B

City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
June 18, 2026

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:33 a.m.

ROLL CALL

Members Present:	Flack, Foster *(Via TX)*, Grimes *(Via TX)*, Nerdrum *(Via TX)*, Toth, Walbridge *(Via TX)*
Members Absent:	DiGiovanni, Praschan, Schreier
Staff Present:	Buffone, Gustafson, Lieder, Orcutt *(Via TX)*
Others:	Michael VanOverbeke, Legal Counsel Amy Cole, Graystone *(Via TX, Departed at 8:40am)*

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

It was **moved** by Toth and **seconded** by Grimes to approve the agenda as submitted.
Approved

B. APPROVAL OF MINUTES

B-1 May 21, 2026 Regular Board Meeting

It was **moved** by Toth and **seconded** by Grimes to approve the May 21, 2026 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA - None

D. CLOSED SESSION – Personnel Matter

It was **moved** by Grimes and **seconded** by Toth to convene a closed session at the request of Ms. Grimes for the purpose of discussing the Executive Director's annual review.
Approved

Roll call vote:

Digiovanni – Absent	*Grimes – Yes*	*Schreier – Absent*
Flack – Yes	*Nerdrum – Yes*	*Toth – Yes*
Foster – Yes	*Praschan – Absent*	*Walbridge – Yes*

Closed Session Time: 8:51am – 8:56am

E. ACTION ITEMS

E-1 Resolution to Approve Section 402 Notice – Eligible Rollover Distributions

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

WHEREAS, the Retirement Board acknowledges that Section 402(f) of the Internal Revenue Code (the “Code”) requires the Board to provide written notice and explanation to recipients of eligible rollover distributions from the Plan (hereinafter, the “Safe Harbor Notice”), and

WHEREAS, applicable tax law and regulations require said Safe Harbor Notice to be provided within a reasonable period of time in advance of such distributions, and

WHEREAS, the SECURE 2.0 Act of 2022 (“SECURE 2.0”) was enacted on December 29, 2022, resulting in the modification of applicable federal retirement laws and regulations, and

WHEREAS, several changes under SECURE 2.0 require modification of the safe harbor explanations that may be used to satisfy the requirements of Code Section 402(f), and

WHEREAS, legal counsel has prepared a revised Safe Harbor Notice consistent with the provisions and SECURE 2.0 and the requirements of Section 402(f), and

WHEREAS, the Retirement Board has discussed this matter with legal counsel, therefore be it

RESOLVED, that the Plan’s Safe-Harbor Notice is hereby amended to comply with the requirements of SECURE 2.0 and Section 402(f) of the Code, and further

RESOLVED, that the Retirement Board hereby adopts the revised Safe Harbor Notice consistent with the requirements of SECURE 2.0, and further

RESOLVED, that the Safe Harbor Notice be provided to recipients of eligible rollover distributions from the Plan consistent with Code Section 402(f), and further

RESOLVED, that a copy of this resolution shall be retained in accordance with the Plan’s record retention policy and provided to all appropriate parties.

It was **moved** by Toth and **seconded** by Grimes to adopt the revised Safe Harbor Notice consistent with the requirements of SECURE 2.0.

Approved

E-2 Resolution to Terminate GQG Emerging Markets Equity Fund

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 Investment Policy Committee (IPC), and the Board of Trustees have approved an asset allocation target of 0 – 10% for International Emerging Markets Equity, and

WHEREAS, Graystone, the Retirement System's investment consultant, and the Investment Policy Committee (IPC) have discussed a change in Emerging Markets Managers at the May 5th and June 2nd IPC meetings, and,

WHEREAS, Graystone, the Retirement System's investment consultant, and the IPC interviewed two firms, Baillie Gifford and City of London at the June 2nd IPC meeting, and,

WHEREAS, Graystone, as the Retirement System's investment consultant, has recommended that investment in the GQG Emerging Markets Equity Fund be terminated due to performance issues and portfolio positioning and that the proceeds be invested with Baillie Gifford, so be it,

RESOLVED, that the Board of Trustees approves the termination of GQG Emerging Markets Equity Fund, and the proceeds of such liquidation in the amount of approximately $16 million be invested into the Baillie Gifford Emerging Markets (MF).

It was **moved** by Foster and **seconded** by Toth to approve the termination of GQG Emerging Markets Equity Fund, and the proceeds of such liquidation in the amount of approximately $16 million be invested into the Baillie Gifford Emerging Markets (MF).

Approved

E-3 Resolution to Invest in Baillie Gifford Emerging Markets All Cap Mutual Fund

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 Investment Policy Committee (IPC), and the Board of Trustees have approved an asset allocation target of 0 – 10% for International Emerging Markets Equity, and

WHEREAS, Graystone, the Retirement System's investment consultant, and the Investment Policy Committee (IPC) have discussed a change in Emerging Markets Managers at the May 5th and June 2nd IPC meetings, and interviewed two firms, Baillie Gifford and City of London at the June 2nd IPC meeting, and

WHEREAS, Graystone, the Retirement System's investment consultant and the Investment Policy Committee (IPC) have recommended an investment in the Baillie Gifford Emerging Markets All Cap Mutual Fund (MF), so be it,

RESOLVED, that the Board of Trustees approve the investment In the Baillie Gifford Emerging Markets All Cap Mutual Fund (MF), with a total commitment in the amount of approximately $ 16 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence.

It was **moved** by Foster and **seconded** by Toth to approve the investment In the Baillie Gifford Emerging Markets All Cap Mutual Fund (MF), with a total commitment in the amount of approximately $16 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence.

Approved

E-4 Resolution to Invest in City of London Emerging (Free) Markets Country Fund Composite

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 Investment Policy Committee (IPC), and the Board of Trustees have approved an asset allocation target of 0 – 10% for International Emerging Markets Equity, and

WHEREAS, Graystone, the Retirement System's investment consultant, and the Investment Policy Committee (IPC) have discussed a change in Emerging Markets Managers at the May 5th and June 2nd IPC meetings, and interviewed two firms, Baillie Gifford and City of London at the June 2nd IPC meeting, and

WHEREAS, Graystone, the Retirement System's investment consultant and the Investment Policy Committee (IPC) have recommended an investment in the City of London Emerging (Free) Markets Country Fund Composite, so be it,

RESOLVED, that the Board of Trustees approve the investment In the City of London Emerging (Free) Markets Country Fund Composite, with a commitment in the amount of $ 10 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence. This investment to be funded by selling $10 million from the DFA Emerging Markets Fund.

It was **moved** by Foster and **seconded** by Walbridge to approve the investment in the City of London Emerging (Free) Markets Country Fund Composite, with a commitment in the amount of $10 million, pending review of investment management documents by the Board's legal counsel and any recommended additional due diligence. This investment to be funded by selling $10 million from the DFA Emerging Markets Fund.

Approved

E-5 FYE 2026 Budget Reallocations

Ms. Orcutt presented the FYE 2026 Budget Reallocations.

It was **moved** by Toth and **seconded** by Nerdrum to approve the Fiscal Year End 2026 Budget Reallocations.

Approved

E-6 401 Executive Plan Expenses to be paid from Forfeitures for Quarter End 6/30/2026

Ms. Orcutt presented the 401 Executive Plan Expenses to be paid from forfeitures for FYE 6/30/2026. The proposed amount to be paid would be $448.59.

It was **moved** by Toth and **seconded** by Grimes to approve the 401 Executive Plan Expenses to be paid from forfeitures for FYE 6/30/2026.

Approved

E-7 401 Plan Expenses to be paid from Forfeitures for Quarter End 6/30/2026

Ms. Orcutt presented the 401 Plan Expenses to be paid from forfeitures for FYE 6/30/2026. The proposed amount to be paid would be $6,825.74.

It was **moved** by Toth and **seconded** by Grimes to approve the 401 Plan Expenses to be paid from forfeitures for FYE 6/30/2026.

Approved

E-8 457 Plan Expenses to be paid from EASE Account for Quarter End 6/30/2026

Ms. Orcutt presented the 457 Plan Expenses to be paid from EASE Account for FYE 6/30/2026. The proposed amount to be paid would be $4,378.08.

It was **moved** by Toth and **seconded** by Grimes to approve the 457 Plan Expenses to be paid from EASE Account for FYE 6/30/2026.

Approved

E-9 Executive Director Goals for 2027 DB & DC

Ms. Orcutt presented her goals for fiscal year 2026-2027. For the Defined Benefit plans, the main goals are policy project updates, non-vested member audit and policy, employee education sessions on retirement, and preparing the System for potential 100% funded status. Ms. Nerdrum inquired about the purpose of the RFP for actuarial firm to conduct audit. Mr. VanOverbeke from Legal discussed this is a provision that was written into the law and his office is still waiting for more guidance from the Treasury. The provision requires the System to do an actuarial audit of the Health Care Fund every eight (8) years. Once clarification is received, Legal will provide a recommendation to the Board. Ms. Grimes also inquired about the volume of ordinance revisions that are in the queue.

For the Defined Contributions plans, the main goals are assisting with oversight and administration of the City's 401 and 457 retirement plans, encouraging increased saving and participation in the 457 plan, and partnering with City staff to ensure accuracy in the 401 and 457 plans.

It was **moved** by Nerdrum and **seconded** by Grimes to approve the Executive Director goals for Fiscal Year End 2027.

Approved

F. REPORTS

F-1 Executive Report – June 18, 2026

NEUBERGER BERMAN CAPITAL CALLS AND DISTRIBUTIONS

Neuberger Berman issued a distribution from the NBPD Eagle Fund in the amount of **$ 98,446** for the Retirement Plan and **$ 49,223** for VEBA on 6/1/26 resulting from interest income.

MESIROW CAPITAL CALL

Mesirow Financial Private Equity Fund VIII-A, L.P. requested a capital call in the amount of **$200,000** for the Retirement Plan and **$60,000** for the VEBA on 6/8/2026. With these installments, **CAAERS** will have funded 75.5% of our total commitments of $10,000,000 for the Retirement Plan and $3,000,000 for the VEBA.

RAISE CASH FOR BENEFIT PAYMENTS

At the June IPC meeting, upon recommendation from the Investment Consultant, the Committee voted to sell $ 4 million from GQG Emerging Market Equity to raise cash for benefit payments and expenses.

PINEGROVE (SVB) DISTRIBUTIONS

Fund VIII issued a distribution in the amount of **$ 2,081,983** for the Retirement System and **$520,496** for the VEBA on 6/11/26. The distribution was netted against fees and expenses.

PAY INCREASE FOR PENSION STAFF

The City announced that the FY27 budget includes a recommended 3% cost-of-living adjustment (COLA) for non-union employees. This COLA is separate from the ongoing compensation study and will be applied to base salary for all eligible non-union employees effective July 1, 2026.

STAFF OPERATIONS/MISCELLANEOUS

The Pension Analyst processed 19 estimates, 4 final calcs, 4 deceased calcs, 6 non-vested calcs, 2 payouts, and conducted 3 pre-sessions.

F-2 Executive Report – Voya Update

Voya Update – June 18, 2026

457 PLAN - Balance at 6/9/2026 - $ 129,896,000

EASE Account Balance $ 16,211

Participation Rate	53%
Average $ Deferral	$259.00
Average % Deferral	10%
Investment Diversification	87%

401A PLAN – Balance at 6/9/2026 - $ 14,205,000

Forfeiture Balance $ 195,296

401A Executive PLAN – Balance at 6/9/2026 - $ 1,486,000

Forfeiture Balance $ 0

Current Items/Education:

During the onsite meetings in May, Mike Landolt had 8 in person meetings as well as 3 phone calls and 1 zoom meeting. He will be onsite again on Wednesday, June 17th.

401a City Match Issue:

The City has deposited the missed employer contribution match and corresponding earnings. The process was completed on May 29th. Please see the APC minutes for further details.

Future Items:

401 Plan Doc/Ordinance Revisions regarding Force Outs and other updates.

360 Integration with Payroll.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended May 31, 2026

Ms. Orcutt submitted the Financial Report for the month ended May 31, 2026 to the Board of Trustees:

5/31/2026 Asset Value (Preliminary)	$732,125,483
4/30/2026 Asset Value (Audited by Northern)	$723,053,654
Calendar YTD Increase/Decrease in Assets *(excludes non-investment receipts and disbursements)*	$45,804,386
Percent Gain <Loss>	6.5%
June 17, 2026 Asset Value	**$730,324,162**

F-4 Investment Policy Committee Minutes – June 2, 2026

Following are the Investment Policy Committee minutes from the meeting convened at 2:36 p.m. on June 2, 2026:

Member(s) Present:	*DiGiovanni, Foster (Via TX, Departed at 3:55pm), Toth*
Member(s) Absent:	*Flack, Praschan*
Other Trustees Present:	*None*
Public Present:	*None*
Staff Present:	*Buffone, Gustafson (Via TX), Lieder, Orcutt (Via TX)*
Others Present:	*John Krakowiak, Graystone*
	Amy Cole, Graystone (Via TX)
	Erik Burger, Graystone (Via TX)
	Laura Johnstone, Baillie Gifford (Via TX, Arrived at 2:38pm, Departed at 3:01pm)

Tim Erskine-Murray, Baillie Gifford (Via TX, Arrived at 2:38pm, Departed at 3:01pm)
Oliver Marschner, CLIM (Via TX, Arrived at 3:02pm, Departed at 3:30pm)
Todd Fawaz, CLIM (Via TX, Arrived at 3:02pm, Departed at 3:30pm)

MARKET COMMENTARY

Mr. Burger provided an update to the Market. US equities advanced over the week, with the S&P 500 registering an eighth consecutive week of gains.

VALUATIONS UPDATE & REBALANCE – AS OF 4/30/2026

Mr. Burger discussed the rebalancing schedule for the ERS. It was decided to raise cash from GQG to fund upcoming benefit payments and capital calls.

*It was **moved** by Toth and **seconded** by DiGiovanni to sell $4 million from GQG to raise cash for benefits and other expenses.*

Approved

EMERGING MARKETS PRESENTATIONS

Baillie Gifford: Ms. Johnstone and Mr. Erskine-Murray presented to the Committee. The portfolio construction group team was highlighted including those who cover certain countries and their academic background. Investment philosophy was discussed outlining their growth focus and willingness to accept short-term volatility. The firm is privately held and has managed Emerging Market mandates since 1994. Their investment process was outlined from idea generation to decision making. The team finished their presentation confirming their stability, discipline, and experience makes them a great choice to invest with in Emerging Markets.

The Committee inquired on their allocation to China and percentage of their allocations per country withing their portfolio.

City of London Investment Management Company Limited (CLIM): Mr. Marschner and Mr. Fawaz presented to the Committee. They discussed their strategic approach and what gives them their competitive edge through experience, research, global trading, and proprietary data. Their performance since 2018 was highlighted. Their investment process was discussed as a macro process (top-down) for country allocation combined with stock picking (bottom-up) for selecting stocks. Overall, they finished their presentation highlighting their portfolio of Closed End Funds, the value focus and the highly diversified funds in the portfolio.

The Committee inquired about their location of viable managers, fees, liquidity, turnover, and asset allocation.

Following the presentations, the Committee discussed the GQG liquidation and their preferences between the two firms. GQG is being recommended for termination due to performance and portfolio positioning; more specifically being underweight to AI and semi-conductors and being overweight to India and largely underweight to China.

The IPC discussed which firm(s) would complement DFA, a current manager within the

EM space. The GQG balances after the cash raise will be approximately $16 million for ERS and $11 million for VEBA. It was decided to terminate GQG and fund the two new mandates with the proceeds as well as an additional amount to be taken from DFA.

ERS

*It was **moved** by Toth and **seconded** by DiGiovanni to recommend to the Board to terminate GCG and liquidate all remaining assets and invest the approximately $16 million in proceeds in Baillie Gifford and take $10 million from DFA and invest it with CLIM for the Retirement System.*

Approved

VEBA

*It was **moved** by Toth and **seconded** by DiGiovanni to recommend to the Board to terminate GCG and liquidate all assets and invest $8 million of the proceeds in Baillie Gifford and $3 million in CLIM. Additionally sell $2 million from DFA and invest in CLIM for the VEBA.*

Approved

[Mr. Foster departed at 3:55pm. Committee lost quorum.]

JULY IPC MEETING DATE

Ms. Orcutt, Mr. DiGiovanni, and Mr. Toth agreed to hold the next Investment Policy Committee meeting on July 7, 2026, at 3:00 p.m. at the Pension office.

ADJOURNMENT

Meeting ended at 4:02 p.m. without a quorum.

Meeting adjourned at 4:02 p.m.

F-5 Administrative Policy Committee Minutes – June 9, 2026

Following are the Administrative Policy Committee minutes from the meeting convened at 3:03 p.m. on June 9, 2026:

Committee Members Present:	*Grimes (Via TX), Praschan. Schreier, Toth, Walbridge (Via TX)*
Members Absent:	*None*
Other Trustees Present:	*None*
Public Present:	*None*
Staff Present:	*Buffone, Gustafson (Via TX), Lieder, Orcutt (Via TX)*
Others Present:	*None*

DC PLANS UPDATE

401a Match Correction Update: Ms. Orcutt discussed the 401a match correction noting that the deposits were posted to participant accounts on May 29th, 2026. Ms. Praschan confirmed there has not been additional feedback or questions from employees since the deposits have been made.

COMMUNICATION DRAFTS FROM VOYA

457b Save More: Ms. Orcutt presented the 457b Save More communication draft. The communication discusses examples of saving early and projected balances at retirement. The Committee agreed this communication was ok to send to participants.

457b Saver's Tax Credit: Ms. Orcutt presented the 457b Saver's Tax Credit communication draft. Mr. Schreier stated the communication is underwhelming and would like to include more information, i.e. a chart from the IRS which will not be constituted as tax advice. Overall, the Committee agreed that more information needs to be included in the Saver's Tax Credit draft if it intends to be educational. Ms. Orcutt and staff will follow up with Voya.

EXECUTIVE DIRECTOR GOALS AND PROJECTS FOR FY 2027

ERS/VEBA: Ms. Orcutt presented her goals for fiscal year 2026-2027. The main goals are policy project updates, non-vested member audit and policy, employee education sessions on retirement, and preparing the System for potential 100% funded status. Mr. Schreier inquired about the current funding status which stands at 94% for fiscal year 2025-2026. Ms. Grimes inquired about the System's current hard copy retention procedures.

DC Plans: Ms. Orcutt presented her goals for fiscal year 2026-2027. The main goals are assisting with oversight and administration of the City's 401 and 457 retirement plans, encouraging increased saving and participation in the 457 plan, and partnering with City staff to ensure accuracy in the 401 and 457 plans.

EXECUTIVE DIRECTOR 2026 COMPLETED GOALS

Ms. Orcutt presented her completed goals for 2026.

DISCUSS PARAMETERS FOR NON-VESTED POLICY

Ms. Orcutt discussed the parameters for the non-vested policy which will need be created. It was recommended that recipients should receive six (6) years of annual notices prior to discontinuation of mailing. Currently all affected members will continue to get a notice until policy is revised. All members will be treated the same regardless of amounts. Ms. Orcutt noted that this list has not been audited to determine if anyone is deceased, and there was a discussion regarding firms that provide this function. Mr. Gustafson commented that he has had luck working with the funeral home for a good address upon being notified of a death. There was also a brief discussion about sending contributions to the State of Michigan's unclaimed property.

JULY APC MEETING DATE

Ms. Orcutt and the Committee agreed to hold the next Administrative Policy Committee meeting on July 14, 2026, at 3:00 p.m. at the Pension office.

ADJOURNMENT

*It was **moved** by Schreier and **seconded** by Toth to adjourn the meeting at 3:48 p.m.*
Meeting adjourned at 3:48 p.m.

F-6 Audit Committee Minutes – None

F-7 Legal Report

Mr. VanOverbeke provided an update on the Senate Bill 979 which is the MAPERS bill providing for mandatory trustee education. Mr. VanOverbeke was in Lansing on Tuesday, June 16, 2026, testifying in front of the Senate Committee for Local Government pertaining to this bill. Once more information has been gathered Mr. VanOverbeke will provide an update to the Board.

G. INFORMATION *(Received & Filed)*

G-1 Communications Memorandum

G-2 July Planning Calendar

G-3 Record of Paid Invoices

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

	PAYEE	AMOUNT	DESCRIPTION
1	DTE - Electric	$131.44	Electric 4/14/2026 to 5/13/2026
2	DTE - Gas	$43.32	Gas 4/14/2026 to 5/13/2026
3	GRS - EDRO	$1,600.00	EDRO Calc Marion v. Marion
4	Milliman	$3,711.67	MARC Licensure/MFA 222 - 4/2026
5	Wendy Orcutt	$1,025.69	MAPERS Conference Apring 2026 Expenses Reimbursement
6	Wendy Orcutt	$239.80	May 2026 in-Office Visit
7	AMEX (itemized below 8-14)		AMEX Bill Cycle Closed 5/29/2026; Total $4,103.35
8	AMEX - Kroger	$116.38	Office Snacks & Drinks
9	AMEX - Kroger	$10.99	Breakfast Food for Board Meeting on 5/21/2026
10	AMEX - S&J Cleaning	$160.00	Office Cleaning 5/6/2026
11	AMEX - S&J Cleaning	$160.00	Office Cleaning 5/20/2026
12	AMEX - Staples	$33.91	Printable Labels for Retiree Luncheon
13	AMEX - Weber's	$2,589.14	Retiree Luncheon on 5/20/2026 Final Bill
14	AMEX - April Close Date 4/29/2026	$1,032.93	Failed Wire from Bill Pay on 5/13/2026
15	Staples	$97.06	Bathroom Paper Towels & Swiffer Duster Refills
16	Applied Innovations	$38.49	Printing Services 5/2026
17	Culligan	$14.00	Service 6/2026
18	City of Ann Arbor Treasurer	$2,890.72	K.Spade Time FY2026 July 2025 - June 2026
19	Jeremy Flack	$675.25	MAPERS Conference Spring 2026 Expenses Reimbursement
20	Jen Grimes	$406.50	MAPERS Conference Spring 2026 Expenses Reimbursement
21	Dan Gustafson	$527.20	MAPERS Conference Spring 2026 Expenses Reimbursement
22	Graystone	$9,472.22	Investment Consulting Fee 3/2026
23	West Arbor Condo Association	$367.00	Condo Association Dues 7/2026
	Total	$25,343.71	

G-4 Retirement Report – None

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

I. ADJOURNMENT

It was **moved** by Toth and **seconded** by Nerdrum to adjourn the meeting at 9:03 a.m.
Meeting adjourned at 9:03 a.m.

Wendy Orcutt

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