

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
August 15, 2019**



The meeting was called to order by Board Secretary, Dave Monroe, at 8:42 a.m.

ROLL CALL

Members Present: Crawford, DiGiovanni, Hastie, Monroe, Peariso, Schreier
Members Absent: Flack, Lynch, Nerdrum
Staff Present: Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

It was **moved** by Hastie and **seconded** by Peariso to approve the agenda as submitted.
Approved

B. APPROVAL OF MINUTES

B July 18, 2019 Regular Board Meeting

It was **moved** by Crawford and **seconded** by Hastie to approve the July 18, 2019 Regular Board Meeting minutes.

Approved

C. CONSENT AGENDA – None.

D. EXECUTIVE SESSION – Disability Re-Examination Review

It was **moved** by Crawford and **seconded** by Schreier to convene an Executive Session for the purpose of discussing the Disability Re-Examination Review.

Approved

Roll call vote:

Crawford – Yes	Hastie – Yes	Nerdrum - Absent
DiGiovanni – Yes	Lynch – Absent	Peariso – Yes
Flack – Absent	Monroe – Yes	Schreier – Yes

Executive session time: 8:43 a.m. – 8:48 a.m.

E. ACTIONS ITEMS

E-1 Motion Regarding Disability Re-Examination Review

It was **moved** by Hastie and **seconded** by DiGiovanni that the Board acknowledges receipt of the medical report dated July 24, 2019 from Allen L. Babock, M.D., with regards to the independent medical re-evaluation of Jason Gold, noting that the doctor has concluded that he remains totally and permanently incapacitated for duty in the service of the City, and that such incapacity will probably be permanent; the Board therefore grants the continuation of his disability retirement consistent with the Board's Disability Retirement Procedures.

Approved

F. DISCUSSION ITEMS

F-1 Discussion on Investment Consultant RFP/RFI

The Board discussed the timing for the Investment Consultant RFP/RFI. After a lengthy discussion, the Board decided to have legal counsel prepare a RFP/RFI Form to be reviewed at the September Board meeting.

G. REPORTS

G-1 Executive Report – August 15, 2019

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund IX on 8/6/19 in the amount of **\$ 64,207** for the Retirement System and **\$ 18,884** for the VEBA consisting of a gain on sale and recallable capital.

DRA issued a distribution from the Growth and Income Fund VIII on 8/7/19 consisting of return of capital, gains and dividends in the amount of **\$ 96,778** for the Retirement System and **\$ 28,464** for VEBA.

SVB CAPITAL CALLS

SVB Fund VIII requested a capital call of our commitment to the Funds in the amount of **\$ 324,000** for the Retirement Plan and **\$ 81,000** for the VEBA on August 2, 2019 for the purpose of funding current commitments.

ACTUARY UPDATE

With the exception of some OPEB data, GRS is in receipt of all information to move forward with the valuations. Thanks to Karen Lancaster assisting with the FYE work, the data request for the GASB reports was completed in advance of the deadline on August 2.

AUDIT UPDATE

Yeo & Yeo will be onsite August 28/29 or September 5/6 to conduct the audit.

STAFF OPERATIONS/UPDATE

The Pension Analyst conducted 2 pre-sessions and processed 6 estimates.

There were 36 Retirements for FYE2019 compared to 37 the prior year.

The new Pension Accountant, Maria Buffone, starts on August 19, 2019.

G-2 Executive Report – ICMA-RC Update

Education

- ICMA-RC will be onsite August 19-22 to conduct individual consultations. Rola will be at City Hall, CTN, Wheeler and Fleet Service Center.

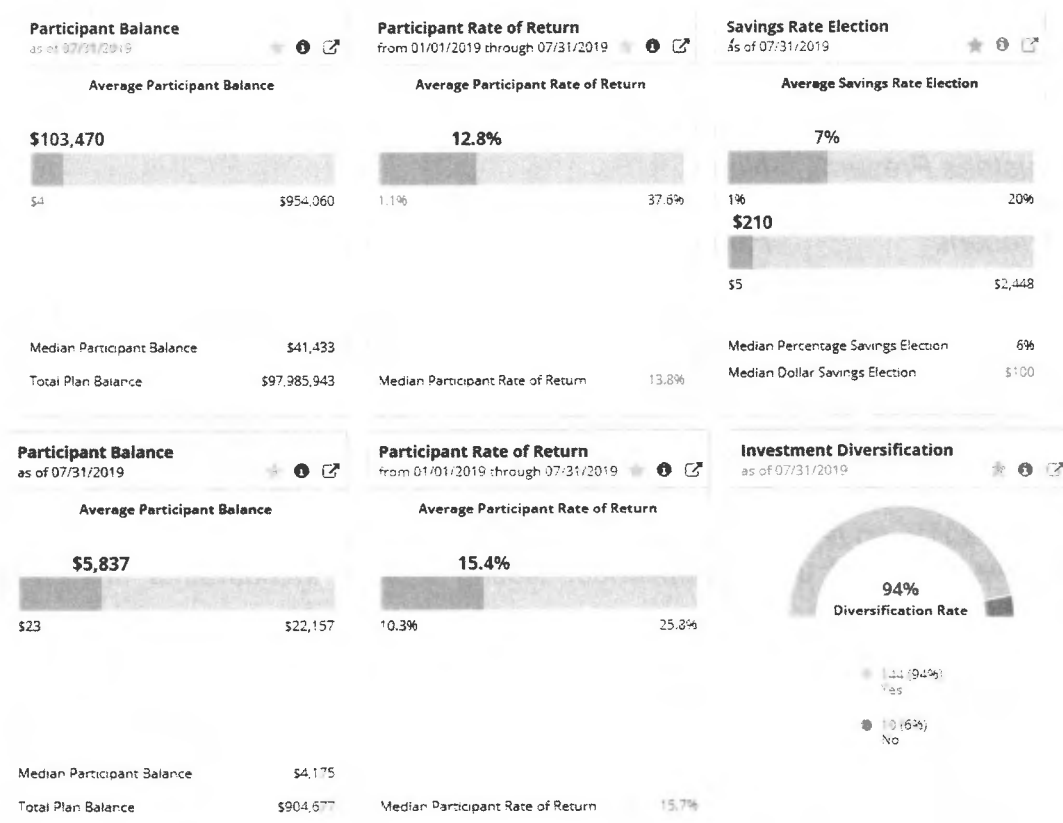
- Rola Ismail with host a Lunch & Learn on August 20 in Council Chambers. The topic is “Get to Know Your Roth Optionsy”. A Wellness Credit will be awarded for those who attend.
- The mailing sent to 401(a) participants who were NOT participating in the 457 resulted in 5 new enrollments.

Other

- The Plan Health Monitor data should be refreshed on August 15 to reflect the recent employee salary and deferral data.
- ICMA-RC will attend the September Board Meeting to present the Plan Review as of 06/30/19.

Balance as of 8/8/19 – 457
Balance as of 8/8/19 – 401

\$ 95,803,611
\$ 883,054



G-3 FY 19 Training and Education Expenses

FY19 TRAINING AND EDUCATION EXPENSE

Trustee/Staff	Conference	Total Cost
Wendy Orcutt	MAPERS - Fall 2018	1,196.85
Corbin Hammond	GFOA - May 2019	2,046.80
Joe Peariso	MAPERS One Day	87.84
Dan Gustafson	MAPERS - Spring 2019	1,333.80
Wendy Orcutt	Northern Trust Passport	417.50
Wendy Orcutt	MAPERS - Spring 2019	1,187.60
Jeremy Flack	MAPERS - Spring 2019	1,112.23
Dave Monroe	MAPERS - Spring 2019	978.00
Total		\$ 8,360.62

G-4 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended July 31, 2019

Wendy Orcutt, Executive Director submitted the Financial Report for the month ended July 31, 2019 to the Board of Trustees:

7/31/2019 Asset Value (Preliminary)	\$515,677,513
6/30/2019 Asset Value (Audited by Northern)	\$515,742,875
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$53,714,225
Percent Gain <Loss>	11.3%
August 14, 2019 Asset Value	\$503,946,355

G-5 Investment Policy Committee Minutes – July 23, 2019

Following are the Investment Policy Committee minutes from the meeting convened at 3:08 p.m. on July 23, 2019:

Member(s) Present: DiGiovanni, Hastie, Monroe
Member(s) Absent: Crawford, Flack
Other Trustees Present: None
Staff Present: Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group
Dave Diephuis, City Resident

RS SECOND QUARTER & COMPLIANCE REVIEW

As of June 30, 2019, the balance of the Funds were \$518,167,129 for ERS. Fiscal Year to Date performance was 6.3% for ERS net of fees. Mr. Jaung noted that reports from some managers in Private Equity Real Estate and High Yield Bonds are not yet available for June 30, 2019, so final Fiscal Year to Date returns may be slightly higher. Mr. Jaung also reviewed the Act 314 Compliance, stating that all investments are currently in compliance.

ERS PACING STUDY

Mr. Jaung presented a pacing study using a 5% target for private equity. The Committee reviewed the commitment allocations that would accompany the 5% equity plan and briefly discussed.

FINAL INVESTMENT POLICY STATEMENT ADDENDUM

Mr. Jaung presented the final investment policy statement addendum as discussed at the June board meeting.

RFP/RFI DISCUSSION

The Committee decided it be best to have this discussion with the Board at the next meeting.

The Committee also discussed upcoming IPC meetings, cancelling the August and September meetings and decided to have Meketa present a review at the September Board meeting.

ADJOURNMENT

It was **moved** by DiGiovanni and **seconded** by Monroe to adjourn the meeting at 4:39 p.m.
Meeting adjourned at 4:39 p.m.

G-6 Administrative Policy Committee Minutes – August 13, 2019

Following are the Administrative Policy Committee minutes from the meeting convened at 3:14 p.m. on August 13, 2019:

Committee Members Present: Monroe, Peariso, Schreier
 Members Absent: Lynch
 Other Trustees Present: None
 Staff Present: Gustafson, Hollabaugh, Orcutt
 Others Present: None

REVISED MEMBER HANDBOOK

The Committee reviewed and made revisions to the drafted handbook. The Committee will continue to review the draft at the next meeting.

ICMA UPDATE

Due to time constraints, the committee decided this item should be discussed at the Board meeting.

ADJOURNMENT

It was **moved** by Schreier and **seconded** by Peariso to adjourn the meeting at 4:32 p.m.
Meeting adjourned at 4:32 p.m.

G-7 Audit Committee Minutes – None

G-8 Legal Report

Mr. VanOverbeke informed the Board that it has been a quiet month for legislature and that he is continuing to work on the Committee Charters.

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 September Planning Calendar

H-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	\$324.12	Electric Usage 6/13/19 - 7/12/19
2	DTE	\$42.70	Gas Usage 5/11/19 - 7/12/19
3	Allstar Alarm	\$90.00	Fire Alarm Monitoring 8/1/19 - 10/31/19
4	Hexavest	\$22,347.34	Management Fees 4/2019 - 6/2019
5	Applied Imaging	\$46.50	Printing Fees 6/1/29-6/30/19
6	Culligan	\$27.49	Water Service 7/1/19 - 7/31/19
7	Findley	\$3,245.40	Transition to GRS Actuarial Services
8	Loomis Sayles	\$28,424.13	Management Fees 4/2019 - 6/2019

9	Income Research Management	\$4,161.56	Management Fees 4/2019 - 6/2019
10	Culligan	\$33.74	Water Service 8/1/19 - 8/31/19
11	Buck Global, LLC	\$1,583.33	Administrative Hosting Fee June 2019
12	MAPERS	\$300.00	D. Gustafson 2019 Fall Conference Registration Fee
13	MedSource	\$900.00	J. Gold Medical Re-Examination 7/24/19
14	Meketa Investment Group	\$10,000.00	Investment Consulting Services July 2019
15	Midwest Maintenance	\$134.61	Cleaning Services July 2019
16	Staples	\$167.32	Miscellaneous Office Supplies
17	AT&T	\$540.25	Phone Services 6/26/19 - 7/25/19
19	Vanoverbeke, Michaud & Timmony	\$2,611.20	Legal fees 4/1/19 - 6/30/19
Total		\$74,979.69	

H-4 Retirement Report

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

Name	Retirement Type	Effective Retirement Date	Group	Years of Service	Department/Service Area
James Doeden	Age & Service	October 12, 2019	General	29 Years, 10 Months	Public Services
Ryan Doletzky	Age & Service	September 7, 2019	General	27 Years, 6 Months	Financial & Administrative

H-5 Analysis of Page Views on City Intranet / Retirement System Page

I. TRUSTEE COMMENTS / SUGGESTIONS

J. ADJOURNMENT

It was **moved** by Hastie and **seconded** by Schreier to adjourn the meeting at 10:03 a.m.
Meeting adjourned at 10:03 a.m.

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