

City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
December 15, 2016

The meeting was called to order by Jeremy Flack, Chairperson, at 8:47 a.m.

ROLL CALL

Members Present: Clark, Crawford, DiGiovanni, Flack, Hastie, Heusel, Lynch, Monroe
Members Absent: Nerdrum
Staff Present: Hammond, Jarskey, Kluczynski
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

It was **moved** by Heusel and **seconded** by DiGiovanni to approve the agenda as revised.
Approved

B. APPROVAL OF MINUTES

B-1 November 17, 2016 Regular Board Meeting

It was **moved** by DiGiovanni and **seconded** by Crawford to approve the November 17, 2016 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 EDRO Approval Resolution – Alison McCrystal v. Sean McCrystal

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated November 22, 2016, wherein Alison McCrystal, the Alternate Payee, is awarded certain rights to the benefits of Sean McCrystal, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's monthly retirement benefit from the Retirement System which is subject to the Alternate Payee making an application for the same, and

WHEREAS, the payments from the plan to the Alternate Payee shall begin when the Participant commences benefits from the Retirement System, unless the Alternate Payee elects to receive benefits at any time after the Participant reaches his earliest retirement date, and

WHEREAS, the Board's policy is to require that the cost for the actuary's calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the Participant shall be solely responsible for any and all additional costs for actuarial services, and

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

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

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

RESOLVED, that copies of this resolution be sent to Sean McCrystal, the Participant; Alison McCrystal, the Alternate Payee; John K. Harris, Esq., attorney for the Alternate Payee; and the Board's Actuary.

It was **moved** by Monroe and **seconded** by DiGiovanni to approve the Consent Agenda as submitted.

Approved

D. EXECUTIVE SESSION – Disability Re-Examination Medical Report

It was **moved** by Heusel and **seconded** by Hastie to convene an Executive Session for the purpose of review and discussion of the medical disability re-examination report for Lynn Hart.

Approved

Roll call vote:

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

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

Disability session time: 8:48 a.m. – 9:18 a.m.

E. ACTION ITEMS

E-1 Motion Regarding Disability Re-Examination / Medical Report

It was **moved** by Heusel and **seconded** by Hastie that in light of the discussion held in closed session, to acknowledge receipt of the medical report from Allen Babcock, M.D. dated November 23, 2016, with regards to the independent medical re-examination of disability retiree Lynn Hart, and direct that a copy of the medical report and evaluation be forwarded to the City for confirmation as discussed in closed session.

Approved

E-2 Greg Jones – Memorandum of Understanding

WHEREAS, the Board of Trustees is in receipt of a Memorandum of Understanding (MOU) signed by the Ann Arbor Police Officers Association on November 21, 2016 and the City of Ann Arbor on November 22, 2016, and

WHEREAS, the Board of Trustees recognizes that the MOU intends to change the pension benefit of retiree Greg Jones (Retiree) to reflect a disability retirement benefit as opposed to a regular retirement benefit, and

WHEREAS, the Retiree's pension benefit amount will remain unchanged by the terms of the MOU, therefore be it

RESOLVED, that the Board of Trustees acknowledges receipt of said MOU and will administer benefits consistent with said MOU, and further

RESOLVED, that a copy of this MOU be immediately placed in the Retiree's pension file and other appropriate records be retained by the Retirement System relative to this matter.

It was **moved** by Monroe and **seconded** by Crawford to approve the retirement status change for Gregory Jones from a regular retirement to a disability retirement.

Approved

E-3 Executive Director Contract

Mr. VanOverbeke and the Board thanked Julie Lynch for all of her work in the Executive Director search process. Mr. VanOverbeke stated that the contract has been signed by Wendy Orcutt, reflecting a start date of Wednesday, December 28, 2016. The contract is on the agenda for final approval and execution by the Chair and Secretary.

It was **moved** by Clark and **seconded** by Monroe to acknowledge the employment agreement with Wendy Orcutt and authorize it to be signed by the appropriate signatories on the Board with an effective date of her employment beginning December 28, 2016.

Approved

E-4 2017 Board Meeting Schedule

| | |
|-------------------|--------------------|
| January 19, 2017 | July 20, 2017 |
| February 16, 2017 | August 17, 2017 |
| March 16, 2017 | September 21, 2017 |
| April 20, 2017 | October 19, 2017 |
| May 18, 2017 | November 16, 2017 |
| June 15, 2017 | December 21, 2017 |

It was **moved** by Monroe and **seconded** by Crawford to approve the 2017 Board Meeting Schedule as presented.

Approved

E-5 Member Interest Credits for Calendar Year 2017

Buck Consultants submitted a letter regarding the member interest credits for Calendar Year 2017, indicating that the computed rate of return for the fiscal year ending June 30, 2016 is 5.3% (see enclosed worksheet based on 10 year smoothing). The equivalent quarterly return is 1.30% ($1.0130 \times 1.0130 \times 1.0130 \times 1.0130 = 1.053$). Therefore, 1.30% regular interest should be credited to member accounts for the quarter ending March 31, 2017 and each of the remaining three quarters in calendar year 2017.

It was **moved** by Monroe and **seconded** by Hastie to receive and file the correspondence regarding the member interest crediting rate as calculated by Buck Consultants.

Approved

F. DISCUSSION ITEMS

F-1 Current Accountant's Additional Job Duties - Update

It was **moved** by Monroe and **seconded** by Hastie to convene an Executive Session for the purpose of discussing a personnel matter, noting that the affected individual has requested that the Board discuss this matter in closed session.

Approved

Roll call vote:

| | | |
|------------------|--------------|------------------|
| Clark - Yes | Flack - Yes | Lynch - Yes |
| Crawford - Yes | Hastie - Yes | Monroe - Yes |
| DiGiovanni - Yes | Heusel - Yes | Nerdrum - Absent |

At this point in the meeting, staff members excused themselves from attending the closed session.

Executive session time: 9:38 a.m. – 9:55 a.m.

It was **moved** by Monroe and **seconded** by Clark to approve a \$200 per pay period stipend for Ms. Jarskey, retroactive to the pay period beginning September 19, 2016, consistent with the Interim Executive Director's stipend schedule.

Approved

G. REPORTS

G-1 Executive/Staff Report – December 15, 2016

CGM QUALIFIED SETTLEMENT FUND

The Retirement System received a distribution from the Fair Fund for \$121,844.82, which represented our share of an Order established by the Securities and Exchange Commission "In the Matter of G-Trade Services LLC, ConvergeX Global Markets Limited, and ConvergeX Execution Solutions LLC (AP File No. 3-15654)."

STAFF

Conducted 15 Final Sessions and over 20 requests for estimates in the past month with majority of the inquiries related to the state legislation.

G-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended November 30, 2016

Corbin Hammond, Accountant, submitted the Financial Report for the month ended November 30, 2016 to the Board of Trustees:

| | |
|--|-----------------------|
| 11/30/2016 Asset Value (Preliminary) | \$469,212,189 |
| 10/31/2016 Asset Value (Audited by Northern) | \$465,927,077 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | \$31,153,020 |
| Percent Gain <Loss> | 6.9% |
| December 14, 2016 Asset Value | \$ 471,155,948 |

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 – House Bill 6075

Mr. VanOverbeke provided an update on the recent legislative action regarding House Bill 6075, a transparency bill that amends Public Act 314 which was passed this month. This bill mandates that going forward, the System must forward its Summary Annual Report to the Treasury Department each year.

H. **INFORMATION** (Received & Filed)

H-1 **Communications Memorandum**

H-2 **January 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 | 41.07 | Monthly Gas Fee dated November 9, 2016 |
| 2 | DTE Energy | 163.30 | Monthly Electric Fee dated November 9, 2016 |
| 3 | Buck Consultants | 7,586.84 | Oct hosting fees, Act Rpt, & 4 th inst. for 2016 GASB 67/68 |
| 4 | AT&T | 480.71 | Monthly telephone service |
| 5 | Staples Advantage | 64.43 | Miscellaneous Office supplies |
| 6 | Corbin Hammond | 180.00 | Reimbursement for GFOA GAAP Online Training |
| 7 | Graphic Sciences, Inc. | 338.42 | Annual scanning of retiree files & contribution reports |
| 8 | Midwest Maintenance Services, Inc. | 175.00 | Office cleaning services for November 2016 |
| 9 | Meketa Investment Group | 10,000.00 | Investment Consultant Retainer - November 2016 |
| | TOTAL | 19,029.77 | |

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 |
|-------------------|---------------------------|-----------------------|--------------|--|--------------------------------------|
| Steven Lawrence | Age & Service | December 31, 2016 | Police | 25 years, 3 months | Safety Services Police Department |
| Patrick Ouellette | Age & Service | January 4, 2017 | Police | 25 years | Safety Services Police Department |
| N. Gail Jarskey | Age & Service | January 10, 2017 | General | 12 years, 9 months | Employees' Retirement System |
| Jean Pearson | Age & Service | January 15, 2017 | General | 11 years, 4 months | Financial/Admin. Customer Serv. Ctr. |
| Patricia Forner | Age & Service | January 14, 2017 | General | 30 years (which includes 7 years & 10 months reciprocal) | Financial/Admin. Assessor's Office |
| Gerald Tacey | Age & Service | December 31, 2016 | Police | 25 years | Safety Services Police Department |
| Kevin Warner | Age & Service | December 31, 2016 | Police | 29 years (w/ reciprocal credit) | Safety Services Police Department |
| Kathryn Sexton | Early Age & Service | December 31, 2016 | General | 23 years, 10 months | Safety Services Police Department |
| Laura Burke | Age & Service | December 31, 2016 | Police | 25 years | Safety Services Police Department |

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

- I. TRUSTEE COMMENTS / SUGGESTIONS – *No comments or suggestions presented.*
- J. ADJOURNMENT

It was **moved** by Monroe and **seconded** by Clark to adjourn the meeting at 10:17 a.m.

Meeting adjourned at 10:17 a.m.



**Daniel Gustafson, Interim Executive Director
City of Ann Arbor Employees' Retirement System**