

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
August 18, 2011**

The meeting was called to order by Jeremy Flack, Chairperson, at 8:35 a.m.

ROLL CALL

Members Present: Clark, Crawford, Flack, Hastie, Heusel, Monroe
Members Absent: Nerdrum
Staff Present: Kluczynski, Walker
Others: Michael VanOverbeke, Legal Counsel
Michael Van Dam, City Retiree
David Diephuis, City Resident

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

Revisions to the agenda include the following items:

- D-2 Crisis Response Plan – ‘Clean’ copy added to packet
- E-1 City Council Resolution regarding Charter Amendment to Alter Board of Trustees
- E-1a Discussion of whether to delay General Trustee Election in September due to E-1
- F-1 Executive Report – Updated with additional information

It was **moved** by Crawford and **seconded** by Clark to approve the agenda as revised.
Approved as revised

B. APPROVAL OF MINUTES

B-1 July 21, 2011 Regular Board Meeting Minutes

It was **moved** by Hastie and **seconded** by Crawford to approve the July 21, 2011 Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

It was **moved** by Crawford and **seconded** by Hastie to approve the consent agenda as presented:

C-1 Purchase of Military Service Time

WHEREAS, the Board of Trustees is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

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

WHEREAS, the Board is in receipt of an Application for Purchase of Military Service Time, therefore be it

RESOLVED, that the Board of Trustees hereby certifies that the following member(s) of the Retirement System have submitted the requisite documentation for the purchase of Military Service Time:

Name	Department	Requested Military Service Time	Requested Method of Payment	Cost for Purchase of Military Service Time
James Doeden	General	4 Years	Lump Sum Payment	\$ 12,821.12

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

C-2 EDRO Certification: Michael Dortch v. Jenifer Garcia (F/K/A Jenifer Dortch)

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order (“EDRO”) dated April 29, 2011, wherein Alternate Payee, the Alternate Payee, is awarded certain rights to the benefits of Michael Dortch, the Participant, and

WHEREAS, the Alternate Payee is entitled to claim a portion of the Participant’s retirement benefit which is subject to the Alternate Payee filing an application for same, and

WHEREAS, said matter had been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law including Public Act 46 of 1991 (MCLA 38.1701) as applicable, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order, will pay pension benefits consistent with said order subject to an application being filed by the Alternate Payee or the Participant seeking payment, and further

RESOLVED, that upon application of either the Alternate Payee or the Participant this file be forwarded to the Board’s actuary for calculation of the benefits, and further

RESOLVED, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter, and

RESOLVED, that copies of this resolution be sent to Karen S. Sendelbach, Esq., attorney for the Alternate Payee; Basil A. Baker, Esq., attorney for the Participant; and the Board’s Actuary.

Consent agenda approved

D. ACTION ITEMS

D-1 Executive Director Goals & Objectives

Mr. Crawford presented the Executive Director’s Goals and Objectives as discussed by the Administrative Policy Committee on August 9th. Ms. Walker has since added estimated completion dates to the listing as requested by the Committee. Mr. Crawford stated that he has also distributed an email to solicit performance feedback from the Committee and Staff which the APC will review at its September meeting. Mr. Crawford stated that the Committee will begin her annual evaluation in April/May 2012 so that a review could be completed by next June in order to accommodate any possible salary adjustments on schedule in July. The Board briefly reviewed the goals and agreed to approve the listing as presented.

It was **moved** by Hastie and **seconded** by Crawford to accept the Executive Director Goals as presented.

Approved

D-2 Crisis Response Plan

The Board discussed the revised Crisis Response Plan and agreed to approve the document with the addition of one minor language change in the third paragraph *((ii) notify all Board members..)*:

CRISIS RESPONSE PLAN

The Board recognizes that, in rare instances, investment exigencies or another type of Crisis (as defined below) may arise, which may require urgent action in between regularly scheduled meetings of the Board. To properly address and react to such instances in a timely manner, the Board hereby delegates crisis-related decision making to a "Crisis Response Team" (CRT), which will determine the appropriate course of action. Upon notification to the CRT from the Investment Consultant regarding a Crisis and the need for an appropriate response, the CRT will determine if a Board Meeting is appropriate given the nature and circumstances of the crisis. It is understood that the CRT will utilize reasonable efforts to contact the individual Board members and convene a full Board meeting in accordance with the Open Meetings Act to manage the Crisis. However, the Board recognizes that it may not be feasible to arrange for a special meeting of the Board in light of the nature of the Crisis, the notice requirements of the Open Meetings Act and/or the availability of Board Trustees. In the event the CRT determines that a Board Meeting is not prudent under the circumstances, the Board by the adoption of this policy authorizes the CRT to take any and all actions necessary to manage and address the Crisis.

The Crisis Response Team shall consist of three (3) members: the Chairperson and Vice-Chairperson of the Investment Policy Committee (IPC) and the Retirement Board Chairperson. In the event one (1) or more of the Crisis Response Team members are unavailable to participate in any decision necessary in response to a Crisis, the following alternates (in order of preference) shall serve on the Crisis Response Team (unless already serving by virtue of serving as the Chair or Vice-Chair of the IPC): the Board Vice-Chair; the APC Chairperson; the Audit Committee Chairperson; or any other Board member. The Executive Director has an important role in supporting the Crisis Response Team and facilitating any required actions.

In the event that the Investment Consultant is of the opinion that a Crisis exists, the Investment Consultant will (i) identify and describe the precise nature of the crisis or emergency; and (ii) notify all Board members, the Executive Director and the Crisis Response Team, including the alternate members, via email and telephone if necessary, regarding the situation and provide a written recommendation for action.

A "Crisis" is an event that warrants immediate action to ensure that Retirement System's assets are protected as determined by the Investment Consultant with the unanimous concurrence of the Crisis Response Team. Examples of a Crisis include, but are not limited to, the following:

- (a) The departure of one or more critical members of an Investment Manager's, Commingled Fund's, Alternative Investment Fund's, Custodian's, or Investment Consultant's professional service team.
- (b) A lawsuit, government investigation or audit, or other major event involving an Investment Manager, Commingled Fund, Alternative Investment Fund, the Custodian or the Investment Consultant.
- (c) The occurrence of war, terrorism, a natural disaster, or other event materially affecting Retirement System's assets or the investment thereof.

The Crisis Response Team will have the authority to take any necessary action as shall be recommended by the Investment Consultant between regular meetings of the Board at any time that a Crisis occurs. All decisions of the Crisis Response Team must be agreed to by all members of the Crisis Response Team (or their alternates), and will be deemed to be final and binding on all parties (without any further action of the Board).

Following any such decision(s), prompt notice, including the initial written recommendation from the Investment Consultant, shall be given by the Executive Director to the Board concerning:

- (a) the nature and scope of the crisis;
- (b) its potential economic impact on the Retirement System's portfolio;
- (c) the method of resolution; and
- (d) the specific rationale(s) supporting the decision.

It was **moved** by Crawford and **seconded** by Monroe to approve the Crisis Response Plan as revised.

Approved

E. DISCUSSION ITEMS

E-1 Review City Council Resolution to Order Election and to Determine Ballot Question for Charter Amendment to Alter the Number of Appointed Citizen Trustees and Elected General Member Trustees of the City Employee Retirement System Board of Trustees

Mr. Crawford stated that this resolution was brought before City Council by Councilmember Higgins at the August 15th meeting. The document discusses a recommendation from the 2004 Blue Ribbon Committee to alter the number of appointed citizen Trustees and elected general member Trustees on the Retirement Board. Mr. Monroe asked if Mr. Crawford is aware as to why, after seven years, Ms. Higgins has decided to bring this recommendation forward? Mr. Crawford stated that there are most likely a number of reasons considering that public pension issues are in the press more often and he is aware that certain members of the Blue Ribbon Committee have voiced concerns as to why this recommendation was never implemented. Mr. Monroe asked if any of the Board members have had communications with Ms. Higgins or has she reached out to anyone to ask how the System is operating or has she attended any of the Board meetings to see how things are going? The consensus was that she has not. Mr. Monroe stated that under the new structure, there is a potential that there could be no active City employees on this Board of Trustees.

Mr. Flack stated that the language indicates that theoretically retirees could replace active members if they were to decide to run for a seat and be elected. Mr. VanOverbeke stated that he believes that the language is unclear in that regard, because the language simply indicates, "including retirees", and it is unclear as to whether the retirees only get to vote or does it mean that they are also able to run for a seat on the Board. Members are defined in the Charter as active employees so when you use the term 'members', retirees are not included and they are under a different classification. Mr. VanOverbeke believes the language should read for example, "including one fire representative on the Board to be elected by the active employees and retirees, and may be an active employee or a retiree". It is unclear as to whether the Trustee can be a retiree, or just the retirees get to vote. Mr. Crawford stated that he believes the language means that a retiree could be elected, but only active members would be the ones voting.

Mr. Clark believes the System is running very smoothly, and is surprised that Ms. Higgins is willing to remove the City Administrator who is directly linked to City Council, also, the new structure would overload the Board with citizen Trustees, and he believes that a lot of employees are going to be up in arms about that. Mr. Crawford again stated that this was the recommendation by the Blue Ribbon Committee, and originally that committee had discussed leaving the Board structure as is and adding two citizen trustees in order to make an 11-member Board, so it was the intention all along to add more citizens to the structure. Mr. Hastie clarified that the Blue Ribbon Report indicates that the Committee felt at that time that the City Administrator could have undue influence over the process based on their position in the City. Mr. VanOverbeke stated that it has become very common for retirement boards to remove city officials and replace them with appointed citizens or

retiree representatives. Mr. VanOverbeke again stated that the language should be clearer, and Mr. Crawford stated that the language has already been passed by Council and has been forwarded to the Attorney General, who has until the end of August to sign off on it and if they have thoughts on the language that would affect what is on the ballot, but it is now out of the City's hands to make changes to the language.

Mr. Monroe believes that this goes back to the discussion on the Committee level about not being aware of what is going on and notification to the Board - whether or not it is or is not the Board's business, and he believes this Board should have been made aware of the proposed resolution before being placed on the Council agenda, and the Board cannot make a determination unless it is aware of things going on or discussions that involve the Retirement System; perhaps getting feedback beforehand would have enabled the language to be made more clear before being passed by Council. Ms. Walker added that Mr. Crawford had forwarded an email to her late Sunday night stating that there would be something affecting the Pension Ordinance on the Monday night agenda, but it remained a placeholder (title only) on the agenda throughout the day on Monday, but there was no description as to what the resolution would be proposing. Mr. Crawford stated that there was an effort made by the City to get the word out so that anyone who wanted to speak to this would have an opportunity to come to the meeting, but it is Council's purview to add something to the agenda up until the time of the meeting.

Mr. Monroe stated that there must have been discussions of this issue before it was decided to suddenly place this item on the agenda. Mr. Hastie agreed, stating that it is almost ironic given if you read the Blue Ribbon Report which states that one of the recommendations is to improve the communications between the Pension Board and City Council, and yet there was no communication on this issue. Mr. Crawford stated that he is unaware of any committees that were discussing this, and it is a topic that has been out there and known and was discussed a lot back then, and a number of the members who were on Board are still on the Board from back then. Mr. Hastie stated that before the meeting on Monday, he asked Councilmember Taylor if he was aware of this resolution and he did not have any idea of what the language entailed, although he was expected to vote on it five hours later. Ms. Walker stated that in viewing the video of the Council meeting, it appears there was little discussion by the Councilmembers. Mr. Monroe voiced concern that it does not make sense that this item was brought up for the very first time at Council level and was approved without talking to the current Board of Trustees, not asking more questions, and not doing more research into it before voting on it. Mr. Crawford stated that this resolution is not critical of the Board and he does not see this as a problem. Mr. Monroe believes that it is critical because it involves significant changes to the Board.

Mr. Crawford stated that this is not surprising to him at all, and the Councilmembers have an interest and an obligation to revisit a recommendation that was addressed regarding the governance of the System, and added that there was another item from 2004 that was added to the meeting at the last minute as well. Mr. Monroe asked Mr. Crawford if he was aware that the proposed changes was going to be placed on the Council agenda beforehand, and Mr. Crawford stated that it does not make a difference and that in his role with the City, he may be aware that there is something that may be going on, but at the point that as a Retirement Board Trustee that he can be aware of it, then he can act. Mr. Monroe stated that there is then an overlap if he is on the City's end of it, because there are other employee representatives on this Board with an interest as well, and if they become aware of an issue it should be relayed to the others.

Mr. Monroe asked if this language is forwarded to Lansing, is the Board in any position where it can include any information, concerns, or forward a legal opinion? Mr. VanOverbeke stated that the makeup in terms of the composition of the Board is really a labor issue, the wording of the language such that the Board needs to know how to administer the language is a Board issue, so if the Board feels it needs further clarification of the language as written, that is a Board issue. From that

perspective, the Board has a legitimate interest as the Trustees of the System. In terms of the removal of a general employee representative or how the Board is composed is more of a labor issue than a Board issue. Mr. Clark stated he has a problem with removing one of the general member trustees because even though the Trustees are at the table to represent all of the employees, the general members are the largest group and should require additional representation. Mr. VanOverbeke stated that the bargaining units could take action beforehand and request bargaining before it is placed on the ballot in November, but if the Charter is approved first and it's not effective for union employees until it is bargained by each group, when does it really become effective, when it could be effective for non-union employees, but isn't for union members. Then the Board would have to administer a program whereby it is half-effective. Mr. VanOverbeke stated that the easier way would be to work it through all of the bargaining process so there is no more bargaining issues, then when the change is voted on and adopted, it has full force in effect.

Mr. Crawford stated that the Board should go back to meeting with City Council at least on an annual basis as it has in previous years in order to strengthen communications and address any issues with the Plan. The Board agreed. Mr. Hastie asked if there would be an interest by the Board to send correspondence to City Council requesting a more open line of communication in the future. The Board agreed, and Mr. VanOverbeke provided possible language that could be included in correspondence to City Council.

It was **moved** by Heusel and **seconded** by Clark that in an effort to improve communications with City Council, Ms. Walker and Mr. VanOverbeke work together to produce correspondence to the Councilmembers per the Board's discussion, which should be signed by the Chairperson on behalf of the Board of Trustees.

Approved

E-1a Request Board Feedback on Whether to Delay General Trustee Election in September Pending Public Vote and Collective Bargaining Concurrence of this Resolution

Ms. Walker requested the Board's opinion on whether the General Member election should still be held due to the vacancy that occurred after Ms. Sylvester's recent retirement. Mr. VanOverbeke advised that there is no action for the Board to take, and that the Board should conduct the September 14 and 15, 2011 General Election as scheduled considering the uncertainty that this Charter amendment will be a) passed by the voters, and b) accepted by the various collective bargaining units. The Board agreed.

F. REPORTS

F-1 Executive Report – August 18, 2011

PENSION ANALYST POSITION

A candidate has been given a contingent offer for the pension analyst position and has accepted. Drug screen and background checks are currently underway. Because the candidate is out of state, the drug screen and background check are slightly delayed; but the goal would be to start the candidate as soon as possible after those are complete. Judi Refalo will be completing her original temporary assignment 8-31-2011, but could be available for additional (possible 1 day per week) stints to continue to train the new candidate. **Update 8-15-2011:** Screening for Daniel Gustafson has been completed and he will start his new position 9-6-2011.

ACTUARIAL PROJECTS

Buck's Online Benefit Calculation System implementation meetings continue. Staff has received access to the test system for the Buck calculator. Historical service and salary data are not yet populated, but the system will be tested for functionality and user interface. Employee self-service will then continue to be developed with a target of end of November for ESS.

Actuarial Valuation - the Retirement System census has been submitted to Buck, and questions from Buck to staff on benefit summaries and data are ongoing.

RETIREMENT PROCESSING

Benefit payments have been calculated and set up for all retirees with retirement dates through 6-30-2011. Four members who retired in July and one deferred retirement are in process of set up and payment. Three additional retirements are waiting for final payroll figures.

ORDINANCE CHANGES

On August 4, City Council approved the following changes to the City Ordinance:

Effective 8-14-2011 employee contributions for the members of the Police Service Specialist bargaining unit will be made on a pre-tax basis, pursuant to the pick-up feature of Ann Arbor Retirement System Ordinance Section 1.572(b). Also: Effective August 14, 2011 contributions of members who are represented by the Police Service Specialists bargaining unit shall be 6% of the compensation paid by the City.

The Chapter 21 of the VEBA Ordinance has been amended to provide that for new hires or rehires on or after 7-1-2011, retiree health care will not be subsidized by the City. Such "Non Subsidized" retirees will have "access only" retiree health care, in which the retiree may elect to participate in the plan by paying the cost of the total premium or contribution as determined by the City.

Update 8-16-2011: City Council passed a resolution 8-15-2011 to place a charter amendment on the ballot for November, as reflected in the discussion items.

RETIREE TAX INQUIRY

Retiree Kurt Kaiser has been advised by mail of the documents required by the Board in order to review and address his tax issue. Staff followed up with a phone call to make sure the letter was received but have not yet heard back from Mr. Kaiser, nor have any documents been received.

Update 8-12-2011: Mr. Kaiser provided tax returns and bills from his CPA, which have been overnighted to Michael VanOverbeke.

Update 8-16-2011

OAKTREE PPIP - CAPITAL CALL

Oaktree PPIP presented a capital call in the amount of \$364,333 for the Retirement System and \$131,223 for the VEBA on August 15th. The remaining commitments to Oaktree after this funding request are \$5.6 million for the Retirement System and \$2.0 million for the VEBA.

Update 8-16-2011

ANN ARBOR TAX PAYMENT

The Retirement System received and deposited to the trust \$2.6 million on 8-15-2011 from the City as part of the recent local unit tax payment apportionment.

The Board discussed Kurt Kaiser's tax inquiry, and Mr. VanOverbeke stated that because Mr. Kaiser just recently brought the requested documents into the Retirement Office, the group did not have an opportunity to meet before this meeting, so the Board should take no action on this issue at this time, and the group will get together after today's meeting and determine an appropriate course of action and recommendation to the Board for its next meeting in September. Mr. Hastie wanted it to be reflected that staff received the documents from Mr. Kaiser only three days before this Board meeting, and therefore the group has not had an opportunity to review the documents in order to make a recommendation to the Board as expected.

F-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended July 31, 2011

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended July 31, 2011, to the Board of Trustees:

7/31/2011 Asset Value (Preliminary)	\$410,310,679
6/30/2011 Asset Value (Audited by Northern)	\$417,448,853
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$22,609,170
Percent Gain <Loss>	5.7%
August 17, 2011 Asset Value	\$ 393,142,972

F-3 Investment Policy Committee Minutes: August 12, 2011

Following are the Investment Policy Committee minutes from the meeting convened at 10:00 a.m. on August 12, 2011:

Member(s) Present: Clark, Flack (via telephone), Hastie (via telephone), Monroe
 Member(s) Absent: None
 Other Trustees Present: None
 Staff Present: Kluczynski, Walker
 Others Present: Fran Peters & Ted Urban, Meketa Investment Group
 David Diephuis, City Resident

RETIREMENT SYSTEM QUARTERLY PERFORMANCE REPORT FOR JUNE 30, 2011

The Fund's total market value as of June 30, 2011 was \$414.6 million, which is an increase of approximately 0.5% for the quarter and 23.1% for the last 12 months net of fees.

Custom Benchmarks: To be discussed at a later date.

Emerging Markets: Mr. Urban and Mr. Peters reviewed three prospective emerging markets managers for the Committee's consideration, and it was decided to request that Meketa Investment Group schedule the three managers to come in for an interview at the next IPC meeting on Tuesday, September 6, 2011, expecting each to last approximately 45 minutes each.

CRISIS RESPONSE PLAN

Mr. Hastie submitted a revised Crisis Response Plan which includes language changes as discussed at the June Board meeting, stating that he and Mr. VanOverbeke have redrafted the language in the first paragraph. After a brief discussion, the Committee agreed to recommend the revised Plan to the full Board at the next regular meeting on August 18, 2011 for approval.

REVIEW OF IPC MEETING SCHEDULE FOR THE BALANCE OF THE YEAR

Ms. Walker stated that this item was placed on the agenda in order to be sure that the Committee members were comfortable with keeping the IPC meeting schedule as is, and holding the meetings on the first Tuesday of each month at 3:00 p.m. It was agreed to keep the meeting schedule as is.

TRANSITION SERVICES

Mr. Hastie requested that this item be discussed offline in the next week or two to determine what action is necessary.

RHUMBLINE ORGANIZATIONAL UPDATE

Ms. Walker stated that the Retirement Office has received correspondence from RhumbLine Advisers indicating organizational changes within the company due to the retirement of J.D. Nelson, the founder of RhumbLine. The correspondence announces the proposed internal purchase of Mr. Nelson's interest by the existing partners of RhumbLine, and requests the Retirement System's consent to the assignment. Mr. Urban informed the Committee that Meketa has reviewed this issue, and finds no problem with Ms. Walker signing off on this assignment.

It was **moved** by Clark and **seconded** by Monroe to authorize Ms. Walker to sign off on the organizational and ownership changes with Rhumbline Advisers.

Approved

ADJOURNMENT

Meeting adjourned at 12:04 p.m.

F-4 Administrative Policy Committee Minutes – August 9, 2011

Following are the Administrative Policy Committee minutes from the meeting convened at 2:00 p.m. on August 9, 2011:

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

EXECUTIVE DIRECTOR GOALS & OBJECTIVES

Ms. Walker presented a listing of proposed goals and objectives for the 2011-2012 fiscal year for discussion. Mr. Crawford suggested that Ms. Walker prioritize and add completion dates to the items, perhaps categorized by items involving the Committees, staff, and the Board. The Committee discussed scheduling a regular annual cycle, and decided that the Committee should review future goals in May and June so that the goals and potential salary adjustments are defined by July 1st of each year. Ms. Walker agreed, and the Committee decided to review the revised listing with the Board of Trustees at the August 18, 2011 regular Board meeting. Mr. Heusel volunteered to create

a feedback form for Trustees, staff, and outside individuals to complete before Ms. Walker's review in May/June 2012. This task will be placed on the APC tabled/pending items listing for March/April 2012.

RFP POLICY REVIEW & SCHEDULE

The Committee reviewed the current RFP Policy schedule to determine which provider categories are due for an RFP. Ms. Walker stated that it appears the RFP's for a medical director and custodian bank are currently due, but indicated that performing the custodial bank RFP is a major undertaking due to the many services they provide as well as the possible disruption to the retirees' accounts, and with the current workload in the office it would not be practical, at least for the remainder of the calendar year, considering the amount of research and time involved. As far as the medical director RFP, a drafted document was proposed at the March 2010 Board meeting and was referred back to the APC, but has remained on the tabled/pending items listing due to other urgent topics. Mr. Crawford asked staff to send the Committee a dated listing of all recent RFP's in order to clarify the current schedule. After further discussion, it was decided to consider issuing a medical director RFP for Fall/Winter 2011 and to further discuss a custodial bank RFP after January 2012.

PENDING ORDINANCE ISSUES

Ms. Walker stated that this item was placed on the agenda to follow up on recent Ordinance changes to both Chapter 18 and Chapter 21, and wanted to know the Committee's opinion as to whether the full Board of Trustees should be made aware of the changes and if so, how to go about informing them of the details, perhaps at a regular Board meeting. Mr. Crawford stated that all Ordinance changes are the purview of City Council, and most managers are notified of agenda sessions and receive action minutes so that there is advance notice of what is going before Council and what has been approved. Ms. Walker asked what the Board's advocacy role is regarding input to pending Ordinance changes. Mr. Crawford stated that the Board can advocate anything to City Council, although there is no guarantee that items will be placed on the agenda, but as far as changes that occur through labor negotiations with the City, he does not believe there is a required role by the Board of Trustees because the Board is not a decision maker in negotiations. Mr. Crawford agreed that the Board should be made aware of any Ordinance changes as an informational item on the regular agenda.

PUBLIC ACCESS/REVIEW OF BOARD & COMMITTEE PACKET ITEMS

The Committee discussed how much agenda packet information to post online, and reviewed a previous survey performed by staff of many different municipalities, many of whom do not post entire meeting packets online along with supporting documents, but only meeting agendas. Mr. Heusel stated that he agrees that it is not necessary to post the entire packets online, and if an agenda is posted and someone would like to view the supporting documents, perhaps they could request those separately, adding that we are not withholding information and if someone is interested in topics they can take responsibility to come to meetings or request the information from staff. Mr. Crawford agreed, stating that he would support supplying the items upon request, but not necessarily under a FOIA. Ms. Walker noted that certain packet items could pose potential proprietary issues with service providers who submit reports and company information. It was decided that staff be requested to present a list at the September APC meeting indicating the practical issues, time involved, or potential problems of posting entire meeting packets online which contain the supporting documents.

PRIORITIZE REMAINING TABLED/PENDING AGENDA ITEMS & ANY NEW ISSUES

This item was postponed until the September 2011 APC meeting.

ADJOURNMENT

It was ***moved*** by Monroe and ***seconded*** by Heusel to adjourn the meeting at 3:58 p.m.
Meeting adjourned at 3:58 p.m.

F-5 Audit Committee Minutes – August 9, 2011

Following are the Audit Committee minutes from the meeting convened at 4:10 p.m. on August 9, 2011:

Committee Members Present:	Clark, Crawford, Monroe, Nerdrum
Members Absent:	None
Other Trustees Present:	None
Staff Present:	Jarksey, Kluczynski, Walker
Others Present:	David Diephuis, City Resident

DISCUSSION OF ACTUARIAL VALUATION SAMPLE

Ms. Nerdrum reviewed the sample Actuarial Valuation provided by Buck Consultants, indicating that she has also spoken with Larry Langer to discuss the format of the upcoming valuation. Ms. Nerdrum stated that Mr. Langer will formally present the report, and the new format will contain the same information as in the past, with much of the information going into a lot more depth. Most of the projections will be done under the baseline assumptions that we run our report on, including pessimistic and optimistic scenarios, so there will be some sensitivity received in the report, as well as a more robust section on the GASB requirements. Ms. Nerdrum stated that everything that she would expect to be included in the valuation is in there with exception of the breakout between the groups, but if there is something others would like to see in the report, she would be willing to relay the information to Buck Consultants. Ms. Nerdrum continued to review the various sections of the sample valuation with the Committee. It is expected that a preliminary draft of the valuation will be scheduled for the Committee's review on the October 11th agenda.

BENEFIT CALCULATION SOFTWARE UPDATE

Ms. Walker stated that testing has begun with the Buck Consultants calculation software, and data and information is still being sent back and forth in the process of populating a lot of historical information.

ADJOURNMENT

It was ***moved*** by Clark and ***seconded*** by Monroe to adjourn the meeting at 4:50 p.m.
Meeting adjourned at 4:50 p.m.

F-6 Legal Report – No Report

Mr. VanOverbeke distributed an informational document showing recent legislative updates.

G. INFORMATION

G-1 Communications Memorandum

The Communications Memorandum was received and filed.

G-2 September Planning Calendar

The September Planning Calendar was received and filed.

G-3 Board Tracking Report

The Board Tracking Report was received and filed.

G-4 Record of Paid Invoices

The following invoices have been paid since the last Board meeting.

	PAYEE	AMOUNT	DESCRIPTION
1	Coverall North America, Inc.	140.00	Office Cleaning Services for August 2011
2	DTE Energy	31.07	Monthly Gas Fee dated July 14, 2011
3	DTE Energy	304.70	Monthly Electric Fee dated July 14, 2011
4	AT&T	135.10	Monthly Long-Distance Telephone Service
5	Staples Business Advantage	30.52	Miscellaneous office supplies
6	Hasselbring-Clark Co.	16.52	Monthly copier cost per copy
7	Arbor Inspection Services, LLC	175.00	Annual fire inspection services
8	Allstar Alarm, LLC	90.00	3 Months Central Station Monitoring (August-October)
9	Med Source Svcs/Cons. Physicians	775.00	Disability Re-Exam: W. Mueller 6/27/2011
10	VanOverbeke, Michaud & Timmony	3,339.00	Legal Services: October 1-31, 2010
11	VanOverbeke, Michaud & Timmony	8,526.00	Legal Services: November 1-30, 2010
12	VanOverbeke, Michaud & Timmony	3,867.50	Legal Services: December 1-31, 2010
13	Bradford & Marzec, Inc.	41,635.93	Investment Mgmt. Fees – 4/1/11 – 6/30/11
14	Fisher Investments	53,073.04	Investment Mgmt. Fees – 4/1/11 – 6/30/11
15	Loomis, Sayles & Company	54,093.57	Investment Mgmt. Fees – 4/1/11 – 6/30/11
16	Rhumblin Advisers - RUMIDS	4,204.00	Investment Mgmt. Fees – 4/1/11 – 6/30/11
17	Rhumblin Advisers – SP600S	2,259.00	Investment Mgmt. Fees – 4/1/11 – 6/30/11
18	Daniel Gustafson	363.75	Travel reimbursement – 7/22/2011 Interview
19	Med Source Svcs/Cons. Physicians	1,025.00	Disability Re-Exam: I. Davis 6/23/2011
20	Meketa Investment Group	8,750.00	Investment Consultant Retainer – July 2011
21	AT&T	105.90	Monthly Long-Distance Telephone Service (800)
22	Comcast	76.23	Monthly Cable Fee
23	Schwartz Investment Counsel	11,041.00	Investment Mgmt. Fees – 4/1/11 – 6/30/11
	TOTAL	194,057.83	

G-5 Retirement Report

The following employee(s) have completed their paperwork for retirement:

Name	Type of Retirement	Effective Date	Group	Years of Service	Service Area
Charles Brown	Early/ Age & Service	August 18, 2011	General	24 years, 7 months	Public Services

G-6 Recent Chapter 18 Ordinance Change:

“An Ordinance to Amend Sections 1:552(1) and Section 1:572(b) of Chapter 18, Employees Retirement System, Title I of the Code of the City of Ann Arbor to Implement a “Pick-Up” Provision Allowed by Internal Revenue Code 414(h) and Increase the Contribution Level for Members Represented by the Ann Arbor Police Officers Association for Police Service Specialists and to Renumber Section 1:552 (Ordinance No. ORD-11-14)”

H. TRUSTEE COMMENTS

Mr. Monroe asked if the Board has the ability to request that the language in the amended City Charter (Item E-1) be better clarified, and Mr. VanOverbeke stated that it does not because City Council has already passed the resolution which will now be sent to the Attorney General for approval.

I. ADJOURNMENT

It was **moved** by Crawford and **seconded** by Monroe to adjourn the meeting at 10:07 a.m.
Meeting adjourned at 10:07 a.m.

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