

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
August 20, 2026**

B

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 (*Via TX*),
Walbridge (*Via TX*)
Members Absent: Nerdrum, Toth
Staff Present: Buffone, Gustafson (*Via TX, Arrived at 8:56am, Departed at 9:09am*), Lieder,
Orcutt
Others: Michael VanOverbeke, Legal Counsel
Len Goff, Voya (*Via TX, Arrived at 8:52am, Departed at 9:21am*)
Troy Jensen, Innovest (*Via TX, Arrived at 8:52am, Departed at 9:37am*)
Amy Cole, Graystone (*Arrived at 9:04am, Departed at 10:11am*)
Erik Burger, Graystone (*Arrived at 9:24am, Departed at 10:11am*)

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 July 16, 2026 Regular Board Meeting

It was **moved** by DiGiovanni and **seconded** by Grimes to approve the July 16, 2026
Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 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	\$19,521.20 (<i>\$325.35/month for 60 months</i>)

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.

C-2 City of London Emerging Markets Equities Fund Act 314 Qualifications

C-3 GRS Calculation and MOU from City

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

Approved

D. DISCUSSION ITEMS

D-1 Voya – 2Q 2026 Plan Review

Mr. Goff from Voya presented the 401a, 401 Executive and 457 plans overview for the second quarter of calendar year 2026. Total plan assets, transactional activity detail and participant engagement were discussed. After the presentation, Mr. VanOverbeke discussed Voya presenting annually with plan highlights and other data instead of quarterly, citing that fiduciary duties are being met with the performance review with Innovest on a quarterly basis. The Board agreed and Ms. Orcutt will discuss with Len Goff.

D-2 Innovest – 2Q 2026 Performance Report

Mr. Jensen from Innovest presented the portfolio review for the quarter ending June 30, 2026. Upcoming Innovest events, history with City of Ann Arbor since 2022, and employer perspectives on the Optional SECURE Act and SECURE 2.0 Act distributions were initially highlighted in Mr. Jensen's presentation. Mr. Jensen provided an analysis of the market overview and discussed the DC plans investment scorecard noting one major concern with Brown Advisory Small-Cap Growth Inst. This fund's performance has struggled over the 3 and 5 year time periods vs their benchmark and peers. Innovest will continue to monitor the performance of Brown and possibly discuss replacement at the next quarterly meeting.

D-3 Graystone FYE 2026 Results and Updates

Ms. Cole and Mr. Burger from Graystone presented performance updates as of June 30, 2026. Ms. Cole provided only a brief market update as Innovest had discussed the market in more depth during their presentation.² Mr. Burger provided a second quarter

overview for the ERS and VEBA plans highlighting both plans ended the quarter with strong absolute gains, but trailed policy benchmarks. The portfolios for both plans are generally within their policy ranges, with rebalancing considerations for ERS focused on overweight public equities like cash and underweight private credit including infrastructure. Graystone also recapped the actions taken since they were hired in February 2026. As of June 30, 2026, the balance of the Funds was \$736.8 million. Fiscal Year to Date performance was 12.36% net of fees.

D-4 Cyber Security Disclosures

This agenda item will be tabled and discussed at the next Board meeting held on September 17, 2026.

E. ACTION ITEMS

E-1 Appoint Berwyn Group for Death Audit Purposes

Ms. Orcutt discussed the System's search to hire a third-party vendor to audit the System's active retirees, non-vested and deferred members to locate any deaths that are unreported. The Board discussed hiring Berwyn on an annual basis with the option to renew every year.

It was **moved** by Grimes and **seconded** by Foster to hire Berwyn Group for death audit purposes.

Approved

F. REPORTS

F-1 Executive Report – August 20, 2026

ANGELO GORDON CAPITAL CALLS AND DISTRIBUTION

Angelo Gordon Direct Lending Fund IV Annex, L.P. issued a distribution in the amount of **\$ 178,586** for the Retirement System and **\$ 74,411** for VEBA consisting of return of capital on 7/24/26.

SUMMIT PARTNERS CAPITAL CALLS AND DISTRIBUTIONS

Summit Partners Credit Fund III, L.P. issued a distribution in the amount of **\$ 146,389** for the Retirement System and **\$ 36,597** for the VEBA on 7/23/2026.

CONSTITUTION CAPITAL CALLS AND DISTRIBUTIONS

Ironsides Direct Investment Fund V, L.P. issued a distribution in the amount of **\$ 231,545** for the Retirement System and **\$ 77,181** for VEBA consisting of distribution of proceeds netted against expenses, management fees and investments on 7/29/26.

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund X on 8/12/2026 in the amount of **\$ 76,090** for the Retirement System and **\$ 50,729** for the VEBA consisting of return of capital and cash from operations netted against management fees.

FYE/AUDIT UPDATE

The census data was submitted to the actuary on 7/17 for review with follow up questions completed ahead of schedule. The financial data for VEBA was submitted to the actuary on 8/10, and for ERS on 8/12. The GASB report drafts are due to staff for review on 8/28 and will be reviewed at the September Audit Committee meeting before approval by the Board.

STAFF OPERATIONS/MISCELLANEOUS

The Pension Analyst processed 23 estimates, 1 final calcs, 5 deceased calcs, 9 non-vested calcs conducted 5 pre-sessions.

F-2 Executive Report – Voya Update

Voya Update – August 20, 2026

457 PLAN - Balance at 8/12/2026 - \$ 133,630,000

EASE Account Balance \$ 13,068

Participation Rate	52%
Average \$ Deferral	\$261.00
Average % Deferral	10%
Investment Diversification	88%

401A PLAN – Balance at 8/12/2026 - \$ 15,234,000

Forfeiture Balance \$ 201,536

401A Executive PLAN – Balance at 7/9/2026 - \$ 1,611,000

Forfeiture Balance \$ 0

Current Items/Education:

During the onsite meetings in July, Mike Landolt had 5 in person meetings as well as 3 phone calls and 4 zoom meetings. He will be onsite again on August 19th, 2026.

Future Items:

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

360 Integration with Payroll – pushed to March 2027 per HR.

F-3 City of Ann Arbor Employees' Retirement System Preliminary Report for the Month Ended July 31, 2026

Ms. Orcutt submitted the Financial Report for the month ended July 31, 2026 to the Board of Trustees:

7/31/2026 Asset Value (Preliminary)	\$737,607,033
6/30/2026 Asset Value (Audited by Northern)	\$735,809,820
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$3,995,928
Percent Gain <Loss>	0.5%
August 19, 2026 Asset Value	\$748,694,873

F-4 Investment Policy Committee Minutes – August 4, 2026

Following are the Investment Policy Committee minutes from the meeting convened at 3:06 p.m. on August 4, 2026:

Member(s) Present: DiGiovanni, Praschan, Toth
Member(s) Absent: Flack, Foster
Other Trustees Present: Schreier (Via TX)
Public Present: Dave Diephuis
Staff Present: Buffone, Gustafson, Lieder, Orcutt (Via TX)
Others Present: John Krakowiak, Graystone
Amy Cole, Graystone (Via TX)
Erik Burger, Graystone (Via TX)

MARKET COMMENTARY

Ms. Cole provided an update on recent market conditions. The equity market rebounded strongly during the 2nd quarter while bonds remained flat. This rebound is due to strong earnings and improved consumer sentiment. Commodities and real estate are performing well and gold will continue to be a good diversifier. During the middle of an earnings season where the market is struggling, increased spending by companies in relation to the data centers may help the market create increased earnings on investments particularly within the Russell 1000 index.

Mr. Schreier asked how the forecast would change if the energy crisis does not resolve in the near term. Ms. Cole stated the biggest impact would be a potential policy mistake that would force the Fed to make some sort of rate hike. Mr. Krakowiak stated what derails the market is an earnings or revenue miss that would shift the positive momentum downward. Mr. DiGiovanni asked how much of that earnings growth is circular or just changing hands. Ms. Cole stated there is no doubt the largest companies are being questioned on a daily basis about the circular nature of their spending habits, but it is Graystone's opinion that the rest of the market presents positive opportunities.

QUARTER END JUNE 30, 2026 SUMMARY

Mr. Burger discussed the performance report summary. Both plans ended the quarter with strong absolute gains, but trailed policy benchmarks. VEBA returned 6.57% for the quarter and 12.46% for the fiscal year and 1-year period. ERS returned 6.36% for the quarter and 12.36% for the fiscal year and 1-year period. Asset levels remain substantial and diversified. Equities were a key contributor, with notable strength in domestic, international, and emerging market allocations.

Fixed income provided stability, while alternatives delivered mixed results. The portfolios are generally within policy ranges, with rebalancing considerations focused on overweight public equities/cash and underweight private credit/infrastructure.

RETIREMENT SYSTEM

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

June 30, 2026, Performance Update: As of June 30, 2026, the balance of the Funds was \$736.8 million. Fiscal Year to Date performance was 12.36% net of fees.

Among the asset classes the performance numbers look good with the exceptions being GQG and gold. GQG is being replaced by two (2) new emerging market managers, Baillie Gifford and City of London. The proceeds of the GQG sale will fund Baillie Gifford in the amount of \$17,150,000 later this week and City of London was funded on 7/31/2026.

VEBA

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

June 30, 2026, Performance Update: As of June 30, 2026, the balance of the Funds was \$343.1 million. Fiscal Year to Date performance was 12.46% net of fees.

\$11.3 million came in from the GQG liquidation; Baillie Gifford will be funded with \$8.3 million and \$3 million will remain in cash to replenish the amount that was used to fund City of London.

DEBT FUND VII UPDATE

Revision to Fund Returns: Mr. Krakowiak discussed the Torchlight fund which was impacted by the early lease termination of an anchor tenant in Washington, D.C. as a result, the fund's IRR will range from 7% to 9% (net), versus original projections of 8% to 10% (net).

TRUSTEE COMMENTS

Mr. DiGiovanni asked if the IPS and allocations which Graystone inherited needed any revisions and if so could they provide recommendations during future IPC meetings. He also inquired about several private equity investments that are winding down and requested that Graystone provide an updated pacing study at the September meeting.

Mr. Toth inquired about current cash on hand amounts and noted that the intent was to keep cash at a minimal level to cover monthly expenses. Ms. Buffone and Ms. Orcutt commented that the City had made a large transfer in July and that the balance of approximately \$11 million will be used to pay the next 2 months of benefit payments and expenses.

SEPTEMBER IPC MEETING DATE

Ms. Orcutt and the Committee agreed to hold the next Investment Policy Committee meeting on September 1, 2026, at 3:00 p.m. at the Pension office

ADJOURNMENT

*It was **moved** by Praschan and **seconded** by Toth to adjourn the meeting at*

4:00 p.m.

Meeting adjourned at 4:00 p.m.

F-5 Administrative Policy Committee Minutes – August 11, 2026

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on August 11, 2026:

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

DEATH OVERPAYMENTS

Ms. Orcutt provided an update on two (2) death overpayments. Northern Trust, the System's custodial bank, switched providers for the quarterly death reports which revealed overpayments for Sharon Schmidt and Peggy Gardner Sullivan, who were deceased for a significant amount of time. The total for both overpayments is approximately \$21,000. Mr. Gustafson generated a timeline for the deceased members identifying actions taken by the System. There has been contact with representatives for both of the deceased individuals and invoices have been generated and sent to each for reimbursement.

DEATH AUDIT FIRM SEARCH

Ms. Orcutt discussed the death audit firm search. Four (4) companies were identified, Berwyn, PBI, Lexxus Nexxus, and Guidehouse Technology. The System's legal counsel stated that the vast majority of their clients utilize Berwyn, who charge \$2 per record with a contract minimum of \$3,000 annually. The Committee discussed additional services the companies could provide and if the System needs to notify Northern Trust to discontinue death audit searches. It was determined to not notify Northern Trust since the death searches were included in the initial contract and the System could still use them as a secondary search. Ms. Orcutt will reach out to Berwyn to inquire on different levels of services and related pricing as well as contract terms.

*It was **moved** by Grimes and **seconded** by Schreier to recommend to the Board to hire Berwyn to provide death monitoring services for the System.*

APPROVED

CLOSED SESSION – EXECUTIVE DIRECTOR REVIEW

*It was **moved** by Schreier and **seconded** by Praschan to convene a closed session to discuss executive director review.*

APPROVED

Roll Call Vote:

<i>Grimes – Yes</i>	<i>Toth – Absent</i>
<i>Praschan – Yes</i>	<i>Walbridge – Yes</i>
<i>Schreier – Yes</i>	

Closed session time: 3:21 p.m. – 3:59 p.m.

SEPTEMBER APC DATE

Ms. Orcutt and the Committee agreed to hold the next Administrative Policy Committee meeting on September 8, 2026, at 3:00 p.m. at the Pension office.

ADJOURNMENT

*It was **moved** by Praschan and **seconded** by Schreier to adjourn the meeting at 4:01 p.m.
Meeting adjourned at 4:01 p.m.*

F-6 Audit Committee Minutes – None

F-7 Legal Report

Mr. VanOverbeke discussed legislation that MAPERS is monitoring regarding mandatory trustee education. The intent is for every trustee to complete eight (8) hours of education every two (2) years. Mr. VanOverbeke doesn't foresee the legislation getting enacted and signed this year, but he does feel the legislation will happen most likely next year.

Mr. VanOverbeke also discussed an issue with a disability retiree's pension payments. Mr. VanOverbeke has been working with the System regarding the workers' comp offset provision. Recently a Fire disability retiree inquired as to what impact there would be to their pension if they did a workers' comp redemption in the form of a lump sum payment. In reviewing his records, it was discovered that an offset was being applied to this retiree's pension in error since his retirement date in 2021. While many labor groups do require an offset per the Ordinance, the Firefighters' union does not. The result of this error equates to an underpayment spanning 61.5 months totaling approximately \$221,000. Mr. VanOverbeke and Ms. Orcutt have worked on a draft correspondence to send to the retiree highlighting the issue and their repayment options which consist of a lump sum payment without interest or having an actuarial adjustment made to their monthly benefit for the rest of their life, and potentially the beneficiary's life depending on the option chosen at retirement. Ms. Orcutt will reach out to GRS regarding this calculation so those figures can be included in the correspondence when notifying the retiree. Mr. VanOverbeke suggested the Administrative Policy Committee revisit the Disability policy specifically surrounding the workers' compensation offset language.

F-8 FY26 Training and Education Expenses

FY 26 Travel Expenses

Trustee/Staff	Conference Name/ Date/Location	Total Spent
Wendy Orcutt	MAPERS Fall Conference September 13-16, 2025 Grand Rapids, MI	\$1,722.53
Dan Gustafson	MAPERS Fall Conference September 13-16, 2025 Grand Rapids, MI	\$1,396.26
Grant Toth	MAPERS Fall Conference September 13-16, 2025 Grand Rapids, MI	\$1,449.19
Jeremy Flack	MAPERS Fall Conference September 13-16, 2025 Grand Rapids, MI	\$1,129.64
Wendy Orcutt	NAGDCA Annual Conference September 28 - October 1, 2025 San Diego, CA	\$2,218.82
Wendy Orcutt	Opal Public Funds Summit January 6, 2026 Scottsdale, AZ	\$36.00
Wendy Orcutt	MAPERS Spring Conference May 16-19, 2026 Bay City, MI	\$1,592.44
Dan Gustafson	MAPERS Spring Conference May 16-19, 2026 Bay City, MI	\$927.20
Jeremy Flack	MAPERS Spring Conference May 16-19, 2026 Bay City, MI	\$1,075.25
Jen Grimes	MAPERS Spring Conference May 16-19, 2026 Bay City, MI	\$806.50
Grant Toth	MAPERS Spring Conference May 16-19, 2026 Bay City, MI	\$967.29
Total		\$13,321.12

G. INFORMATION (Received & Filed)

G-1 Communications Memorandum

G-2 September 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	Applied Innovations	\$14.54	Printing Services 6/2026
2	GFOA - Maria Buffone	\$200.00	M. Buffone Membership Renewal for period 7/1/26-6/30/27
3	Allstar Alarm	\$171.96	Fire Alarm Monitoring 8/1/2026-10/31/2026
4	Culligan	\$14.00	Service 6/2026
5	DTE - Electric	\$171.24	Electric 6/13/2026 to 7/14/2026
6	DTE - Gas	\$18.39	Gas 6/13/2026 to 7/14/2026
7	Bergeron Backflow Services	\$225.00	Annual Backflow Inspection on 2 Devices
8	GRS	\$2,975.00	GASB 67/68 Valuation Q3 2026
9	GRS	\$8,350.00	Pension Valuation Q3 2026
10	Milliman	\$3,710.28	MARC Licensure/MFA 154 - 6/2026
11	MAPERS	\$1,200.00	MAPERS Fall Conference (Grimes, Gustafson, Buffone)
12	AMEX (itemized below 13-15)		AMEX Bill Cycle Closed 7/28/2026; Total \$325.00-\$77.95 Credit=\$247.05
13	AMEX - Kroger	\$5.00	Board Breakfast Items for 7/16/2026
14	AMEX - S&J Cleaning	\$160.00	Office Cleaning 7/1/2026
15	AMEX - S&J Cleaning	\$160.00	Office Cleaning 7/14/2026
16	Rhumblin - HEDI	\$12,403.00	Investment Manager Fee 4/1/2026-6/30/2026
17	Loomis Sayles	\$55,730.71	Investment Manager Fee 4/1/2026-6/30/2026
18	Applied Innovations	\$23.28	Printing Services 7/2026
19	Culligan	\$14.00	Service 8/2026
20	DTE - Electric	\$201.53	Electric 7/15/2026 to 8/12/2026
21	DTE - Gas	\$16.85	Gas 7/15/2026 to 8/12/2026
22	MAPERS - Orcutt	\$400.00	MAPERS Fall Conference (Orcutt)
23	MAPERS - Flack	\$400.00	MAPERS Fall Conference (Flack)
24	West Arbor Condo Association	\$367.00	Condo Association Dues 9/2026
	Total	\$86,931.78	

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
Robert Sloan	Age & Service	8/1/2026	General	AFSCME	15 Years & 0 Months	Public Services
Marc Tyler	Age & Service	8/26/2026	Fire	ASSTCHIEFS	8 Years & 8.5 Months	Safety Services
Michael Guenther	Age & Service	8/15/2026	General	AFSCME	20 Years & 0.5 Months	Public Services
Jason Forsberg	Age & Service	11/1/2026	Police	Non Union	8 Years & 10 Months	Safety 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 Foster to adjourn the meeting at 10:12 a.m.
Meeting adjourned at 10:12 a.m.

Wendy Orcutt

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