B

City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
July 16, 2026

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:32 a.m.

ROLL CALL

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

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 June 18, 2026 Regular Board Meeting

It was **moved** by Foster and **seconded** by Grimes to approve the June 18, 2026 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 Baillie Gifford Emerging Markets Equities Fund Act 314 Qualifications

C-2 Purchase of Military 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, Section 1:555(C)(3) of the Retirement Ordinance, Chapter 18 of the Code of the City of Ann Arbor allows for prior Military Service Credit, and

WHEREAS, the Board is in receipt of an Application for Purchase of Military Service Time, 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 purchase of Military Service Time:

Name	Employee Group	Requested Military Service Time	Requested Method of Payment	Cost for Purchase of Military Service Time
Robert Vanderkarr	Fire	4 Years	Payroll Deduction over 60 Months	$18,219.80 *($303.67/month for 60 months)*

FURTHER RESOLVED, that the applicant(s) purchasing Military Service Time be notified of the amount of money necessary to buy the Military Service Time, and upon full payment, the member(s) shall be credited the service time.

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

Approved

D. DISCUSSION ITEMS - None

E. ACTION ITEMS

E-1 Actuarial Assumptions Memorandum 2026

Ms. Orcutt presented the actuarial assumptions proposed to be used with the June 30, 2026 valuations.

It was **moved** by Grimes and **seconded** by Schreier to adopt the actuarial assumptions for the June 30, 2026 valuations as presented.

Approved

E-2 Revised Innovest IPS

Ms. Orcutt presented the Revised Innovest DC IPS draft with the requested proxy language added.

It was **moved** by DiGiovanni and **seconded** by Schreier to approve the Innovest DC IPS draft as submitted.

Approved

E-3 2026 Fall MAPERS Conference – October 3-6

Ms. Orcutt informed the Board of the upcoming 2026 Fall MAPERS conference from October 3rd to the 6th. The conference will be held in Kalamazoo, Michigan with lodging hosted by Radisson Plaza hotel.

It was **moved** by Grimes and **seconded** by Toth to approve any interested Board or Staff members to attend the Fall MAPERS conference.

Approved

E-4 Milliman/Empower Merger

Ms. Orcutt presented a letter from Milliman highlighting their merger with Empower Retirement, LLC. The System utilizes Milliman's pension administrative software called MARC. The letter was reviewed by System's Legal department since it does present a change in the contract. Legal made some minor changes and approved the letter for signature.

It was **moved** by DiGiovanni and **seconded** by Grimes to approve the merger document between Milliman and Empower.

Approved

F. REPORTS

F-1 Executive Report – July 16, 2026

GRAIN COMMUNICATIONS CAPITAL CALLS

Neuberger Grain Communications Opportunity Fund IV requested a capital call in the amount of **$614,088** for the Retirement System and **$368,452** for the VEBA on 6/30/2026 to pay management expenses and fees.

HIGHVISTA CAPITAL CALLS

HighVista Private Equity requested a capital call of our commitment to Fund X in the amount of **$160,000** for the Retirement Plan and **$40,000** for VEBA on 7/2/2026 to fund investments. With these installments, **CAAERS** will have funded 57% of our total commitments of $4,000,000 for the Retirement Plan and $1,000,000 for the VEBA.

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund X on 6/29/2026 in the amount of **$ 130,421** for the Retirement System and **$ 86,947** for the VEBA consisting of return of capital and gain on a capital event.

CARLYLE CAPITAL CALLS AND DISTRIBUTIONS

Carlyle Realty Fund VIII issued a distribution in the amount of **$ 72,293** for the Retirement System and **$ 18,072** for the VEBA on 6/29/26. The distribution was netted against fees and expenses.

FYE/AUDIT UPDATE

Rehmann will be onsite July 15th to conduct preliminary audit work and testing. Northern Trust will cut off the reporting on or around July 16th which should enable us to capture as many of the alternative investment statements as possible.

STAFF OPERATIONS/MISCELLANEOUS

The Pension Analyst processed 19 estimates, 3 final calcs, 4 deceased calcs, 5 non-vested calcs, 2 payouts, and conducted 4 pre-sessions.

F-2 Executive Report – Voya Update

Voya Update – July 16, 2026

457 PLAN - Balance at 7/9/2026 - $ 130,807,000

EASE Account Balance $ 23,057

Participation Rate	53%
Average $ Deferral	$255.00
Average % Deferral	10%
Investment Diversification	87%

<u>401A PLAN – Balance at 7/9/2026 - $ 14,623,000</u>

Forfeiture Balance $ 198,495

<u>401A Executive PLAN – Balance at 7/9/2026 - $ 1,536,000</u>

Forfeiture Balance $ 0

<u>Current Items/Education:</u>

During the onsite meetings in June, Mike Landolt had 4 in person meetings as well as 5 phone calls and 5 zoom meetings. He will be onsite again on July 23rd.

<u>Future Items:</u>

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

360 Integration with Payroll.

F-3 <u>City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended June 30, 2026</u>

Ms. Orcutt submitted the Financial Report for the month ended June 30, 2026 to the Board of Trustees:

6/30/2026 Asset Value (Preliminary)	$735,103,268
5/31/2026 Asset Value (Audited by Northern)	$733,203,251
Calendar YTD Increase/Decrease in Assets *(excludes non-investment receipts and disbursements)*	-$3,161,534
Percent Gain <Loss>	<0.4%>
July 16, 2026 Asset Value	**$734,753,388**

F-4 <u>Investment Policy Committee Minutes</u> – None

F-5 <u>Administrative Policy Committee Minutes</u> – July 14, 2026

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on July 14, 2026:

Committee Members Present:	*Grimes, Praschan. Schreier (Via TX), Toth*
Members Absent:	*Walbridge*
Other Trustees Present:	*None*
Public Present:	*None*
Staff Present:	*Buffone, Gustafson (Via TX), Lieder, Orcutt (Via TX)*
Others Present:	*None*

DC PLAN UPDATES

<u>401a Issues</u>: Ms. Orcutt stated there have been consistent issues with employee deductions with the bi-weekly payroll transmittal typically from inaccurate or missed deduction codes. These are discovered during the reconciliation process completed by the System each payroll period. When issues are discovered, coordination efforts are made with HR and payroll to get them corrected as soon as possible. Recently there was an issue where a 401 City match was sent to Voya in error for approximately 23 employees. The City has corrected on their end from a payroll perspective and Ms. Orcutt is working with Voya to authorize the funds to be returned to the City

<u>360 Integration Project</u>: Ms. Orcutt provided an update to the 360 integration project which will enable the payroll system and Voya to integrate and automatically incorporate any deferral changes made on the Voya website to the appropriate payroll record. This will eliminate the need for HR to have to pull this information biweekly and enter the changes manually. This will streamline the process and reduce human error. Given the amount of payroll codes used by the City this process is complicated and may need an outside vendor to work with UKG and Voya to complete.

REVISED VOYA FLYER – SAVERS CREDIT

Ms. Orcutt presented the revised Voya flyer highlighting the Savers Credit. The 2026 income limits table was included as well as a reminder to that this is a credit and not a deduction. Mr. Schreier commented on the example underneath the chart inquiring if that is a realistic example for majority of City employees. Ms. Orcutt will follow up with Voya to see if that can be revised.

*It was **moved** by Toth and **seconded** by Praschan to approve the Voya Savers Credit flyer with revisions.*

<u>APPROVED</u>

REVISED INNOVEST IPS

Ms. Orcutt presented the revised Innovest IPS. The language on proxy voting under III.E. was added. Mr. Schreier questioned the language regarding the Fund Manager's fiduciary responsibility. Staff will follow up with Voya on the question.

MILLIMAN/EMPOWER MERGER

Ms. Orcutt discussed the Milliman merger with Empower. Milliman sent over an amendment to revise the contract with this change. The document was reviewed by Legal counsel and will be on the Board agenda for approval. This should be a seamless transition with no issues impacting the System's recordkeeping software.

2026 STATE TAX WITHHOLDING UPDATES

Ms. Orcutt presented the notification from the System's custodial bank Northern Trust identifying the updated 2026 state tax tables. This notification is only available for those who have portal access to Northern Trust when they log in.

DEATH AUDIT RESOURCES UPDATE

Ms. Orcutt discussed the death audit resources with Northern Trust. Recently, Northern Trust switched vendors who handle auditing the System's members checking for anyone who may be deceased. The new vendor identified two (2) members who were deceased – one was several months ago, the other more than a year ago that the System was unaware of. The System had requested quarterly reports in late 2024 only to discover recently that their reporting system was not activated to do so. The System is currently investigating the two (2) recently identified deaths for more information to provide to the Committee at the August meeting. Ms. Orcutt is speaking to Berwyn and other vendors to contract about auditing the non-vested population as well as an ongoing resource for all retirees given the amount of unreported deaths that have been occurring over the last couple of years.

AUGUST APC DATE

Ms. Orcutt and the Committee agreed to hold the next Administrative Policy Committee meeting on August 11, 2026, at 3:00 p.m. at the Pension office.

ADJOURNMENT

*It was **moved** by Toth and **seconded** by Schreier to adjourn the meeting at 3:26 p.m.*

Meeting adjourned at 3:26 p.m.

F-6 Audit Committee Minutes – July 7, 2026

Following are the Audit Committee minutes from the meeting convened at 2:36 p.m. on July 7, 2026:

Committee Members Present:	*Grimes (Via TX), Nerdrum (Via TX), Praschan (Via TX)*
Members Absent:	*None*
Other Trustees Present:	*None*
Staff Present:	*Buffone, Lieder, Orcutt (Via TX)*
Others Present:	*None*

ACTUARIAL ASSUMPTIONS MEMO 2026

The Committee reviewed the actuarial assumptions memo for June 30, 2026. Ms. Nerdrum inquired about the investment rate of return and whether Graystone has commented on the 6.70% currently in effect. Ms. Orcutt confirmed with Graystone and they felt no need to change and stated the percentage is lower than comparable Systems. There has been no mention of it being changed at the IPC meetings but certainly open to discussion at the Board meeting next week. It was noted that ERS has hit the 15-year amortization period. Ms. Praschan brought up the Firefighters being placed in the MERP program and if that would have an impact this year. Ms. Orcutt confirmed that change was made in 2024 which would have been included in last year's valuation.

*It was **moved** by Grimes and **seconded** by Praschan to recommend the FYE 2026 actuarial assumptions to the Board for approval.*

Approved

2026 GRS ANN ARBOR WORK PLAN

The Committee reviewed the GRS workplan for FYE 2026. No issues or concerns identified with the current plan.

AUDIT SCHEDULE

Ms. Orcutt confirmed the audit schedule. Audit work and census data collection are underway, and representatives from Rehmann will be in the office on July 15th and in-person at the October 15th Board meeting.

FUTURE MEETING

The next Audit Committee meeting will be on September 8th, 2026 at 4:00 p.m. at the Pension office. The October meeting was also discussed and tentatively planned for October 6th, 2026 at 2:00 p.m. at the Pension office.

ADJOURNMENT

*It was **moved** by Grimes and **seconded** by Praschan to adjourn the meeting at 2:50 p.m.*
Meeting adjourned at 2:50 p.m.

F-7 Legal Report - None

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.

	PAYEE	AMOUNT	DESCRIPTION
1	DTE Electric	$135.64	Electric 5/14/2026 to 6/12/2026
2	DTE Gas	$21.27	Gas 5/14/2026 to 6/12/2026
3	Grant Toth	$517.29	MAPERS Conference Spring 2026 Expenses Reimbursement
4	Milliman	$3,709.57	MARC Licensure/MFA 138 - 5/2026
5	AMEX (itemized below 6-8)		AMEX Bill Cycle Closed 6/28/2026; Total $428.25
6	AMEX - Kroger	$108.25	Items Purchased on 6/17/2026
7	AMEX - S&J Cleaning	$160.00	Office Cleaning on 6/3/2026
8	AMEX - S&J Cleaning	$160.00	Office Cleaning on 6/17/2026
9	VMT	$45.00	401 EXE 1Q 2026 Legal Service 1/1/2026 thru 3/31/2026
10	VMT	$9,124.50	1Q 2026 Legal Service 1/1/2026 thru 3/31/2026
11	West Arbor Condo Association	$367.00	Condo Association Dues 8/2026
	Total	$14,348.52	

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
Susan Casey	Age & Service	7/23/2026	Police	CSS	30 Years & 6 Months	Safety Services
Troy Baughman	Age & Service	8/11/2026	General	NON UNION	25 Years & 5.5 Months	Public Services

G-5 Analysis of Page Views on Retirement System Website

H. TRUSTEE COMMENTS / SUGGESTIONS

I. ADJOURNMENT

It was **moved** by Grimes and **seconded** by Schreier to adjourn the meeting at 8:48 a.m.
Meeting adjourned at 8:48 a.m.

Wendy Orcutt

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