

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
April 16, 2020**

**B-1**

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

**ROLL CALL**

Members Present: DiGiovanni(*Via TX*), Flack(*Via TX*), Hastie(*via TX*), Horning(*Via TX, 9:56 a.m. depart*), Lynch(*Via TX*), Monroe(*Via TX*), Peariso(*Via TX*), Schreier(*Via TX*)  
Members Absent: Nerdrum  
Staff Present: Buffone(*via TX*), Gustafson(*via TX*), Hollabaugh(*Via TX*), Orcutt(*via TX*)  
Others: Michael VanOverbeke, Legal Counsel(*via TX*)

**AUDIENCE COMMENTS**

**A. APPROVAL OF AGENDA**

It was **moved** by DiGiovanni and **seconded** by Schreier to approve the agenda as submitted.

**Approved**

**B. APPROVAL OF MINUTES**

**B-1 March 19, 2020 Regular Board Meeting**

It was **moved** by DiGiovanni and **seconded** by Schreier to approve the March 19, 2020 Regular Board Meeting minutes.

**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
Mark Raab	Police	2 Years, 5 Months	City of Inkster

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.

It was **moved** by DiGiovanni and **seconded** by Peariso to approve the consent agenda as submitted.

**Approved**

**D. EXECUTIVE SESSION – Disability Examination Review**

It was **moved** by Horning and **seconded** by Schreier to convene an Executive Session for the purpose of discussing the medical reports for Michael Whitehead.

**Approved**

*Roll call vote:*

DiGiovanni - Yes	Horning – Yes	Nerdrum – Absent
Flack – Yes	Lynch – Yes	Peariso – Yes
Hastie - Yes	Monroe - Yes	Schreier – Yes

*Executive session time: 8:55 a.m – 9:05 a.m*

**E. ACTION ITEMS**

**E-1 Motions Regarding Disability Examination Review**

It was **moved** by Peariso and **seconded** by DiGiovanni that the Board acknowledges receipt of the medical report dated March 18, 2020 from Jeffrey F. Parker, M.D., with regards to the independent medical evaluation of Michael Whitehead, noting that the doctor has concluded that he is totally and permanently incapacitated for duty in the service of the City, and that such incapacity will probably be permanent; the Board therefore grants the disability retirement consistent with the Board’s Disability Retirement Procedures.

**Approved**

**F. DISCUSSION ITEMS**

**F-1 Discussion on CARES Act**

Mr. VanOverbeke informed the Board of the CARES Act which went into effect March 27, 2020, to provide financial aid to individuals and business impacted by the ongoing Coronavirus pandemic. The CARES Act provisions are similar to qualified disaster relief

payments, allowing temporary in-service withdrawals (Coronavirus-related distribution, CRD) of up to \$100,000 per individual across all plans. It was noted that this provision is optional and at the discretion of the employer. The Board further discussed the provisions of the Act that affect the retirement plans. Legal Counsel recommended that an Individual self-certification form be used for the CRD. Mr. Schreier suggested that the self-certification form should also include a note stating that the individual is aware they are not withdrawing more than \$100,000 across all plans.

It was **moved** by Schreier and **seconded** by Peariso to acknowledge the discussion regarding the CARES Act and noting to the City that the Board is in support to allow CRD distributions from the 457 Plan and request that the City give appropriate consideration of an amendment for the plan to provide CRD distributions.

**Approved**

**G. REPORTS**

**G-1 Executive Report – April 16, 2020**

**SUMMIT PARTNERS CAPITAL CALLS**

*Summit Partners Credit Fund III, L.P. requested a capital call of 9.72 % of our commitment to the Funds in the amount of **\$578,977** for the Retirement Plan and **\$160,827** for the VEBA on 3/30/20. With these installments, **CAAERS** will have funded 63 % of our total commitments of \$9,000,000 for the Retirement Plan and \$2,500,000 for the VEBA.*

**SUMMIT PARTNERS DISTRIBUTIONS**

*Summit Partners Credit Fund III, L.P. issued a distribution in the amount of **\$580,756** for the Retirement System and **\$161,320** for the VEBA on 4/1/20.*

*Summit Partners Credit Fund II, L.P. issued a distribution in the amount of **\$546,516** for the Retirement System and **\$136,629** for the VEBA on 4/3/20.*

**CARLYLE CAPITAL CALLS**

*Carlyle requested a capital call of our commitment to the Carlyle Realty Fund VIII in the amount of **\$ 322,765** for the Retirement System and **\$ 80,692** for the VEBA on 4/14/20 for the purpose of investment funding, fees and expenses netted against a distribution.*

**INVESTMENT CONSULTANT RFP**

*Due to the Covid-19 pandemic, finalist interviews are postponed to a future date TBD.*

**STAFF OPERATIONS/UPDATE**

*ED and Staff continue to work remotely and adapt our processes to accommodate any requests. Calls to the main line relay an email to all Staff but the frequency of calls has declined substantially. The mail is checked weekly and employees needing to apply for retirement are executing documents via digital signature and mailing the hard copies to the office.*

*The Pension Analyst processed 24 Estimates, 1 Final Calculation, 2 deceased calculations, and conducted 3 pre sessions. A New Hire Orientation was conducted via Microsoft Teams on March 30.*

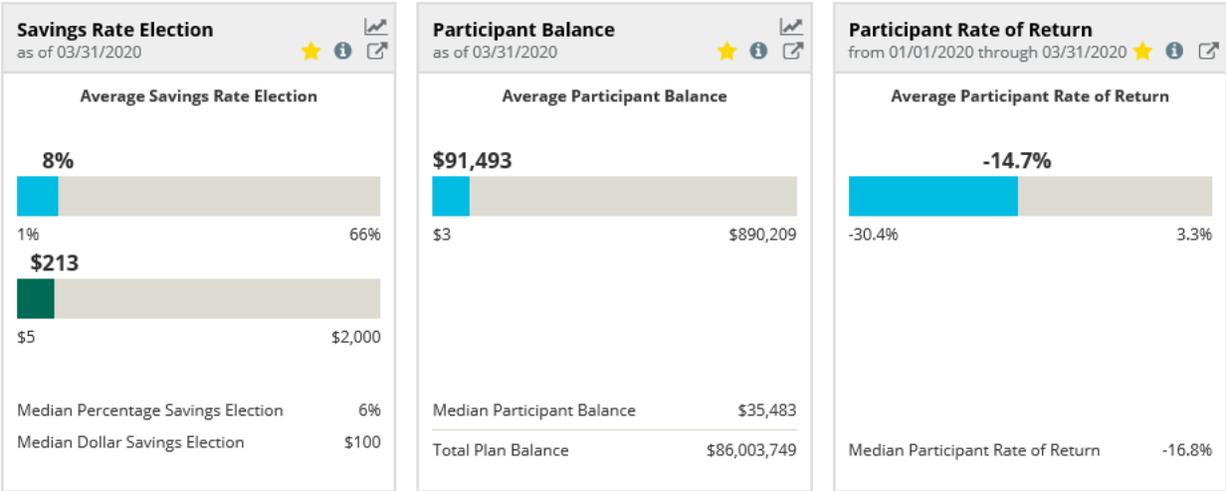
The meeting with Margaret Radabaugh (City Legal Staff) scheduled for March 25 to discuss the many Ordinance updates was postponed.

There are 111 retirees that still receive a check in the mail. To encourage a switch to direct deposit, Staff is researching including a message on the 5/1 check or doing a mailing to encourage them to utilize direct deposit. Given the pandemic this would encourage people to have one less reason to leave their home and ensure timely deposits if there is an impact on the USPS.

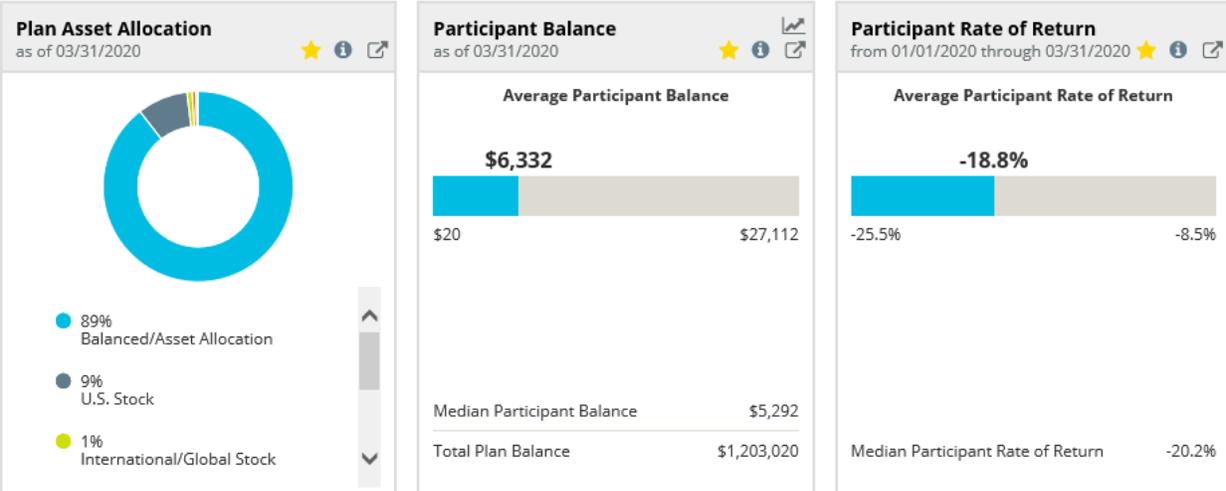
Staff is researching the possibility of emailing the quarterly term-vested contribution statements. Currently, hard copies are mailed to approximately 90-100 people. This would save on postage, supplies and provide an eco-friendly alternative.

**G-2 Executive Report – ICMA-RC Update**

**457 Balance at 4/8/20 = \$ 89,131,405 – Statistics as of 3/31/20**



**401 Balance at 4/8/20 = \$ 1,283,692 – Statistics as of 3/31/20**



**Current Items/Education:**

- ICMA-RC is enabling virtual appointments to allow employees to reserve a date and time with Dan Stewart to discuss their accounts while we deal with the pandemic. An email was sent to all employees on March 25 with a link to register.
- Nancy Lange will be conducting a webinar in lieu of speaking at the annual retiree luncheon which was cancelled. The topics will be the recent market volatility and Medicare. The latter requested by the Ex-Officio Committee.

**Other Items:**

Roth Codes Update – The deduction codes are now all set up in the UltiPro payroll system. However, these codes are still not rolling up into the overall combined annual maximum with the pre-tax 457 codes. This update may take several more weeks. Until resolved, ED advised not to implement/activate codes to avoid any issues at year end.

**G-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended March 31, 2020**

Maria Buffone, Accountant, submitted the Financial Report for the month ended March 31, 2020 to the Board of Trustees:

3/31/2020 Asset Value (Preliminary)	\$471,493,268
2/29/2020 Asset Value (Audited by Northern)	\$510,410,663
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	(\$57,018,894)
Percent Gain <Loss>	-10.6%
<b>April 15, 2020 Asset Value</b>	<b>\$484,651,634</b>

**G-4 Investment Policy Committee Minutes – March 26, 2020**

Following are the Investment Policy Committee minutes from the meeting convened at 2:07 p.m. on March 26, 2020:

- Member(s) Present: DiGiovanni (via TX), Flack (via TX), Hastie (via TX), Horning (via TX), Monroe (via TX)
- Member(s) Absent: None
- Other Trustees Present: Lynch (via TX), Peariso (via TX)
- Staff Present: Buffone (via TX), Hollabaugh (via TX), Orcutt (via TX)
- Others Present: Henry Jaung, Meketa Investment Group (via TX)  
Keith Beaudoin, Meketa Investment Group (via TX)  
John Harris, Meketa Investment Group (via TX)

**DISCUSSION ON CURRENT MARKET CONDITIONS AND POSSIBLE REBALANCE**

Mr. Jaung from Meketa discussed the current market conditions with the IPC Committee. With the current market conditions, Meketa recommended that the Retirement System redeem 4-5 Million from 36 South and move into cash for benefit payments as the fund has done well in the down market. After further discussion, IPC decided to move forward with Meketa’s recommendation.

It was **moved** by DiGiovanni and **seconded** by Monroe to redeem approximately \$5 Million into cash for benefit payments.

**Approved**

The Committee also discussed rebalancing in the current market. IPC further discussed liquidating High Yield towards the target allocation and agreed to rebalance the High Yield from Sky Harbor.

It was **moved** by DiGiovanni and **seconded** by Horning to rebalance \$5 Million from Sky Harbor to the Rhumblin HEDI Fund.

**Approved**

**ADJOURNMENT**

It was **moved** by Monroe and **seconded** by DiGiovanni to adjourn the meeting at 3:32 p.m.  
**Meeting adjourned at 3:32 p.m.**

**G-5 Administrative Policy Committee Minutes – None.**

**G-6 Audit Committee Minutes – None.**

**G-7 Legal Report**

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

**H-1 Communications Memorandum**

**H-2 May Planning Calendar**

**H-3 Record of Paid Invoices**

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

	<b><u>PAYEE</u></b>	<b><u>AMOUNT</u></b>	<b><u>DESCRIPTION</u></b>
1	AT&T	\$540.26	Phone Service 2/26/2020-3/25/2020
2	Buck	\$1,825.28	Monthly Hosting Fee 2/2020
3	DTE	\$159.39	Electric Service 2/12/2020-3/12/2020
4	DTE	\$95.42	Gas Service 2/12/2020-3/12/2020
5	GRS & Co.	\$1,300.00	Roberts EDRO
6	Daniel Gustafson	\$75.79	MAPERS One Day Conference Reimbursement 3/6/20
7	Independent Medical Evaluations, PC	\$1,900.00	M. Whitehead Disability Exam
8	Robertson Morrison	\$230.00	Routine Maintenance Quarterly Inspection
9	Applied Imaging	\$39.97	Printing Services 3/2020
10	Culligan	\$30.49	Water Service 4/2020
11	Hexavest	\$20,871.61	Investment Management Fees 1/1/2020-3/31/2020
12	Meketa Investment Group	\$10,000.00	Investment Consultant Fee 3/2020
13	Midwest Maintenance	\$80.78	Cleaning Services 3/2020
14	Wendy Orcutt	\$26.45	MAPERS One Day Conference Reimbursement 3/6/20
15	Dollar Bill Copying	\$2,418.62	2020 Annual Newsletter Mailer
	<b>Total</b>	<b>\$39,594.06</b>	

#### H-4 Retirement Report

Name	Retirement Type	Effective Retirement Date	Group	Years of Service	Department/Service Area
Renee Bush	Age & Service	April 26, 2020	Police	28 Years, 11 months	Safety Services
Alicia Green	Age & Service	May 1, 2020	General	27 Years, 6 Months	15th District Court

#### H-5 Analysis of Page Views on Retirement System Website

I. TRUSTEE COMMENTS / SUGGESTIONS

J. ADJOURNMENT

It was **moved** by Schreier and **seconded** by Monroe to adjourn the meeting at 9:57 a.m.  
**Meeting adjourned at 9:57 a.m.**

*Wendy Orcutt*

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