

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
July 17, 2025**

B

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:34 a.m.

ROLL CALL

Members Present: Flack, Foster, Grimes, Lynch, Nerdrum (*Via TX*), Praschan, Toth
Members Absent: DiGiovanni, Schreier
Staff Present: Buffone, Gustafson, Orcutt (*Via TX*)
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 June 18, 2025 Regular Board Meeting

It was **moved** by Grimes and **seconded** by Lynch to approve the June 18, 2025 Regular Board Meeting minutes as amended to:

“As of March 31st, the VEBA has ranked in the *top* 5% in the 5, 7, and 10 trailing years amongst its peer group.”

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:

Name	Classification	Plan	Reciprocal Service Credit	Prior Reciprocal Retirement Unit
Jennifer Janetsky	City Attorney	DUAL	11 Years, 11 Months	County of Saginaw

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 Vanguard TIPS Fund Act 314 Qualifications

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

Approved

D. ACTION ITEMS

D-1 Letter to the Mayor Recommending Citizen Trustee Appointment

Ms. Orcutt presented a drafted letter for Mayor Christopher Taylor recommending and supporting the appointment of K.C. Walbridge for outgoing Trustee Julie Lynch's vacant seat with new term starting January 1, 2026 and ending December 31, 2028.

It was **moved** by Nerdrum and **seconded** by Grimes to approve the letter of recommendation to appoint K.C. Walbridge as Citizen Trustee for the term January 1, 2026 and ending December 31, 2028, and the letter be forwarded to the Mayor's office for consideration.

Approved

D-2 Actuarial Assumptions for the June 30, 2025 Valuation

Ms. Nerdrum and Ms. Orcutt presented the actuarial assumptions proposed to be used with the June 30, 2025 valuations.

It was **moved** by Praschan and **seconded** by Toth to adopt the actuarial assumptions for the June 30, 2025 evaluations as presented.

Approved

D-3 Executive Director Goals for 2026 DB & DC

Ms. Orcutt presented the Executive Director goals for FY 2025-2026.

No motion entertained for this action item.

E. DISCUSSION ITEMS

E-1 Fraud Policy

Ms. Orcutt discussed the incident with Green Dot and a member of the System not receiving their monthly payments to the correct bank account. The Administrative Policy Committee elected to present this item to the Board for their perspectives. The System will need to draft a procedure documenting the steps staff is taking to ensure no future diversion of funds occurs. Mr. VanOverbeke discussed keeping the procedures confidential, so the bad actors don't utilize the System's policies of preventing fraud to circumvent the safeguards in place. Closed sessions may be utilized in future meetings to discuss these items as it pertains to policy. Mr. VanOverbeke would like to provide a draft policy within the next thirty days.

E-2 RFP Policy Discussion

Ms. Orcutt presented the current RFP Policy for discussion as Ms. Nerdrum had asked to discuss this at a recent Audit Committee meeting. This fiscal year would be the time to issue an RFP for actuarial services. She felt that the System does too many RFPs and if the Board or Committee has completed a review of the service provider and is satisfied with the performance, services and fees is an RFP really necessary. Ms. Nerdrum asked Mr. VanOverbeke what other Boards do and if their schedule was similar.

Mr. VanOverbeke stated the current policy came from their office, and that other Boards conduct similar reviews. As a public entity the System should be reviewing their service providers on some sort of schedule. After a lengthy discussion, it was decided that going forward, all service providers will be reviewed and discussed each January to determine if the Board is satisfied with services and/or a RFP needs to be issued that year.

It was **moved** by Nerdrum and **seconded** by Foster to continue services and retain GRS as the System's Actuary in accordance with the RFP/RFI policy.

Approved

E-3 Securities Litigation Resolution – Draft

Ms. Orcutt presented the current RFP Policy for discussion. Mr. VanOverbeke had shared an older one and made corrections and updates for the Board to discuss. Ms. Orcutt stated that Mr. Schreier had edits he wanted to make and suggested the Board table this topic as he was not in attendance. The Board agreed and also discussed whether there was a running list of current policies and when they were last updated or reviewed.

F. REPORTS

F-1 Executive Report – July 17, 2025

HIGHVISTA CAPITAL CALLS

HighVista Private Equity requested a capital call of our commitment to Fund X in the amount of \$280,000 for the Retirement Plan and \$70,000 for VEBA on 7/2/25 to fund investments. With these installments, CAAERS will have funded 33% of our total commitments of \$4,000,000 for the Retirement Plan and \$1,000,000 for the VEBA.

TORCHLIGHT DISTRIBUTIONS

Torchlight Investors issued a distribution from the Debt Fund VII in the amount of \$242,114 for the Retirement Plan and \$107,616 for the VEBA on 6/30/2025. These funds consist of net income and are not subject to recall.

SVB DISTRIBUTION

SVB Fund VIII issued a distribution in the amount of \$ 201,137 for the Retirement System and \$50,284 for the VEBA on 6/27/25 consisting of return of capital.

CARLYLE DISTRIBUTION

Carlyle Realty Fund VIII issued a distribution in the amount of \$ 102,643 for the Retirement System and \$25,663 for the VEBA on 6/30/25. The distribution was netted against fees and expenses.

GRAIN COMMUNICATIONS CAPITAL CALLS AND DISTRIBUTIONS

Grain Communications Opportunity Fund IV requested a capital call in the amount of \$23,437 for the Retirement System and \$14,062 for the VEBA on 6/26/25 to fund investments and fees.

STAFF OPERATIONS/MISCELLANEOUS

The Pension Analyst processed 19 estimates, 2 final calc, 1 deceased calcs, 14 non-vested calcs, 1 payout, and conducted 4 pre-sessions.

F-2 Executive Report – Voya Update

Voya Update – July 17, 2025

457 PLAN - Balance at 7/10/2025 - \$ 120,085,000

Admin Allowance \$ 18,423

401A PLAN – Balance at 7/10/2025 - \$ 10,805,700

Forfeiture Balance \$107,267

401A Executive PLAN – Balance at 7/10/2025 - \$ 990,594

Forfeiture Balance \$ 1,220

Current Items/Education:

During the month of June, Mike had 4 in person meetings, 1 zoom meeting and 3 phone calls. Mike Landolt will be onsite again July 23rd and 24th.

Future Items/Education:

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

401 and 457 Force Outs – 4th Quarter 2025

NAGDCA Conference – September 28 – October 1

Mandatory Roth Catch Up Audit – January 2026

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended June 30, 2025

Ms. Orcutt submitted the Financial Report for the month ended June 30, 2025 to the Board of Trustees:

6/30/2025 Asset Value (Preliminary)	\$672,582,132
5/31/2025 Asset Value (Audited by Northern)	\$654,808,834
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$17,773,298
Percent Gain <Loss>	2.64%
July 16, 2025 Asset Value	\$670,805,280

F-4 Investment Policy Committee Minutes – None

F-5 Administrative Policy Committee Minutes – July 8, 2025

Following are the Administrative Policy Committee minutes from the meeting convened at 3:08 p.m. on July 8, 2025:

Committee Members Present: Grimes, Lynch (Via TX), Praschan (Via TX – 3:19), Schreier
Members Absent: None
Other Trustees Present: None
Staff Present: Buffone, Gustafson (Via TX), Orcutt (Via TX)
Others Present: None

VOYA 457B CONSOLIDATION EMAIL

Ms. Orcutt discussed the 457B consolidation email that is planned to be sent out in August or September. This is standard communication and was part of the annual communication plan presented at the Board Retreat. No changes were suggested or made during the meeting.

EXECUTIVE DIRECTOR FY2026 GOALS AND OBJECTIVES

Ms. Orcutt provided a summary of the Executive Director goals for FY2026. Ms. Grimes asked about the changes that are pending to the city ordinance regarding the mortality tables. She noted that this topic was mentioned at the recent NCPERS conference. Ms. Orcutt confirmed that she continues to work with the City regarding outstanding

ordinance changes, and that the Board only has authority to administer the benefit plan and only the City can adopt plan design changes such as the mortality tables. Mr. Schreier suggested the trustees have a current copy of the governance policy to review for updates. Ms. Grimes suggest they be saved/posted to a Trustee only page on the Retirement website once that link is fixed.

It was **moved** by Schreier and **seconded** by Lynch to approve all the goals and objectives and present to the full Board at the next meeting.

APPROVED

UPDATED SECURITIES LITIGATION POLICY

Ms. Orcutt presented the suggested Securities Litigation policy from Mr. Van Overbeke for review. Mr. Schreier had suggested edits that he will email to be incorporated. Mr. Schreier inquired about ERS vs VEBA investments, securities litigation reports, and related services included the custodial bank contract. Ms. Orcutt stated she believed that due to ERS and VEBA investing in similar funds both are included in any Securities Litigations. She also confirmed that the office receives quarterly securities litigation reports from Robbins Geller Rudman & Dowd LLP and that any class action cash settlements are deposited and reported in the NT cash account for any ERS or VEBA investments. Ms. Orcutt will review the NT contract language related to securities litigations and confirm with Mr. Van Overbeke as needed and incorporate all suggested edits for the next draft.

DISCUSS PARAMETERS FOR FRAUD POLICY

Mr. Schreier suggested a less is more approach, and that the System should not have a policy to take on more responsibility than the Custody Bank or the Retiree. All agreed that each situation is unique in regard to responsibility, preventative actions, and warranted corrective actions. Ms. Grimes was focused on the System's ability to reimburse benefit payments for fraud cases that followed preventative measures and best practices, are quickly reported, and only incurred a loss of one month benefit payment due to timing. All agreed that further discussions are needed with legal and the full Board before a policy is approved.

AUGUST APC DATE

Ms. Orcutt and the Committee agreed to hold the next Administrative Policy Committee meeting on August 5, 2025, at 1 p.m. at the Pension office.

ADJOURNMENT

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

F-6 Audit Committee Minutes – July 8, 2025

Following are the Audit Committee minutes from the meeting convened at 4:07 p.m.
on July 8, 2025:

Committee Members Present:	Grimes, Nerdrum (Via TX)
Members Absent:	Praschan
Other Trustees Present:	None

Staff Present:
Others Present:

Buffone, Gustafson (Via TX), Orcutt (Via TX)
None

ACTUARIAL ASSUMPTIONS MEMO 2025

The Committee reviewed the actuarial assumptions memo for June 30, 2025. Ms. Nerdrum inquired about the timing of the claims information for VEBA since in the past there has been a lag time for the City to get the data resulting in stale information in the valuations. She wanted to know if this will be an issue this year or what could be done to get the information sooner. Ms. Orcutt will follow up with GRS and provide the committee with feedback.

*It was **moved** by Nerdrum and **seconded** by Grimes to recommend the FYE 2025 actuarial assumptions to the Board for approval.*

Approved

2025 GRS ANN ARBOR WORK PLAN

The Committee reviewed the GRS workplan for FYE 2025 noting the deadlines.

REHMANN ENGAGEMENT LETTER / AUDIT SCHEDULE

The Committee discussed the engagement letter deciding that the outsourced work language was not a concern and the letters are ok to sign. Ms. Orcutt confirmed the audit schedule and that census data collection is underway. Rehmann will be in the office July 21st - 23rd and also on September 17th to review drafts of the financial statements with Ms. Orcutt and Ms. Buffone.

DISCUSSION ON ACTUARY RFP

The Committee discussed the need to do an Actuarial RFP as according to the schedule they would be due this year. Ms. Orcutt stated that with the revised RFP policy the Board can elect to discuss the matter and make a motion to not issue if satisfied with the services being provided. Ms. Nerdrum inquired about any input from Mr. Overbeke regarding RFP best practices, and what other systems are doing. At this time all are confident with the services provided by GRS and decided to review again next year to see if there is a need to issue an RFP. Ms. Nerdrum suggested that this topic should be added as a discussion item at the Board meeting.

FUTURE MEETING

The next Audit Committee meeting will be TBD between September 4th and 10th.

ADJOURNMENT

*It was **moved** by Grimes and **seconded** by Nerdrum to adjourn the meeting at 4:18p.m.*

Meeting adjourned at 4:18 p.m.

F-7 Legal Report

Mr. VanOverbeke was interested in hearing attendees' thoughts on the MAPERS conference held in Detroit. The feedback from the attendees was positive with the exception of the particular hotel that hosted the conference. Overall it was well received and that Detroit would be a good destination to hold it again in the future.

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 August 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	DTE Electric	\$130.40	Electric 5/14/2025 to 6/12/2025
2	DTE Gas	\$31.95	Gas 5/14/2025 to 6/12/2025
3	Milliman	\$3,609.75	MARC Licensure/MFA 184 - 5/2025
4	Culligan	\$33.97	6/24/2025 Delivery & Despoit 5 Gallon BQ , Transprotation Fee
5	American Express	\$441.21	Dwtm Parking, Kroger (2), S&J
6	Meketa	\$10,000.00	Investment Consulting Fee 6/2025
7	West Arbor Condo Association	\$367.00	Condo Association Dues 7/2025
	Total	\$14,614.28	

G-4 Retirement Report

July 17, 2025						
Retirement paperwork has been submitted by the following employee(s):						
Name	Retirement Type	Effective Retirement Date	Group	Union	Years of Service	Dept./Service Area
Matthew Kowalski	Age & Service	7/12/2025	General	AFSCME	25 Years & 2 Months	Community Services
Kenneth Ashenfelter	Age & Service	7/4/2025	General	Non Union	20 Years & 8 Months	15th District Court
Danielle Dubey	Age & Service	7/4/2025	Fire	FIRE	28 Years & 4.5 Months	Safety Services
Michael Switzenberg	Age & Service	9/16/2025	General	TEAMSTERS	25 Years & 10.5 Months	Public Services

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

I. **ADJOURNMENT**

It was **moved** by Foster and **seconded** by Grimes to adjourn the meeting at 9:40 a.m.
Meeting adjourned at 9:40 a.m.

Wendy Orcutt

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