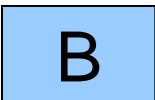


**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
June 15, 2023**



The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:36 a.m.

ROLL CALL

Members Present: DiGiovanni(12:00 PM depart), Flack, Foster, Grimes, Lynch(12:30 PM depart),
Monroe, Praschan, Schreier
Members Absent: Nerdrum
Staff Present: Buffone, Gustafson, Hollabaugh, Orcutt
Others: Michael VanOverbeke, Legal Counsel
Brett Minnick, Innovest
Paul Nacario, Innovest
Troy Jensen, Innovest
Bill Abramowicz, Corebridge (9:00-9:50 AM)
Cassandra Cooper, Corebridge (9:00- 9:50 AM)
Dave Feller, Corebridge (9:00- 9:50 AM)
Sara Hogan, Corebridge (9:00- 9:50 AM)
Lauren Pugh, Corebridge (9:00- 9:50 AM)
Fernando Aguirre, Corebridge (9:00- 9:50 AM)
Kristi Rodriguez, Nationwide (10:06- 10:56 AM)
Katie Moore, Nationwide (10:06- 10:56 AM)
Heather Okey, Nationwide (10:06- 10:56 AM)
Candice Cataldi, Nationwide (10:06- 10:56 AM)
John Kendall, Nationwide (10:06- 10:56 AM)
Joe Harrell, Voya (11:04- 11:49 AM)
Len Goff, Voya (11:04- 11:49 AM)
Gavin Gruenberg, Voya (11:04- 11:49 AM)
Jeff Adams, Voya (11:04- 11:49 AM)
Greg Anderson, Voya (11:04- 11:49 AM)

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

Approved

B. APPROVAL OF MINUTES

B-1 May 18, 2023 Regular Board Meeting

It was **moved** by Foster and **seconded** by Grimes to approve the May 18, 2023 Regular Board Meeting minutes as submitted.

Approved

C. CONSENT AGENDA – None.

D. ACTION ITEMS

D-1 Motion Regarding Disability Re-Examination Review

Ms. Orcutt has reviewed the medical report for Mr. Ramirez and it is consistent with the Physician's decision. Ms. Orcutt informed the Board that the Physician has concluded that Mr. Ramirez's condition renders him mentally or physically totally incapacitated from performing the customary duties of his City employment held at the time of his disability, and that such incapacity will probably be permanent.

It was **moved** by Monroe and **seconded** by Grimes that the Board acknowledges receipt of the medical report date June 7, 2023 from Antoine Geffrard, M.D. with regards to the independent medical evaluation of Pablo Ramirez, noting that the doctor has concluded that he is 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 disability retirement consistent with the Board's Disability Retirement Procedures.

Approved

D-2 Experience Study Report

The Experience Study for the five year period ending June 30,2022 conducted by GRS was received and filed.

D-3 Actuarial Assumptions for the June 30, 2023 Valuations

The Board reviewed the actuarial assumptions for the FYE 2023 valuations. The Audit Committee requested to review state by state mortality data for comparison on the mortality tables prior to adopting the updated tables as the impact to the ADC is approximately \$1.2 million for ERS and VEBA combined.

It was **moved** by Monroe and **seconded** by Lynch to approve the actuarial assumptions for the June 30, 2023 valuation, with the exception of the mortality tables which will continue to be reviewed.

Approved

D-4 401 Expenses to be paid from Forfeitures for FYE 6/30/2023

The Board reviewed the FYE 2023 expenses to be paid from forfeitures and agreed to approve.

It was **moved** by Monroe and **seconded** by Foster to approve the FYE 2023 Forfeiture expenses as submitted.

Approved

D-5 457 Expenses to be paid from Admin Allowance for FYE 6/30/2023

The Board reviewed the FYE 2023 expenses to be paid from the administrative allowance funds and agreed to approve.

It was **moved** by Monroe and **seconded** by DiGiovanni to approve the FYE 2023 administrative allowance expenses as submitted.

Approved

D-6 FY 2023 Budget Reallocation

Ms. Buffone presented the FY 2023 Budget reallocations to the Board. The Board reviewed and approved.

It was **moved** by Grimes and **seconded** by Lynch to approve the FY 2023 Budget Reallocations as submitted.

Approved

D-7 2023 Fall MAPERS Conference

Ms. Orcutt informed the Board of the upcoming Fall MAPERS Conference. Ms. Orcutt requested that any Board members interested in attending should notify the Retirement Office.

It was **moved** by Grimes and **seconded** by Lynch to approve any interested Staff or Board Member to attend the Fall MAPERS Conference.

Approved

E. DISCUSSION ITEMS

E-1 Spring MAPERS Conference Recap from Attendees

Mr. Flack, Mr. Gustafson, Mr. Monroe and Ms. Orcutt briefly reviewed the MAPERS Conference, highlighting topics from various sessions.

F. REPORTS

F-1 Executive Report – June 15, 2023

DRA CAPITAL CALLS AND DISTRIBUTIONS

DRA requested a capital call of our commitment to the Growth and Income Fund X in the amount of **\$189,474** for the Retirement Plan and **\$126,316** for the VEBA on 6/1/23 for the purpose of funding current commitments.

SVB DISTRIBUTION

SVB Fund VIII issued a distribution in the amount of **\$185,018** for the System and **\$46,254** for the VEBA on 6/6/23 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 **\$ 432,532** for the Retirement Plan and **\$ 162,199** for the VEBA on 6/21/23.

PENSION ADMINISTRATION SOFTWARE CONVERSION

Staff now meets bi-weekly with Milliman to discuss needed updates and next steps. Kyle Spade and ED will be training with Milliman soon as System Administrators. Milliman is updating the employee website pages with the edits from Staff and VMT. A test version is expected to be ready by early July with full functionality and roll out on August 1st.

FYE/AUDIT UPDATE

Staff and Jessica Hull met with GRS on May 24th for the FYE kickoff meeting to discuss the annual work plan and review deadlines.

RETIREE LUNCHEON

The first annual luncheon since 2019 was held at Webers on May 25th and was attended by 90 retirees. Chas Mansfield, Mara Fessler, Ray Fortin, Bill Sims and Gordy NeSmith from MissionSquare were also in attendance.

MEETINGS AND COMMUNICATIONS WITH CITY STAFF

ED met with the City's Legal department to discuss personnel matters on June 6th, 7th and 13th.

STAFF OPERATIONS/UPDATE

The Pension Analyst processed 26 estimates, 4 final calculations, 2 deceased calcs, 9 non-vested calculations, 2 deferred, 2 payouts, and conducted 4 pre-sessions.

F-2 Executive Report – MissionSquare (ICMA) Update

457 PLAN

Balance at 6/9/23 - \$ 105,628,000

Admin Allowance Balance = \$ 42,090

401A PLAN

Balance at 6/9/23 – \$ 5,291,000

Forfeiture Balance = \$ 96,664

Current Items/Education:

Bill Sims met with 21 employees during June 6-8, 2023. MSQ has assigned an additional participant educator to Ann Arbor, his name is Gordy NeSmith.

NOTE: Plan Statistics are not available this month as MSQ is revamping how the data is displayed in the illustrations.

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

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

5/31/2023 Asset Value (Preliminary)	\$589,951,386
4/30/2023 Asset Value (Audited by Northern)	\$600,158,047
Calendar YTD Increase/Decrease in Assets (<i>excludes non-investment receipts and disbursements</i>)	\$29,901,596
Percent Gain <Loss>	5.2%
June 14, 2023 Asset Value	\$602,430,196

F-4 Investment Policy Committee Minutes – June 8, 2023

Following are the Investment Policy Committee minutes from the meeting convened at 3:08 p.m. on June 8, 2023:

Member(s) Present: DiGiovanni, Foster, Monroe, Praschan
Member(s) Absent: Flack
Other Trustees Present: None
Staff Present: Gustafson(Via TX), Hollabaugh, Orcutt
Others Present: Henry Jaung, Meketa Investment Group
Keith Beaudoin, Meketa Investment Group

ECONOMIC AND MARKET UPDATE DATA AS OF APRIL 30, 2023

Mr. Jaung provided an economic update noting that most asset classes added to first quarter gains in April as investors remained focused on slowing inflation and a potential end rate to hikes. This year, the path if inflation and monetary policy, slowing global growth, and the war in Ukraine, as well as recent pressures in small- and medium-sized regional banks in the US, will all be key.

EXECUTIVE SUMMARY

Over the past 3, 5, 7, and 10 years, the ERS has returned 11.1%, 7.8%, 8.3% and 7.4%. These returns have outperformed the 60% equity /40% Bonds benchmarks as well as the primary benchmark in most periods.

Over the past 3, 5, 7, and 10 years, the VEBA has returned 9.5%, 6.9%, 7.7% and 6.6%. These returns have outperformed the 60% equity/40% Bonds benchmarks as well as the primary benchmark in most periods.

Meketa engaged in an annual request for information from master trust/custody providers that their clients currently utilize. Twelve responses were received of which Meketa has narrowed down to four (Northern Trust, US Bank, BNY Mellon and BMO Harris) Meketa noted that BNY Mellon did decline to submit a response as their requirements were not met. Meketa will send out a Supplemental RFI to these candidates that will provide more background on both plans and ask the candidates more specific questions related to servicing the Retirement System. Meketa will review the findings at the August 8 IPC meeting. Ms. Orcutt requested that Meketa inquire about Comerica Bank to see if they would be a good candidate to include. Northern Trust will be presenting a demo of their participant portal feature to Staff on Monday the 12th.

RETIREMENT SYSTEM

Act 314 Compliance Review: All investments are currently in compliance.

April 30, 2023 Performance Update: As of April 30, 2023, the balance of the Funds was \$599,693,017 for ERS. Fiscal Year to Date performance was 7.9% for ERS net of fees.

VEBA

Act 314 Compliance Review: All investments are currently in compliance.

April 30, 2023 Performance Update: As of April 30, 2023, the balance of the Funds was \$245,114,653 for VEBA. Fiscal Year to Date performance was 7.5% for VEBA net of fees.

CURRENT ISSUES

IPS Addendum: The committee discussed the IPC addendum and possible changes needed. The proposed rebalancing plan was reviewed, and the committee decided that an incremental 5% drawdown may not be enough. It was discussed to increase the drawdown benchmarks to 10% which would initiate possible rebalance action at a 15%, 25%, and 35% drawdown. Meketa will revise the Addendum and Ms. Orcutt will review with legal before presenting to the Board for approval.

DISCUSS INVESTMENT MANAGER REVIEW SCHEDULE

Ms. Orcutt suggested that the Committee consider incorporating manager review presentations for the IPC when scheduling permits. The IPC agreed that quarterly presentations may be beneficial to provide updates. Ms. Orcutt will meet with Meketa to prepare a schedule for manager presentations.

The committee also discussed Meketa's FYE review and will work with Staff to schedule. Final returns will be available in August.

ADJOURNMENT

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

F-5 Administrative Policy Committee Minutes – June 8, 2023

401 EXPENSES TO BE PAID FROM FORFEITURES FOR FYE 6/30/2023

Ms. Orcutt presented the staff time and related fringe benefit expenditures of \$20,713,61 to be paid from forfeitures for the fiscal year ending 6/30/2023. The forfeiture balance as of 3/31/2023 is \$93,008.

It was **moved** by Praschan and **seconded** by Schreier to recommend to the Board that the 401 staff time expenditures be paid from the forfeiture balance for fiscal year ending 6/30/2023.

Approved

457 EXPENSES TO BE PAID FROM ADMIN ALLOWANCE FOR FYE 6/30/2023

Ms. Orcutt presented the staff time expenditures and related fringe benefits of \$19,432.83 to be paid from the administrative allowance for fiscal year ending 6/30/2023. The administrative allowance balance as of 3/31/2023 is \$41,895.

It was **moved** by Praschan and **seconded** by Schreier to recommend to the Board that the 457 staff time expenditures be paid from the administrative allowance for fiscal year ending 6/30/2023.

Approved

Mr. Schreier noted that forfeitures must be used no later than 12 months following the close of the plan year in which the forfeitures were created. Ms. Orcutt stated she would work with Staff to create a tracker so that funds would be used in compliance with the IRS guidelines.

RFP-RFI SCHEDULE

The Committee reviewed the RFP/RFI schedule. Ms. Orcutt noted that the legal counsel was next on the RFP schedule, due for review in 2022. It was decided that this RFP would be added to the Executive Director Goals and Objectives for FYE2024.

RECORDKEEPER RFP STATUS UPDATE

The Committee reviewed the finalist schedule for June 15th. Ms. Orcutt met with MissionSquare recently regarding the upcoming RFP interviews. MissionSquare ensured staff that they were continuing to work on improving service and their website regardless of the RFP outcome.

JULY APC MEETING DATE

The Committee reviewed schedules and planned to meet July 11th at 3:00pm.

ADJOURNMENT

It was **moved** by Schreier and **seconded** by Praschan to adjourn the meeting at 2:39 p.m.
Meeting adjourned at 2:39 p.m.

F-6 Audit Committee Minutes – June 13, 2023

Following are the Audit Committee minutes from the meeting convened at 12:17 p.m. on June 13, 2023:

Committee Members Present:	Monroe, Nerdrum, Praschan
Members Absent:	None
Other Trustees Present:	None
Staff Present:	Buffone, Gustafson(via TX), Hollabaugh, Orcutt
Others Present:	Jim Anderson, GRS(via TX) Rich Koch, GRS(via TX)

FYE 2023 GRS WORK PLAN

The Committee reviewed the GRS workplan for the FYE 2023. Ms. Nerdrum inquired about the claims data and the timing of the VEBA valuation. Mr. Koch stated that last year they worked directly with MMA to gather the data and things flowed much more smoothly.

ACTUARIAL ASSUMPTIONS FOR THE JUNE 30, 2023 VALUATIONS

The Committee reviewed the actuarial assumptions memo and discussed with GRS. Ms. Nerdrum requested to review state by state mortality data for comparison on the mortality tables prior to adopting the updated tables as the impact to the ADC is approximately \$1.2 million for ERS and VEBA combined. The Committee will discuss the mortality data at the July Board meeting. An updated memo including all the proposed changes will be presented to the Board for approval.

It was **moved** by Monroe and **seconded** by Praschan to recommend to the Board the FYE 2023 actuarial assumptions to the Board for approval.

APPROVED

DISCUSS OPTION FACTORS

The Committee reviewed the option factors for benefit calculations with GRS. The Committee agreed to discuss further at a later date.

ADJOURNMENT

It was **moved** by Monroe and **seconded** by Praschan to adjourn the meeting at 1:13 p.m.

Meeting adjourned at 1:13 p.m.

F-7 Legal Report

Mr. VanOverbeke informed the Board the House is currently working revisions to the Open Meetings Act. Mr. VanOverbeke has been invited to participate in a meeting later this month to work on updating the language in the Open Meetings Act. Legal will keep the Board informed as progression is made.

BOARD RECESS

The Board was called to recess at 8:48 a.m. for the purpose of holding the VEBA Board meeting. The meeting recessed at 8:48 a.m.

The meeting was reconvened at 8:51 a.m.

G. PRESENTATIONS: 401/457 Recordkeeper RFP Interviews

1) Corebridge

Present: Bill Abramowicz, Cassandra Cooper, Dave Feller, Sara Hogan, Lauren Pugh, Fernando Aguirre

2) Nationwide

Present: Kristi Rodriguez, Katie Moore, Heather Okey, Candice Cataldi, John Kendall

3) Voya

Present: Joe Harrell, Len Goff, Jeff Adams, Gavin Gruenberg, Greg Anderson

After the presenters had departed the meeting, the Board members, Staff and Innovest discussed the three presentations and initial rankings. It was decided to research the firms further, check references, schedule interactive demos of participant and sponsor websites, and potentially schedule site visits prior to making a decision.

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

H-1 **Communications Memorandum**

H-2 **July 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	American Express	\$2,262.96	Kroger, Weber's Luncheon, Office Cleaning
2	Dan Gustafson	\$585.98	MAPERS Travel Reimbursement
3	Laura Hollabaugh	\$53.41	DTE Gas Reimbursement 4/14/2023-5/12/2023
4	Laura Hollabaugh	\$169.25	DTE Electric Reimbursement 4/14/2023-5/12/2023
5	Meketa	\$10,000.00	Investment Consulting 5.2023
6	Milliman	\$5,777.00	MARC Implementation Fee 5.2023
7	NAGDCA	\$300.00	NAGDCA Membership
8	Wendy Orcutt	\$641.17	MAPERS Travel Reimbursement
9	Jeremy Flack	\$526.02	MAPERS Travel Reimbursement
10	Dave Monroe	\$981.96	MAPERS Travel Reimbursement
	Total	\$21,297.75	

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
Mark Raab	Age & Service	July 11, 2023	Police	AAOPA	24 Years, 0.5 Months	Safety Services
Kirk Pennington	Age & Service	May 12, 2023	General	TEAMSTERS	17 Years, 4.5 Months	Public Services
Eileen Canfield	Age & Service	July 29, 2023	General	AFSCME	28 Years, 0.5 Months	Public Services
Janet Sheets-Carpenter	Age & Service	July 26, 2023	General	General	23 Years, 1 Months	City Administration

H-5 **Analysis of Page Views on Retirement System Website**

I. **TRUSTEE COMMENTS /**

9 SUGGESTIONS

J. ADJOURNMENT

It was **moved** by Schreier and **seconded** by Grimes to adjourn the meeting at 1:09 p.m.
Meeting adjourned at 1:09 p.m.

Wendy Orcutt

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