

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
May 19, 2011**

The meeting was called to order by Nancy Sylvester, Chairperson, at 7:35 a.m.

**ROLL CALL**

Members Present: Clark, Crawford, Flack, Hastie, Heusel, Monroe, Nerdrum, Sylvester  
 Members Absent: None  
 Staff Present: Kluczynski, Walker  
 Others: Michael VanOverbeke, Legal Counsel  
 David Diephuis, City Resident

**INTRODUCTION OF NEW CITIZEN TRUSTEE, MARK HEUSEL**

**AUDIENCE COMMENTS - None**

**A. APPROVAL OF REVISED AGENDA**

Revisions to the agenda include the following items:

- C-4 Authorization for Conference/Training: Northern Trust Passport Training – Jarskey
- C-5 Purchase of Military Service Time
- D-3 Rebalance Resolution (*Meketa Rebalancing Policy Review added*)
- D-4 Temp-to-Perm Appeal (*Two research items included*)
- D-5a Proposed Employment Agreement for current Pension Analyst
- E-5 Status of Buck Consultants Software License and Agreement
- F-6d Report from Internal Review Committee

It was **moved** by Crawford and **seconded** by Nerdrum to approve the agenda as revised.

Mr. Monroe asked that an additional discussion item be added to the agenda for the purpose of discussing the Ordinance language pertaining to Final Average Compensation.

It was **moved** by Monroe and **seconded** by Flack to approve the agenda as revised and amended.  
**Approved as revised/amended**

**B. APPROVAL OF MINUTES**

**B-1 March 17, 2011 Regular Board Meeting Minutes**

It was **moved** by Nerdrum and **seconded** by Flack to approve the March 17, 2011 Board Meeting minutes as presented.

**Motion passes; Heusel abstained**

**C. CONSENT AGENDA**

It was **moved** by Flack and **seconded** by Clark to approve the consent agenda as presented:

**C-1 Resolution to Accept City of Ann Arbor Reciprocal Credit**

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees is required to act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and

WHEREAS, The Reciprocal Retirement Act (“Reciprocal Act”)[Public Act 88 of 1961, as amended (MCL 38.1101 et seq.)] was adopted by the City of Ann Arbor 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 Reciprocal Act allows a member to use service credit acquired with a preceding reciprocal unit for purposes of meeting the Retirement System’s normal retirement eligibility requirements upon satisfaction of certain conditions, and

WHEREAS, individuals who were previously employed by the City of Ann Arbor and were members of the Retirement System and subsequently terminated employment and withdraw all accumulated contributions and later were re-employed by the city and elected not to buy back previous service credits and,

WHEREAS, such individuals would like to be entitled to use previous service with the City in meeting the service requirements of the Retirement System and the previous service will not be used in calculating any benefits, 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:

<b>Name</b>	<b>Classification</b>	<b>Reciprocal Service Credit</b>	<b>Prior Reciprocal Retirement Unit</b>
<b>Craig Hupy</b>	<b>General</b>	<b>3 Years, 9 Months</b>	<b>City of Ann Arbor</b>
<b>Richard McGlinn</b>	<b>General</b>	<b>10 Years, 3.5 Months</b>	<b>City of Ann Arbor</b>

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.

**C-2 EDRO Certification – Dwight W. Johnston v. Delia O. Johnston**

WHEREAS, the Board of Trustees is in receipt of a Domestic Relations Order dated December 21, 2010, wherein Delia O. Johnston, the alternate payee, is awarded certain rights to the benefits of Dwight W. Johnston, the participant, and

WHEREAS, the alternate payee is entitled to claim a portion of the participant's retirement benefit which is to be paid as soon as administratively feasible, and

WHEREAS, said matter had 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 including Public Act 46 of 1991 (MCLA 38.1701) as applicable, therefore be it

RESOLVED, that the Board of Trustees acknowledges receipt of said court order and will pay pension benefits consistent with said order as soon as administratively feasible, and further

RESOLVED, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter, and

RESOLVED, that copies of this resolution be sent to Dwight W. Johnston, the participant, and, Delia O. Johnston, the alternate payee.

**C-3 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:

<b>Name</b>	<b>Classification</b>	<b>Reciprocal Service Credit</b>	<b>Prior Reciprocal Retirement Unit</b>
<b>Willie Higgs, Sr.</b>	<b>General</b>	<b>23 years, 6 months</b>	<b>University of Michigan</b>

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.

**C-4 Authorization for Conference/Training: Northern Trust Passport Training, June 20-22, 2011 – Jarskey**

WHEREAS, the Board of Trustees (Board) of the City of Ann Arbor Employees' Retirement System (Retirement System) is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees is required to act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims, and

WHEREAS, the Board of Trustees acknowledges that the Retirement System has evolved in complexity such that the circumstances prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims requires continuing education, training, and oversight of its advisors, and

WHEREAS, it is necessary, appropriate and incumbent upon Board trustees and/or Retirement System staff, from time to time, to participate in continuing education, training, and/or conduct due diligence trips in relation to their oversight of Retirement System advisors to ensure that Retirement System participants receive the best possible service, benefit and representation from these responsible persons, and

WHEREAS, N. Gail Jarskey, Accountant, has requested the Board of Trustees' authorization for her travel to Chicago, Illinois, at Retirement System expense, estimated at \$784.00 to attend the Northern Trust Passport Training Program, to participate in continuing education in her responsibility as Retirement System Staff person, therefore it be

RESOLVED, the Board of Trustees authorizes the conference/training request of N. Gail Jarskey to travel to Chicago, Illinois, at Retirement System expense, estimated at \$784.00, to attend the Northern Trust Passport Training Program, to participate in continuing education in her responsibility as a Retirement System Staff person, and

FURTHER RESOLVED, that N. Gail Jarskey comply with all travel and reporting requirements as contained in the Board of Trustees previously adopted Travel and Training Policy and Procedures.

**C-5 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	Department	Requested Military Service Time	Requested Method of Payment	Cost for Purchase of Military Service Time
Sam Studer	General	1 Year, 11 Months	Lump Sum Payment	\$ 5,184.67

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.

**Consent agenda approved**

**D. ACTION ITEMS**

**D-1 Election of Board Officers – Chairperson, Vice-Chairperson, & Secretary**

Ms. Nerdrum nominated Nancy Sylvester as the Board Chairperson. Ms. Sylvester accepted.

It was **moved** by Nerdrum and **seconded** by Crawford to approve Ms. Sylvester as Board Chairperson.

**Approved**

Ms. Sylvester nominated Alexa Nerdrum as the Board Vice-Chairperson. Ms. Nerdrum accepted.

It was **moved** by Flack and **seconded** by Crawford to approve Ms. Nerdrum as Board Vice-Chairperson.

**Approved**

Ms. Sylvester nominated Jeremy Flack as Board Secretary. Mr. Flack accepted.

It was **moved** by Hastie and **seconded** by Crawford to approve Mr. Flack as Board Secretary.

**Approved**

**D-2 Committee Appointments**

Ms. Sylvester asked for volunteers to serve on the three Committees, with the results listed below:

***Investment Policy Committee:*** Hastie (Chair), Clark, Flack, Monroe, Sylvester

***Administrative Policy Committee:*** Crawford (Chair), Heusel, Monroe, Sylvester

***Audit Committee:*** Nerdrum (Chair), Clark, Crawford, Monroe, Sylvester

**D-3 Resolution to Rebalance Plan Assets**

Ms. Walker stated that upon the recommendation from Meketa Investment Group, the Investment Policy Committee has submitted the following resolution for Board approval:

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees is required to act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and

WHEREAS, the Board of Trustees has an approved Investment Policy Statement in order to effectively monitor its portfolio, and

WHEREAS, the Investment Policy Statement has established a range for each asset class to control risk and maximize the effectiveness of the System's assets, and

WHEREAS, the Investment Policy Statement recognizes that from time to time the asset mix will deviate from the targeted percentages due to market conditions, and

WHEREAS, as of March 31<sup>st</sup> the Retirement System was overweight both its mid and small cap equity allocation targets by approximately 2%, and

WHEREAS, Meketa Investment Consultants has advised the Board to rebalance assets from Loomis Sayles Small Cap Value fund in the amount of \$8,000,000, from the Rhumblin Russell MidCap Index-SL fund in the amount of \$4,000,000, and from the Northern Trust S&P 400 MidCap Index-SL fund in the amounts of \$4,000,000, to the Northern Trust Cash account in the amount of \$2,500,000 for liquidity for benefit payments, and to the Northern Trust Barclays Aggregate Bond Index-LS in the amount of \$13,500,000, so be it

RESOLVED, that the Board of Trustees authorizes the Executive Director to reallocate \$8,000,000 in assets from Loomis Sayles Small Cap Value fund, \$4,000,000, from the Rhumblin Russell MidCap Index-SL fund, and \$4,000,000 from the Northern Trust S&P 400 MidCap Index-SL fund, to the Northern Trust Cash account in the amount of \$2,500,000 for liquidity for benefit payments, and to the Northern Trust Barclays Aggregate Bond Index-LS in the amount of \$13,500,000.

---

Mr. Hastie and Ms. Walker reviewed the proposed resolution, followed by a lengthy discussion regarding the rebalancing process going forward. Mr. VanOverbeke believes the language should indicate that any rebalancing recommendations should be made by the investment consultant to the IPC for approval, and then the Executive Director would facilitate the transactions, and if all IPC members do not agree on a recommendation, it should be brought before the entire Board of Trustees for discussion and approval. The Board agreed that the Rebalancing Policy and IPC Charter should be revisited by the Investment Policy Committee and that Mr. VanOverbeke be requested to review both and make his suggestions or amendments for the June IPC meeting agenda. Mr. Hastie recapped the discussion by stating that language should be included indicating that a written recommendation shall be made by the investment consultant, and that all written recommendations from Meketa need to come to the Board regardless of approval at the IPC level.

Mr. VanOverbeke stated that the Board will need to determine if two signatures will be required on any transaction letters, and if so, whose signatures will be required. Mr. VanOverbeke recommended that Meketa Investment Group be one of the signatories, and it should be determined who else would have the authority to move the funds. Mr. VanOverbeke noted that one signatory would be fine for moving the funds within the accounts, but if money is being moved out of the bank, then the Board may want to require two signatures or set a specific range or limit for one signature. The Board decided to refer this issue to the IPC for the June meetings.

It was **moved** by Hastie and **seconded** by Flack to approve the rebalancing plan as recommended by Meketa Investment Group, and refer the Rebalancing Policy and IPC Charter to the Investment

Policy Committee for revisions so that a recommendation may be submitted to the Board of Trustees at the June 16<sup>th</sup> regular Board meeting.

**Approved**

**D-4 Appeal Regarding Opportunity to Purchase Temporary Service**

Ms. Walker reviewed the appeal from Michael Koski who claimed that he was advised of the ability to purchase his temporary time after going from temporary to permanent status, and had responded to the System's survey back in 2006 to say he was advised and completed the form at the time of

being hired as a permanent employee, but never heard anything after that. When doing research on the respondents, staff found that Linda Marable had sent Mr. Koski a memorandum in 1997 which indicated his buyback amount as well as a deadline to sign and return the memo back to our office. It appears that the deadline passed with no response from Mr. Koski, who now claims that he never received that memo, otherwise he would have purchased his temporary service time. Mr. Koski is now requesting to have his calculation updated and be permitted to purchase his temporary time. Ms. Walker stated that she was requested to find out if there were any other instances where this may have happened, and she stated that she found that over the last twenty years there were many formats and forms used in communicating this process and she has determined that there were two or three others who were given the buyback information and never followed up or responded to the correspondence. Mr. Koski had stated that if the memo was sent through interoffice mail back in 1997, this was not always reliable at his work location. The Board further discussed the appeal and ultimately decided that given the circumstances, that Mr. Koski be given the opportunity to purchase his temporary time and be given a 60-day deadline to repay the amount after he receives an updated calculation from the Retirement Office.

It was **moved** by Nerdrum and **seconded** by Monroe to approve Mr. Koski's ability to purchase his temporary service time.

**Motion passes; Heusel abstained**

**D-5 Proposed Temporary Employment Contract for Current Pension Analyst**

Ms. Walker presented the proposed Temporary Employment Contract for Ms. Refalo who will be retiring on June 3, 2011, and Ms. Walker is seeking to have her retained on a temporary contractual basis until August 31, 2011. Ms. Walker stated that the City has agreed to serve as the payroll agent during that period of time. Ms. Sylvester suggested that language be added which provides the Board's ability to extend the contract if desired. The Board agreed.

It was **moved** by Crawford and **seconded** by Clark to approve the Temporary Employment Contract as amended per the discussion.

**Approved**

**D-6 Annual Disability Re-Examinations**

Ms. Walker presented a memorandum which indicates that per the Board's Policies and Procedures, disability retirees who have not met voluntary retirement age may be recalled for a medical re-examination at least once each year during the first five years after their approved disability retirement, then at least once in every three-year period thereafter.

The following persons would currently qualify for a medical re-examination per the Board's policy:

DISABILITY RETIREE	DATE BOARD GRANTED DISABILITY	DATE OF LAST RE-EXAMINATION	EXECUTIVE DIRECTOR'S RECOMMENDATION FOR RE-EXAMINATION
Leza Scott	July 20, 2006	June 16, 2010	No / Very close to the 5-year cut-off date
William Mueller	February 21, 2008	May 10, 2010	Yes
Jeffrey Harmon	August 23, 2007	June 9, 2010	Yes
Anna Straub	August 8, 2009	N/A	Yes
Ingram Davis	December 17, 2009	N/A	Yes

It was **moved** by Nerdum and **seconded** by Clark to direct that William Mueller, Jeffrey Harmon, Anna Straub, and Ingram Davis be subject to a re-examination this year.

**Approved**

**D-7 Other Qualified Adult Pop-Up Language for Chapter 18 Ordinance Restatement**

Mr. Crawford stated that this item was discussed at the last APC meeting, and was noted that this proposed language was included as one of the three items submitted to City Council for inclusion in the recent Ordinance restatement, but was not included in the final version. The other two items include the FAC language and the HELPS language. Mr. VanOverbeke stated that per the Board's direction, he has contacted the City Attorney, who has expressed his concern that utilizing the Other Qualified Adult language in the City's policies are certainly pushing the envelope of what the courts have ruled as not legal, and he is not comfortable with taking any further expansion of the provisions. A discussion ensued as to the concern that the Other Qualified Adult language not being fair to some members if they are unable to utilize the Pop-Up provisions, possible costs to the System, and the question of whether it would be considered a benefit. The Board decided to take no further action at this time.

**E. DISCUSSION ITEMS**

**E-1 Trustee Laptops / Internet Access**

Ms. Walker stated that the Board had previously discussed whether any Trustee who did not have personal internet access would be provided access by the System, and the item has been postponed over the last few months, and is still up for discussion. Mr. Crawford stated that he personally does not believe that providing internet access is necessary, but he also is not interested in prolonging this matter further considering the small amount that would be incurred and it is not worth spending more of the Board's time on at this point. It was decided that the Computer Policy will be updated to include the new internet access language and reviewed by the APC.

It was **moved** by Clark and **seconded** by Flack to authorize those Trustees who do not have internet access available to them and feel they need internet access in order to fulfill their fiduciary duties to the System, the ability to have internet access provided at Retirement Board expense upon written request by the Trustee.

**Approved**

**E-2 Meketa Investment Group – Crisis Response Plan**

Mr. Hastie reviewed the proposed Crisis Response Plan from Meketa Investment Group, which would go into effect in case a crisis were to arise which may require urgent action in between regularly scheduled meetings of the Board and that, for a variety of reasons, may not be feasible to



arrange for a special meeting of the Board on a very short notice. A crisis is an event that warrants immediate action to ensure that Fund Assets are protected. Mr. Hastie stated that this plan has been brought before the Board to determine how much authority should be delegated outside of the Board to act in an emergency situation. Mr. VanOverbeke suggested that the document indicate responsible individuals by position rather than by names, such as the Chair of the IPC, Chair of the Board, the Executive Director, and the Investment Consultant with an alternate member being perhaps the Chair of the Audit Committee; another action would include that a notice be immediately sent to the entire Board of Trustees via email in case of a crisis situation. If all four individuals do not agree on a recommendation, then it would come before the entire Board at a Special Call Meeting.

Mr. VanOverbeke suggested that the Board refer this item to the Investment Policy Committee for further review, and Mr. Hastie agreed, stating that the following four items should be integrated into the Crisis Response Plan:

- 1) Written recommendation from Meketa Investment Group
- 2) Communication given to the entire Board of Trustees
- 3) Whether a meeting should be called at the time of a crisis
- 4) Review the definition of a crisis

Mr. Hastie invited all Board members to provide feedback or attend the June IPC meeting in regards to this item.

### **E-3 FOIA Refresher**

This item was postponed to the June 16<sup>th</sup> regular Board meeting.

### **E-4 Post-Retirement Increase for FY 2011-2012**

Ms. Walker stated that Mr. Rentschler had requested this item be placed on the agenda, but since the packet was distributed staff has clarified that the Board will not be at liberty to pay a post-retirement benefit increase unless the Plan is 100% funded. It was determined that no action should be taken at this time.

### **E-5 Status of Buck Consultants Software License and Services Agreement**

Ms. Walker presented the latest draft of the contract for the Software License and Services Agreement with Buck Consultants for the pension administration system, which includes revisions made by herself as well as Mr. VanOverbeke. Ms. Walker stated that this version has been referred back to Buck Consultants for their review. Mr. VanOverbeke reviewed his revisions and stated that overall he is comfortable with the agreement. Ms. Nerdrum suggested adding language regarding steps to take in case the system goes down. Mr. Heusel suggested adding a provision that states that in the event the contract is terminated, that the Retirement System owns the data. Ms. Nerdrum referred to section 3 of the agreement, and would like it made clear as to what the "additional fees" are outside of the upfront fixed fee, and we want to know, in writing, any data out of scope before it is performed. It was also suggested that a "go live" date be implemented into the agreement. Mr. VanOverbeke agreed to send the revised draft to the Board for review.

### **E-6 Discussion of Final Average Compensation Calculations**

Mr. Monroe stated that he understands that the City is not willing to implement the proposed FAC language into the Ordinance Restatement due to it being a contractual issue, which he does not believe to be true, and is concerned about employees receiving the best three consecutive years in their benefit calculations. Mr. Monroe inquired as to the Board's ability to follow the language but

implement it in a different fashion, and he feels the Board should not have to negotiate for a benefit that is already there. The Board discussed these concerns, and Mr. Crawford stated that as he understands it, the language that is there is not consistent with the way staff has been operating by practice, and it is upon the advice of legal counsel that we have continued with our interpretation pending a technical clarification for City Council's approval which would adjust the language to exactly what we've been doing. Mr. VanOverbeke stated that the Board adopted a mechanism, and whether there is formal action of the Board, it is more a matter of that there has been an established past practice that has not been committed to writing, from what he can tell, of how that was to be done. Past practice has been to either go back three years from your date of retirement and in order to do that, there was a prorata calculation to go to the exact three year date of retirement, or any three calendar years because historically that is how the data was received.

Mr. VanOverbeke believes that Mr. Monroe's concern is that an individual choose any time frame within the last ten years to use in their calculation, and the basis for that is that years ago, staff did not have that data and did not have the ability to do that. The data is available today, but now there

is a concept of law which is "established past practice" which arises out of collective bargaining and there is a provision that says, "*All other terms and conditions not expressly stated herein shall continue in full force in effect...*", and the Board can have an established past practice provided it is so widely known and understood that is contrary to the expressed provisions of the Plan and the past practice takes precedence over the expressed provisions of the Plan. Mr. VanOverbeke stated that he cannot say how a court would rule on this issue, but if you overlay that, we have an established past practice in place that arguably is in line but could be broadened under the existing language of the Plan in place at the time, and if the Board were to make a change from a policy standpoint, he does not believe the Unions would file a grievance because it would be to the employee's benefit, but there is the risk that the employer would not agree with expanding it beyond the established past practice. Mr. VanOverbeke stated that even though this is a gray area and he understands both sides of the issue, the Board should ultimately make a determination as to what it feels is the appropriate means and methods to do this, and he feels that three years is three years and any three-year period can be used, now based on the data that is available, it is consistent with the language of the Plan. The only concern is the issue of defining a year of 78 pays and 4/10ths and/or calendar years because if the definition is going to be changed because the data is now available, does a calendar year have to be used and would it be appropriate because a calendar year, in some years, has 79 pay periods. Mr. Monroe expressed his belief that either party to a collective bargaining agreement could elect to go back to express provisions in the contract, and that election would supersede any past practice of the parties.

Ms. Walker stated that in doing some research of how the past practice or thought process came to be, she has not found anything that indicates that the reason for the past practice is because the data was not available, but she believes that there was a fairly consistent even-administration-type approach to calculating the benefits, and the data for the last ten years has not suddenly become magically and readily available. Mr. VanOverbeke stated that the only issue that needs to be addressed is what direction is being given to Buck Consultants as they are developing the software, because if a change is requested later there is going to be a cutoff change order. Ms. Sylvester stated that she believes changing the Ordinance to reflect the original language would be the most practical way to go and would also avoid the current confusion. Mr. Crawford disagreed, stating that he feels the prior language was ambiguous. It was decided that Buck has been given the order to program the system for our existing practice and the Board may have to incur an additional cost at a later date if the policy is revised.

## **F. REPORTS**

### **F-1 Executive Report – May 19, 2011**

## **BUCK BENEFIT CALCULATION SOFTWARE PROJECT**

The kickoff meeting was held for this project on the 8th of April. CAAERS contributions and payroll report, which is posted to Pension Gold, has been sent to Buck with a request for their comments on the file layout. The Executive Director met with Karen Lancaster and gave a brief update on the project, and the outline of payroll requirements. **May update:** LRS will provide substantially all of the historical information from their system, which goes back to 2007. Buck will review and discuss further. Executive Director and Peter Abma reviewed and revised the scope specifications of the OCS, and comments have been provided to Michael VanOverbeke.

## **AUDITORS' ENGAGEMENT LETTER**

Abraham & Gaffney have been engaged as the auditor for the Retirement and VEBA funds for next year.

## **INVESTCO MORTGAGE RECOVER FEEDER FUND**

INVESCO Mortgage Recovery Feeder Fund, L.P. made a distribution on Thursday, March 31, 2011 totaling \$40,496,105. The distribution is comprised of \$9,832,044 of realized gains, \$2,675,294 of interest income and \$27,988,767 of return of capital. CAAERS' allocable share of distribution is \$539,099. INVESCO Mortgage Recovery Feeder Fund, L.P. made a distribution on April 29, 2011 totaling \$40,871,164. The distribution is comprised of \$4,051,014 of realized gains, \$2,376,137 of interest income and \$34,444,013 of return of capital. CAAERS' allocable share of distribution is \$544,091.

## **PENSION ANALYST JOB DESCRIPTION**

Judi Refalo will be retiring June 3, 2011. A job description has been reviewed and circulated to the Board members for review. **May update:** A requisition has been approved with the City and will be posted. A temporary services contract is on the Board agenda for May.

## **TEMPORARY TO PERMANENT SERVICE PURCHASE BUYBACK**

As of 4-13-11, four of the nine affected individuals have made an election to purchase service and have selected a payment method. One additional participant has requested and received information in order to make a payment from ICMA. An e-mail with a read receipt has been sent to the other individuals reminding them of the deadline and included a scanned copy of the buyback election form.

**May update:** Seven of the nine individuals have made elections and submitted paperwork to buy service. The other two individuals have indicated interest and received the cost of the buyback information, but have not yet submitted a payment election. The deadline for electing the payment is May 26.

## **SCANNING UPDATE**

14 Boxes of documents have been returned from scanning, and City IT personnel are working on loading the data to the OnBase system. Another three boxes of retirees from the last fiscal year remain to be scanned. **May update:** The three boxes of retiree files have been scanned and returned to the office. IT has received the dvd's containing the information and is in the process of loading it into OnBase. This concludes the backlog scanning portion of the project, and it is

anticipated that staff will scan files in-house going forward once the City has loaded everything on their end.

**F-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended April 30, 2011**

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended April 30, 2011, to the Board of Trustees:

4/30/2011 Asset Value (Preliminary)	\$421,793,768
3/31/2011 Asset Value (Audited by Northern)	\$415,278,277
Calendar YTD Increase/Decrease in Assets <i>(excludes non-investment receipts and disbursements)</i>	\$31,579,952
Percent Gain <Loss>	7.9%
<b>May 18, 2011 Asset Value</b>	<b>\$418,211,300</b>

**F-3 Investment Policy Committee Minutes: April 5, 2011 & April 27, 2011**

**F-3a IPC Meeting – April 5, 2011**

Following are the Investment Policy Committee minutes from the meeting convened at 3:18 p.m. on **April 5, 2011**:

Member(s) Present: *Hastie, Monroe, Sylvester*  
 Member(s) Absent: *Flack*  
 Other Trustees Present: *Clark, Crawford*  
 Staff Present: *Kluczynski, Walker*  
 Others Present: *Ted Urban, Meketa Investment Group (via conference call)*  
*David Diephuis, City Resident*

**RETIREMENT SYSTEM QUARTERLY PERFORMANCE REPORT FOR DECEMBER 31, 2010**

*Mr. Urban reviewed the quarterly performance summary. The Fund's total market value as of December 31, 2010 was \$400.8 million, which is an increase of approximately \$33 million from September 30, 2010, and the increase was driven by strong investment performance. The Fund had a return of 7.63% for the current quarter, and a return of 15.14% for the year. The System is within its target range for all of its asset classes, except real estate, and Meketa expects to address the Fund's current real estate allocation and any potential investment rebalancing during the broader initial fund review on April 27<sup>th</sup> and over the coming months. Meketa will also bring other asset classes for consideration as they complete their full evaluation of the Fund.*

Summary of Assets as of December 31, 2010:

<i>Managers</i>	<i>Market Value</i>
<i>Domestic Equity</i>	<i>\$ 204,700,000</i>
<i>International Equity</i>	<i>46,000,000</i>
<i>Fixed Income</i>	<i>99,100,000</i>
<i>Real Estate</i>	<i>11,800,000</i>
<i>Alternative Composite</i>	<i>26,400,000</i>
<i>Cash &amp; Cash Equivalent</i>	<i>12,900,000</i>

<u><b>Plan</b></u>	<u><b>Total</b></u>	\$400,800,000
--------------------	---------------------	---------------

### **CRISIS RESPONSE PLAN**

Mr. Urban explained that Meketa has provided a memo and draft resolution that would establish an Investment “Crisis Response” Team, with the goal being to delegate responsibility to specific members of the IPC along with the Investment Consultant and the Executive Director to work in situations where the IPC may not be available during a ‘crisis’, such as a natural disaster, the need to move money quickly from a manager, or where an immediate action is warranted but the IPC is not able to meet in order to make a collective decision. Mr. Urban stated that Meketa’s first attempt will always be to schedule a meeting with the entire Committee, be it on a conference call or by email, but if that is not possible, then this resolution would designate two members of the Committee or Board to act as members of the Crisis Response Team along with alternates so that if one of those two members are not available, the alternates would be able to serve on a timely basis. Mr. Urban stated that Meketa often adds this resolution to their Investment Policy Statement and would help to protect the Fund in crisis situations. A discussion ensued as to the proper way to implement this plan, and Mr. Monroe stated he was concerned regarding the fiduciary and responsibility aspect of this issue. The Committee decided to place this item on the April 21<sup>st</sup> regular Board meeting agenda in order to receive thoughts and ideas from the full Board of Trustees.

### **INTERNAL INVESTMENT MANAGER SNAPSHOT**

Ms. Walker reviewed a snapshot report showing information of the System’s managers, including each one’s objective, strategy, and fee structure. Ms. Walker stated that some of the funds are slightly off-target and suggested that the Committee begin to think about asset allocation and future cash flow because she anticipates that it may increase toward the end of this year and the first quarter of next year, as we see quite a few retirements taking place. Ms. Walker discussed concerns with certain manager fee structures, and Mr. Urban stated that Meketa is reviewing this information with the managers and they will have recommendations ready to discuss during the broader fund review on April 27<sup>th</sup>. Mr. Urban stated that the overall management fees of the Fund are pretty reasonable in comparison, both with Meketa’s average clients and the industry average, and based on the information that they have received from the prior consultant; the fees were averaging 30 to 40 basis points, which is below the average fees for the industry.

### **ADJOURNMENT**

It was **moved** by Sylvester and **seconded** by Monroe to adjourn the meeting at 4:41 p.m.  
**Meeting adjourned at 4:41 p.m.**

### **F-3b IPC Meeting – April 27, 2011**

Following are the Investment Policy Committee minutes from the meeting convened at 4:40 p.m. on **April 27, 2011**:

Member(s) Present:	Flack, Hastie, Monroe, Sylvester
Member(s) Absent:	None
Other Trustees Present:	Clark, Crawford (4:50)
Staff Present:	Jarskey, Walker
Others Present:	Fran Peters, Henry Jaung, Ted Urban, Meketa Investment Group David Diephuis, City Resident

## **INITIAL FUND REVIEW WITH MEKETA INVESTMENT GROUP**

Meketa Investment Group conducted an Initial Fund Review with the Committee in order to seek and identify areas of potential improvement for the Funds' structure, strategies, efficiency, and performance, and to achieve the following objectives:

- Identify and describe the major components and characteristics essential to the long-term success of the funds.
- Provide a brief review of these components and their present status for the funds.
- Develop an action plan for the Funds including the priority level for each project.

Mr. Jaung reviewed the Summary Initial Fund Review which summarizes Meketa's initial review and recommendations for action and priorities:

<b>Recommendation</b>	<b>Priority</b>
<b><u>General Investment Policy</u></b>	
• Review and update Investment Policy Statement	One
• Review asset allocation policy and consider additional asset classes	One
1) reduce reliance on U.S. equities,	
2) reduce small/mid cap overweight, and	
3) further diversify fixed income investments to reduce interest rate sensitivity	
• Reduce current cash balance and direct future real estate distributions to fixed income	One
<b><u>Manager Structure &amp; Asset Class Analysis</u></b>	
• Evaluate the Funds' manager structure	One
1) reduce overlap of passive strategies,	
2) consider adding active mandates in less efficient asset classes	
3) conduct a full review of MacKay Shields high yield strategy, and	
4) complete existing manager evaluations	
• Review and update manager guidelines	Two
• Consider adding a dedicated emerging markets allocation, equity and fixed income	One
• Consider adding a dedicated TIPS allocation	One
• Consider adding a bank loan allocation	Two
• Consider adding a dedicated allocation to commodity sensitive assets (natural resources)	Two
• Consider alternative "core" real estate	Two
• Consider adding dedicated exposure to private	Two
• Consider increasing passive exposure to fixed income	Two
• Emphasize lower priced, value-oriented equities as valuations become more	Three
<b><u>Trustee Protection &amp; Governance</u></b>	
• Establish a Crisis Response	One
• Consider a Safety Reserve	One
<b><u>Custody &amp; Related Issues</u></b>	
• Review custodial services	Three
• Review operating expenses	Two
• Review transition manager program; retain a panel of two or more transition managers	Two
• Review securities lending program	Two

- Review commission recapture program; remind active managers of Funds' commission recapture program

Three

*In regards to manager structure, Mr. Peters stated that overall Meketa believes that the current portfolio is very conservatively positioned which is great in the current environment because high yield had such a run, but there is a concern with MacKay Shields having a higher turnover in the past few years. Meketa recommends that both Funds adopt a specialist manager structure, with each manager performing a specified, well defined role for the Funds. Toward that end, they are engaged in a detailed evaluation of each manager's organization and strategies to identify strengths. Upon completion of the evaluation, they will recommend adjustments in managers' roles and a reallocation of assets among managers. In this way, the Funds could emphasize, and benefit from, the strength of each firm. The Funds could potentially benefit from combining certain index fund mandates. Meketa also recommends ongoing reviews to ensure managers consistently fulfill their assigned roles for the Funds. Mr. Urban presented the manager evaluation and asset class analysis.*

*Mr. Peters reviewed the option of investing in Natural Resources, and Meketa recommends that the Funds allocate a small percentage (3% to 5%) of the assets to natural resources investments and that this come from the broad public equity allocation. Mr. Peters stated that to some extent, natural resources is a nice way to further diversify an equity portfolio, especially given the higher correlations for natural resources companies with inflation relative to broad public equities; it is another way to maintain the equity exposure as well as provide somewhat of an inflation hedge. Recommendations for future consideration included commodities investing, bank loans, private equity, TIPS, and emerging markets.*

*The Committee discussed topics for future meetings, which included asset allocation changes, rebalancing, and taking a look at equity allocations. Ms. Sylvester stated that before discussing new asset allocations, she would like a better understanding of the System's cash needs and if the proceeds from the rebalancing will be needed for that. The Committee discussed rebalancing options, and Mr. Crawford suggested that at the June meeting, Ms. Walker present the Committee with a six-month cash flow analysis in order to discuss a cash flow policy, fixed income/equity strategy, and rebalancing. It was also decided that Ms. Walker will review the rebalancing as discussed, in conjunction with Meketa, and send it to the Committee for their information.*

### **ADJOURNMENT**

*It was **moved** by Sylvester and **seconded** by Flack to adjourn the meeting at 8:05 p.m.  
**Meeting adjourned at 8:05 p.m.***

#### **F-4 Administrative Policy Committee Minutes – April 12, 2011 & May 10, 2011**

##### **F-4a APC Meeting – April 12, 2011**

Following are the Administrative Policy Committee minutes from the meeting convened at 3:05 p.m. on **April 12, 2011**:

<i>Committee Members Present:</i>	<i>Crawford (dep. 4:15), Monroe, Sylvester</i>
<i>Members Absent:</i>	<i>None</i>
<i>Other Trustees Present:</i>	<i>None</i>
<i>Staff Present:</i>	<i>Kluczynski, Refalo, Walker</i>
<i>Others Present:</i>	<i>David Diephuis, City Resident</i>

## PENSION ANALYST OPENING & DRAFTED JOB DESCRIPTION

Mr. Crawford requested Ms. Walker's recommendation on the hiring process for the Pension Analyst position. Ms. Walker stated that considering major upcoming projects and many pending retirements, it would be best to get the position posted and filled as soon as possible so that Ms. Refalo is able to train the new person in a shorter period of time. Ms. Walker added that even after the retirements take place, there is a lot of behind-the-scenes work to be done administratively in getting the retirees set up within the payroll system as well as the ongoing daily job duties. Upcoming projects include getting the actuarial software in place - which will involve a lot of time and testing, the annual actuarial report, documenting and updating current forms and procedures to comply with the Ordinance Restatement, and a review of deferred-vested files (backlog of 16).

Mr. Crawford asked if the Committee was interested in changing the position to an assistant executive director or deputy director position that not only could perform the pension analyst duties, but could also help Ms. Walker with backup in some of her duties, even if for a temporary time during the adjustment. Ms. Walker stated that there is a peak workload right now with the employees looking to retire, which will taper off for a while after June 30<sup>th</sup>, and her priority is making sure those employees are serviced on a timely basis, and pulling the pension analyst away from those duties would not be a good idea. Ms. Walker stated that any backup she would need would come from the accounting side for the investments aspect, which Ms. Jarskey currently provides. Ms. Walker noted that there is less than sixty days before Ms. Refalo retires, and she has spoken with Ms. Sell in H.R. to get a perspective on how to go about posting the position, and she has suggested posting the position for at least two weeks, but it would be preferable to have it posted longer in order to get additional exposure. Ms. Walker stated that she will look to the Committee or the Board for guidance as far as the interviewing process and who would be interested in participating going forward.

Mr. Crawford stated he is hesitant in hiring a new permanent full time person right away, but would rather have someone come in as contracted and temporary/full time with an understanding that it could become a permanent position in order to have greater flexibility. Ms. Refalo stated that there would be a lot of training time lost if that were to happen, and feels the person being hired should be involved in the upcoming actuarial project from start to finish. Ms. Walker agreed, and stated that the job description could indicate that the position would evolve and accrue additional responsibilities as time goes on, and should provide a complete outline of all of the current job duties so that the person applying has a very good understanding of what the job entails. Ms. Sylvester stated that she feels it is up to Ms. Walker as to how she wishes to conduct the job search, and Ms. Walker believes that the position should be posted soon, but that the Board should have input regarding the job description and contract issues. Ms. Refalo stated that she would be willing to train the new person after her retirement date, and the Committee agreed to recommend that the Board approve a training period of June-August subject to any adjustments as needed.

Mr. Monroe stated that he still struggles with the need for a temporary person unless there is a question of not knowing what we really need in six months or a year from now. Ms. Walker stated that she has a good idea of what is needed, but agreed to take a look at the future projects and submit a five year plan as part of her report to the Board of Trustees. Mr. Crawford suggested that Ms. Walker provide the Board of Trustees with a hiring process recommendation for the April Board meeting that includes the five year plan. Ms. Sylvester agreed and suggested that the Committee receive this information before the meeting in order to review and make adjustments before having the actual conversation at the meeting.

It was **moved** by Sylvester and **seconded** by Monroe to recommend to the Board of Trustees at the April 21, 2011 regular meeting to retain Ms. Refalo on a contract-basis for up to three months



subject to extensions as necessary after that time, with the job responsibilities to be determined by the Executive Director.

**Approved**

Mr. Crawford suggested that the scope of Ms. Refalo's contract include bullet points of current duties and responsibilities, a workload report (before and after June 30th), and indicate the length of the term (June through August).

**REPORT ON CURRENTLY-REQUESTED BENEFIT CALCULATION ESTIMATES AND FINALS FOR THE NEXT 90 DAYS**

The report was reviewed, received, and filed.

**STATUS: ACCELERATED VESTING FOR VCP-AFFECTED INDIVIDUALS**

The report was reviewed, received, and filed.

(Mr. Crawford departed at this time)

**REPORT ON RECENTLY APPROVED FINALS & POLICE RETRO'S**

The report was reviewed, received, and filed.

**DETERMINATION ON CURRENT POLICY FOR A TRUST AS A BENEFICIARY OF PRE-RETIREMENT DEATHS, AND DISTRIBUTION OF CONTRIBUTIONS**

Ms. Walker stated that this issue is regarding an active employee who has requested to name a Trust as his beneficiary (for contributions only), and staff is requesting clarification as to if this is permissible under the current Ordinance, and how the funds would be dispersed or taxed due to a pre-retirement death; part of the contribution amount has already been taxed at that point and part of it is interest that hasn't been taxed. There is also the issue of the various types of trusts, and perhaps staff should be made aware of which types of trusts are eligible. Ms. Sylvester suggested that staff forward this item to Mr. VanOverbeke for further clarification and place it on the April Board meeting agenda, with his response, for further discussion.

**PRIORITIZE REMAINING TABLED/PENDING AGENDA ITEMS AND ANY NEW ISSUES**

The Committee briefly reviewed the tabled and pending agenda items listing and ultimately postponed further review to the May 10, 2011 APC meeting.

**ADJOURNMENT**

It was ***moved*** by Sylvester and ***seconded*** by Monroe to adjourn the meeting at 4:54 p.m.  
**Meeting adjourned at 4:54 p.m.**

**F-4b APC Meeting – May 10, 2011**

Following are the Administrative Policy Committee minutes from the meeting convened at 3:07 p.m. on **May 10, 2011**:

Committee Members Present: Crawford, Monroe  
Members Absent: Sylvester  
Other Trustees Present: None

Staff Present:  
Others Present:

Kluczynski, Walker  
David Diephuis, City Resident

### **PENSION ANALYST POSITION – STATUS REPORT**

Ms. Walker updated the Committee on the status of the Pension Analyst position, stating that she has been working with Ms. Sell in Human Resources to review the posting and job description which will be posted on the City's website as well as on other various websites. Ms. Walker also stated that she has drafted a contract for Ms. Refalo to continue working with the office for an additional time in order to complete various projects and train the new Pension Analyst. The Committee briefly discussed the pay range, taxing options, and manner of payment, and Mr. Crawford suggested that Ms. Walker contact Ms. Lancaster in Finance to determine if there is a way Ms. Refalo could be paid through the City's payroll system during her contracted time period. The Committee agreed that the drafted contract should be placed on the May 19<sup>th</sup> Board agenda for approval.

### **DETERMINATION ON CURRENT POLICY FOR A TRUST AS A BENEFICIARY OF PRE-RETIREMENT DEATHS, AND DISTRIBUTION OF CONTRIBUTIONS**

Ms. Walker reviewed a request from an active employee wishing to name a trust as their beneficiary; the information also included a legal opinion from Tom Michaud from Mr. VanOverbeke's office indicating that this is a valid request. Due to additional questions by staff regarding the various types of trusts allowable, as well as how this kind of a distribution would be taxed, the Committee decided to place this item on the May 19<sup>th</sup> Board agenda so that Mr. VanOverbeke may be able to further clarify the ability to name a trust as requested.

### **STATUS: ACCELERATED VESTING FOR VCP-AFFECTED INDIVIDUALS**

Ms. Walker provided a status report on the accelerated vesting for the VCP-affected individuals and stated that she is still in the process of reviewing and classifying the groups of employees affected.

### **PRIORITIZE REMAINING TABLED/PENDING AGENDA ITEMS AND ANY NEW ISSUES**

The Committee reviewed the tabled and pending agenda items in order to prioritize the various projects. It was determined that some items may have been completed through the recent Ordinance restatement, and some may be more administrative and not require APC participation. Ms. Walker was asked to review the list with Mr. VanOverbeke in order to determine, and possibly revise, the current listing, and report back to the Committee at the June APC meeting.

### **ADJOURNMENT**

It was ***moved*** by Monroe and ***seconded*** by Crawford to adjourn the meeting at 4:15 p.m.  
**Meeting adjourned at 4:15 p.m.**

F-5 **Audit Committee Minutes – No Report**

F-6 **Legal Reports:**

#### **(a) Clarification Regarding Naming a Trust as a Beneficiary & Distribution of Contributions**

Mr. VanOverbeke stated that to the extent that someone has accumulated contributions in the Plan, if they were to die and there were no benefits payable out of the Plan, because we are not tying benefits to life expectancy, they are able to name a trust as long as they are able to provide proper

documentation to be sure that it is an established trust. Mr. VanOverbeke added that the Beneficiary Forms are on the Administrative Policy Committee's pending items list for revisions, and this issue will be further clarified at that time.

**(b) Lyondell Chemical Company Litigation**

Mr. VanOverbeke stated that there is no action to take on this update.

**(c) Genoptix Securities Litigation**

Mr. VanOverbeke reviewed the correspondence regarding this case which indicates that the Retirement System has been named as lead plaintiff in this case, and stated that there is no action to take on this item.

**(d) Report from Internal Review Committee**

Mr. VanOverbeke stated that the Board of Trustees had formed an Internal Review Committee for the purpose of researching email correspondence from the City with regards to the last interview process of Executive Director candidates. Mr. VanOverbeke stated that the Board has the ability to move to a closed session to discuss this item if the parties so wish, or it can be discussed in open session. The Board members decided to discuss the matter in an open session.

Mr. Hastie reviewed the report, stating that there was a complaint from an applicant for the Executive Director position about the hiring process and alleged comments made about him as part of the hiring process. The Internal Review Committee consisted of three Board members, Mr. Monroe, Ms. Nerdrum, and himself and assisted by Mr. VanOverbeke. The Committee reviewed the various emails and documents involved in the process and determined that 1) there was no written policy from the Board that was violated as part of the process, 2) that there was no unwritten policy that had been established by the Board that was violated, and 3) that there was no breach to the Nondisclosure Agreement that each interviewing participant signed as part of the interview process. It was determined that those nondisclosures were related only to the final five applicants in conjunction with interviewing only those five applicants for the job, so there was no breach in those agreements - the applicant filing the complaint was not one of the final five applicants.

Out of this process, the Committee recommends that a confidentiality policy be created for future interviews in order to provide more clarity which is what the Board desires from a confidentiality standpoint. Mr. Crawford thanked the Committee for their time and participation in this review, noting that these situations are sometimes painful and difficult discussions to have and the Committee has done a good job with the review.

It was **moved** by Crawford and **seconded** by Flack to accept the memorandum from the Internal Review Committee.

**Approved**

Mr. Clark wanted it noted that the alleged comments made were not made by him, and that the accuser received his information from someone in H.R. Ms. Sylvester stated that her name was also pulled into the situation within earlier emails, and one of the reasons she wanted to have this discussed in open session is because when she read the statement by the individual who was an applicant, the claims against her were also not true, and she wants to have the opportunity to talk to that applicant and she does not know if she would have that opportunity where there's not an on-the-record meeting. She would like an opportunity to speak with that individual to explain that those were not true statements, and that she feels terrible that that individual thinks that she would have said something like that. Ms. Sylvester stated that she has been struggling with this, and can't

stress enough how strongly she knows that those statements are not true, and would like to know if she has the ability to speak with that applicant to make that clear, and whether her knowledge of what was contained in his statement was confidential and if she can talk about this with him. Mr. VanOverbeke stated that this issue has been discussed in open session, so she has the full ability to do so.

**G. INFORMATION**

**G-1 Communications Memorandum**

The Communications Memorandum was received and filed.

**G-2 June Planning Calendar**

The June Planning Calendar was received and filed.

**G-3 Board Tracking Report**

The Board Tracking Report was received and filed.

**G-4 Record of Paid Invoices**

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

**G-4a April 21, 2011**

	<b>PAYEE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
1	<b>Coverall North America, Inc.</b>	<b>140.00</b>	Office Cleaning Services for April 2011
2	<b>Comcast</b>	<b>76.22</b>	Monthly Cable Fee
3	<b>AT&amp;T</b>	<b>63.30</b>	Monthly Long-Distance Telephone Service
4	<b>Meketa Investment Group</b>	<b>8,750.00</b>	Investment Consultant Retainer – March 2011
5	<b>Staples Business Advantage</b>	<b>72.27</b>	Miscellaneous office supplies
6	<b>Hasselbring-Clark Co.</b>	<b>51.45</b>	Monthly copier cost per copy
7	<b>Hasselbring-Clark Co.</b>	<b>31.24</b>	Monthly copier cost per copy
8	<b>Allstar Alarm, LLC</b>	<b>250.00</b>	Service call - keypad replacement
9	<b>Graphic Sciences, Inc.</b>	<b>2,939.32</b>	Digital imaging project – 14 boxes
10	<b>Loomis, Sayles &amp; Company</b>	<b>62,204.81</b>	Investment Mgmt. Fees – 10/1/10 – 12/31/10
11	<b>AT&amp;T</b>	<b>124.75</b>	Monthly Long-Distance Telephone Service
12	<b>DTE Energy</b>	<b>167.89</b>	Monthly Gas Fee dated March 15, 2011
13	<b>DTE Energy</b>	<b>191.72</b>	Monthly Electric Fee dated March 15, 2011
14	<b>Rhumblin Advisers – S&amp;P 600</b>	<b>1,102.19</b>	Investment Mgmt. Fees – 10/1/10 – 12/31/10
	<b>TOTAL</b>	<b>76,165.16</b>	

**G-4b May 19, 2011**

	<b>PAYEE</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
1	<b>Coverall North America, Inc.</b>	<b>140.00</b>	Office Cleaning Services for May 2010
2	<b>DTE Energy</b>	<b>120.30</b>	Monthly Gas Fee dated April 14, 2011
3	<b>DTE Energy</b>	<b>201.41</b>	Monthly Electric Fee dated April 14, 2011
4	<b>Meketa Investment Group</b>	<b>8,750.00</b>	Investment Consultant Retainer – April 2011

5	AT&T	159.44	Monthly fax telephone-line service
6	Gray & Company	9,446.75	Investment Consultant Retainer – February 2011
7	Staples Business Advantage	139.21	Miscellaneous office supplies
8	Allstar Alarm, LLC	90.00	3 Months Central Station Monitoring (May-July 2011)
9	Four Points Sheraton	2,982.65	Annual Retiree Educational Luncheon – 4/28/2011
10	Dollar Bill Copying	37.46	Printing: Retiree Educational Luncheon Programs
11	Graphic Sciences, Inc.	560.79	Scanning of Newer and Fiscal Year 2010 Retirees
12	Bradford & Marzec, Inc.	40,688.33	Investment Mgmt. Fees – 1/1/11 – 3/31/11
13	Fisher Investments	52,117.96	Investment Mgmt. Fees – 1/1/11 – 3/31/11
14	Loomis, Sayles & Company	66,840.72	Investment Mgmt. Fees – 1/1/11 – 3/31/11
15	Rhumblin Advisers	4,343.00	Investment Mgmt. Fees – 1/1/11 – 3/31/11 (RUMIDS)
16	Rhumblin Advisers	2,154.00	Investment Mgmt. Fees – 1/1/11 – 3/31/11 (S&P 600)
17	Schwartz Investment Counsel	10,899.00	Investment Mgmt. Fees – 1/1/11 – 3/31/11
18	Lora Kluczynski	243.47	Petty Cast Reimbursement
19	Buck Consultants	900.00	EDRO Calculations - Masten
20	Comcast	76.23	Monthly cable fee
21	AT&T	81.37	Monthly long-distance telephone service
22	Gov't Finance Officers Assoc.	160.00	Membership renewal: 7/1/2011 - 6/30/2012
<b>TOTAL</b>		<b>201,132.09</b>	

Mr. Monroe inquired as to how many toll-free calls the office gets on a monthly basis, and if there are a minimal number of calls, he wonders if it is worth keeping that line and incurring a monthly cost. Staff stated that the recent invoices will be reviewed and a brief report will be provided to the Board within the week.

#### G-5 Retirement Report

The following employee(s) have completed their paperwork for retirement (*listed in no particular order*):

#### G-5a April 21, 2011

Name	Type of Retirement	Effective Date	Group	Years of Service	Service Area
Donald Lowenberg	Age & Service	April 16, 2011	General	5 years, 1.5 months <i>(which includes 1 year and 6 months military service credit)</i>	Public Services
Elaine Bater	Age & Service	June 1, 2011	General	25 years, 8 months	Public Services Field Operations
Michael Kerr	Early/Age & Service	May 3, 2011	General	19 years, 4 months <i>(which includes 3 years and 6 months military service credit)</i>	Public Services Field Operations
Dana Walmer	Early/Age & Service	June 18, 2011	General	22 years, 5 months	Public Services Field Operations

<b>Steven Reed</b>	Age & Service	May 7, 2011	General	21 years, 2 months <i>(which includes 3 years and 11 months military service credit)</i>	Public Services Utilities
<b>Bruce Hochrein</b>	Age & Service	May 7, 2011	General	25 years, 4 months	Public Services Forestry
<b>Gerald Dann</b>	Age & Service	May 14, 2011	General	26 years	Public Services Project Mgmt.
<b>Edward Sayers</b>	Age & Service	June 18, 2011	General	27 years, 4 months	Public Services Fleet Services
<b>Eugene M. Lange</b>	Early Age & Service	June 30, 2011	General	20 years	Public Services Utilities

**G-5b May 19, 2011**

<b>Name</b>	<b>Type of Retirement</b>	<b>Effective Date</b>	<b>Group</b>	<b>Years of Service</b>	<b>Service Area</b>
<b>Robin Tite</b>	Age & Service	June 18, 2011	General	23 years, 7 months <i>(1 year, 8 months reciprocal credit)</i>	Public Services
<b>John Nonnenmacher</b>	Early / Age & Service	June 18, 2011	General	23 years, 1 month	Public Services
<b>Marvin Bray</b>	Early / Age & Service	June 4, 2011	General	24 years, 4 months	Public Services
<b>Janet Barber</b>	Early / Age & Service	June 18, 2011	General	24 years, 9 months	Community Services
<b>Kurt Sells</b>	Early / Age & Service	June 25, 2011	General	23 years, 9.5 months	Public Services
<b>Judith Refalo</b>	Age & Service	June 3, 2011	General	22 years, 2 months <i>(4 years, 2 months reciprocal credit)</i>	Employees' Retirement System
<b>E. Fred Gall</b>	Age & Service	May 28, 2011	General	20 years	Public Services

<b>Masoud Kashani</b>	Age & Service	June 30, 2011	General	13 years, 7 months	Public Services
<b>Russell Wilson</b>	Age & Service	May 29, 2011	Fire	27 years, 7 months	Safety Services
<b>Mark Shelhart</b>	Age & Service	June 25, 2011	General	25 years, 11 months	Public Services
<b>Robert Wagner</b>	Early / Age & Service	June 25, 2011	General	21 years, 3 months	Public Services
<b>John Brink</b>	Early / Age & Service	June 25, 2011	General	21 years, 1.5 months	Public Services

**G-6 Loomis, Sayles & Company Personnel Change**

The correspondence from Loomis, Sayles & Company was received and filed.

**H. TRUSTEE COMMENTS**

Ms. Walker wanted to go on record to state that in regards to the Executive Director interview process, she has been interviewed a number of times, and this Board treated her with exceptional courtesy, and she never had any concerns about where she stood as far as confidentiality and she appreciated the Board's attention to that issue.

**I. ADJOURNMENT**

It was **moved** by Flack and **seconded** by Hastie to adjourn the meeting at 11:17 a.m.  
**Meeting ended at 11:17 a.m.**

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