

**City of Ann Arbor Employees' Retirement System  
Minutes for the Regular Meeting  
February 19, 2026**

**B**

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:38 a.m.

**ROLL CALL**

Members Present: Flack, Foster, Grimes, Nerdrum (*Arrived at 8:41am*), Praschan, Schreier, Toth, Walbridge  
Members Absent: DiGiovanni  
Staff Present: Buffone, Gustafson, Lieder, Orcutt  
Others: Michael VanOverbeke, Legal Counsel  
Len Goff, Voya (*Via TX; Arrived at 8:47am, Departed at 9:17am*)  
Kyli Soto, Innovest (*Via TX; Arrived at 9:04am, Departed at 10:09am*)  
Troy Jensen, Innovest (*Via TX; Arrived at 9:01am, Departed at 10:09am*)  
John Krakowiak, Graystone (*Arrived at 9:37am, Departed at 10:37am*)

**AUDIENCE COMMENTS**

**A. APPROVAL OF AGENDA**

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

**B. APPROVAL OF MINUTES**

**B-1 January 15, 2026 Regular Board Meeting**

It was **moved** by Foster and **seconded** by Toth to approve the January 15, 2026 Regular Board Meeting minutes as submitted.  
**Approved**

**C. CONSENT AGENDA**

**C-1 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>Plan</b>	<b>Reciprocal Service Credit</b>	<b>Prior Reciprocal Retirement Unit</b>
<b>Zachary Allen</b>	Safety Services	Traditional	2 Years, 1 Month	Hudson Police Dept.
<b>Gerard Markey</b>	Finance & Admin.	DUAL	5 Years, 3 Months	City of Taylor

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 NBPD Eagle Fund LP Compliance Act 314**

It was **moved** by Foster and **seconded** by Toth to approve the consent agenda as presented.

**Approved**

**D. ACTION ITEMS**

**D-1 Innovest Minority Ownership Change Consent**

Ms. Soto and Mr. Jensen of Innovest discussed the firm bringing on a family office client as a 40% minority owner as an important step in Innovest's long-term succession planning. Innovest remains majority employee-owned and, going forward, will be employee and client owned. There are no changes to the executive team or how they serve clients. There will be no changes to their advisory agreement, including the fees the System currently pays. The System's experience with and service from Innovest will continue, unaffected and unchanged.

Motion will be entertained during March's Board Meeting scheduled for March 19, 2026.

**D-2 Election of Board Committees**

Investment Policy Committee: DiGiovanni/Chair, Flack, Foster, Praschan, Toth  
 Administrative Policy Committee: Grimes/Chair, Praschan, Schreier, Toth, Walbridge  
 Audit Committee: Nerdrum/Chair, Grimes, Praschan

No motion required to elect Board Committees.

**D-3 2026 Spring MAPERS Conference – May 16-19, 2026**

Ms. Orcutt informed the Board of the<sub>2</sub> upcoming 2026 Spring MAPERS conference

from May 16<sup>th</sup> to the 19<sup>th</sup>. The conference will be held in Bay City, Michigan with the lodging hosted by DoubleTree by Hilton. Ms. Orcutt requested that any Board members or staff interested in attending should notify the System's Office Manager Mr. Lieder.

It was **moved** by Grimes and **seconded** by Foster to approve any interested staff or Board members to attend the Spring MAPERS conference.

**Approved**

## **E. DISCUSSION ITEMS**

### **E-1 Voya Quarterly Review**

Mr. Goff from Voya presented the Q4 2025 quarterly performance reports and noted the key takeaways. Mr. Schreier inquired about the "other activity" and what was comprising that figure. Mr. Goff will follow up with more details.

### **E-2 Innovest Quarterly Performance and Share Class Review**

Ms. Soto from Innovest presented the Q4 2025 portfolio review and noted the key takeaways. Mr. Jensen provided a market review identifying specific share classes to largkeep attention on for future investment moves.

A new major concern was identified by Innovest for Brown Advisory Small-Cap Growth Fund during the manager scorecard discussion. There has been a large amount of assets withdrawn from this strategy as a percent of AUM which is a cause for concern, Innovest will continue to monitor whether outflows have begun to impact the integrity of the firm or the manager's ability to carry out their investment mandate. Innovest recommends no action at this time.

### **E-3 457 Self Directed Brokerage Balance Restrictions**

Ms. Orcutt discussed the current balance restrictions which stand at 50% for members to invest in self directed brokerage accounts. The Committee discussed raising the percentage. The approved change does not need to be approved by the City Council.

It was **moved** by Nerdrum and **seconded** by Grimes to increase the self directed brokerage balance restriction to 90%.

**Approved**

### **E-4 401a Dual Plan Employer Match Issue**

Ms. Orcutt notified the Board of an issue with a specific payroll code not being included in the match calculation. HR is currently researching the impact of this and will provide more information soon. An update will be provided during the March 2026 Administrative Policy Committee meeting.

### **E-5 Graystone – HEDI Analysis, Rebalancing Recap, Gold/Silver Article**

Mr. Krakowiak from Graystone reviewed the recent rebalancing transactions that were decided on at the IPC meeting. Graystone providing a deep dive into the Rhumblin HEDI fund showing its value vs growth ratio and underlying securities. The rebalance moved funds from the HEDI into the Russell 1000 to allow for more growth exposure. Given that returns on gold had been very high the<sub>3</sub> IPC also decided to take some of those gains

from First Eagle and rebalance those into the Russell 1000 as well. Mr. Krakowiak also provided Graystone's stances on gold, bitcoin, and quantum computing.

At the upcoming Board retreat, an economist from Morgan Stanley will present an economic update Graystone will provide a review of capital market expectations and asset allocation.

#### **E-6 Minimum Benefit Calculation Error**

Ms. Orcutt, Mr. Gustafson, and Mr. VanOverbeke discussed a recent error that was discovered regarding the minimum benefit calculations. This error effects two of the System's retirees. The Board discussed how the error had occurred, the amount of the overpayments and the effective date to reduce their monthly benefit to the correct amounts. Recoupment scenarios were also discussed. The Board and Legal agreed to send a letter to notify the retirees of the issue and that their monthly benefit would be reduced to the correct amounts starting April 1<sup>st</sup>, 2026. The notification also included the date of the March 2026 Board meeting in the event they wish to attend to discuss.

#### **E-7 4/16/2026 Board Retreat Topics**

Ms. Orcutt discussed possible topics to discuss during the Board Retreat which will be held at Weber's in Ann Arbor.

### **F. REPORTS**

#### **F-1 Executive Report – February 19, 2026**

##### **ERS REBALANCING**

At the February IPC meeting, upon recommendation from the Investment Consultant, the Committee voted to rebalance \$35 million from the Rhumblin HEDI and \$10 million from First Eagle to the Russell 1000 for a total of \$45 million.

##### **VEBA REBALANCING**

At the February IPC meeting, upon recommendation from the Investment Consultant, the Committee voted to rebalance \$15 million from the Rhumblin HEDI to the Russell 1000 for a total of \$45 million.

##### **NEUBERGER BERMAN CAPITAL CALLS**

Neuberger Berman requested a capital call of our commitment to the NBPD Eagle Fund in the amount of **\$ 4,800,000** for the Retirement Plan and **\$ 2,400,000** for VEBA on 1/21/26 to fund investments. With these installments, **CAAERS** will have funded approximately 40% of our total commitments of \$12,000,000 for the Retirement Plan and \$6,000,000 for the VEBA.

##### **CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS**

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of **\$ 260,124** for the Retirement System and **\$ 86,708** for VEBA consisting of distribution of proceeds netted against expenses and management fees on 1/21/26.

## **ANGELO GORDON CAPITAL CALLS AND DISTRIBUTION**

Angelo Gordon Direct Lending Fund IV Annex, L.P. issued a distribution in the amount of **\$226,057** for the Retirement System and **\$ 94,191** for VEBA consisting of return of capital on 1/23/26.

### **BLACKROCK CAPITAL CALLS**

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of **\$128,759** for the Retirement System and **\$48,285** for the VEBA on 2/23/26.

### **TORCHLIGHT DISTRIBUTIONS**

Torchlight Investors issued a distribution from the Debt Fund VII in the amount of **\$110,323** for the Retirement Plan and **\$49,032** for the VEBA on 1/13/26. These funds consist of net income and return of capital.

### **CARLYLE DISTRIBUTION**

Carlyle Realty Fund VIII issued a distribution in the amount of **\$176,160** for the Retirement System and **\$43,039** for the VEBA on 2/9/26. The distribution was netted against fees and expenses.

### **DRA DISTRIBUTIONS**

DRA issued a distribution from the Growth and Income Fund X on 1/30/2026 in the amount of **\$ 347,491** for the Retirement System and **\$231,661** for the VEBA consisting of return of capital.

DRA issued a distribution from the Growth and Income Fund X on 2/13/2026 in the amount of **\$ 16,465** for the Retirement System and **\$ 10,976** for the VEBA consisting of cash from operations netted against management fees.

### **PINEGROVE (SVB) DISTRIBUTIONS**

Fund VIII issued a distribution in the amount of **\$236,071** for the Retirement System and **\$59,018** for the VEBA on 2/12/26. The distribution was netted against fees and expenses.

### **STAFF OPERATIONS/MISCELLANEOUS**

The Pension Analyst processed 18 estimates, 6 final calcs, 8 deceased calcs, 2 non-vested calcs, 2 payouts, 2 deferred calcs and conducted 4 pre-sessions.

Dan is also working on the Poverty Level Increases which will be effective 7/1/2025.

#### **F-2 Executive Report – Voya Update**

#### **Voya Update – February 19, 2026**

**457 PLAN - Balance at 2/12/2026 - \$ 126,880,000**

EASE Account Balance \$ 9,391

Participation Rate	54%
Average \$ Deferral	\$256.00
Average % Deferral	10%
Investment Diversification	87%

**401A PLAN – Balance at 2/12/2026 - \$ 13,162,000**

Forfeiture Balance \$ 245,589

**401A Executive PLAN – Balance at 2/12/2026 - \$ 1,320,000**

Forfeiture Balance \$ 304

**Current Items/Education:**

During the month of January, Mike Landolt had 16 zoom meetings and will be holding virtual appointments only during the month of February.

**401 and 457 Force Outs – 2025**

The notices for both plans were mailed out on December 29<sup>th</sup>. After the 60 day window has passed, Voya will provide updated lists with remaining balances which Staff will review and approve prior to Voya conducting the distributions.

**Mandatory Roth Catch Up Audit**

City staff conducted an audit of the 2025 W-2's and there are 11 employees that fall into the over \$150,000 in FICA wages. Staff is coordinating with Voys to draft a communication to these employees with directives on what action needs to be taken (if any) for their account.

**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 January 31, 2026**

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

1/31/2026 Asset Value (Preliminary)	\$711,785,815
12/31/2025 Asset Value (Audited by Northern)	\$703,394,749
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$12,362,576
Percent Gain <Loss>	1.8%
<b>February 18, 2026 Asset Value</b>	<b>\$718,019,122</b>

**F-4 Investment Policy Committee Minutes – February 3, 2026**

*Following are the Investment Policy Committee minutes from the meeting*

convened at 3:03 p.m. on February 3, 2026:

Member(s) Present: DiGiovanni, Flack (Via TX), Foster, Praschan, Toth  
Member(s) Absent: None  
Other Trustees Present: Grimes (Via TX, Departed at 4:07pm)  
Public Present: None  
Staff Present: Buffone, Gustafson, Lieder, Orcutt (Via TX)  
Others Present: John Krakowiak, Graystone  
Amy Cole, Graystone (Via TX)  
Erik Burger, Graystone (Via TX)

### **WELCOME GRAYSTONE & INTRODUCTIONS**

Mr. Krakowiak, Ms. Cole, and Mr. Burger introduced themselves to the Committee and System staff. Mr. Krakowiak and his team from Graystone are excited about the opportunity of being the System's new Investment Consultant.

### **MARKET COMMENTARY**

Ms. Cole discussed the setup for 2026 broadly. The last 3 years have been strong and equity markets in addition to fixed income have recovered well. For 2026, the economic forecast suggests a good opportunity for positive upside in the equity markets while fixed income should remain stable.

Ms. Cole compared the price targets and earnings targets in percentages for 2025, 2026, and 2027. Possible upsides were discussed on what index will do well in 2026 and 2027 for earnings. Ms. Cole also discussed the outlook for Real GDP and Headline CPI inflation. Gold and silver took a hit in one day recently, with the dollar being more devalued within the international market.

Ms. Cole discussed the expectation of the new FED Chair to be less hawkish than previously expected possible reducing the rates. Strategists' estimates for 2026 S&P 500 index close and eps were discussed. Mr. DiGiovanni made a comment regarding the index fund and the System's investment strategies leading up to the current market.

### **ASSET ALLOCATION STUDY**

Mr. Burger presented the Asset Allocation study highlighting how the portfolio might look in the longer term. The asset classes were discussed regarding the strategic and secular assumptions for both the current scenario and proposed targets. Historical performance for the last 10 years was highlighted.

Mr. Foster inquired about private debt and Mr. Krakowiak discussed how companies are not going public anymore due to other revenue streams available to them. Ms. Cole also highlighted the vast diversification of major companies throughout different index funds and international markets.

### **MARKET VALUE & REBALANCE PAGE OVERVIEW**

Mr. Krakowiak presented the asset allocation and rebalance report for the System that had been prepared for the finalist interviews noting that the portfolio is heavily

weighted to value. To obtain more growth exposure for the ERS Mr. Krakowiak recommended to the Committee to move \$35 million from Rhumblin HEDI and \$10 million from gold (First Eagle) to the Vanguard Growth Index fund. For VEBA it was recommended to move \$15 million from Rhumblin HEDI to Vanguard Growth. After discussion it was decided instead to move funds into the existing Russell 1000 Index instead of Vanguard.

It was **moved** by Foster and **seconded** by Flack to move \$35 million from Rhumblin HEDI and \$10 million from First Eagle to the Russell 1000 for ERS and move \$15 million from Rhumblin HEDI to the Russell 1000 for VEBA.

**Approved**

### **EMPLOYEES' RETIREMENT SYSTEM**

Mr. Krakowiak discussed the latest performance measures data as of December 31, 2025 which had been provided by Meketa. Certain investment managers have underperformed in certain market areas such as GQG. Mr. Krakowiak suggested some movements that would be discussed at upcoming meetings.

### **VEBA**

In addition to ERS, Mr. Krakowiak discussed the latest performance measures as of December 31, 2025.

### **FUTURE MEETING**

The next meeting was scheduled for Tuesday, March 3, 2026, at 3:00 p.m.

### **ADJOURNMENT**

It was **moved** by Foster and **seconded** by DiGiovani to adjourn the meeting at 4:40 p.m.  
**Meeting adjourned at 4:40 p.m.**

F-5 **Administrative Policy Committee Minutes** – None

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

F-7 **Legal Report** - None

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

G-1 **Communications Memorandum**

G-2 **March Planning Calendar**

G-3 **Record of Paid Invoices**

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

	<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1	Allstar Alarm	\$171.96	Fire Alarm Monitoring 2/1/2026-4/30/2026
2	Med Source MI	\$1,600.00	R.Morrow Medical Evaluation
3	CertaSite	\$238.60	Fire Suppression Inspection - 1/8/2026
4	DTE (Reimbursement to M.Lieder)	\$143.34	Electric 12/12/2025 to 1/12/2026
5	DTE (Reimbursement to M.Lieder)	\$167.32	Gas 12/12/2025 to 1/12/2026
6	Wendy Orcutt	\$36.00	Opal Summit Valet Parking
7	Wendy Orcutt	\$240.44	Airfare for February Office Visit
8	Wendy Orcutt	\$243.49	Airfare for April Office Visit
9	Wendy Orcutt	\$166.75	Airfare for May Office Visit
10	Loomis Sayles	\$46,670.20	Investment Manager Fee 10/1/2025-12/31/2025
11	Rhumblin - HEDI	\$17,988.00	Investment Manager Fee 10/1/2025-12/31/2025
12	VMT	\$15,660.00	3Q 2025 & 4Q 2025 Legal Service 7/1/2025 thru 12/31/2025
13	GRS	\$2,975.00	GASB 67/88 Valuation Q1 2026
14	GRS	\$8,350.00	Pension Valuation Q1 2026
15	AMEX (Itemized below 16-19)		AMEX Bill Cycle Closed 1/28/2026; Total \$708.92
16	AMEX - Downtown Parking	\$2.90	Visit to Larcom
17	AMEX - Kroger	\$93.17	Pop & Snacks For Office
18	AMEX - SJ Cleaning	\$160.00	Office Cleaning 1/14/2026
19	AMEX - USPS Envelopes	\$452.85	500 Prestamped Envelopes
20	Meketa	\$10,000.00	Investment Consulting Fee 1/2026
21	Applied Innovations	\$26.37	Printing Services 1/2026
22	Milliman	\$3,612.48	MARC Licensure/MFA 238 - 12/2025
23	Culligan	\$14.00	Service 2/2026
24	West Arbor Condo Association	\$367.00	Condo Association Dues 1/2026
	<b>Total</b>	<b>\$109,379.87</b>	

#### G-4 Retirement Report

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

Name	Retirement Type	Effective Retirement Date	Group	Union	Years of Service	Dept./Service Area
Elizabeth Yaroch	Age & Service	3/1/2026	General	NON UNION	15 Years & 11.5 Months	Community Services
Kevin Marion	Age & Service	3/14/2026	General	AFSCME	20 Years & 5 Months	Public Services
Lori Long	Deferred Age & Service	3/1/2026	General	AFSCME	5 Years & 5.5 Months	Housing
Robert Deering	Age & Service	2/25/2026	General	NON UNION	8 Years & 0.5 Months	City Administrators

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

#### H. TRUSTEE COMMENTS / SUGGESTIONS

#### I. ADJOURNMENT

It was **moved** by Foster and **seconded** by Nerdrum to adjourn the meeting at 11:12 a.m.  
Meeting adjourned at 11:12 a.m.

*Wendy Orcutt*

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