to facts. It also challenges the presenter's ability to be both succinct and understandable.
4. Who Should be Allowed to Make the Presentation?
 - a. The candidate should select who will make the "official" presentation, the Plan should require the person(s) who will actually do the work and attend meetings to be present and to answer Trustee questions.
 - b. The candidate should specify at the beginning of the presentation who will actually do the work.

5. Presentation Materials

Presentation materials should be requested in advance so the Trustees can read them before the presentation.

C. REQUEST FOR INFORMATION (RFI)

Since providers' fee structures may change, it is a prudent practice for the Board to discuss whether or not an RFI for the service providers should be made as part of Trustees' fiduciary responsibility to assure the plan is receiving the optimal level of service at the best price. The RFI may be used when there is no intention on changing the service provider and the Board wants to gauge the market cost for the level of service rendered.

The Request for Information will not include solicitation of service providers by proposals. It will however include competitive pricing that vendors provide to the plan regarding the specific service(s) in question.

The Executive Director may schedule presentations by the various vendors for the administrative staff and any Trustee who may be interested.

The Executive Director will provide to the Board a summary of the services and the costs of the various vendors for comparison.

<h2 style="text-align: center;">SERVICE PROVIDER DISCLOSURES POLICY</h2>

A. Service Provider Disclosures Policy

The Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, (Michigan Public Act 314 of 1965, as amended). The Board is aware of the various disclosure requirements and "pay-to-play" restrictions imposed on its current and prospective service providers under the provisions of Act 314 and applicable federal law. The Board is required to withhold payment from service providers who violate the "pay-to-play" provisions of Act 314 and applicable federal law.

Several of the System's professional service providers qualify as "service providers" and/or "investment service providers" as that term is defined under Act 314. The term "service provider" is defined in Act 314 as "a person retained to provide services to a system and includes investment advisers, consultants, custodians, accountants, auditors, attorneys, actuaries, administrators, and physicians. Service provider includes an investment service provider as defined in Section 13(7). Service provider does not include a regulated investment adviser". The term "investment service provider" is defined under Act 314 as "any individual, third-party agent or consultant, or other entity that received direct or indirect compensation for consulting, investment management, brokerage, or custody services related to the system's assets".

Accordingly, every year in the month of April, the Board shall require each of its current "investment service providers" to disclose in writing all fees or other compensation associated with its relationship with the Retirement System for the previous calendar year, as required under Section 13(7) of Act 314 [MCL 381133(7)], by submission of the Board's Fee Disclosure Form (Attached as Appendix 6). Prior to the transfer of any Retirement System assets to a prospective "investment service provider", the prospective "investment service provider" shall be required to disclose all fees or other

compensation to be associated with its relationship to the Retirement System through completion and submission of the Compensation Disclosure Form to the Board.

Every year in the month of April, the Board shall also require all of its service providers to acknowledge that they are in compliance with Section 13e of Act 314 [MCL 38.1133e] and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment adviser. Any service provider's failure or refusal to complete and submit either of the Retirement System's disclosure forms shall be deemed a violation by the service provider of the requirements of Act 314 and this Policy, and shall result in appropriate action by the Board, including the possible suspension of payment for services rendered and/or termination of the service provider's relationship with the System.

All services providers shall have an ongoing requirement to monitor all political contributions and, upon becoming aware of a violation, immediately disclose to the Board any and all political contributions that violate the restrictions of Section 13e of Act 314 and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment advisor, including the date of the contribution, the name of the contributor, the name of the recipient, and the amount of the contribution.

A copy of this Policy shall be provided to all System service providers who shall be required to act in accordance with these provisions.

**CITY OF ANN ARBOR EMPLOYEES' RETIREMENT SYSTEM
CHARTER FOR THE INVESTMENT POLICY COMMITTEE**

A. DUTIES AND RESPONSIBILITIES

- 1) The Investment Policy Committee shall generally meet each month but may meet more or less frequently as required.
- 2) The Investment Policy Committee shall advise the Board and make recommendations on:
 - a) The investment strategy and asset allocation of the Retirement System's Defined Benefit Plan ("DB Plan") and the VEBA;
 - b) The selection of investment options including, without limitation, a qualified default investment alternative (QDIA) fund in the participant directed Defined Contribution Plan ("DC Plan") and 457(b) Deferred Compensation Plan ("457 Plan");
 - c) Compliance of all the Plans' investment programs with the Board's Investment Policies;
and
 - d) The fiduciary protections afforded to the Board under Section 404(c) of the Employee Retirement Income Security Act, as amended, and overall compliance therewith.
- 3) The Investment Policy Committee shall be responsible for preparing written Investment Policy Statements (IPS) for each Plan that contain clearly defined investment objectives, policies, and strategies, including accountability and responsibility for implementation and execution of each Plan's investments. Each IPS shall provide a process for the selection and evaluation of investment managers and investment options and shall be submitted to the Board for approval.
- 4) The Investment Policy Committee shall maintain and periodically review each Plan's Investment Policy Statement and shall be responsible for preparing and submitting any amendments to the Board for approval when deemed necessary.
- 5) The Investment Policy Committee shall advise the Board and make recommendations with respect to the appointment and termination of the following investment service providers:
 - a) Investment managers
 - b) Transition managers
 - c) Investment Consultant(s)
 - d) Commission Recapture Programs
 - e) Custodian banks
- 6) The Investment Policy Committee will recommend to the Board specific actions to achieve the investment goals and objectives of the Plans, including active and passive investment strategies and options.

B. MONITORING AND REPORTING

- 1) The Investment Policy Committee will:
 - a) Monitor each Plan's compliance with the applicable Investment Policy

- Statement, and report to the Board as appropriate;
 - b) Monitor asset allocation strategies for individual asset classes utilized in the investment programs;
 - c) Monitor active and passive strategies and options utilized in each Plan's investment program;
 - d) Review the performance of each asset class and each investment manager with the investment consultant(s) no less frequently than quarterly;
 - e) Review each investment manager's relative performance against an appropriate benchmark no less frequently than quarterly;
 - f) Review the cost effectiveness of each Plan's investment program, including, without limitation, management fees, trading efficiency and administrative/recordkeeping fees;
 - and
 - g) Review the performance, independence, and cost of the Boards' Investment Consultant(s).
- 2) The Investment Policy Committee will keep minutes of its meetings and ensure the minutes are made available to the Board.

**CITY OF ANN ARBOR EMPLOYEES' RETIREMENT SYSTEM
CHARTER FOR THE ADMINISTRATIVE POLICY COMMITTEE**

A. DUTIES AND RESPONSIBILITIES

- 1) The Administrative Policy Committee shall generally meet each month, but may meet more or less frequently as required.
- 2) The Administrative Policy Committee will advise the Board and make recommendations with respect to:
 - a) Modifications to the Board existing policies, procedures, and Committee structures as deemed necessary;
 - b) Streamlined enrollment processes and procedures with an intent on increasing voluntary participation in the 457(b) Deferred Compensation Plan;
 - c) Adoption of Board policies designed to ensure efficient and effective administration of benefits in accordance with Plan provisions;
 - d) Employee education and training programs, including all Employee communications from the Retirement System;
 - e) Service quality goals and objectives when deemed necessary;
 - f) The process for the annual performance evaluation of the Executive Director;
 - g) The process for the Board's Self-Evaluations;
 - h) Legal Counsel evaluation; and
 - i) Review and evaluation of the Third Party Administrator(s)/Recordkeeper(s) ("TPA") of the Defined Contribution Plan ("DC Plan") and 457(b) Deferred Compensation Plan("457 Plan").
- 3) The Administrative Policy Committee will assist the Board in the appointment of service providers by recommending the appointment of:
 - a) Human resource consultants hired to address matters involving the Executive Director;
and
 - b) Consultants assisting with governance and Board effectiveness;
 - c) Legal Counsel
 - d) DC Plan/457 Plan TPA
- 4) The Administrative Policy Committee will keep minutes of its meetings and ensure the minutes are made available to the Board.

**CITY OF ANN ARBOR EMPLOYEES' RETIREMENT SYSTEM
CHARTER FOR THE AUDIT COMMITTEE**

A. INTRODUCTION

- 1) In fulfilling its oversight responsibilities, the primary function of the Audit Committee is to coordinate, direct, and make recommendations to the Board of Trustees with respect to financial, actuarial, and audit matters as well as internal controls.

B. COMPOSITION & MEETINGS

- 1) The Audit Committee shall consist of at least three members of the Board of Trustees.
- 2) The Audit Committee shall meet as needed.

C. DUTIES AND RESPONSIBILITIES

1. Internal Controls

- a) The Audit Committee shall periodically assess the System's major risk exposures, whether financial, operating, or otherwise.

2. External Audit

The Audit Committee shall:

- a) Engage an annual financial audit and a periodic fiduciary plan audit
- b) Review the scope of the audits
- c) Review the findings of the audit reports and report to the full Board

3. Actuarial Valuation

- a) The Audit Committee shall review all areas of influence to the Plans (assumptions, markets, demographics, costs and expenses, etc.), and the presentation of the final report.
- b) The Audit Committee shall periodically review the format and content of the actuary valuation report and make recommendations to the Board as needed.
- c) The Audit Committee shall keep minutes of its meetings and ensure the minutes are made available to the Board.

4. Defined Contribution and Deferred Compensation Plans

- a) The Audit Committee may conduct periodic due diligence with respect to the administrative costs and expenses associated with the Retirement System's Defined Contribution Plan and the 457(b) Deferred Compensation Plan.

5. The Audit Committee will assist the Board in the appointment of service providers by recommending the appointment of:

- a) Actuary;
- b) Audit Firm; and
- c) DC Plan and 457 Plan due diligence provider

APPENDIX 1

INTRODUCTION TO ROBERT'S RULES OF ORDER

What Is Parliamentary Procedure?

It is a set of rules for conduct at meetings that allows everyone to be heard and to make decisions without confusion.

Why is Parliamentary Procedure Important?

Because it's a time tested method of conducting business at meetings and public gatherings. It can be adapted to fit the needs of any organization. Robert's Rules of Order Newly Revised is the basic handbook of operation for the Boards and Committees. So it's important that everyone know these basic rules!

Below is a typical example of our order Business:

- Call to order
- Roll call of members present
- Audience Comments
- Approval of Agenda
- Approval of Minutes
- Consent Agenda
- Action Items
- Discussion Items
- Reports
- Information
- Trustee Comments
- Future Agenda Items
- Adjournment

The method used by members to express themselves is in the form of moving motions. A motion is a proposal that the entire membership take action or a stand on an issue. Individual members can:

- Call to order.
- Second motions.
- Debate motions.
- Vote on motions.

There are four Basic Types of Motions:

Main Motions: The purpose of a main motion is to introduce items to the membership for their consideration. They cannot be made when any other motion is on the floor, and yield to privileged, subsidiary, and incidental motions.

Subsidiary Motions: Their purpose is to change or affect how a main motion is handled, and is voted on before a main motion.

Privileged Motions: Their purpose is to bring up items that are urgent about special or important matters unrelated to pending business.

Incidental Motions: Their purpose is to provide a means of questioning procedure concerning other motions and must be considered before the other motion.

How are Motions Presented?

- Obtain the floor
- Wait until the last speaker has finished
- Address the Chair by saying, "*Mr. Chair or Madam Chair; Mr. President or Madam President.*"
- Wait until the Chair recognizes you
- Make Your Motion. Speak in a clear and concise manner. Always state a motion affirmatively. Say, "*I move that we...*" rather than, "*I move that we do not...*" Avoid personalities and stay on your subject.
- Wait for Someone to Second Your Motion. Another member will second your motion or the Chair will call for a second. If there is no second to your motion it is lost.
- The Chair States Your Motion. The Chair will say, "*It has been moved and seconded that we...*" Thus placing your motion before the membership for consideration and action.
- The membership then either debates your motion, or may move directly to a vote.
- Once your motion is presented to the membership by the chair it becomes "assembly property", and cannot be changed by you without the consent of the members.

Expanding on Your Motion

The time for you to speak in favor of your motion is at this point in time, rather than at the time you present it. The mover is always allowed to speak first. All comments and debate must be directed to the chair. Keep to the time limit for speaking that has been established. The mover may speak again only after other speakers are finished, unless called upon by the Chair.

Putting the Question to the Membership

The Chair asks, "*Are you ready to vote on the question?*" If there is no more discussion, a vote is taken.

Voting on a Motion

There are generally five methods used to vote. They are:

By Voice -- The Chair asks those in favor to say, "aye", those opposed to say "no". Any member may move for an exact count.

By Roll Call -- Each member answers "yes" or "no" as his name is called. This method is used when a record of each person's vote is required.

By General Consent -- When a motion is not likely to be opposed, the Chair says, "if there is no objection..." The membership shows agreement by their silence, however if one member says, "I object," the item must be put to a vote.

By Division -- This is a slight variation of a voice vote. It does not require a count unless the chair so desires. Members raise their hands or stand.

By Ballot -- Members write their vote on a slip of paper, this method is used when secrecy is desired.

There are two other motions that are commonly used that relate to voting:

Motion to Table -- This motion is often used in the attempt to "kill" a motion. The option is always present, however, to "take from the table", for reconsideration by the membership.

Motion to Postpone Indefinitely -- This is often used as a means of parliamentary strategy and allows opponents of motion to test their strength without an actual vote being taken. Also, debate is once again open on the main motion.

Parliamentary Procedure is the best way to get things done at our meetings. But, it will only work if you use it properly:

- Allow motions that are in order
- Have members obtain the floor properly
- Speak clearly and concisely
- Obey the rules of debate
- Most importantly, be courteous

APPENDIX 2

INVESTMENTS & FUNDING REPORTS

Report Name	Frequency	Presented By	Description and Purpose of Report
1. Investment Manager Watchlist	Monthly	Investment Consultant	Provided as needed.
2. Investment Manager Compliance	Quarterly	Investment Consultant	Confirms that investment managers are investing plan assets in accordance with their mandate, investment agreement, regulatory requirements and the System Policy.
3. Investment Performance	Quarterly	Investment Consultant	Report on investment performance for total fund, for each asset class, and by investment manager. Provides analysis based on return over various periods (3 months, 1 year, 5 year, etc.), and using attribution analysis.
4. Actuarial Valuation	Annually	Actuary	Summarizes the results of the actuarial valuation for the plan, together with any recommendations.
5. Financial Audit	Annually	Auditor	An independent evaluation of the overall financial position of the System.
6. Asset and Liability Study	At least every 3 years	Investment Consultant	A study of the relationship between the System's assets and liabilities to determine the appropriateness of the System's asset allocation policy.
7. Actuarial Experience study	Every 5 years	Actuary	Reviews the appropriate long-term economic assumptions such as investment return and wage and price inflation, and demographic assumptions such as disability rates and mortality rates.
8. Actuarial Audit	Every 8 years	Actuarial Auditor	An independent review of the validity of the analyses and methodologies used in preparing the System's actuarial valuation.
9. Investment Cost Effectiveness	At Board Discretion	Staff	Evaluates the costs of the investment program, and compares them to appropriate peer groups.

ADMINISTRATION AND OPERATIONS REPORTS

Report Name	Frequency	Presented By	Description and Purpose of Report
1. Administrative Expense Report	Monthly	Staff	Summarizes the actual spending against the operating budget, including explanations for material variances.
2. Committee Report	Monthly	Chair of the Specific Committee	Committee Minutes to the Boards from last Committee meeting
3. Executive Director's Report	Monthly	Staff	Updates the Board on significant matters not reported in routine reports, or in other staff or Committee reports
4. Legal Report	Monthly	Legal counsel	Updates the Boards on significant legal development affecting the Systems, and ongoing litigation
5. Preliminary Financial Report	Monthly	Staff	Preliminary review of the monthly financial results of the investment managers
6. Summary Annual Report	Annually	Staff	Report on Systems in accordance to Public Act 314
7. Service Provider Evaluations	As Per Service provider selection policy	Administrative Policy Committee & Staff	Evaluates the performance of the external service providers as needed at Boards discretion.

APPENDIX 3

SPECIFIC PENSION-RELATED TRAINING TOPICS

The following is a list of pension-related education topics and is intended to provide guidance to Trustees in identifying appropriate topics for the development of their knowledge and understanding of pension and retiree health care related matters. The list is intended as a guideline only, and is not exhaustive:

Governance and Fiduciary Responsibility

- Fiduciary duty
- Roles of the sponsor, administrator
- Management and service providers
- Basics of trust law
- Effective decision-making
- Roberts Rules of Order

Benefits Administration

- Defined benefit plan features
- Defined contribution plan features
- Risks inherent in Benefits Administration
- Basic administrative operations and processes
- Disability Issues

Actuarial Policies and Funding

- Role of the actuary
- Actuarial process
- Funding Policy
- Asset/liability management

Investment Policy and Asset Allocation

- Type of Investments
- Asset classes and their characteristics
- Historical risk and return
- Investment risk tolerance
- Diversification and asset allocation
- Efficient frontier and optimal portfolios
- Performance measurement

Regulatory and Legal Issues

- Chapter 18 Retirement Ordinance
- Public Act 314
- Public Act 88
- Open Meetings Act
- Freedom of Information Act
- Pension Protection Act
- Tax policy and plan qualification features

Technology

- Management Information - Systems Technology risk

APPENDIX 4

TRUSTEE HANDBOOK

A Trustee Reference Manual will include the following materials:

- a. Retirement Ordinance
- b. Retiree Health Care Plan and Trust
- c. Public Act 314
- d. Copies of Board governance policies and charters
- e. Copies of System administrative policies and procedures
- f. Organizational chart
- g. Names, phone numbers, and email addresses of Trustees, the Executive Director, and staff
- h. Listing of current Committee assignments
- i. Listing of current service providers
- j. Glossary of key pension administration terms and definitions
- k. Most recent Summary Annual Report
- i. Most recent 401/457 Plan & Investment Review.

It is the responsibility of Trustees to maintain their Trustee Handbook, by ensuring that they contain the most up to date materials. A master copy of the Trustee Handbook will be available for use by Trustees at the Retirement office.

APPENDIX 5

Executive Director Performance Valuation

**CONFIDENTIAL PERFORMANCE EVALUATION OF THE EXECUTIVE DIRECTOR OF
THE CITY OF ANN ARBOR EMPLOYEES' RETIREMENT SYSTEM**

Name of Board Member:

The purpose of this Executive Director ("ED") Review is to provide fair and honest feedback that confirms strengths and identifies opportunities for further professional development. Board members are encouraged to provide additional detail where necessary. Thank you for assisting in this evaluation.

CUSTOMER SERVICE:

1. The ED is responsive to requests for information or meetings, and ensures staff provides information in a timely manner.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

2. The ED represents the System well with the City and non-beneficiaries of the System.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

3. The ED sees each employee as an important member of the System and appears to be well respected by staff.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

4. The ED maintains a professional and strong working relationship with the System's advisors.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

COMMENTS:

COMMUNICATION:

5. The ED is easy to talk to and listens to my suggestions and/or concerns.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

6. The ED stays in contact, offering information and asking questions when necessary.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

7. The ED affectively communicates with the Board in a manner that allows Board members to understand issues and make decisions within the time required.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

8. The ED sufficiently reports to the Board on matters impacting investment decisions.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

COMMENTS:

MISSION / JUDGEMENT:

9. The ED is well organized. Information is presented in a clear and understandable format. We do not waste a lot of time or have to ask for work to be done over.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

10. The ED sufficiently reports to the Board on matters involving the City of Ann Arbor that impact the decisions or direction to be taken by the Board.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

11. The ED is mission focused and makes decisions organizationally for the better of the organization, its staff, the participants we serve and the Board of Trustees.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

12. The ED met overall budget expectations of the board.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

COMMENTS:

KNOWLEDGE:

13. The ED has a strong understanding of the budget and works to meet the financial goals approved by the Board.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

14. The ED demonstrates expertise and stays abreast of key issues facing the System.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

COMMENTS:

LEADERSHIP:

15. The ED is a good leader and sets a good example in work habits, honesty, respect, and service to our participants.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

16. The ED leads in a positive, enthusiastic manner.

Exceptional Exceeds Meets Needs Some Impvmt Unacceptable Unknown

COMMENTS:

SPECIFIC GOALS

On a scale of A+ to E-, I rate the ED's overall performance during the review period: MANAGER SUMMARY:

EXECUTIVE DIRECTOR COMMENTS:

Executive Director Signature

Date

Manager Signature

Date

APPENDIX 6

Fee Disclosure Form

**CITY OF ANN ARBOR
EMPLOYEES' RETIREMENT SYSTEM
532 S. Maple Rd.
Ann Arbor, MI 48103**

COMPENSATION DISCLOSURE FORM

Completion required pursuant to MCL 38.1133(7)

**This form must be submitted to the Board of Trustees
no later than 28 days following its receipt by the Investment Service Provider.**

I. Investment Service Provider Information

Company

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

The undersigned, being duly authorized to execute on behalf of the aforementioned company, hereby certifies under penalty of perjury that the information provided herein, upon information and belief, is true, accurate and complete, and is intended to fully comply with the requirements of MCL 38.1133(7) and the Retirement System's Service Provider Disclosure Policy.

Signature

Date

Printed Name

Title

II. Reporting Period

From: _____

To: _____

III. Compensation Disclosure (All fees/compensation associated with your relationship to the Retirement System)

A. Direct Compensation (Compensation paid directly from the Plan)

Amount: _____

Manner of receipt (invoice, direct deduction, etc.): _____

B. Indirect Compensation (Compensation associated with your relationship to the Retirement System received from any source other than the Plan, your affiliates or subcontractors)

Amount: _____

Payer: _____

Manner of receipt: _____

Services to which such compensation relates: _____

C. Compensation Among Related Parties (compensation paid or to be paid to third parties, including affiliates or subcontractors; e.g., commissions, 12b-1 fees, soft-dollars, finder's fees, or other similar incentive compensation)

Amount: _____

Payer: _____

Recipient: _____

D. Total

Amount: _____

*Attach additional sheets as necessary.

Failure or refusal to complete and submit the foregoing Compensation Disclosure Form shall be deemed a violation of the requirements of MCL 38.1133(7) and the Retirement System's Service Provider Disclosure Policy, and may result in the suspension of payment for services rendered and/or termination of your relationship with the Retirement System.

(A copy of Act 314, as amended is available at <http://legislature.mi.gov/doc.aspx?mcl-act-314-of-1965>)

**CITY OF ANN ARBOR
EMPLOYEES' RETIREMENT SYSTEM
532 S. Maple Rd.
Ann Arbor, MI 48103**

POLITICAL CONTRIBUTION DISCLOSURE FORM
Completion required pursuant to MCL 38.1133e
**This form must be submitted to the Board of Trustees
no later than 28 days following its receipt by the Service Provider.**

I. Service Provider Information

Company
Name: _____
Address: _____
City: _____ State: _____ Zip: _____

The undersigned, being duly authorized to execute, hereby certifies under penalty of perjury that the information provided herein, upon information and belief, is true, accurate and complete, and is intended to fully comply with the requirements of MCL 38.1133e and the Retirement System's Service Provider Disclosure Policy.

II. Reporting Period

From: _____
To: _____

III. Compliance Certification

The aforementioned Service Provider IS NOT a registered investment advisor under the Investment Advisors Act of 1940. Accordingly, Service Provider hereby certifies that it is compliant with the requirements of Section 13e of Public Act 314 of 1965, as amended (MCL 38.1133e) as of the date indicated below.

YES NO

Signature

Date

Printed Name

Title

The aforementioned Service Provider IS a registered investment advisor under the Investment Advisors Act of 1940. Accordingly, Service Provider hereby certifies that it is compliant with Rule 206(4)-5 under the Investment Advisors Act of 1940, as amended, as of the date indicated below.

YES NO

Signature

Date

Printed Name

Title

Failure or refusal to complete and submit the foregoing Political Contribution Disclosure Form shall be deemed a violation of the requirements of MCL 38.1133e and the Retirement System's Service Provider Disclosure Policy, and may result in the suspension of payment for services rendered and/or termination of your relationship with the Retirement System.

(A copy of Act 314, as amended is available at <http://legislature.mi.gov/doc.aspx?mcl-act-314-of-1965>)

Freedom of Information Act Policies and Procedures

SUMMARY OF FOIA POLICY AND PROCEDURES

The City of Ann Arbor Employees Retirement System (“System”) is established under the authority of the City of Ann Arbor. The Board of Trustees of the City of Ann Arbor Employees Retirement System (“Board of Trustees”) is vested with the authority for the general administration, management and operation of the Retirement System.

Pursuant to Public Act 563 of 2014, the FOIA was amended with an effective date of July 1, 2015. In accordance with the amendments to the FOIA under Public Act 563 of 2014, the following written public summary of the Retirement System’s FOIA Policy and Procedures is provided.

1. Submitting a FOIA Request

- Requests to inspect or obtain copies of public records prepared, owned, used, possessed or retained by the Retirement System must be submitted in writing.
- No specific form to submit a written FOIA request is required; however, a FOIA Request Form is available for your convenience on the Retirement System’s webpage available at www.a2gov.org.
- A FOIA request must sufficiently describe a public record so as to enable the Retirement System to find it.
- Written requests may be made by mail addressed to the Board of Trustees of the City of Ann Arbor Employees Retirement System, 532 S. Maple Rd., Ann Arbor, MI 48013 requests may also be submitted via email to worcutt@a2gov.org.

Note: If you are serving a sentence of imprisonment in a local, state or federal correctional facility you are not entitled to submit a request for public records under the FOIA.

2. Responding to Requests

- Within 5 business days of receipt of a FOIA request the System will issue a response. If a request is submitted by e-mail the request is deemed to have been received on the following business day. E-mail requests delivered to the FOIA Coordinator’s spam or junk-mail folder shall be deemed received one (1) day after the FOIA Coordinator becomes aware of the e-mail request, and such dates shall be noted in any response provided.
- The Retirement System will respond to your request in one of the following ways:
 - Grant the request;
 - Deny the request, in writing;
 - Grant the request in part and issue a written notice denying the request in part;
 - Issue a notice indicating the System requires an additional 10 business days to respond due to the nature of the request; or

- Issue a written notice indicating that the public record requested is available at no charge on the System's webpage.
- If a request is granted, or granted in part, the System will ask payment be made for any permissible fees associated with responding to the request before the public record is made available. If the costs of processing and responding to the request are expected to exceed \$50.00, the System will require a good faith deposit prior to processing the request. Under certain circumstances, the Retirement System may require payment of any and all fees in advance prior to processing the request.

3. Fee Deposit Requirements

- If the System has made a good faith calculation the total fee for processing a FOIA request will exceed \$50.00, the System will require you provide a deposit in the amount of 50% of the total estimated fee, a detailed itemization of which shall be provided upon requesting the deposit. The System's request for a deposit will also include a non-binding best efforts estimate of how long it will take to process the request upon receipt of the required deposit.
- If the System receives a FOIA request from an individual or entity who has not paid the System for fees charged in connection with a previously granted FOIA request, the System will require a deposit of 100% of the estimated fee prior to processing the request when all of the following conditions exist:
 - The final fee for the prior FOIA request was not more than 105% of the estimated fee;
 - The public records made available contained the information sought in the prior written request and remain in the System's possession;
 - The public records were made available, subject to payment, within the time frame estimated by the System to provide the records;
 - 90 days have passed since the System notified the individual in writing that the records were available for pickup or mailing;
 - The individual is unable to show proof of prior payment to the System; and
 - The System has provided a detailed and itemized estimate that is the basis for the current request's increased deposit.
- The System will not require the estimated 100% deposit if any of the following apply:
 - The individual making the request is able to show proof of prior payment in full to the System;
 - The System is subsequently paid in full for all applicable prior FOIA requests; or
 - 365 days have passed since the request was made for which full payment was not remitted to the System.

4. Calculation of Fees

- A fee will not be charged for the cost of search, examination, review, and the deletion and separation of exempt from non-exempt information unless failure to charge a fee would result in unreasonably high costs to the System because of the nature of the request in the particular instance, and the System identifies the nature of the unreasonably high costs.
- In accordance with the FOIA, the System may charge for the following six fee components when processing a FOIA request:
 - Labor costs associated with searching for, locating and examining a requested public record;
 - Labor costs associated with a review of a record to separate and delete exempt information from non-exempt information which is disclosed;
 - The costs of computer discs, computer tapes or other digital or similar media when the request asks for records in non-paper physical media;
 - The cost of duplication or publication, not including labor, of paper copies of public records;
 - Labor costs associated with duplication or publication, which includes making paper copies, making digital copies, or transferring digital public records to non-paper physical media or through the Internet; and
 - The actual cost of mailing or sending responsive public records to a requester.
- Labor Costs
 - All labor costs will be estimated and charged in 15 minute increments with all partial time increments rounded down.
 - Labor costs will be charged at the hourly wage of the lowest-paid employee capable of doing the work in the specific fee category, regardless of who actually performs the work.
 - If the System does not employ a person capable of separating and deleting exempt from non-exempt information, contracted labor costs will be charged at an hourly rate not exceeding an amount equal to 6 times the state established minimum hourly wage rate.
 - Labor costs will also include a charge to cover or partially cover the cost of fringe benefits.
- Non-paper Physical Media
 - The cost for records provided on non-paper physical media, such as computer discs, computer tapes or other digital or similar media will be at the actual and most reasonably economical cost for the non-paper media.
 - This cost will only be assessed if the System has the technological capability necessary to provide the public record in the requested non-paper physical media format.

- Paper Copies
 - Paper copies of public records made on standard letter (8 ½ x 11) or legal (8 ½ x 14) sized paper will not exceed \$0.10 per sheet of paper. Copies for non-standard sized sheets will reflect the actual cost of reproduction.
 - The System may provide records using double-sided printing, if cost-saving and available.
- Mailing Costs
 - The cost to mail public records will use a reasonably economical and justified means.
 - When appropriate under the circumstances, the System will charge for the least expensive form of postal delivery confirmation.
 - No cost will be made for expedited shipping or insurance unless requested.

5. Fee Reduction

- The System will waive the first \$20.00 of the processing fee for responding to a FOIA request if an affidavit is provided stating:
 - That the requester is indigent and receiving specific public assistance; or
 - If not receiving public assistance, stating specific facts demonstrating an inability to pay because of indigency.
- A requester is not eligible to receive a \$20.00 waiver if:
 - The requester has previously received discounted copies of public records from the System twice during the calendar year; or
 - The requester is requesting information on behalf of other persons who are offering or providing payment to the individual to make the request.
- The System will waive the fee for a nonprofit organization requesting public records meeting all of the following conditions:
 - The organization is designated by the State under federal law to carry out activities under the Developmental Disabilities Assistance and Bill of Rights Act of 2000, Public Law 106-402, and the Protection and Advocacy for Mentally Ill Individuals Act of 1986, Public Law 99-319, or their successors;
 - The request is made directly on behalf of the organization or its clients;
 - The request is made for a reason wholly consistent with the provisions of federal law under Section 931 of the Mental Health Code, 1974 PA 258 [MCL § 330.1931]; and
 - The request is accompanied by documentation of the organization's designation by the State.

6. Appeals

- Denials of all or a portion of a FOIA request may be appealed to the Board of Trustees of the Retirement System. The appeal must be filed in writing, specifically state the word “appeal”, and identify the reason or reasons that the denial is believed to be improper.
- Within 10 business days of receiving the appeal the Board shall do one of the following:
 - Reverse the disclosure denial;
 - Uphold the disclosure denial and provide a written notice of the same; or
 - Reverse the disclosure denial in part and uphold the disclosure denial in part, and provide written notice of the same.
- Regardless of whether an appeal of a denial is submitted to the Board, a civil action may be commenced in Washtenaw County Circuit Court within 180 days of the Retirement System’s final determination to deny the FOIA request.
- If you believe the fee charged by the System to process your FOIA request exceeds the amount permitted by state law, you must first submit a written appeal of the fee charged to the Board. The appeal must be in writing, specifically state the word “appeal”, and identify the basis for contesting the fee charged.
- Within 10 business days after receiving the appeal, the Board will respond in writing in one of the following ways:
 - Waive the fee;
 - Reduce the fee along with a written determination of the basis supporting the remaining fee;
 - Uphold the fee with a written determination indicating the basis for upholding the fee; or
 - Issue a notice extending the time to respond by not more than 10 business days.
- Within 45 days of receipt of the Board’s determination on the appeal of the fee charged you may commence a civil action in the Washtenaw County Circuit Court for a fee reduction.
- Appeals received by the Board are not considered received until the first regularly scheduled meeting of the Board following submission of a written appeal.

The foregoing is only a summary of the City of Ann Arbor Employees Retirement System’s FOIA Policy and Procedures, and is provided for informational purposes only. A copy of the Retirement System’s FOIA Policy and Procedures is available at the System’s webpage accessible through the City of Ann Arbor website at: www.a2gov.org.