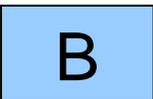


**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
April 15, 2021**



The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:34 a.m.

**ROLL CALL**

Members Present: DiGiovanni(*Via TX, Ann Arbor, MI*), Flack(*Via TX, Wood County, OH*), Hastie(*Via TX, Ann Arbor, MI, 8:50 a.m. arrival*), Monroe(*Via TX, Ann Arbor, MI*), Nerdrum(*Via TX, Ann Arbor, MI*), Peariso(*Via TX, Ann Arbor, MI*), Praschan(*Via TX, Saline, MI*), Schreier(*Via TX, Ann Arbor, MI*)

Members Absent: Lynch

Staff Present: Buffone(*via TX*), Gustafson(*via TX*), Hollabaugh(*Via TX*), Orcutt(*via TX*)

Others: VanOverbeke, Legal Counsel(*via TX*)  
Henry Jaung, Meketa Investment Group(*via TX*)  
Keith Beaudoin, Meketa Investment Group(*via TX*)  
John Harris, Meketa Investment Group(*via TX*)  
Matt Horning, Interim CFO(*via TX*)

**AUDIENCE COMMENTS**

**A. APPROVAL OF AGENDA**

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

**Approved**

**B. APPROVAL OF MINUTES**

**B-1 March 18, 2021 Regular Board Meeting**

It was **moved** by Nerdrum and **seconded** by Monroe to approve the March 18, 2021 Regular Board Meeting minutes.

**Approved**

**C. CONSENT AGENDA - None**

**D. ACTION ITEMS**

**D-1 FYE 2021 Administrative Allowance**

The Board reviewed the proposed FYE 2021 administrative allowance and agreed to approve.

It was **moved** by Nerdrum and **seconded** by Monroe to approve the FYE 2021 Administrative Allowance as submitted.

**Approved**

**D-2 2021 Annual Members Newsletter**

The Board reviewed the 2021 Annual Members Newsletter and agreed to approve and mail out.

It was **moved** by Nerdrum and **seconded** by Peariso to approve the 2021 Annual Newsletter as submitted.

**Approved**

**E. DISCUSSION ITEMS**

**E-1 Welcome New Trustee**

The Board welcomed Marti Praschan as the new CFO and Trustee to the Retirement System Boards. Ms. Praschan informed the Board she was interested in joining the Administrative Policy Committee, Audit Committee and the Investment Policy Committee.

**F. REPORTS**

**F-1 Executive Report – April 15, 2021**

**DRA CAPITAL CALLS**

*DRA requested a capital call of our commitment to the Growth and Income Fund X in the amount of **\$ 322,105** for the Retirement Plan and **\$ 214,737** for the VEBA on 3/31/21 for the purpose of funding current commitments.*

*DRA requested a capital call of our commitment to the Growth and Income Fund IX in the amount of **\$ 139,743** for the Retirement Plan and **\$ 41,101** for the VEBA on 4/2/21 for the purpose of funding current commitments.*

**SVB CAPITAL CALL**

*SVB Fund VIII requested a capital call of our commitment to the Funds in the amount of **\$ 160,000** for the Retirement Plan and **\$ 40,000** for the VEBA on 4/9/21 for the purpose of funding current commitments. With these installments, **CAAERS** will have funded 81% of our total commitments of \$8,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.*

**BLACKROCK DISTRIBUTION**

*BlackRock Global Renewable Power Infrastructure Fund III issued a distribution in the amount of **\$312,400** for the Retirement Plan and **\$117,150** for the VEBA on 4/13/21.*

**TORCHLIGHT CAPITAL CALL**

*Torchlight Investors requested a capital call of our commitment to Debt Fund VII in the amount of **\$900,000** for the Retirement Plan and **\$400,000** for VEBA on 4/2/20 to fund investments.*

**CARLYLE CAPITAL CALLS**

*Carlyle requested a capital call of our commitment to the Carlyle Realty Fund VIII in the amount of **\$ 80,662** for the Retirement System and **\$ 20,166** for the VEBA on 4/8/21 for the purpose of investment funding, fees and expenses netted against a distribution.*

**SUMMIT PARTNERS DISTRIBUTIONS**

*Summit Partners Credit Fund II, L.P. issued a distribution in the amount of **\$300,016** for the Retirement System and **\$75,003** for the VEBA on 3/31/21.*

## **BUCK CONVERSION**

*Buck was able to incorporate most of the edits to the ESS Calculator based on feedback received from our employee testing group. Buck was finally scheduled to move the ESS and Admin site to Production on Thursday, April 1. Upon completion Staff was to again test the ESS and Admin site to ensure that the “fixes” previously completed made it to PROD. Following is the timeline of events since the move to PROD:*

- *April 1<sup>st</sup> – Buck still validating the ESS production move, expected to be resolved by next day.*
- *April 2<sup>nd</sup> – Buck still needs to validate the accrued benefit statements on the ESS production move, expected to be resolved on Monday 4-5-2021*
- *April 5<sup>th</sup> – Buck conference call - accrued benefit statements will have December 2020 quarter available until Ann Arbor team has a chance to validate the March 2020 quarter accrued benefit statements.*
- *April 6<sup>th</sup> – Ann Arbor team able to start testing on the ESS production site.*
- *April 7<sup>th</sup> to 8<sup>th</sup> – Ann Arbor team has internal communication that the UAT site and production site had different wording and options, reverting to UAT language pre- AA updates.*
- *April 8<sup>th</sup> to 9<sup>th</sup> – Ann Arbor team reports differences between the UAT site and the production site. Buck apologizes for not having all the changes move to the production site.*
- *April 12<sup>th</sup> – Buck conference call - discussed issues including default to 0% annual increase on the ESS site, accrued benefit statements generating statements for term vested employees’ with a \$0 balance that have recently been paid out, and clarification that the payroll transmittal files need to be up to date on both the UAT site and the production site for accurate comparisons.*
- *April 12<sup>th</sup> - Christopher Studwell, the main contact for Ann Arbor has left the company. Two new staff members were added to the team.*
- *April 13<sup>th</sup> – current – Issues are being resolved but as we continue to test, more issues arise including discrepancies on the pay and contribution reports and errors on Accrued Benefit Statements i.e. listing percentages at 1000.00% (instead of 100%) and listing the same beneficiary twice in error.*

*Once the remaining issues are resolved, Staff will again have the test group sample the live site.*

## **STAFF OPERATIONS/UPDATE**

The Pension Analyst processed 77 estimates, 3 non vested calculations, 3 deceased calculations, 3 finals, 1 deferred, 3 payouts and conducted 3 pre-sessions.

## **F-2 Executive Report – ICMA-RC Update**

**457 Balance at 4/9/21 - \$117,894,800 – (March Plan Statistics not available)**

**401 Balance at 4/9/21 = \$ 2,796,100 – (March Plan Statistics not available)**

### **Current Items/Education:**

- Dan Stewart conducted virtual appointments and a webinar on March 9<sup>th</sup> and 10<sup>th</sup>. 16 employees attended the webinar and 18 had virtual one-on-one appointments.
- Gina John will be available April 14<sup>th</sup> and 15<sup>th</sup> for virtual appointments and a webinar

### **Other Items:**

ED and Staff met with HR/Payroll and a rep from ICMA to discuss the Age 50 Catch Up process code on March 30<sup>th</sup>. A follow up meeting was held on April 5 with HR/Payroll. They prefer not to enlist UltiPro to create a custom default code for this given the issues they experienced with the roll-ups etc. They propose converting everyone who is 50+ or turning 50 this year to the age 50 code. This consists of approximately 200 accounts. Going forward they will audit annually in January and make these changes as employees reach eligibility. For new entrants into the 457, anyone age eligible will be placed in the Age 50 code to allow for the additional contributions. ED and Staff will be meeting with HR to discuss timing and communication to participants and are targeting the first payroll in June for the effective date of this process change.

ICMA-RC has sent a rollout package regarding the name change/rebrand to MissionSquare. Staff will start sending out flyers and communicating the change in the coming weeks.

## **F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended March 31, 2021**

Maria Buffone, Accountant, submitted the Financial Report for the month ended March 31, 2021 to the Board of Trustees:

3/31/2021 Asset Value (Preliminary)	\$592,232,100
2/28/2021 Asset Value (Audited by Northern)	\$583,585,495
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$16,452,754
Percent Gain <Loss>	2.8%
<b>April 14, 2021 Asset Value</b>	<b>\$601,744,444</b>

## **F-4 Investment Policy Committee Minutes – April 6, 2021**

Following are the Investment Policy Committee minutes from the meeting convened at 3:05 p.m. on April 6, 2021:

Member(s) Present: DiGiovanni(via TX, Ann Arbor, MI), Hastie(via TX, Ann Arbor, MI, 3:55 p.m. depart), Horning(via TX, Tawas City, MI), Monroe(via TX, Ann Arbor, MI)

Member(s) Absent: Flack

Other Trustees Present: None

Staff Present: Buffone(via TX), Gustafson(via TX), Hollabaugh(via TX), Orcutt(via TX)  
Others Present: Henry Jaung(via TX), Meketa Investment Group  
Keith Beaudoin(via TX), Meketa Investment Group  
John Harris(via TX), Meketa Investment Group  
Marti Praschan(via TX), Trustee

## **ECONOMIC AND MARKET UPDATE DATA AS OF FEBRUARY 28, 2021**

Mr. Jaung provided an economic and market update reviewing market returns, volatility, S&P500 and the impact of the pandemic.

### **EXECUTIVE SUMMARY**

The market value of the ERS was \$584 million at the end of February 2021, returning 0.7% YTD and 16.2% Fiscal YTD. The market value of the VEBA was \$225 million at then end of February 2021, returning 0.4% YTD and 15.5% Fiscal YTD. Longer term returns are strong for both ERS and VEBA, with the 3 to 10 years ending February 2021 outperforming the 60/40 benchmarks and significantly above the discount rate. The domestic equity aggregate has underperformed its primary benchmark Fiscal YTD, due to the HEDI underperforming the R1000 Index in recent months.

Artisan International Value is off to a good start with 6.1% return in February, complementing WCM International Growth. DFA EM Value Fund made a strong recovery during February with 6% return, outperforming its benchmark and GQG.

### **RETIREMENT SYSTEM**

Act 314 Compliance Review: Mr. Jaung reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

February 28, 2021 Performance Update: As of February 28, 2021, the balance of the Funds was \$584,065,366 for ERS. Fiscal Year to Date performance was 16.1% for ERS net of fees.

### **VEBA**

Act 314 Compliance Review: Mr. Jaung reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

February 28, 2021 Performance Update: As of February 28, 2021, the balance of the Funds was \$224,761,463 for VEBA. Fiscal Year to Date performance was 15.3% for VEBA net of fees.

### **ASSET ALLOCATION REVIEW**

Meketa provided an asset allocation review for the Committee reviewing different policy options. The Committee reviewed and discussed various scenarios and impacts. The topic will be revisited in May after hearing the insights from the economist presentation at the Retreat next week.

### **PACING STUDY ANALYSIS**

Meketa provided a pacing study analysis highlighting Private Equity, Private Debt, Real Estate and Infrastructure. The Committee reviewed the data and briefly discussed.

### **ADJOURNMENT**

It was **moved** by Horning and **seconded** by Monroe to adjourn the meeting at 4:05 p.m.  
**Meeting adjourned at 4:05 p.m.**

## **F-5 Administrative Policy Committee Minutes – April 8, 2021**

Following are the Administrative Policy Committee minutes from the meeting convened at 2:26 p.m. on April 8, 2021:

Committee Members Present: Lynch(via TX, Whitmore Lake, MI), Monroe(Via TX, Ann Arbor, MI), Schreier(Via TX, Ann Arbor, MI)  
Members Absent: Peariso  
Other Trustees Present: None  
Staff Present: Buffone(Via TX), Gustafson(Via TX), Hollabaugh(Via TX), Orcutt(Via TX)  
Others Present: Marti Praschan, Trustee(Via TX)

### **2021 NEWSLETTER DRAFT**

The Committee reviewed and made minor revisions to the newsletter.

It was **moved** by Schreier and **seconded** by Lynch to present a final draft for Board approval.

**Approved**

### **ICMA UPDATE**

Upcoming Education: ICMA-RC continues to provide monthly one-on-one consultations for employees.

Update on Age 50 Catch Up: Ms. Orcutt and Staff have been working with HR to improve the Age 50 Catch Up process. ICMA-RC mentioned that most locations automatically enroll employees in the Age 50 Catch Up. Staff has agreed that this would be preferred and has investigated the auto-enroll options in the HR software. HR prefers to manually enroll rather than use the auto enroll feature offered with the software due to the complication of coding. The Committee would prefer to automate the process however, given that HR is not yet comfortable, agreed to move forward with a manual transition until automation can occur. Staff prepare a draft notification to employees for the May APC meeting targeting June for the implementation.

### **BUCK ADMINISTRATIVE SOFTWARE UPDATE**

Ms. Orcutt updated the Committee on the status of the Buck software. The Employee Self Service (ESS) website has been moved into production and will be sent out to the test employee group for feedback.

Staff continues to test the production site and work with Buck to get the site working successfully. Staff meets with Buck weekly to ensure tasks are being completed accurately.

### **OTHER**

Staff discussed May scheduling and have decided to meet Tuesday, May 18, 2021 at 1:00 PM.

### **ADJOURNMENT**

It was ***moved*** by Schreier and ***seconded*** by Lynch to adjourn the meeting at 2:59 p.m.  
**Meeting adjourned at 2:59 p.m.**

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

**F-7 Legal Report**

Mr. VanOverbeke informed the Board that the Open Meetings Act was not extended to allow virtual meetings. However, locally the County had declared a State of Emergency which would continue to allow the Board to meet virtually until the end of the calendar year if needed.

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

**G-1 Communications Memorandum**

**G-2 May Planning Calendar**

**G-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	Allstar Alarm	\$156.00	Fire System/Cell Monitoring
2	Culligan	\$12.00	Water Service 4/2021
3	DTE Electric	\$122.36	Electric Service 3/16/2021
4	DTE Electric	\$97.69	Gas Service
5	GRS	\$1,500.00	Rachwal EDRO Fee
6	West Arbor Condo Association	\$456.00	Association Dues 4/2021
	<b>Total</b>	<b>\$2,344.05</b>	

**G-4 Retirement Report**

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

<b>Name</b>	<b>Retirement Type</b>	<b>Effective Retirement Date</b>	<b>Group</b>	<b>Union</b>	<b>Years of Service</b>	<b>Department/Service Area</b>
Douglas Sandall	Age & Service	April 11, 2021	General	AFSCME	22 Years, 5 Months	Public Services
Holli Neeb	EDRO Recipient	August 1, 2020	N/A	N/A	N/A	N/A

**G-5 Analysis of Page Views on Retirement System Website**

**H. TRUSTEE COMMENTS / SUGGESTIONS**

I. **ADJOURNMENT**

It was **moved** by Schreier and **seconded** by Nerdrum to adjourn the meeting at 8:54 a.m.  
**Meeting adjourned at 8:54 a.m.**

*Wendy Orcutt*

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