

**City of Ann Arbor Employees' Retirement System
Minutes for the Regular Meeting
September 17, 2026**

B

The meeting was called to order by Board Chairperson, Jeremy Flack, at 8:33 a.m.

ROLL CALL

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

AUDIENCE COMMENTS

A. APPROVAL OF AGENDA

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

B. APPROVAL OF MINUTES

B-1 August 20, 2026 Regular Board Meeting

It was **moved** by Toth and **seconded** by Foster to approve the August 20, 2026 Regular Board Meeting minutes as submitted.
Approved

C. CONSENT AGENDA

C-1 GASB Disclosure 67/68

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
Zane Kingsbury	Fire	1 Year	Payroll Deduction over 60 Months	\$4,283.60 (\$71.39/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 Toth and **seconded** by Walbridge to approve the consent agenda as presented.

Approved

D. DISCUSSION ITEMS

D-1 401 Dual Plan Employees – Taxation Issue

Ms. Orcutt presented an email from Payroll concerning tax issue which was sent to active City Dual Plan employees on September 10, 2026. City Payroll discovered that employer nonelective retirement plan contributions were included in their income for purposes of calculating their Social Security and Medicare tax withholding. This was determined by the City through expert consultation that this was not in accordance with IRS guidelines. A correction for 2026 will be included in the September 25th payroll and the City will seek reimbursement from the IRS for the years 2023, 2024, and 2025.

Ms. Praschan indicated the City can seek reimbursement on behalf of the employee if the employee fills out a form stating they will not attempt to seek reimbursement directly with the IRS. The Board inquired about how this issue was discovered. Ms. Praschan stated that about three (3) months ago, an employee flagged their account since they did not receive the employer match on a portion of their overtime. The Payroll and Finance departments discovered the tax issue after they did a deeper dive regarding that employee's initial issue.

D-2 2026 Board Election Schedule

City of Ann Arbor Employees' Retirement System & Retiree Health Care Benefit Plan & Trust Board of Trustees

2026 ELECTION SCHEDULE

One Trustee seat is up for election for the three-year term: January 1, 2027 - December 31, 2029:

- Fire Member Trustee seat up for election: Jeremy Flack

- October 1: Election notices will be sent for electronic posting on A2 Central, A2 News, and Ultipro. The election notice will indicate the deadline for Declarations of Candidacy, which will be 5:00 p.m., November 6, 2026.
- November 6: 5:00 p.m. deadline for Declarations of Candidacy.
- November 12: Notices announcing election candidates will be posted as indicated above. Notice will provide instructions for voting online.
- December 9 & 10: Election dates with voting done electronically.
- December 17: Board certification of elected candidates followed by a general announcement to all employees via electronic formats.
- December 21: Election results will be announced.

E. EXECUTIVE SESSION – Executive Director Annual Evaluation

It was **moved** by Schreier and **seconded** by Toth to convene an Executive Session at the request of Ms. Orcutt for the purpose of discussing the Executive Director Annual Evaluation.

Approved

Roll Call Vote:

DiGiovanni – Yes

Grimes – Yes

Schreier – Yes

Flack – Yes

Nerdrum – Absent

Toth – Yes

Foster – Yes

Praschan – Yes

*Walbridge – Yes *

Executive Session Time: 8:41am – 9:15am

F. ACTION ITEMS

F-1 Motion Regarding Executive Director Annual Evaluation

It was **moved** by Foster and **seconded** by Schreier to adopt the compensation adjustment recommendations as discussed in closed session.

Approved

G. REPORTS

G-1 Executive Report – September 17, 2026

PINEGROVE (SVB) DISTRIBUTIONS

Angelo Gordon Fund VIII issued a distribution in the amount of **\$ 420,000** for the Retirement System and **\$ 105,000** for the VEBA on 8/21/26.

NEUBERGER BERMAN CAPITAL CALLS AND DISTRIBUTIONS

Neuberger Berman issued a distribution from the NBPD Eagle Fund in the amount of **\$ 1,800,000** for the Retirement Plan and **\$ 900.000** for VEBA on 8/12/26 consisting of recallable capital.

Neuberger Berman issued a distribution from the NBPD Eagle Fund in the amount of \$ **102,266** for the Retirement Plan and \$ **51,133** for VEBA on 8/27/26 consisting of interest income.

MESIROW CAPITAL CALL

Mesirow Financial Private Equity Fund VIII-A, L.P. requested a capital call in the amount of \$**200,000** for the Retirement Plan and \$**60,000** for the VEBA on 9/10/2026. With these installments, **CAAERS** will have funded 77.5% of our total commitments of \$10,000,000 for the Retirement Plan and \$3,000,000 for the VEBA.

CASH REBALANCE INTO FIXED INCOME

At the September IPC meeting, upon recommendation from the Investment Consultant, the Committee voted to invest \$ 5 million for ERS and \$ 8 million for VEBA into the Northern Trust Barclays Aggregate Bond Index fund.

GRAIN COMMUNICATIONS CAPITAL CALLS

Grain Communications Opportunity Fund IV requested a capital call in the amount of \$**967,504** for the Retirement System and \$**580,502** for the VEBA on 9/25/2026 to fund investments and pay fees.

DRA DISTRIBUTIONS

DRA issued a distribution from the Growth and Income Fund X on 9/15/2026 in the amount of \$ **524,666** for the Retirement System and \$ **347,777** for the VEBA consisting of return of capital and gain on a capital event.

FYE/AUDIT UPDATE

The GASB report drafts were received on 8/28, edited for accuracy and will be reviewed at the September Audit Committee meeting on the 8th before approval by the Board. Financial statement drafts are expected to be received on September 18th.

STAFF OPERATIONS/MISCELLANEOUS

The Pension Analyst processed 24 estimates, 3 final calcs, 4 deceased calcs, 3 non-vested calcs, 2 payouts and conducted 6 pre-sessions.

G-2 Executive Report – Voya Update

Voya Update – September 17, 2026

457 PLAN - Balance at 9/9/2026 - \$ 133,196,000

EASE Account Balance \$ 12,521

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

401A PLAN – Balance at 9/9/2026 - \$ 15,356,000

Forfeiture Balance \$ 103,000 (\$209,234 is full balance with \$106,000 being used by City to offset contributions – see APC minutes)

401A Executive PLAN – Balance at 9/9/2026 - \$ 1,631,000

Forfeiture Balance \$ 0

Current Items/Education:

During the onsite date in August, Mike Landolt had 6 in person meetings as well as 7 phone calls and 4 zoom meetings. He will be onsite again on September 16th and 17th, 2026.

Future Items:

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

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

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

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

8/31/2026 Asset Value (Preliminary)	\$751,940,187
7/31/2026 Asset Value (Audited by Northern)	\$738,259,199
Calendar YTD Increase/Decrease in Assets (excludes non-investment receipts and disbursements)	\$11,617,930
Percent Gain <Loss>	1.6%
September 16, 2026 Asset Value	\$741,551,963

G-4 Investment Policy Committee Minutes – September 1, 2026

Following are the Investment Policy Committee minutes from the meeting convened at 3:06 p.m. on September 1, 2026:

Member(s) Present: DiGiovanni, Foster, Praschan, Toth
 Member(s) Absent: Flack
 Other Trustees Present: None
 Public Present: None
 Staff Present: Buffone, Gustafson (Via TX), Lieder, Orcutt (Via TX)
 Others Present: John Krakowiak, Graystone
 Amy Cole, Graystone (Via TX)
 Erik Burger, Graystone (Via TX)

MARKET COMMENTARY

Mr. Krakowiak provided an update on the fixed income market and thoughts on outcomes if the Fed introduces a rate hike at the next meeting in September. Ms. Cole provided an update with the bond market indicating a lot of movement has occurred outside of anything the central bank has done. She noted that with these type of investments in the current environment, it's more comfortable to stick with longer-term investments than less volatile short-term investments of two (2) years or less.

RETIREMENT SYSTEM

July 31, 2026 Performance Update: As of July 31, 2026, the balance of the Funds was \$736.1 million. Fiscal Year to Date performance was 0.16% net of fees.

Domestic and international developed equities were positive while emerging markets were negative for the month. Bonds on the whole were relatively flat or slightly down.

VEBA

July 31, 2026 Performance Update: As of July 31, 2026, the balance of the Funds was \$343.4 million. Fiscal Year to Date performance was 0.09% net of fees.

CASH REBALANCE DISCUSSION

Mr. Burger discussed the current cash levels and proposed rebalances. Currently there is about \$20 million cash in ERS and \$12 million cash in VEBA. After 9/1 benefit payments and other expenses there will be about \$17 million in cash for ERS.

Graystone's recommendation would be to invest \$5 million from ERS into the Barclays Aggregate Index fund, leaving \$12 million in cash for benefit payments and capital calls. For VEBA the recommendation would be to place \$8 million into the Barclays Aggregate Index Fund leaving \$4 million in cash.

*It was **moved** by Foster and **seconded** by Toth to approve the recommendation from Graystone to invest \$5 million from ERS and \$8 million from VEBA into the Northern Trust Barclays Aggregate Index fund.*

Approved

TRUSTEE COMMENTS

Mr. DiGiovanni discussed the IRR appendix using Ironsides Partnership Fund III, L.P. as an example stating the IRR does not translate into a compound return. Mr. Krakowiak discussed how the IRR is calculated and Graystone will re-evaluate the IRR with the MOIC (Multiple on Invested Capital) seeing what was annualized.

Mr. Digiovanni also discussed his concerns for the possible end of U.S. hegemony and what type of investments in the private space should the System consider that would have less of a negative correlation when tough economic times do emerge. Mr. DiGiovanni would like to see pacing studies at the October IPC meeting.

OCTOBER IPC MEETING – 10/6/2026

Ms. Orcutt and the Committee agree to hold the next Investment Policy Committee meeting on October 6, 2026, at 3:00 p.m. at the Pension office.

ADJOURNMENT

It was ***moved*** by Foster and ***seconded*** by Toth to adjourn the meeting at 3:50 p.m.
Meeting adjourned at 3:50 p.m.

G-5 Administrative Policy Committee Minutes – September 8, 2026

Following are the Administrative Policy Committee minutes from the meeting convened at 3:02 p.m. on September 8, 2026:

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

DC PLAN UPDATES

ROTH Conversion Issue from MSQ: Ms. Orcutt discussed an issue which happened with the ROTH conversion from Mission Square in 2023. An employee reached out to HR and the System recently to reduce their ROTH contribution to the 457 and increase their pre-tax contribution. They were unable to make the change on the Voya site as it showed that his ROTH contributions were already set at zero (0). Payroll confirmed he was contributing so Voya researched to find that this was not an isolated occurrence and it happened at conversion. Voya is currently conducting an audit to see if any other active employees show a zero amount but payroll activity shows an active contribution. They will then update the Voya site to reflect the proper amount so the issue doesn't occur in the future.

Account Registration Email Draft: Ms. Orcutt presented a draft of an email reminding employees to register their Voya account. No edits or revisions were suggested.

DEATH OVERPAYMENTS UPDATE

Ms. Orcutt provided an update to the three (3) death overpayment cases the System is currently monitoring. There has been no movement on the older case that AAPD was assisting with. The person involved stated they were going to contact the System to discuss repayment options but has failed to do so. The detective stated to the System they were going to turn the case over to the City prosecutor. One of the recently discovered cases involving \$13,000 has been paid in full. The last case is awaiting a court date in September to learn a status on the repayment.

FORFEITURES FOR CITY USAGE

Ms. Orcutt discussed the current 401 Dual plan excess forfeitures. Staff will send a summary of the forfeitures totaling \$106,901 including the employee's name and amount to the payroll department who utilizes those amounts to offset future contributions.

The System is retaining ample amounts to cover FY2027 expenses. Voya will do a sweep at the end of the calendar year when another large deposit is expected to hit the forfeiture account.

UPDATE ON BERWYN

Ms. Orcutt provided an update on Berwyn who was retained to conduct death audit searches for the System effective September 1, 2026. The contract was reviewed by VMT and has been executed. An annual auto-increase of 5% was included in the original draft of the contract but 3% has been agreed upon with Berwyn. This search will be conducted weekly with the first results expected on Friday, September 11, 2026.

CLOSED SESSION – EXECUTIVE DIRECTOR REVIEW

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

APPROVED

Roll Call Vote:

Grimes – Yes	Toth – Yes
Praschan – Yes	Walbridge – Yes
Schreier – Yes	

Closed session time: 3:11 p.m. – 4:03 p.m.

OCTOBER APC DATE

Ms. Orcutt and the Committee agreed to hold the next Administrative Policy Committee meeting on October 7, 2026, at 9:00 a.m. at the Pension office.

ADJOURNMENT

It was ***moved*** by Schreier and ***seconded*** by Walbridge to adjourn the meeting at 4:07p.m.
Meeting adjourned at 4:07 p.m.

G-6 Audit Committee Minutes – September 8, 2026

Following are the Audit Committee minutes from the meeting convened at 4:11 p.m. on September 8, 2026:

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

GASB STATEMENT 67/68 AND 74/75

Ms. Orcutt and the Committee reviewed the GASB 67/68 and 74/75 statements. These reports are done in advance of the valuation every year. Ms. Orcutt noted that unlike the

valuations, there is no 5-year smoothing method applied on these reports. The ERS fiduciary net position is 105.1% for ERS and 114.0% for the VEBA.

It was ***moved*** by Grimes and ***seconded*** by Praschan to recommend sending the GASB 67/68 and 74/75 reports to the Board for approval.

Approved

FYE UPDATE – AUDIT AND ACTUARY

Ms. Orcutt discussed the audit noting that it has been a smooth process and that financial statement drafts are expected on 9/17. Ms. Nerdrum inquired if there was anything different or new that came up for this year compared to previous year. Ms. Orcutt stated there had not been anything unusual. Ms. Nerdrum inquired if anyone outside of the City or System ever requests this information. Mr. Lieder stated no, since the reports once approved by the Pension Board are placed on the System's website for transparency.

OCTOBER AUDIT COMMITTEE MEETING – OCTOBER 7, 2026 AT 10:00 AM

The next Audit Committee meeting will be on October 7, 2026 at 10:00 a.m. at the Pension office.

ADJOURNMENT

It was ***moved*** by Grimes and ***seconded*** by Praschan to adjourn the meeting at 4:17 p.m.
Meeting adjourned at 4:17 p.m.

G-7 Legal Report

Mr. VanOverbeke discussed the current investigation into potential violations of federal securities laws regarding Cogent Communications Holdings, Inc. ("Cogent"). Cogent is a provider of low-cost high-speed internet access. The System suffered a loss of approximately \$79,000.00 in its Cogent investment through their Loomis account. An investigation revealed Cogent's CEO Dave Schaeffer exploited the company's artificially inflated stock price to offload over \$87 million in shares while pledging 60% of his Cogent holdings as collateral. Cogent over the years of 2024 and 2025 deliberately misled and misinformed their stockholders of declining performance.

It was ***moved*** by Foster and ***seconded*** by DiGiovanni to acknowledge receipt of the communication from the System's Counsel with regards to Cogent Communications Holdings, Inc. dated September 16, 2026, and to approve proceeding with the recommendation by Counsel.

Approved

H. INFORMATION (Received & Filed)

H-1 Communications Memorandum

H-2 October 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	Milliman	\$3,712.96	MARC Licensure/MFA 262 - 7/2026
2	AMEX (itemized below 3-9)		AMEX Bill Cycle Closed 8/28/2026; Total \$817.88
3	AMEX - S&J Cleaning	\$160.00	Office Cleaning on 7/29/2026
4	AMEX - S&J Cleaning	\$160.00	Office Cleaning on 8/12/2026
5	AMEX - S&J Cleaning	\$160.00	Office Cleaning on 8/26/2026
6	AMEX - Panera Bread	\$72.58	Board Meeting 8/20/2026 Breakfast Food
7	AMEX - Parking Downtown AA	\$1.30	Larcom Visit for Drop-Box on 8/17/2026
8	AMEX - Kroger	\$89.00	Items Purchased on 8/4/2026
9	AMEX - GFOA	\$175.00	M.Buffone 2026 Annual Gov't. GAAP Update
10	Wendy Orcutt	\$1,083.25	August 2026 in-Office Visit
11	Graystone	\$27,500.00	Investment Consulting Fee 4/1/2026 -6/30/2026
12	Applied Innovations	\$27.03	Printing Services 8/2026
13	Culligan	\$39.96	8/24/26 Delivery (3) & Deposit 5 Gallon BW, Transp. Fee
14	Culligan	\$14.00	Service 8/2026
15	West Arbor Condo Association	\$367.00	Condo Association Dues 10/2026
	Total	\$33,562.08	

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 Luick	Age & Service	9/19/2026	Fire	FIRE	31 Years, 0 Months	Safety Services

H-5 Analysis of Page Views on Retirement System Website

I. TRUSTEE COMMENTS / SUGGESTIONS

Mr. Schreier discussed an article by Segal which discusses best practices and steps to take if your public pension system reaches 100% funding. The article the data for state public pension plans, but much of the guidance could be applicable to the System as well.

J. ADJOURNMENT

It was **moved** by Grimes and **seconded** by Toth to adjourn the meeting at 9:36 a.m.
Meeting adjourned at 9:36 a.m.

Wendy Orcutt

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