

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
April 20, 2023**

B

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:45 a.m.

ROLL CALL

Members Present: Flack, Foster, Grimes, Lynch, Monroe, Nerdrum(12:00 depart), Praschan, Schreier
Members Absent: DiGiovanni
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
Jim Anderson
Rich Koch
Danielle Mathiesen
John Harris, Meketa
Keith Beaudoin, Meketa

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

It was **moved** by Monroe and **seconded** by Schreier to approve the agenda as submitted.
Approved

B. APPROVAL OF MINUTES

B-1 March 16, 2023 Regular Board Meeting

It was **moved** by Monroe and **seconded** by Foster to approve the March 16, 2023 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 Service Provider Disclosure

It was **moved** by Monroe and **seconded** by Foster to approve the service provider disclosures.
Approved

D. ACTION ITEMS- None

E. DISCUSSION ITEMS - None

F. REPORTS

F-1 Executive Report – April 20, 2023

SUMMIT PARTNERS CAPITAL CALLS AND DISTRIBUTIONS

Summit Partners Credit Fund III, L.P. issued a distribution in the amount of **\$876,259** for the Retirement System and **\$243,406** for the VEBA on 3/16/23.

Summit Partners Credit Fund II, L.P. issued a distribution in the amount of **\$86,152** for the Retirement System and **\$21,538** for the VEBA on 4/7/23.

Summit Partners Credit Fund III, L.P. requested a capital call in the amount of **\$66,986** for the Retirement Plan and **\$18,607** for the VEBA on 4/11/23. With these installments, **CAAERS** will have funded 119.32% of our total commitments of \$9,000,000 for the Retirement Plan and \$2,500,000 for the VEBA.

SVB DISTRIBUTION

SVB Fund VIII issued a distribution in the amount of **\$156,000** for the System and **\$39,000** for the VEBA on 3/29/23 consisting of gains on sales and return of capital.

BLACKROCK CAPITAL CALLS AND DISTRIBUTIONS

BlackRock Global Renewable Power Infrastructure Fund III requested a capital call in the amount of **\$402,117** for the Retirement Plan and **\$150,794** for the VEBA on 4/14/23.

CARLYLE DISTRIBUTION

Carlyle Realty Fund VIII issued a distribution in the amount of \$ 192,044 for the Retirement System and \$48,010 for the VEBA on 3/30/23. The distribution was netted against fees and expenses.

ARBORETUM CAPITAL CALLS

Arboretum Ventures requested a capital call of our commitment to Fund VI in the amount of **\$33,000** for the Retirement Plan and **\$11,000** for VEBA on 4/28/23 to fund investments and pay management fees. With these installments, **CAAERS** will have funded 3.45% of our total commitments of \$6,000,000 for the Retirement Plan and \$2,000,000 for the VEBA.

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA requested a capital call of our commitment to the Growth and Income Fund X in the amount of **\$473,684** for the Retirement Plan and **\$315,789** for the VEBA on 4/27/23 for the purpose of funding current commitments.

PENSION ADMINISTRATION SOFTWARE CONVERSION

Staff now meets bi-weekly with Milliman to discuss any updates and next steps. Kyle Spade and ED will be training with Milliman soon as System Administrators. The test version of the employee website will be demonstrated to the Board at the Retreat.

MEETINGS AND COMMUNICATIONS WITH CITY STAFF

ED met with the City legal department via teams several times throughout the month to discuss a matter pertaining to a City employee.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 35 estimates, 4 final calculations, 2 non-vested calculations, 7 deceased calcs, 5 payouts, 2 deferred and conducted 2 pre-sessions.

The calculations for the Minimum Benefit (aka Poverty Level) Increases were completed in April. Increases were applicable to 101 retirees resulting in a total annual increase of approximately \$116,000 as compared to 90 retirees and an annual increase of \$ 53,157 last year.

ED will be out of the office on vacation/working remotely from April 24-28.

F-2 Executive Report – MissionSquare (ICMA) Update

457 PLAN

Balance at 4/10/23 - \$ 103,907,000 - Statistics as of 3/31/23
Admin Allowance Balance = \$ 38,142

Full Compare

| Success Factors | | |
|---|-----------|------------|
| | Your Plan | Peer Plans |
| Retirement Readiness | 49.6% | 41.1% |
| Investment Diversification | 89.8% | 88.4% |
| Participation Rate (Avg.) | 83% | 71.4% |
| Number of Eligible Participants | 542 | 160 |
| Account Balance (Avg.) | \$78,037 | \$53,236 |
| Average Savings Rate | 2.9% | 5.8% |
| Rate of Return (Avg.) | -2.48% | -5.26% |
| Percent of Balances out on loan | 0% | 0.8% |
| Percentage of Participants with an Outstanding Loan | 0% | N/A |
| Plan Annual Contributions (Avg.) | \$6,619 | \$5,407 |
| Active Saver Pre-Tax Savings Rate | 1.8% | 3.1% |
| Auto Enrollment Rate | 0% | N/A |
| Number of Participants in a Target Date Fund | 352 | 56 |
| Number of Investments | 4 | 3 |

| Your Plan Features | | |
|--------------------------------|-------------|------------|
| | Your Plan | Peer Plans |
| Offers Managed Accounts | Offered | 69% |
| Target Date Funds Offered | Offered | 98% |
| Number of Investments Offered | 29 | 30 |
| Offers Loans | Not Offered | 37% |
| Employer Contributions Offered | Not Offered | 0% |
| Offers Matching Contributions | Not Offered | 0% |
| Allows After-Tax Contributions | Not Offered | 0% |
| Auto Enrollment | Not Offered | 0% |
| Auto Increase | Not Offered | 0% |

Current Items/Education:

Bill Sims met with 36 employees during April 4-6, 2023.

A representative from MSQ will be presenting at the retiree luncheon on May 25th.

401A PLAN

Balance at 4/10/23 – \$ 4,956,000 – Statistics as of 3/31/23
 Forfeiture Balance = \$ 93,000

Full Compare

| Success Factors | | |
|---|-----------|------------|
| | Your Plan | Peer Plans |
| Retirement Readiness | 69.2% | 66.7% |
| Investment Diversification | 98% | 92.9% |
| Participation Rate (Avg.) | 96% | 20% |
| Number of Eligible Participants | 303 | 113 |
| Account Balance (Avg.) | \$13,835 | \$52,235 |
| Average Savings Rate | 8.7% | 7.6% |
| Rate of Return (Avg.) | -1.35% | -4.44% |
| Percent of Balances out on loan | 0% | 1.1% |
| Percentage of Participants with an Outstanding Loan | 0% | N/A |
| Plan Annual Contributions (Avg.) | \$4,814 | \$5,729 |
| Active Saver Pre-Tax Savings Rate | 0% | 0.6% |
| Auto Enrollment Rate | 0% | N/A |
| Number of Participants in a Target Date Fund | 285 | 73 |
| Number of Investments | 1 | 3 |

| Your Plan Features | | |
|--------------------------------|-------------|------------|
| | Your Plan | Peer Plans |
| Offers Managed Accounts | Offered | 77% |
| Target Date Funds Offered | Offered | 99% |
| Number of Investments Offered | 27 | 29 |
| Offers Loans | Not Offered | 46% |
| Employer Contributions Offered | Offered | 81% |
| Offers Matching Contributions | Not Offered | 0% |
| Allows After-Tax Contributions | Not Offered | 0% |
| Auto Enrollment | Not Offered | 0% |
| Auto Increase | Not Offered | 0% |

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended March 31, 2023

Maria Buffone, Accountant, submitted the Financial Report for the month ended March 31, 2023 to the Board of Trustees:

| | |
|--|----------------------|
| 3/31/2023 Asset Value (Preliminary) | \$597,173,796 |
| 2/28/2023 Asset Value (Audited by Northern) | \$590,253,015 |
| Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements) | \$29,605,239 |
| Percent Gain <Loss> | 5.1% |
| April 19, 2023 Asset Value | \$598,484,724 |

F-4 Investment Policy Committee Minutes – None

F-5 Administrative Policy Committee Minutes – March 29, 2023

Following are the Administrative Policy Committee minutes from the meeting convened at 1:07 p.m. on March 29, 2023:

Committee Members Present: Lynch, Monroe, Praschan, Schreier
 Members Absent: None
 Other Trustees Present: Grimes
 Staff Present: Gustafson, Hollabaugh, Orcutt
 Others Present: Paul Nacario, Innovest
 Troy Jensen ,Innovest
 Brett 4Minnick, Innovest

401/457 RECORDKEEPER RFP – FINAL DRAFT

The Committee reviewed and revised the drafted RFP and timeline with Innovest. Finalists presentations will likely occur at the June Board meeting. Innovest will make corrections and will work with Staff to finalize prior to issuance. It was also discussed that the RFP would be posted to the MAPERS website.

NORTHERN TRUST FRAUDULENT ATTEMPT

Ms. Orcutt informed the Committee of a recent fraudulent attempt through Northern Trust. Due to the safety measures recently put in place, the fraudulent attempt was stopped before funds were stolen. Staff has followed up with Northern Trust and was informed that an additional security measure is available upon request, allowing Retiree's to require a passcode for account changes.

RFP-RFI SCHEDULE

This item was postponed.

BUCK OUTAGE – DISCUSS STAFF COSTS

This item was postponed.

ADJOURNMENT

The meeting was adjourned at 2:27 p.m. without a quorum.

Meeting adjourned at 2:27 p.m.

F-6 Audit Committee Minutes – None

F-7 Legal Report

Mr. VanOverbeke updated the Board regarding the Public Act 4 of 2023 (PA 4). PA 4 was signed into law March 7, 2023. This will take effect until early 2024, and any provision in the Act that indicates a 2023 tax year will not take effect until 2024.

Mr. VanOverbeke also updated the Board regarding the Michigan Pension Grant Program. The Department of Treasury has recently release additional information regarding the Grant Program on its website. The website also includes preliminary list of qualified local retirement systems. Legal will continue to provide updates regarding the Grant Program.

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 April 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 | Dave Monroe | \$425.48 | MAPERS 1 Day Travel Reimbursement |
| 2 | Laura Hollabaugh | \$104.27 | DTE Gas Reimbursement 2/11/2023-3/13/2023 |
| 3 | Laura Hollabaugh | \$139.68 | DTE Electric Reimbursement 2/11/2023-3/13/2023 |
| 4 | Staples | \$131.01 | Misc. Office Supplies |
| 5 | Wendy Orcutt | \$93.23 | MAPERS 1 Day Travel Reimbursement |
| 6 | Buck | \$1,924.34 | Pension Admin. System Hosting Fee 2/2023 |
| 7 | Allstar Alarm | \$156.00 | Fire Alarm Monitoring 5/1/2023-7/31/2023 |
| 8 | American Express | \$1,327.63 | Kroger, LEI, MAPERS, SJ Cleaning & Culligan Water |
| 9 | Applied Imaging | \$50.48 | Printing Service 3/2023 |
| 10 | Dollar Bill | \$3,327.91 | Annual Newsletter Print & Mail |
| 11 | City of Ann Arbor Treasurer | \$1,697.65 | Kyle Spade Time worked January - March 2023 |
| 12 | Meketa | \$10,000.00 | Investment Consultant Fee 3/2023 |
| 13 | Milliman | \$5,777.00 | MARC Implementation fees 3/2023 |
| | Total | \$25,154.68 | |

H-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 |
|--------------|-----------------|---------------------------|---------|-----------|----------------------|---------------------|
| Carl Strom | Age & Service | May 20, 2023 | General | NON UNION | 12 Years, 6.5 Months | 15th District Court |
| Troy Burke | Age & Service | May 10, 2023 | Police | AFSCME | 20 Years, 6 Months | Safety Services |
| Kevin Warner | Age & Service | May 6, 2023 | Police | AAPOA | 27 Years, 7 Months | Safety Services |

H-5 Analysis of Page Views on Retirement System Website

I. TRUSTEE COMMENTS / SUGGESTIONS

J. ADJOURNMENT

It was **moved** by Monroe and **seconded** by Nerdrum to adjourn the meeting at 8:50 a.m.
Meeting adjourned at 8:50 a.m.

Wendy Orcutt

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