

City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
January 19, 2017

The meeting was called to order by Jeremy Flack, Chairperson, at 8:46 a.m.

ROLL CALL

Members Present: Clark, Crawford, DiGiovanni, Flack, Hastie, Heusel, Lynch, Monroe, Nerdrum
Members Absent: None
Staff Present: Hammond, Kluczynski, Orcutt
Others: Michael VanOverbeke, Legal Counsel
Jason Gold, AAPD Employee
David Diephuis, City Resident

AUDIENCE COMMENTS

The Board welcomed Wendy Orcutt, the new Executive Director, to the Retirement System.

A. APPROVAL OF REVISED AGENDA

Revised items on the agenda include:

- C-2 DRO Approval – Ollice Hubbard v. Jennifer Hubbard
- D Notice of Disability Application (Executive Session)
- H-3 Addition of paid invoices

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

B. APPROVAL OF MINUTES

B-1 December 15, 2016 Regular Board Meeting

It was **moved** by Heusel and **seconded** by Nerdrum to approve the December 15, 2016 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 Reciprocal Retirement Act – Service Credit

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

WHEREAS, the Board of Trustees acknowledges that, effective July 14, 1969, the City of Ann Arbor adopted the Reciprocal Retirement Act, Public Act 88 of 1961, as amended, to provide for the preservation and continuity of retirement system service credit for public employees who transfer their employment between units of government, and

WHEREAS, the Board acknowledges that a member may use service credit with another governmental unit to meet the eligibility service requirements of the Retirement System, upon satisfaction of the conditions set forth in the Reciprocal Retirement Act, and

WHEREAS, the Board is in receipt of requests to have service credit acquired in other governmental unit retirement systems recognized for purposes of receiving benefits from the Retirement System, therefore be it

RESOLVED, that the Board of Trustees hereby certifies that the following member(s) of the Retirement System have submitted the requisite documentation for the recognition of reciprocal retirement credit:

Name	Classification	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
Jack Foster	Police	2 years, 7 months	City of Jackson
Rick Norman	General	4 years	Ionia County

RESOLVED, that the Board of Trustees notes that pursuant to the Reciprocal Retirement Act, said reciprocal retirement credit may only be used for purposes of meeting the retirement eligibility requirements of the Retirement System and that retirement benefits will be based upon actual service rendered to the City and shall be made payable consistent with the City Charter, applicable collective bargaining agreements, Retirement System policies/procedures, and applicable laws (specifically, MCL Public Act 88 of 1961, as amended), and further

RESOLVED, that a copy of this resolution shall be provided to the appropriate City and Union representatives and interested parties.

C-2 DRO Approval – Ollice Hubbard v. Jennifer Hubbard

WHEREAS, the Board of Trustees is in receipt of an entered Domestic Relations Order dated January 6, 2017, in the referenced domestic relations matter, and

WHEREAS, the Domestic Relations Order provides in relevant part as follows:

It is the parties' intention, and the Order of this Court, that the Alternate Payee is awarded 0% of the Participant's retirement benefits which are attributable to the Participant and had accrued as of the Participant's date of retirement, which percentage takes into consideration the years of service, if any, that were accrued prior to the date of marriage. At the time of the Participant's retirement the Participant elected the Plan's Option III – 50% Joint and Survivor form of benefit and named the Alternate Payee as his survivor beneficiary. The Defendant wishes to waive this benefit. Therefore, Plaintiff's election of a reduced retirement allowance form of payment under the Option III is to be considered void by the Retirement System and his retirement allowance shall revert to the Plan's straight life form of benefit.

and

WHEREAS, pursuant to the foregoing provisions of the parties' Domestic Relations Order, Jennifer N. Cooley Hubbard is not entitled to any portion of Ollice Hubbard, Jr.'s monthly benefits payable from the Retirement System, and

WHEREAS, pursuant to the foregoing provisions of the Domestic Relations Order and Section 1:566 of the Retirement Ordinance, Mr. Hubbard, Jr.'s election of a reduced retirement allowance form of benefit payable by the Retirement System shall be considered void, and accordingly, Ms. Cooley Hubbard will no longer be considered as Mr. Hubbard, Jr.'s survivor beneficiary for purposes of the reduced retirement allowance form of benefit, and

WHEREAS, said matter having been discussed with Legal Counsel who has opined that the terms of the Domestic Relations Order are consistent with applicable law, therefore be it

RESOLVED, that the Board of Trustees acknowledges receipt of said Domestic Relations Order and will pay future pension benefits consistent with it, and further

RESOLVED, that consistent with Section 1:566 of the Retirement Ordinance, Mr. Hubbard, Jr.'s election of a reduced retirement allowance is to be considered void and his benefit shall revert to a straight life retirement allowance effective as of February 1, 2017, and further

RESOLVED, that copies of this Resolution be sent to Jennifer N. Cooley Hubbard and Ollice Hubbard, Jr.

It was **moved** by Nerdrum and **seconded** by Hastie to approve the Consent Agenda as submitted.
Approved

D. EXECUTIVE SESSION – Continuation of Disability Re-Examination Discussion & Notice of Disability Application

It was **moved** by Nerdrum and **seconded** by Clark to convene an Executive Session for the purpose of the continued discussion of the medical disability re-examination report for Lynn Hart and response from the City, as well as notice of a recent disability application.

Approved

Roll call vote:

Clark - Yes	Flack - Yes	Lynch - Yes
Crawford - Yes	Hastie - Yes	Monroe - Yes
DiGiovanni - Yes	Heusel – Yes	Nerdrum - Yes

At this point in the meeting, Ms. Kluczynski excused herself from attending the closed session.

Disability session time: 9:16 a.m. – 9:53 a.m.

E. ACTION ITEMS

E-1 Motion Regarding Disability Matter

It was **moved** by Nerdrum and **seconded** by DiGiovanni to acknowledge receipt of the medical report from Dr. Allen L. Babcock M.D. with regards to the disability re-examination of Lynn Hart, noting that the doctor has indicated his decision that the disability retiree continues to be physically disabled from further performance of duty in the service of the City, and also acknowledging receipt of correspondence from Robyn Wilkerson, H.R. Director, indicating that there continues to be no positions within the City within the customary duties of Ms. Hart's prior employment that she can perform. Therefore, the Board resolves to continue her on disability retirement subject to the re-examination requirements as provided in the Retirement Ordinance.

Approved

In regards to the recent disability application of Jason Gold, the Board has directed that an incident report be obtained from the City and that a request be made to MedSource Services to provide the complete medical report prior to the Board's next meeting.

E-2 Summary Annual Report for the Fiscal Year Ended June 30, 2016

Ms. Orcutt presented the Summary Annual Report for the fiscal year ended June 30, 2016, noting various updates that were added per Public Act 530 of 2016. After a brief discussion, the Board made no changes or corrections, and approved the Report as submitted. Staff noted that it will be posted on the System's web page along with the Actuarial and Financial Reports. Ms. Orcutt stated that the Report will also be submitted to the State of Michigan per the new PA 530 legislation.

It was **moved** by Nerdrum and **seconded** by Monroe to approve the Summary Annual Report for the fiscal year ended June 30, 2016.

Approved

F. DISCUSSION ITEMS

F-1 Proposed Board Retreat Dates

After checking their schedules, the Board tentatively scheduled the next Board Retreat for Friday, March 3, 2017, and briefly discussed potential topics for the agenda which would include both investment and actuarial-related items.

G. REPORTS

G-1 Executive Report – January 19, 2017

DRA CAPITAL CALLS

DRA Growth and Income Fund IX requested a capital call of our commitment to the Funds in the amount of **\$1,556,890** for the Retirement Plan and **\$460,850** for the VEBA on January 13, 2017 for the purpose of funding current commitments. After these initial installments, AAERS will have funded 18% of our total commitments of \$8,500,000 for the Retirement Plan and \$2,500,000 for the VEBA.

DRA DISTRIBUTIONS

DRA distributed **\$150,687** for the Retirement System and **\$44,320** for the VEBA from the Growth and Income Fund VIII on 1/6/2017 for return of capital.

STAFF OPERATIONS

The Pension Analyst conducted 7 preessions and 13 individuals requested estimates.

Staff had an introductory conference call with Buck Consultants and it was decided that the bi-weekly calls would be scheduled for Mondays at 3:00 p.m. Consultant suggested a demo session to walk newer staff through the Tahiti program as they are new to CAAERS. Buck Consultants is now known as Conduent.

Gail Jarskey's last day with AAERS was Monday, January 9, 2017. We wish her all the best.

Wendy Orcutt and Corbin Hammond will be meeting with Henry Jaung from Meketa on January 30, 2017 for an introduction and review of the System's portfolio.

Wendy Orcutt met with HR Staff and City Attorney for an introduction and brief overview of the Dual Plan.

Kyle Spade from the City IT Department will be meeting with Staff on January 13th to discuss the Pension Data Sources, transmittal file and any 2017 goals.

The work session with Council has been scheduled for March 13 at 7 p.m. The Actuary and Legal Counsel will also be in attendance.

The Board discussed Ms. Jarskey's recent retirement, and decided to adopt a resolution at the February Board meeting in recognition of her service, as well as providing a gift card on behalf of the Board of Trustees.

G-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended December 31, 2016

Corbin Hammond, Accountant, submitted the Financial Report for the month ended December 31, 2016 to the Board of Trustees:

12/31/2016 Asset Value (Preliminary)	\$473,606,668
11/30/2016 Asset Value (Audited by Northern)	\$468,832,114
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$37,737,451
Percent Gain <Loss>	8.3%
January 18, 2017 Asset Value	\$475,286,566

G-3 Investment Policy Committee Minutes – No Report

G-4 Administrative Policy Committee Minutes – No Report

G-5 Audit Committee Minutes – No Report

G-6 Legal Report – New Amendments to Act 314 / PA 530 of 2016

Mr. VanOverbeke provided an update on the recent legislative action, which requires the System to submit its Summary Annual Report to the State Treasury Department each year going forward, within 30 days of adoption by the Board of Trustees.

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 February Planning Calendar

H-3 Record of Paid Invoices

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

	PAYEE	AMOUNT	DESCRIPTION
1	DTE Energy	100.61	Monthly Gas Fee dated December 9, 2016
2	DTE Energy	170.23	Monthly Electric Fee dated December 9, 2016
3	Buck Consultants	1,599.12	Monthly hosting fees for November 2016
4	AT&T	453.76	Monthly telephone service
5	Comcast	89.57	Monthly Cable Fee
6	City of Ann Arbor Treasurer	615.30	ITSU Service Charge (K. Spade) for November 2016

7	Staples Advantage	88.06	Miscellaneous Office supplies
8	Hasselbring-Clark Co.	105.99	Monthly copier cost per copy
9	Afternoon Delight	166.75	December 2016 Board Meeting
10	Culligan of Ann Arbor/Detroit	29.99	Water service – November 2016
11	ProScreening, LLC	125.00	Background & drug testing for W. Orcutt 11/21/2016
12	MedSource Services/Cons. Physicians	875.00	Annual dis re-exam/med report – L. Hart 11/23/2016
13	MAPERS	100.00	Annual membership dues for calendar year 2017
14	Bergeron Plumbers	135.00	Plumbing repair in restroom – December 2016
15	Meketa Investment Group	10,000.00	Investment Consultant Retainer - December 2016
16	Buck Consultants	6,576.87	2nd qtrly inst for services/valuation, & monthly hosting fees
17	Comcast	90.79	Monthly Cable Fee
18	Staples Advantage	200.15	Miscellaneous Office supplies
19	VanOverbeke, Michaud & Timmony, PC	5,890.00	Legal Services – 4/1/2016 – 6/30/2016
20	Culligan of Ann Arbor/Detroit	23.99	Water service – January 2017
21	Midwest Maintenance Services, Inc.	175.00	Office cleaning services for December 2016
22	Robertson Morrison, Inc.	220.00	Auto routine maintenance/quarterly fee
23	Shred-It USA	220.38	Annual shredding services, 12/13/2016
24	Corbin Hammond	64.95	Reimbursement for Notary Package
25	Loomis, Sayles & Company	49,184.01	Investment management fees: 7/1/2016-9/30/2016
TOTAL		77,300.52	

H-4 Retirement Report

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

Name	Type of Retirement	Effective Date	Group	Years of Service	Service Area
Gretchen Virlee-Wagner	Age & Service	February 4, 2017	Fire	25 Years	Safety Services Fire Department

It was **moved** by Hastie and **seconded** by Clark to acknowledge receipt of the rescissions of the retirement applications for the following individuals:

Approved

Status of Police group applicants since the December 15, 2016 Board meeting (*showing those that rescinded their applications and those that retired on December 31, 2016*):

NAME	DEPARTMENT / SERVICE AREA	RETIREMENT DATE	Notice to City (date)	Rescinded Application
Scott Stoner	AAPD		12/1/16	12/9/2016
Gerald Tacey	AAPD	12/31/16	12/1/16	Retired
Thomas Kooy	AAPD		12/1/16	12/13/2016
Jeffrey Ford	AAPD		12/1/16	12/13/2016
William Stanford	AAPD		12/1/16	12/15/2016
Geoffrey Spickard	AAPD		12/1/16	12/13/2016
Thomas Kolpacki	AAPD		12/1/16	12/13/2016
Katie Nucci	AAPD		12/1/16	12/13/2016
David Monroe	AAPD		12/1/16	12/15/2016
Kevin Warner	AAPD		12/1/16	12/20/2016

Mauro Cervantes	AAPD		12/1/16	12/7/2016
Kathryn Sexton	AAPD/Teamsters	12/31/16	12/1/16	Retired
Darlene Kelley	AAPD/Teamsters		12/1/16	12/13/2016
Laura Burke	AAPD	12/31/16	12/1/16	Retired
Total - 14				

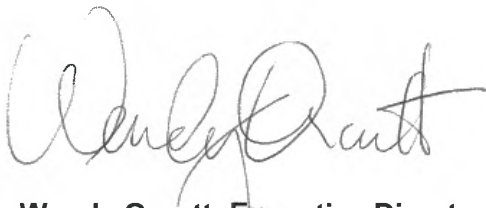
H-5 Analysis of Page Views on City Intranet / Retirement System Page

I. TRUSTEE COMMENTS / SUGGESTIONS

Mr. Clark discussed an inquiry from a City employee about service credit and issues regarding the Leave of Absence Policy. Mr. VanOverbeke confirmed that an employee is unable to receive service credit for the period that they were on an unpaid leave of absence.

J. ADJOURNMENT

It was **moved** by Nerdrum and **seconded** by Heusel to adjourn the meeting at 10:21 a.m.
Meeting adjourned at 10:21 a.m.



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