

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
September 19, 2019**

**B**

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:42 a.m.

**ROLL CALL**

Members Present: Crawford, DiGiovanni, Flack, Hastie, Lynch, Monroe, Nerdrum, Peariso, Schreier  
Members Absent: None  
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt  
Others: Michael VanOverbeke (9:12am arrival), Legal Counsel  
Henry Jaung, Meketa Investment Group (9:38 a.m. depart)  
Keith Beaudoin, Meketa Investment Group (9:38 a.m. depart)  
Jason Ashline, ICMA-RC (9:50 a.m. - 11:07 a.m.)  
Rola Ismail, ICMA-RC (9:50 a.m. - 11:07 a.m.)  
Daniel Stewart, ICMA-RC (9:50 a.m. - 11:07 a.m.)

**AUDIENCE COMMENTS**

The Board introduced themselves to the new Pension Accountant, Maria Buffone, and welcomed her to the System.

**A. APPROVAL OF AGENDA**

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

**Approved**

**B. APPROVAL OF MINUTES**

**B August 15, 2019 Regular Board Meeting**

It was **moved** by Monroe and **seconded** by Peariso to approve the August 15, 2019 Regular Board Meeting minutes.

**Approved**

**C. CONSENT AGENDA – None.**

**D. ACTIONS ITEMS - None.**

**E. DISCUSSION ITEMS**

**E-1 Fiscal Year End Review – Meketa Investment Group**

Mr. Jaung of Meketa Investment Group was present along with Keith Beaudoin to provide the investment review for the Fiscal Year End 6/30/2019. As of June 30, 2019, the balance of the Fund was \$518,508,511. Mr. Jaung also reviewed the PA 314 Compliance, stating that everything is currently in compliance. The return for Fiscal Year End 6/30/19 was 6.3% net of fees.

It was **moved** by Nerdrum and **seconded** by Peariso to recess for the purpose of holding the VEBA Board meeting to continue the fiscal year end review presentation for VEBA.

**Approved**

## **BOARD RECESS**

The Board was called to recess at 9:22 a.m. for the purpose of holding the VEBA Board meeting to continue the Fiscal Year End Review Presentation for VEBA.

**Meeting recessed at 9:22 a.m.**

*The meeting was reconvened at 10:15 a.m.*

### **E-2 ICMA-RC Plan Review as of 6/30/2019**

Jason Ashline, Rola Ismail and Daniel Stewart from ICMA-RC were present to provide a Quarterly Plan Review including a plan health monitor overview, education overview, plan trends, and investments/fee overview.

### **E-3 Discussion on Investment Consultant RFP/RFI**

The Board continued the discussion of whether to have an RFP or RFI for the Investment Consultant. Mr. VanOverbeke provided a sample RFP/RFI draft for the Board to review. After further discussion, the Board decided to do an RFP and delegated the RFP process to the IPC which will submit a final draft of the RFP to the Board once complete.

It was **moved** by Crawford and **seconded** by Peariso to direct that the IPC develop a formal RFP for presentation for Board approval at a later date and authorize the issuance of an RFP in January 2020.

**Approved**

## **F. REPORTS**

### **F-1 Executive Report – September 19, 2019**

#### **DRA DISTRIBUTIONS**

*DRA issued a distribution from the Growth and Income Fund VIII on 8/14/19 in the amount of **\$106,093** for the Retirement System consisting of \$ 138,789 in dividends netted against \$32,696 in management fees. The VEBA distribution of **\$31,204** consisted of \$40,820 in dividends netted against \$9,616 in management fees.*

*DRA issued a distribution from the Growth and Income Fund VIII on 8/20/19 in the amount of **\$241,461** for the Retirement System and **\$71,018** for the VEBA.*

*DRA issued a distribution from the Growth and Income Fund IX on 8/15/19 in the amount of **\$109,594** for the Retirement System consisting of \$ 146,110 in dividends netted against \$36,516 in management fees. The VEBA distribution of **\$32,324** consisted of \$42,974 in dividends netted against \$10,740 in management fees.*

#### **DRA CAPITAL CALLS**

*DRA requested a capital call of our commitment to the Growth and Income Fund IX in the amount of **\$ 889,911** for the Retirement Plan and **\$ 261,739** for VEBA on 9/19/19 for the purpose of funding current commitments.*

## **SUMMIT PARTNERS DISTRIBUTIONS**

Summit Partners Credit Fund III, L.P. issued a distribution in the amount of **\$181,961** for the Retirement Plan and **\$50,545** for the VEBA on August 20, 2019.

Summit Partners Credit Fund II, L.P. issued a distribution in the amount of **\$64,362** for the Retirement Plan and **\$16,091** for the VEBA on 9/13/19. With these installments, **CAAERS** will have funded 133.7 % of our total commitments of \$9,200,000 for the Retirement Plan and \$2,300,000 for the VEBA.

## **SUMMIT PARTNERS CAPITAL CALLS**

Summit Partners Credit Fund II, L.P. requested a capital call of 1.0 % of our commitment to the Funds in the amount of **\$90,376** for the Retirement Plan and **\$22,594** for the VEBA on 8/27/19. With these installments, **CAAERS** will have funded 134.4 % of our total commitments of \$9,200,000 for the Retirement Plan and \$2,300,000 for the VEBA.

Summit Partners Credit Fund III, L.P. requested a capital call of 3.8% of our commitment to the Funds in the amount of **\$321,942** for the Retirement Plan and **\$89,428** for the VEBA on 9/19/19. With these installments, **CAAERS** will have funded 34.6 % of our total commitments of \$9,000,000 for the Retirement Plan and \$2,500,000 for the VEBA.

## **ANNUAL BOARD ELECTIONS / APPOINTMENTS**

Citizen Trustee terms for Brock Hastie and Julie Lynch expire on December 31, 2019. If both are interested in a reappointment, Staff suggests sending letters of recommendation to the Mayor's Office in order to have them reappointed before their terms are expired.

## **ACTUARY UPDATE**

GRS delivered the GASB reports on August 21st. ED and Karen Lancaster had a conference call with Jim Anderson and the GRS team on 9/12 regarding some changes to the draft prior to having hard copies finalized. Although HR still needs to provide some follow up information related to the OPEB data, as of now the valuations are still on track for October completion. Audit Committee is scheduled to meet at 4 p.m. on October 9.

## **AUDIT UPDATE**

Yeo & Yeo were onsite to complete their fieldwork on September 6. They will be forwarding a draft of the Financial Statements in the coming weeks for review.

## **STAFF OPERATIONS/UPDATE**

The Pension Analyst conducted 3 pre-sessions and processed 13 estimates.

ED and Pension Analyst will be attending MAPERS on September 22-24.

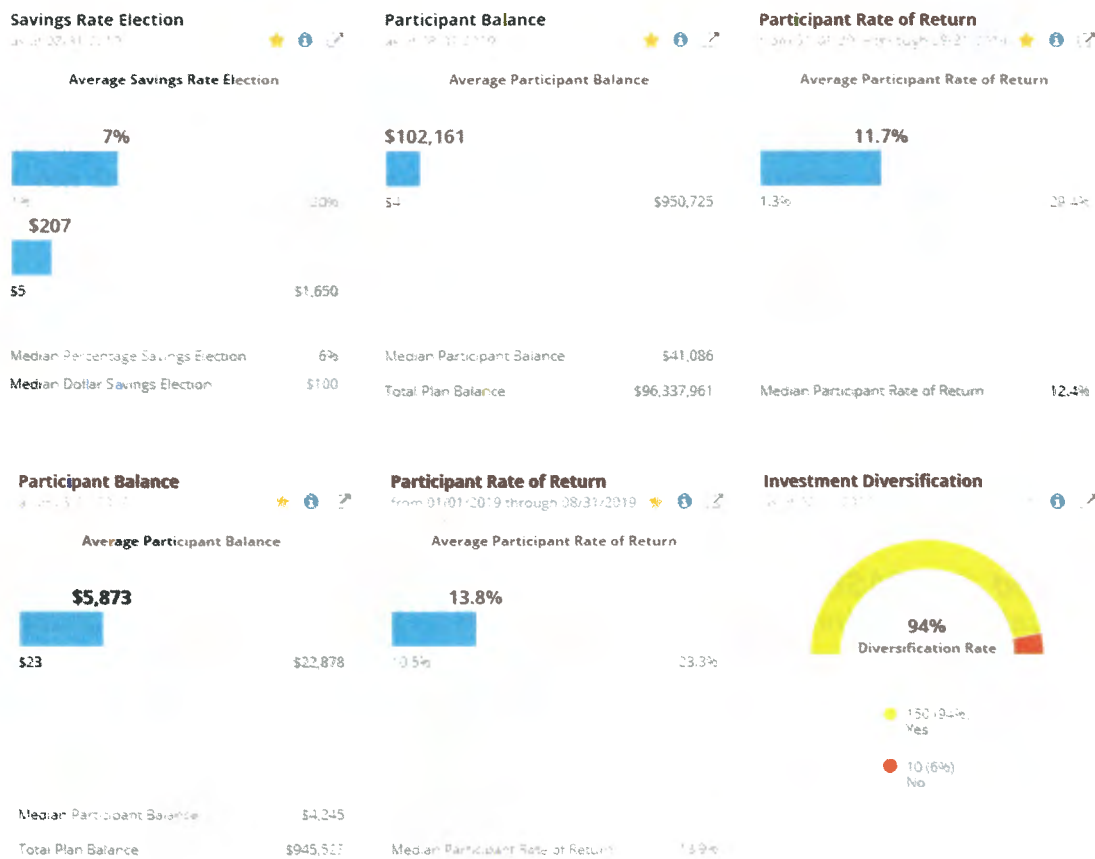
## F-2 Executive Report – ICMA-RC Update

### Education

- Rola Ismail from ICMA-RC was onsite August 19-22. There were 36 employees who signed up for individual consultations at City Hall, CTN, Wheeler and Fleet Service Center.
- The Lunch & Learn on August 20 in Council Chambers covered the topic “Get to Know Your Roth Options”. Attendance was lower than we normally see at these seminars.
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- The next quarterly onsite visits will be held October 28-31.

457 - \$ 96,922,053 @ 9/10/19

401 - \$ 959,964 @ 9/10/19



## F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended August 31, 2019

Maria Buffone, Accountant, submitted the Financial Report for the month ended August 31, 2019 to the Board of Trustees:

8/31/2019 Asset Value (Preliminary)	\$516,974,358
7/31/2019 Asset Value (Audited by Northern)	\$516,061,094
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$51,829,839
Percent Gain <Loss>	10.9%
<b>September 18, 2019 Asset Value</b>	<b>\$519,099,210</b>

**F-4 Investment Policy Committee Minutes – None**

**F-5 Administrative Policy Committee Minutes – September 10, 2019**

Following are the Administrative Policy Committee minutes from the meeting convened at 3:05 p.m. on September 10, 2019:

Committee Members Present: Monroe (3:35p.m. arrival), Peariso, Lynch, Schreier  
Members Absent: None  
Other Trustees Present: None  
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt  
Others Present: None

**REVISED MEMBER HANDBOOK**

The Committee reviewed and made revisions to the drafted handbook. A final draft will be presented at the October Board meeting.

**ICMA UPDATE**

Ms. Orcutt informed the Committee that ICMA will be presenting at the September Board meeting.

Ms. Orcutt also informed the Committee of recent on-site ICMA visits and possible representative changes for future visits.

**OTHER**

The Committee decided to cancel the October APC meeting due to scheduling conflicts. The next APC meeting will be held in November.

**ADJOURNMENT**

It was **moved** by Schreier and **seconded** by Peariso to adjourn the meeting at 4:24 p.m.  
**Meeting adjourned at 4:24 p.m.**

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

**F-7 Legal Report - Fraudulent Attempt to Transfer Assets**

Mr. VanOverbeke informed the Board of a recent attempt to fraudulently transfer retirement system assets of a Michigan Retirement System. This was likely orchestrated through various retirement system materials found online and only thwarted by employing the appropriate procedures for wire transfers. Mr. VanOverbeke reminded the Board to review what is available online and consider what documents are appropriate/necessary to post online.

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

**G-1 Communications Memorandum**

**G-2 October 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	Buck	\$1,583.33	July Hosting Fee

2	MAPERS	\$300.00	J. Flack Registration Fall 2019: Kalamazoo
3	Med Source	\$250.00	J. Gold Missed Appointment Fee 6.26.19
4	Applied Imaging	\$44.50	Printing Services July 2019
5	ProScreening, LLC	\$97.25	M. Buffone New Hire Background Screen
6	DTE Energy	\$336.83	Electric 7/13/19 - 8/12/19
7	MAPERS	\$300.00	W. Orcutt Registratoin Fall 2019: Kalamazoo
8	Shred it	\$384.08	Office file purge/shred
9	AT&T	\$509.11	Phone Service 7/26/19-8/25/19
10	Midwest	\$175.00	Office Cleaning Service 8/2019
11	Culligan	\$27.49	Water Service 9/2019
12	Robertson Morrison Inc.	\$230.00	Quarterly Routine Maintenance
13	Staples	\$127.63	Miscellaneous Office Supplies
14	Meketa Investment Group	\$10,000.00	Investment Consulting Services 8/2019
15	Yeo & Yeo	\$500.00	Annual Audit Services 6/30/19
Total		\$14,865.22	

#### G-4 Retirement Report

Name	Retirement Type	Effective Retirement Date	Group	Years of Service	Department/Service Area
James Ratliff	Age & Service	September 9, 2019	General	24 Years	Community Services

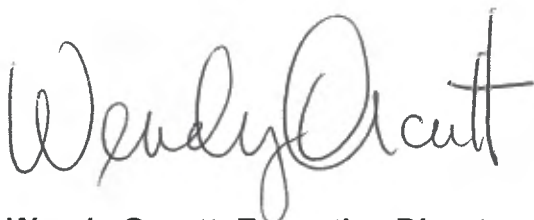
#### G-5 Analysis of Page Views on City Intranet / Retirement System Page

#### H. TRUSTEE COMMENTS / SUGGESTIONS

Mr. Crawford updated the Board regarding the de-risking contract with Aon. The City has decided to wait for the Actuary's report from GRS before moving forward with Aon. The report is expected to be complete in 30-60 days.

#### I. ADJOURNMENT

It was **moved** by Monroe and **seconded** by Crawford to adjourn the meeting at 11:40 a.m.  
**Meeting adjourned at 11:40 a.m.**



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