

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
AUGUST 19, 2015 – 8:48 a.m.
233 East Fulton Street

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman David Tryc, Mr. Martin Timkovich, Mr. William Butts, Ms. Jane Hofmeyer, and Mr. Elias Lumpkins, Jr. Absent: Mr. J. Patrick Scripps.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, and Ms. Sara VanderWerff, City Comptroller.

Vice Chairman Tryc made the motion to excuse the absence of Mr. Scripps. The motion was seconded by Mr. Butts and carried.

There were no public comments regarding agenda items.

Moved by Mr. Timkovich and seconded by Mr. Butts, the following administrative items were approved by the Board of Trustees:

- Minutes of the regular meeting of June 17, 2015 and July 15, 2015.
- Purchase of credited service by the following General Retirement System members:

Debra D. Racey	\$13,735.98	24 months
Edward A. Rumbergs	\$19,110.70	24 months
Mary K. Zahrt	\$7,674.66	12 months
- Retirements: six age and service, one deferred and one early.

Age and Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Berry, Elizabeth A.	16 yrs. 1 mo.	07/18/2015	\$43,234.67	\$1,507.15
Bloemers, Margaret P.	25 yrs. 9 mo.	07/25/2015	\$107,592.67	\$5,998.29
Grunenwald, Susan R.	22 yrs. 9 mo.	07/16/2015	\$44,556.00	\$1,859.74
Soli, Kenneth J.	32 yrs. 4 mo.	09/09/2015	\$65,054.00	\$6,559.36
Sundstrom, Richard L.	32 yrs. 0 mo.	09/22/2015	\$48,597.00	\$3,075.60
Zaskiewicz, David P.	24 yrs. 10 mo.	08/08/2015	\$65,043.33	\$3,154.42

Deferred Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Faulkner, Sandra J.	9 yrs. 9 mo.	07/01/2015	\$48,402.00	\$983.17

Early Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Snyder, Susan J.	30 yrs. 0 mo.	08/21/2015	\$52,458.33	\$2,554.49

- Payment of administrative expenses of \$6,319.85 for the period 06/01/15 – 07/31/15.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 06/30/15. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

- \$28,190.41 – Baird Advisors (Fixed Income)
- \$37,062.62 – CBRE Clarion (Real Estate)
- \$40,955.00 – Harding Loevner (ADRs)
- \$38,691.86 – Harvest Fund Advisors (MLP)
- \$7,527.78 – Northern Trust Asset Management (Equity)
- \$40,853.71 – Wellington Management Company (Equity)
- \$32,258.02 – Wellington Management Company (Commodities)
- \$38,855.53 – Western Asset Management (Fixed Income)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 06/30/15 fee as follows:

Benefit Payments	\$8,514.86
Custody	<u>\$7,372.22</u>
Total	\$15,887.08

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$414,067,988 on June 30, 2015 and \$413,498,854 on July 31, 2015. The reports were received and filed by the Chairman. (Analyses found on pages)

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 04/01/15 – 06/30/15 that disclosed a withdrawal of \$39,195.67 by three former members; one was vested. The report was received and filed by the Chairman. (Report on page)

The Executive Director presented Trustees with the Quarterly Report of Income for the quarter ending 06/30/15. Total Securities Lending income for the period was \$28,561.57. Total Class Action Settlement receipts for the period were \$28,381.24. Chairman Hawkins received and filed the report. (Report found on page)

Ms. Korzen next presented an update on the disability retiree re-examination process and noted that Dr. Robert Schneeberger conducted a medical records review for Ms. Bonnie VanFleeren and stated his opinion that she is not physically and mentally able and capable of resuming her duty as an Office Assistant II and the incapacity is likely to be permanent; therefore, she should continue to be retired as disabled.

The Executive Director next presented a request to amend a duty disability retirement request to a non-duty disability retirement request from Mr. William J. Leach. Ms. Korzen stated that Mr. Leach's request was initially discussed at the December 17, 2014 Board meeting, at which time Trustees denied Mr. Leach's duty disability retirement request. Although there were two doctors who certified that Mr. Leach was totally and permanently disabled, there were insufficient facts to support a duty disability claim. She commented that she has spoken with Mr. Leach a few times and discussed what the Board's decision means. Mr. Leach has requested to amend his application to a non-duty disability retirement request as he qualifies for that benefit. Ms. Korzen stated that this request would be similar to the recent Bolinger case in that, if approved by Trustees, the retirement would be retroactive to the date of the denial of his original request, December 17, 2014. Mr. Timkovich made the motion to approve the amendment of Mr. William Leach's duty disability retirement request to a non-duty disability retirement with benefits effective December 17, 2014. The motion was seconded by Mr. Butts and carried.

There were no public comments on items not on the agenda.

Ms. Korzen commented that at the June Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for August and September 2015. After recent review of the investment accounts, Mr. Sefchok agreed with the Executive Director's recommendation to transfer \$1,000,000 from the Baird Advisors account and \$350,000 from the Western Asset Management account to the Cash Account on August 3, 2015 and \$1,350,000 from the NTAM account to the Cash Account on September 1, 2015.

Ms. Korzen reported that The Northern Trust Company completed their annual retiree data verification of the General Retirement System's retirees and beneficiaries. There were no retirees or beneficiaries reported on the list that the office was unaware of. Ms. Korzen stated that other systems have implemented a policy to send annual verifications to their retirees/beneficiaries and require them to be signed by them and witnessed to ensure proper payment of benefits. This may be prudent as Northern Trust only completes this search once per year. Ms. Korzen suggested implementing this practice during the winter as Northern completes their check in the summer. Vice Chairman Tryc asked what the penalty would be if a retiree/beneficiary does not comply. Ms. Korzen stated she was unsure and a policy would need to be put in place before the letters would go out. Mr. Michaud stated that he has a sample policy and will discuss the issue further with Ms. Korzen and present a policy to Trustees at a later date. Mr. Michaud stated that most plans suspend payments until he/she complies. Vice Chairman Tryc was concerned that there may be some retirees or beneficiaries that are in a nursing home or otherwise unable to complete this task unassisted and he would not want to penalize them. Ms. Korzen stated the Retirement Systems office would work with the retirees/beneficiaries in those cases. Mr. Timkovich asked if this is a common practice; Ms. Korzen responded yes.

The meeting adjourned at 8:56 a.m.

The next General Retirement System Board Meeting will be held Wednesday, September 16, 2015, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System