

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
March 15, 2012**

The meeting was called to order by Jeremy Flack, Chairperson, at 8:49 a.m.

ROLL CALL

Members Present: Flack, Hastie, Heusel, Monroe, Nerdrum
Members Absent: Clark, Crawford, Powers, Rogers
Staff Present: Kluczynski, Walker
Others: Michael VanOverbeke, Legal Counsel
Janet Carpenter, Human Resources
David Diephuis, City Resident

AUDIENCE COMMENTS - None

A. APPROVAL OF REVISED AGENDA

Revisions to the agenda include the following items:

- C-4 DRO Certification – Doris A. Ehnis v. Larry J. Ehnis
- F-4 March 13, 2012 Administrative Policy Committee Minutes
- F-5 March 13, 2012 Audit Committee Minutes

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

Approved as revised

B. APPROVAL OF MINUTES

B-1 February 16, 2012 Regular Board Meeting Minutes

It was **moved** by Heusel and **seconded** by Monroe to approve the February 16, 2012 Board Meeting minutes as submitted.

Approved

C. CONSENT AGENDA

It was **moved** by Hastie and **seconded** by Nerdrum to approve the following Consent Agenda submitted:

C-1 Authorization for Conference/Training – IFEBP CAPPP Training, Parts 1 & 2, June 19-22, 2012 - Rogers

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, Brian Rogers has requested the Board of Trustees' authorization for his travel to Boston, Massachusetts, at Retirement System expense, estimated at \$4,090.00, to attend IFEBP's CAPPP Part 1 & Part 2 Training, and to participate in continuing education in his responsibility as Board Trustee and in keeping with Board policy, therefore it be

RESOLVED, the Board of Trustees authorizes the travel request of Brian Rogers to travel to Boston, Massachusetts, at Retirement System expense, estimated at \$4,090.00, to attend the IFEBP CAPPP Part 1 & Part 2 Training, to participate in continuing education in his responsibility as a Board Trustee, and

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

C-2 Authorization for Conference/Training – 2012 Spring MAPERS Conference, May 20-22, 2012 - Clark

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, Terry Clark has requested the Board of Trustees' authorization for his travel to Mt. Pleasant, Michigan, at Retirement System expense, estimated at \$1,000.00, to attend the 2012 Spring MAPERS Conference, to participate in continuing education in his responsibilities as Board Trustee and in keeping with Board policy, therefore it be

RESOLVED, the Board of Trustees authorizes the travel requests of Terry Clark to travel to Mt. Pleasant, Michigan, at Retirement System expense, estimated at \$1,000.00, to attend the 2012 Spring MAPERS Conference, to participate in continuing education in his responsibilities as Board Trustee, and

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

C-3 Authorization for Conference/Training – IFEBP Trustees and Administrators Institutes-New Trustees Conference, June 10-14, 2012 - Gustafson

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, Dan Gustafson has requested the Board of Trustees' authorization for conference/training in San Francisco, California, at Retirement System expense, estimated at \$3,078.00, to attend the IFEBP Trustees and Administrators Institutes-New Trustees Conference, to participate in continuing education in his responsibility as Retirement System Staff and in keeping with Board policy, therefore it be

RESOLVED, the Board of Trustees authorizes the conference/training request of Dan Gustafson to travel to San Francisco, California, at Retirement System expense, estimated at \$3,078.00, to attend the IFEBP Trustees and Administrators Institutes-New Trustees Conference, to participate in continuing education in his responsibility as Retirement System Staff, and

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

C-4 DRO Certification – Doris A. Ehnis (retiree) v. Larry J. Ehnis

WHEREAS, the Board is in receipt of a Domestic Relations Order dated February 28, 2012, wherein Larry J. Ehnis, the Alternate Payee, is awarded certain rights to the benefits of Doris A. Ehnis, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's monthly retirement benefit from the Retirement System while the parties are alive, and

WHEREAS, if upon the Participant's death the Alternate Payee is still alive, then the Alternate Payee will receive those survivor benefits associated with Participant's election of the Plan's Option II – 100% Joint and Survivor form of benefit at the time of her retirement, and

WHEREAS, said matter having 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, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order and will administer 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 Participant's pension file and other appropriate records be retained by the Retirement System relative to this matter, and further

RESOLVED, that copies of this resolution be sent to Elizabeth A. Solomon, Esq., attorney for the Participant; and Jacalen J. Garris, Esq., attorney for the Alternate Payee.

Consent agenda approved as submitted

Ms. Nerdrum suggested that in the future, the Board receive updates or reports from those that go to the various conferences and trainings. The Board agreed.

D. ACTION ITEMS

D-1 Certification of Delegates for 2012 Spring MAPERS Conference

Ms. Walker stated that MAPERS allows each system to certify two delegates and two alternates to vote at the spring conference, and at this point Terry Clark, and possibly David Monroe, will be the only ones attending this year. It was decided to certify Terry Clark, and tentatively David Monroe, as the delegates at this time.

It was **moved** by Hastie and **seconded** by Nerdrum to certify Terry Clark and David Monroe as the Retirement System's delegates at the Spring MAPERS Conference.

Approved

D-2 Employee & Retiree Newsletters

Ms. Walker presented the drafted 2012 newsletters for the Board's review. Ms. Nerdrum suggested adding an update on the online employee self-service software being implemented by Buck Consultants in the employee newsletter. Ms. Walker stated that she will add a brief update.

D-3 Resolution to Hire Stone Harbor Investment Partners as the Emerging Markets Debt Manager

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the City of Ann Arbor Employees' 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, Meketa Investment Group has advised the Investment Policy Committee to add an Emerging Market Debt manager to the portfolio congruent with a new asset allocation policy; and

WHEREAS, the Investment Policy Committee interviewed the following three firms for Emerging Market Debt Managers on March 6, 2012: Standish, Stone Harbor, and Payden & Rygel; and

WHEREAS, the Investment Policy Committee and Meketa concluded that the Stone Harbor Local Currency Fund provided the best fit for the Retirement System to achieve its portfolio strategic objective in the addition of an Emerging Markets Debt Manager; and

WHEREAS, the Investment Policy Committee and Meketa Investment Group recommend funding the Emerging Market Debt Manager mandate to reach a target of 2% of the portfolio, so be it

RESOLVED, that Stone Harbor Local Currency Fund be added to the portfolio after successful contractual negotiations with the Board's Legal Counsel and Executive Director for Board approval. Timing of the allocations will be determined in conjunction with the Board and Meketa's recommendation.

It was **moved** by Monroe and **seconded** by Heusel to approve the Resolution to Hire Stone Harbor Investment Partners as the Emerging Markets Debt Manager.

Approved

D-4 Resolution to Approve Funding for Beach Point Capital

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the City of Ann Arbor Employees' 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, Meketa Investment Group has advised the Investment Policy Committee to add a Bank Loan manager to the portfolio congruent with a new asset allocation policy, funding the Bank Loan mandate to reach a target of 2% of the portfolio; and

WHEREAS, the Retirement Board of Trustees approved the hiring of Beach Point Capital Management on December 15, 2011, with contractual negotiations being successfully finalized and executed, and

WHEREAS, Meketa Investment Group has recommended funding Beach Point Capital from the Equities portfolio with approximately \$8 million, half from the Russell 1000 and half from the Mid Cap 400; so be it

RESOLVED, that Beach Point be funded from the Equities portfolio with approximately \$8 million, half from the Russell 1000 and half from the Mid Cap 400.

It was **moved** by Nerdrum and **seconded** by Monroe to approve the Resolution to Approve Funding for Beachpoint Capital by moving \$8 million, half from the Russell 1000 and half the Mid Cap 400.

Approved

D-5 Resolution to Approve Funding Strategy for Cash Requirements for Benefit Payments and Other Cash Requirements

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the City of Ann Arbor Employees' 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, Meketa Investment Group has evaluated The Retirement System's current asset class allocations relative to their respective targets; and

WHEREAS, to ensure that the Retirement System moves closer to its allocation targets, Meketa Investment Group has recommended funding all net benefit payments in excess of available cash, and all real estate capital calls from Northern Trust Russell 1000 index funds, so be it

RESOLVED, that the Executive Director be authorized to direct that all net benefit payments in excess of available cash, and all real estate capital calls be funded from Northern Trust Russell 1000 Index Fund.

It was **moved** by Hastie and **seconded** by Monroe to note the recommendation of the Board's investment consultant to rebalance the portfolio via a transfer of \$4 million cash from the Northern Trust 1000 Index and \$4 million cash from the Northern Trust S&P 400 Mid Cap Index and to transfer that \$8 million into the Northern Trust Barclay's Aggregate Bond Index.

Approved

It was **moved** by Nerdrum and **seconded** by Hastie to give Ms. Walker and Meketa Investment Group general authority to move assets for cash needs, and approve the Funding Strategy for Cash Requirements for Benefit Payments and Other Cash Requirements.

Approved

D-6 Approval of Armitage Release and Disbursement

Mr. VanOverbeke stated that he is in receipt of releases from both parties in this matter as discussed during the Executive Session at the February Board meeting, and the payments are to be made payable to the surviving spouse.

It was **moved** by Monroe and **seconded** by Hastie to acknowledge receipt of the releases and direct that payments be made accordingly.

Approved

D-7 Rollover Notice

Mr. VanOverbeke reviewed a revised Rollover Notice packet and resolution for Board approval consistent with recent amendments to the Michigan Income Tax Act, which requires the Retirement System to withhold state income tax from pension benefits. The revised notice incorporates the necessary changes. The Board reviewed the document, noting that information is missing regarding the full-rollover option, and that a reference to the actual tax form should be included. The Board decided to approve the resolution and the documents consistent with the suggested changes.

Re: Notice to recipients of lump sum distributions from the Retirement System

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 Section 402 of the Internal Revenue Code requires the Board to provide notice to recipients of lump sum distributions from the Plan, and WHEREAS, applicable tax law and regulations require said notice to be provided at least thirty (30) days in advance of such distributions, and

WHEREAS, legal counsel has prepared a distribution notice and form consistent with IRC Section 402, and

WHEREAS, the Board of Trustees has discussed this matter, therefore be it

RESOLVED, that the Retirement System is hereby amended to comply with and shall be administered in accordance with the requirements of the Economic Growth and Tax Relief Act of 2001; the Pension Protection Act of 2006; the Worker, Retiree, and the Employer Recovery Act of 2008 to: (1) allow participants to roll over amounts from an eligible employer plan to a Roth IRA, (2) allow non-spouse beneficiaries to roll over distributions to an IRA, and (3) provide relief from the 10% early withdrawal penalty for distributions from governmental defined benefit plans made to qualified public safety employees after separation from service after attainment of age 50, and further

RESOLVED, that the Retirement System is hereby amended to comply with and shall be administered in accordance with the requirements of IRC Section 401(a)(9) and Treasury Regulations establishing the required minimum distribution rules for the Retirement System, and further

RESOLVED, that the Board of Trustees hereby adopts the distribution notice and form, and further

RESOLVED, that the Retirement System shall be administered consistent with said notice and IRS Notice 2009-68, and further

RESOLVED, that the distribution notice and form be provided to recipients of lump sum distributions from the Retirement System consistent with the Internal Revenue Code, and further

RESOLVED, that a copy of this resolution shall be provided to all appropriate parties.

It was **moved** by Hastie and **seconded** by Heusel to approve the proposed resolution and notice to recipients of lump sum distributions from the Retirement System subject to the modifications as discussed.

Approved

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Executive Report – March 15, 2012

INVESCO DISTRIBUTION

Invesco Mortgage Recovery Feeder Fund, L.P. made a distribution on Wednesday, February 29, 2012 totaling \$4,183,822. The distribution is comprised of \$1,432,074 of realized gains and \$2,751,748 of interest income. AA's allocable share of distribution: **\$55,697**

Invesco Mortgage Recovery Loans AIV, L.P. made a distribution on Wednesday, February 29, 2012 totaling \$18,616,890. This distribution is comprised of \$330,116 of interest income, \$1,080,255 of realized gains and \$17,206,519 of return of capital. AA's allocable share of distribution: **\$247,835**

CITY OF ANN ARBOR AUDIT SERVICES

The City of Ann Arbor has issued and received RFP's for audit services. Four firms bid, and are being evaluated by the City. The City's intention is to make a selection. All firms were requested to price the RS and VEBA audit separately. There is some, but not a great deal, of spread between quotes costs for the RS and VEBA audits.

Depending on the City's selection, and the recommendation of the Board, either the current firm could be retained, or the selection of the City as recommended.

NEW FUNDS

DFA's new fund is up 6.09% for February 2012, per a "flash report" from DFA. Vontobel's monthly performance was up 5.52% net of fees. The accounts in Northern have not yet been adjusted, so these figures are provided separately by the managers.

F-2 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended February 29, 2012

N. Gail Jarskey, Accountant, submitted the Financial Report for the month ended February 29, 2012 to the Board of Trustees:

2/29/2012 Asset Value (Preliminary)	\$408,348,054
1/31/2012 Asset Value (Audited by Northern)	\$399,353,985
Calendar YTD Increase/Decrease in Assets <i>(excludes non-investment receipts and disbursements)</i>	\$22,159,711
Percent Gain <Loss>	5.7%
March 14, 2012 Asset Value	\$ 412,179,898

F-3 Investment Policy Committee Minutes – March 6, 2012

Following are the Investment Policy Committee minutes from the meeting convened at 1:05 p.m. on March 6, 2012:

Member(s) Present: Clark, Flack, Hastie, Monroe
 Member(s) Absent: None
 Other Trustees Present: Rogers
 Staff Present: Kluczynski, Walker
 Others Present: Henry Jaung, Meketa Investment Group
 Ted Urban, Meketa Investment Group

EMERGING MARKETS DEBT MANAGER INTERVIEWS

Prior to the interviews, Mr. Jaung and Mr. Urban gave a brief summary of the three Emerging Markets Debt managers (below), noting that Meketa has recommended that both Funds invest in emerging market debt through a commingled fund vehicle, with the Retirement System funding 2% of the portfolio (approximately \$8 million), and the VEBA funding 3% (approximately \$2.5 million).

PAYDEN & RYGEL

Justin G. Bullion, CFA, Managing Principal

STONE HARBOR INVESTMENT PARTNERS

Alan Fressle

STANDISH MELLON

Eric Pflaum, CFA

Daniel W. Lass, Senior Vice President

DISCUSSION

The Committee discussed the three managers, ultimately deciding that Stone Harbor Investment Partners would be the best fit for the Retirement System, and that a hiring recommendation should be made to the Board of Trustees at the March regular Board meeting.

It was **moved** by Clark and **seconded** by Flack to recommend that the Board of Trustees hire Stone Harbor Investment Partners as the new Emerging Markets Debt Manager, funding 2% of the portfolio at approximately \$8 million.

Approved

Mr. Urban also discussed funding the System's new bank loan manager, Beachpoint Capital from the Equities portfolio with approximately \$8 million, half from the Russell 1000 and half from the Mid Cap 400. The Committee decided that this direction should be discussed at the March Board meeting as well.

Ms. Walker expressed the need for a cash transfer for both benefit payments and upcoming capital calls, stating she is not aware of when the City will be making the next transfer of employee contributions. Mr. Urban stated that Meketa could provide a memo or standing instruction for Board approval of cash needs and capital calls. After further discussion, Mr. Flack made the following motion:

It was **moved** by Flack and **seconded** by Clark to recommend a transfer of approximately \$3 million from the Russell 1000 for the purpose of benefit payments and capital calls.

Approved

ADJOURNMENT

It was **moved** by Flack and **seconded** by Clark to adjourn the meeting at 5:37 p.m.

Meeting adjourned at 5:37 p.m.

F-4 Administrative Policy Committee Minutes – March 13, 2012

Following are the Administrative Policy Committee minutes from the meeting convened at 3:05 p.m. on March 13, 2012:

Committee Members Present:	Crawford, Heusel, Monroe
Members Absent:	None
Other Trustees Present:	None
Staff Present:	Kluczynski, Walker
Others Present:	None

FURTHER DISCUSSION IN REFERENCE TO "BEST 36-MONTH" CALCULATIONS

a. FAC Procedures used by other municipalities: *As requested at the February APC meeting, Ms. Walker presented two examples of FAC procedures by other municipalities.*

b. Prior Board Discussions regarding this topic: *As requested at the February APC meeting, staff provided printed discussions from the March and May APC and Board meetings regarding this issue.*

A lengthy discussion ensued regarding Mr. Monroe's question as to whether an employee is able to include a better three-year pay period anywhere within the middle of the ten years when having their final average compensation computed, and believes they should be able to use those 78 pay periods no matter where they fall within that range. Mr. Crawford stated that in reading the prior minutes, the Board and APC have discussed this issue and gave direction to Buck Consultants to program the software consistent with the current Ordinance, which has been revised to reflect the current policy and procedures. Mr. Monroe indicated that the APC and Board had been supportive of using 78 pay periods, however due to a potential conflict between the City and the unions over the issue, and based on the potential cost to implement through Buck Consultants, it was not pursued and recommended that the Ordinance be followed at that time.

The Committee ultimately decided that if Mr. Monroe wishes to pursue this matter, he may want to discuss it with his union representative(s) as well as obtain further clarification from legal counsel as to what, if anything, can be resolved by way of any Ordinance amendments.

DRAFTED REVISION TO CURRENT CHANGE OF BENEFICIARY FORM

Postponed until the April 10th APC meeting.

FEEDBACK FORM FOR EXECUTIVE DIRECTOR'S ANNUAL REVIEW

Due to time constraints, this item was postponed until the April 10th APC meeting.

ADJOURNMENT

Meeting adjourned at 4:47 p.m.

Mr. Monroe discussed the issue of whether an employee is able to include a better three-year pay period anywhere within the middle of the ten years when having their final average compensation computed, and believes the revised Ordinance language is now more restricted than before, and asked Mr. VanOverbeke to address his thoughts, and how the language developed. Mr. VanOverbeke stated that much of Mr. Monroe's concerns are labor issues between the unions and the employer, for which the Board does not get involved. Mr. VanOverbeke stated that the Ordinance restatement process involved putting into writing the processes as they were being administered, and in some of those instances it could have been argued that what was being done was more restrictive than perhaps what the Ordinance ultimately allowed for, and in some instances the practices were more beneficial to the employees than what the Ordinance provided. It was understood that benefits were not to be diminished, meaning that if an employee were to have retired the day before, how we would have calculated the benefit will be exactly the same as after the restatement process.

Mr. VanOverbeke stated that he recollects that, regarding the final average compensation calculations, staff was very instrumental in documenting the current procedures, and it is true that the current language is more restrictive than the broad language that was there before to reflect what the practice always was. Whether or not that language trumps the collective bargaining done since the restatement is a labor issue that he cannot answer. Mr. Monroe stated that his concern is

that because something was always done a certain way isn't necessarily the only way it can be done and to his knowledge it hasn't been challenged, but he feels the argument could have been made.

F-5 Audit Committee Minutes – March 13, 2012

Following are the Audit Committee minutes from the meeting convened at 4:24 p.m. on March 13, 2012:

Committee Members Present: Crawford, Monroe, Nerdrum
Members Absent: Clark
Other Trustees Present: None
Staff Present: Jarskey, Kluczynski, Walker
Others Present: None

SUMMARY OF RFP'd AUDIT FIRMS & TIMELINE

Mr. Crawford briefly discussed the current Audit RFP process being conducted by the City, and stated that two of the firms are currently being considered and will be interviewed within the next week. Ms. Walker asked if the Committee has a preference for going along with the City's choice in firms, keeping the current auditors, or conducting an independent search. Ms. Nerdrum stated that it would be easier and perhaps more cost-efficient to utilize the same auditors as the City, and the Committee agreed.

DRAFTED ORDINANCE LANGUAGE REGARDING EARLY RETIREMENTS

The Committee reviewed the early retirement Ordinance language as drafted by the City Attorney's Office and scheduled to be presented at the March 19th City Council meeting. Mr. McDonald from Buck Consultants and Mr. VanOverbeke have also provided comments/corrections as submitted in the APC packet.

UPDATE ON BUCK SOFTWARE SYSTEM

Ms. Walker stated that work is ongoing with the new software system, and she is disappointed that it is running behind schedule due to programming issues. It is anticipated that the employee self-service "shell" will be ready for review in the next month.

ADJOURNMENT

Meeting adjourned at 4:47 p.m.

Mr. VanOverbeke discussed the proposed Early Retirement Factor language that will be presented to City Council on March 19th. The intent is to define what the current practices are when calculating for an early retirement, so there have been discussions with the City and the System has received the proposed language within the last week. In reviewing the language, Mr. VanOverbeke found that it was far more expansive and included incorrect information, so he was able to revise portions of the language and the document has been submitted back to the City for further review. Ms. Walker stated that the actuaries have reviewed the language and have acknowledged that it reflects current practice. Mr. VanOverbeke stated that the only remaining issue is the reductions based upon months and fractional months of early retirements and whether or not it should continue to say months and fractions of a month, because the practice has always been in whole months rounded up, and the conclusion was to eliminate the fraction of the month, which is common practice.

F-6 Legal Report

PA 314: Seeing movement on this item in Lansing, bill was introduced into the House.

Open Meetings Act Proposed Amendments: There was a House bill that was introduced and approved last week dealing with amendments to the Open Meetings Act and actually prohibiting the use of a telecommunications device for purposes of establishing a quorum or voting by a non-present member, focusing on larger and legislative bodies of a local community.

Lyondell Chemical Securities Update: With legal counsel being authorized to move forward in this case, motions for a summary judgment will be filed at the end of this month. Mr. VanOverbeke stated that he did have two other clients deciding to move forward as well.

Craig DeVoogd Update: Mr. VanOverbeke stated that he has a drafted opinion which should be ready for the April Board meeting, and he and his staff are still in the process of reviewing the various court documents that were sent to his office.

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 April Planning Calendar

G-3 Record of Paid Invoices

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

	PAYEE	AMOUNT	DESCRIPTION
1	Coverall North America, Inc.	140.00	Office Cleaning Services for March 2012
2	DTE Energy	265.63	Monthly Gas Fee dated February 14, 2012
3	DTE Energy	255.31	Monthly Electric Fee dated February 14, 2012
4	Comcast	76.23	Monthly Cable Fee
5	AT&T	52.42	Monthly Long-Distance/toll free telephone service
6	Fifth Third Bank/Maple Office	338.69	Condo association dues – March 2012
7	AT&T	151.76	Monthly Long-Distance Telephone Service
8	Buck Consultants	1,583.33	January hosting fees for administrative system
9	Buck Consultants	2,250.00	2 nd quarterly installment for basic actuarial services
10	Hasselbring-Clark Co.	36.23	Monthly copier cost per copy
11	Printlink	148.00	Window envelopes for quarterly statements
12	Schwartz Investment Counsel	11,221.00	Investment Mgmt. Fees – 10/1/11 – 12/31/11
13	State Street Global Advisors	453.81	Investment Mgmt. Fees – 10/1/11 – 12/31/11
	TOTAL	16,972.41	

G-4 Retirement Report

The following employee(s) have completed their paperwork for retirement:

Name	Type of Retirement	Effective Date	Group	Years of Service	Service Area
W. Barnett Jones	Age & Service	March 31, 2012	Police	29 years, 7 months <i>(includes 23 years and 9 months reciprocal credit)</i>	Safety Services/Police
Michael Lance	Age & Service	April 4, 2012	Police	25 years, 1.5 months	Safety Services/Police

G-5 Dimensional Fund Advisors Organizational Changes

G-6 Rebekah Warren Acknowledgement Regarding Senate Bill 797

G-7 Litigation Notice – Aldelphia Victim Fund

H. TRUSTEE COMMENTS - None

I. ADJOURNMENT

It was **moved** by Heusel and **seconded** by Monroe to adjourn the meeting at 10:12 a.m.
Meeting adjourned at 10:12 a.m.

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