

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
JUNE 19, 2013 – 8:00 a.m.
233 East Fulton Street

The meeting was called to order by Chairman J. Patrick Scripps. Other members present: Vice Chairman David Tryc, Mr. Martin Timkovich, and Mr. Michael Hawkins. Absent: Mr. Walter Gutowski, Mr. Bill Butts, and Mr. Bill Alphenaar.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Ms. Catherine Mish, City Attorney, Ms. Mary E. Hills, Mr. Bernard Schaefer, and Mr. Gregory Sundstrom, City Manager.

Vice Chairman Tryc made the motion to excuse the absences of Mr. Gutowski, Mr. Butts and Mr. Alphenaar.

There were no public comments regarding agenda items.

Moved by Mr. Timkovich and seconded by Vice Chairman Tryc, the following items were approved by the Board of Trustees pursuant to a consent agenda:

- Minutes of the Regular Meeting of May 15, 2013.
- Retirements: seven age & service and one early:

Age & Service Retirements:

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Armstrong, Timothy J. Option B-Pop-100: Life of Member Beneficiary: Sherie Armstrong, Wife Pop-up potential of \$4,420.13 if beneficiary predeceases retiree	33 yrs. 5 mo.	06/29/2013	\$58,788.00	<u>\$3,883.08</u> \$3,883.08 (potential to beneficiary)
Bialk, Frederick A. Option B-Pop-100: Life of Member Beneficiary: Catherine Bialk, Wife Pop-up potential of \$6,255.46 if beneficiary predeceases retiree	36 yrs. 1 mo.	08/04/2013	\$77,049.67	<u>\$5,186.90</u> \$5,186.90 (potential to beneficiary)
Hardy, John L. Option A-Straight Life: Life of Member	8 yrs. 0 mo.	07/03/2013	\$42,508.33	\$765.15
Savickas, Carl R. Option B-50: Life of Member Beneficiary: Jackie D. Savickas, Wife	30 yrs. 0 mo.	07/16/2013	\$47,838.00	<u>\$3,002.08</u> \$1,501.04 (potential to beneficiary)

Schweizer, John T.	29 yrs. 9 mo.	08/13/2013	\$51,601.00	<u>\$2,771.38</u>
Option B-Pop-100: Life of Member				\$2,771.38
Beneficiary: Anne G. Schweizer, Wife				(potential to beneficiary)
Pop-up potential of \$3,454.04 if beneficiary predeceases retiree				
Torres, Evelyn M.	21 yrs. 8 mo.	07/27/2013	\$49,473.00	<u>\$1,970.71</u>
Option B-Pop-75: Life of Member				\$1,478.03
Beneficiary: William Garcia, Jr., Son				(potential to beneficiary)
Pop-up potential of \$2,411.81 if beneficiary predeceases retiree				
Zwiers, Patricia A.	23 yrs. 3 mo.	09/04/2013	\$44,302.00	<u>\$1,927.14</u>
Option B-Pop-100: Life of Member				\$1,927.14
Beneficiary: Richard D. Zwiers, Husband				(potential to beneficiary)
Pop-up potential of \$2,317.55 if beneficiary predeceases retiree				

Early Retirement:

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Henderson, Dreama L.	28 yrs. 0 mo.	06/22/2013	\$42,858.00	<u>\$2,106.49</u>
Option B-Pop-50: Life of Member				\$1,053.25
Beneficiary: Carl E. Henderson, Husband				(potential to beneficiary)
Pop-up potential if beneficiary predeceases retiree: \$2,264.26				

- Payment of administrative expenses of \$6,222.00 for the period 05/01/13 – 05/31/13.
- Payment of the investment management invoices as listed below for the quarter ending 03/31/13. Fee calculation, fee applied and stated amounts under management have been verified by the Retirement Systems office as correct:

\$21,324.76 – Wellington Management for management of commodities (2/1/13-3/31/13)
\$40,276.83 – Western Asset Management for management of fixed income assets

The motion carried.

Ms. Korzen next presented a report of Cash Account transfers for the period 07/01/13 – 09/30/13. The Retirement Systems Office staff projected a need for \$3,000,000 to be transferred to the cash account as follows: \$1,000,000 on July 1st, \$1,000,000 on August 1st and \$1,000,000 on September 3rd. Ms. Korzen recommended, and Mr. William Bensus of Wilshire Associates agreed, making the transfers as follows:

July 1 st	Wellington Management Company (small cap)	\$1,000,000
August 1 st	To be determined	\$1,000,000
September 3 rd	To be determined	<u>\$1,000,000</u>
Total		\$3,000,000

As this account is overfunded, the transfer will serve to bring it back toward its target percentage. (Cash Account Report found on page)

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$387,306,148 on May 31, 2013. The report was received and filed by the Chairman. (Analysis found on page)

The actuarial services retainer fee from Gabriel, Roeder, Smith and Company (GRS) for the fiscal year 07/01/13 – 06/30/14 was presented to Trustees. The annual fee requested is \$30,800, in quarterly increments of \$7,700, which represents an \$800 increase (approximately 2.7%) over last year's fee. Ms. Korzen noted that due to the implementation of GASB 67 & 68, there will be a significant amount of additional actuarial reporting that will be necessary. GRS has requested a fee not to exceed \$10,000 for this additional required reporting. For future years, the cost will be rolled into the retainer request but likely at a lower amount. The sample report that Mr. Hoffman of GRS recently provided indicated that future actuarial reports will likely double in size due to the GASB 67 & 68 reporting requirements. Chairman Scripps commented that it has been several years since the service provided by GRS has been reviewed by Trustees. He recommended that the committee that was formed a year ago to review non-investment service providers meet in September to review actuarial services. Ms. Korzen recommended approval of the retainer request by GRS. Mr. Timkovich made the motion to approve the renewal retainer fee request with Gabriel, Roeder, Smith and Company. The motion was seconded by Mr. Hawkins and carried. Mr. Timkovich stated that previously Trustees had discussed performing a peer review of GRS and that might be a prudent step to take in the near future in order to show due diligence on the part of Trustees to the auditors. Ms. Korzen stated that actuarial audits are becoming more prevalent and although she has not received a quote for an actuarial audit, she thought it might be approximately \$20,000 per plan. These types of audits would not be done every year, but perhaps every five to ten years. Trustees asked Ms. Korzen to investigate the possibility of conducting an actuarial audit and report her findings back to the Board at a future meeting.

Chairman Scripps next presented the non-duty disability retirement request from Ms. Mary E. Hills. He asked Ms. Hills if she would like to have Trustees go into Executive Session for the purposes of discussing this matter; Ms. Hills' attorney, Mr. Bernard Schaefer, said yes. Mr. Hawkins made the motion to go into Executive Session for the purpose of discussing Ms. Hills' non-duty disability retirement request, information that is exempt from the Freedom of Information Act and is also medically privileged, and to include Ms. Korzen, Ms. Mish and Ms. Balkema. The motion was seconded by Vice Chairman Tryc. Carried by a roll call vote: Yeas: -4 Nays: -0.

Executive Session began at 8:07 a.m.
Executive Session ended at 8:15 a.m.

Vice Chairman Tryc made the motion to deny the non-duty disability retirement request from Ms. Mary E. Hills. The motion was seconded by Mr. Hawkins and carried.

There were no comments on items not on the agenda.

The meeting adjourned at 8:17 a.m.

The next General Retirement System Board Meeting will be held Wednesday, August 21, 2013, at 8:15 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System