

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
December 17, 2015**

The meeting was called to order by Jeremy Flack, Chairperson, at 8:45 a.m.

ROLL CALL

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

AUDIENCE COMMENTS – None

A. APPROVAL OF REVISED AGENDA

Item C-2, DRO Certification, was added to the packet since distribution on December 11th.

It was **moved** by Hastie and **seconded** by Clark to approve the revised agenda.

Approved

B. APPROVAL OF MINUTES

B-1 November 19, 2015 Regular Board Meeting

It was **moved** by Nerdrum and **seconded** by Monroe to approve the November 19, 2015 Board Meeting minutes as submitted.

Approved

C. CONSENT AGENDA

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 | Employee Group | Requested Military Service Time | Requested Method of Payment | Cost for Purchase of Military Service Time |
|---------------|----------------|---------------------------------|---|--|
| Richard Bells | General | 4 years | Combination - Lump Sum & Payroll Deductions | \$ 13,208.00 |

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 DRO Certification – Lucinda Hochrein v. Bruce Hochrein

WHEREAS, the Board is in receipt of an Domestic Relations Order dated December 8, 2015, and

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

7. 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.

8. At the time of the Participant's retirement the Participant elected the Plan's Option III, a 50% Joint and Survivor form of benefit and named the Alternate Payee as his survivor beneficiary.

9. However the parties have agreed to terminate all Alternate Payee's rights to Participant's retirement benefits and it is now the parties intent that Participant receive the plan's straight life benefit. Accordingly payment of all benefits to the Alternate Payee terminate.

10. Participant's previous election of a reduced retirement allowance form of payment is to be considered void by the retirement system.

12. As the Retirant has been receiving a reduced Retirement Allowance under Option III and is now subsequently divorced from the Spouse who is the designated survivor beneficiary, the election of a reduced Retirement Allowance form of payment shall be considered void by the Retirement System. The Retirant's Retirement Allowance shall revert to a straight life Retirement Allowance effective the first of the month following the date the Retirement System receives a certified copy of the judgment of divorce, award, or order of the court.

and

WHEREAS, pursuant to the foregoing provisions of the Domestic Relations Order, Lucinda L. Hochrein is not entitled to any portion of Bruce Hochrein'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. Hochrein's election of a reduced retirement allowance form of benefit payable by the Retirement System shall be considered void, and accordingly, Ms. Hochrein will no longer be considered as Mr. Hochrein's survivor beneficiary for purposes 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 Order and will pay future pension benefits consistent with it, and further

RESOLVED, that consistent with Section 1:566 of the Retirement Ordinance, Mr. Hochrein'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 January 1, 2016, and further

RESOLVED, that a copy of the Order and a copy of this Resolution be sent to the Board's Actuary for certification that the straight life retirement allowance does not result in greater benefits being paid from the Retirement System, and further

RESOLVED, that copies of this Resolution be sent to Bruce Hochrein; Steven Z. Garris, Esq., attorney for the Participant; Lucinda L. Hochrein; and Erin B. Ellis, Esq., attorney for the Participant's Former Spouse.

It was **moved** by Clark and **seconded** by Nerdrum to approve the consent agenda as submitted.

Approved

D. EXECUTIVE SESSION – Review of Medical Report for Disability Re-Examination

It was **moved** by Nerdrum and **seconded** by Hastie to convene an Executive Session for the purpose of discussing the medical report dated December 8, 2015 from Antoine Geffrard, M.D. regarding Donald Churches' disability re-examination.

Approved

Roll call vote:

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

Executive session time: 8:46 a.m. – 8:55 a.m.

E. ACTION ITEMS

E-1 Motion Regarding Disability Re-Examination

It was **moved** by Nerdrum and **seconded** by Clark to acknowledge receipt of the medical evaluation by Dr. Antoine Geffrard, M.D. dated December 8, 2015 with regards to the medical re-evaluation of disability retiree Donald Churches. The Board notes that the doctor has indicated that the disability retiree continues to be totally and permanently disabled from further performance of duty in the service of the City and that the incapacity will probably be permanent, the Board thereby continuing the disability retirement with the decision that no further examinations be necessary in light of Mr. Churches' condition.

Approved

E-2 2016 Retirement Board Meeting Schedule

Ms. Walker presented the 2016 Board Meeting Schedule as follows:

| | | |
|-------------------|-----------------|--------------------|
| January 21, 2016 | May 19, 2016 | September 15, 2016 |
| February 18, 2016 | June 16, 2016 | October 20, 2016 |
| March 17, 2016 | July 21, 2016 | November 17, 2016 |
| April 21, 2016 | August 18, 2016 | December 15, 2016 |

It was **moved** by Nerdrum and **seconded** by DiGiovanni to approve the 2016 Retirement Board meeting schedule as submitted, which will be posted in accordance with the Open Meetings Act.

Approved

E-3 Summary Annual Report for FY Ended June 30, 2015

Ms. Walker briefly reviewed the Summary Annual Report for the fiscal year ended June 30, 2015 for the Board's approval, noting various State requirements that have been added to the report. During discussion, minor changes to the report were suggested before approval.

It was **moved** by Nerdrum and **seconded** by Hastie to approve the Summary Annual Report for the fiscal year ended June 30, 2015 as amended.

Approved

F. **DISCUSSION ITEMS - None**

G. **REPORTS**

G-1 **Executive Report – December 17, 2015**

INVESCO DISTRIBUTION

INVESCO Mortgage Recovery Feeder Fund, L.P. made a distribution on Tuesday, November 24, 2015 totaling \$5,459,954, comprised of return of capital.
Partner's allocable share of distribution: \$41,389

INVESCO Mortgage Recovery Loans AIV, L.P. made a distribution on Tuesday, November 24, 2015, totaling \$10,462,373 comprised of return of capital.
Partner's allocable share of distribution: \$139,279

CONSTITUTION CAPITAL IRONSIDES PARTNERS FUND III

A capital call in the amount of \$443,911.75 is due December 17, 2015, for the purpose of funding investments. With this call, committed capital for the Fund will total 13%, with outstanding unfunded commitments at \$5.2 million.

DRA

Capital calls in the amount of \$440,741 for the pension plan and \$129,630 for the VEBA are due December 15, 2015. These funds will be used to pay down the credit facility for the Silicon Valley Industrial Portfolio acquisition. The remaining commitment to the Funds after these capital calls will be approximately \$5.1 and \$ 1.5 million for the pension plan and the VEBA respectively.

FUNDING FOR JANUARY 1ST BENEFIT PAYMENTS

The NT Russell 1000 was utilized to fund January benefit payments.

STAFF ACTIVITY

Staff is preparing the budget for the fiscal year ending June 30, 2017. This is the "second year" of the standard two year budget cycle so minimal changes are expected. However, the accountant has reviewed the accounting set up and will be cleaning up a number of unused/outdated accounts with the assistance of City accounting staff. Figures will be presented to the Board for approval in early 2016.

The Executive Director will meet with Human Resources and legal staff on the 14th of December to discuss potential administrative concerns and questions.

A lengthy discussion ensued regarding the December 14th meeting held with Human Resources, and the potential for an upcoming Plan design being discussed by City Council. Mr. VanOverbeke briefly reviewed the differences between DB, DC, and DROP plans, and Ms. Nerdrum suggested that this topic be added to the next Board Retreat agenda, and the Board agreed.

G-2 **City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended November 30, 2015**

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended November 30, 2015 to the Board of Trustees:

| | |
|--|-----------------------|
| 11/30/2015 Asset Value (Preliminary) | \$463,014,173 |
| 10/31/2015 Asset Value (Audited by Northern) | \$466,026,402 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | \$7,372,569 |
| Percent Gain <Loss> | 1.6% |
| December 16, 2015 Asset Value | \$ 455,242,615 |

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 – No Report

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 | 43.39 | Monthly Gas Fee dated November 10, 2015 |
| 2 | DTE Energy | 199.76 | Monthly Electric Fee dated November 10, 2015 |
| 3 | MAPERS | 100.00 | 2016 Membership Dues |
| 4 | Buck Consultants | 1,585.23 | October hosting fees |
| 5 | Rehmann Robson | 2,340.43 | 9/15/2015 Progress billing for 6/30/15 Audit |
| 6 | Rehmann Robson | 819.14 | 11/15/2015 Progress billing for 6/30/15 Audit |
| 7 | AT&T | 374.98 | Monthly telephone service |
| 8 | N. Gail Jarskey | 180.00 | GFOA Training reimbursement – November 5, 2015 |
| 9 | VanOverbeke, Michaud & Timmony, P.C. | 24,925.00 | Legal fees – January-October 2015 |
| 10 | Meketa Investment Group | 10,000.00 | Investment Consultant Retainer - November 2015 |
| 11 | Buck Consultants | 1,577.30 | November hosting fees (one-time 0.5% discount applied) |
| 12 | City of Ann Arbor Treasurer | 533.20 | ITSU Service Charge (K. Spade) for November 2015 |
| 13 | Hasselbring-Clark Co. | 50.25 | Monthly copier cost per copy – October 2015 |
| 14 | Comcast | 85.31 | Monthly Cable Fee |
| 15 | Culligan of Ann Arbor/Detroit | 7.00 | Water service – December 2015 |
| | TOTAL | 42,820.99 | |

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 |
|---------------|--------------------|------------------|-------|----------------------|------------------------------------|
| Robert Ruppel | Age & Service | January 25, 2016 | Fire | 25 years, 1 month | Safety Services Fire Department |

I. **TRUSTEE COMMENTS** - *None*

J. **ADJOURNMENT**

It was **moved** by Nerdrum and **seconded** by Monroe to adjourn the meeting at 9:59 a.m.
Meeting adjourned at 9:59 a.m.

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