

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
SEPTEMBER 16, 2015 – 8:00 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, and Mr. Elias Lumpkins, Jr. Absent: Mr. J. Patrick Scripps, and Ms. Jane Hofmeyer.

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 absences of Mr. Scripps and Ms. Hofmeyer. The motion was seconded by Mr. Lumpkins and carried.

There were no public comments regarding agenda items.

Moved by Vice Chairman Tryc and seconded by Mr. Timkovich, the following administrative items were approved by the Board of Trustees {Mr. Butts arrived at 8:01 a.m.}:

- Minutes of the regular meeting of August 19, 2015.
- Purchase of credited service by the following General Retirement System member:

Daniel A. Wiseman	\$16,323.70	24 months
-------------------	-------------	-----------
- Retirements: five age and service, one deferred early, and one non-duty disability.

Age and Service Retirements:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Gilbert, Robert A.	11 yrs. 0 mo.	10/03/2015	\$51,319.67	\$1,062.73
Kneibel, Gregory A.	30 yrs. 0 mo.	10/06/2015	\$65,843.67	\$4,066.18
Nelson, Gregory A.	19 yrs. 3 mo.	10/04/2015	\$64,154.00	\$3,831.53
Tomich, Michael D.	30 yrs. 5 mo.	10/03/2015	\$107,592.67	\$6,509.82
Wohlford, Gary L.	30 yrs. 1 mo.	10/24/2015	\$48,597.00	\$2,841.96

Deferred Early Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Swendroski, Richard M.	26 yrs. 6 mo.	09/01/2015	\$48,114.00	\$1,304.55

Non-Duty Disability Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Leach, William J.	14 yrs. 3 mo.	12/17/2014	\$51,096.00	\$1,638.27

- Payment of administrative expenses of \$7,033.01 for the period 08/01/15 – 08/31/15.
- Payment of Legal Services fees of \$4,572.00 to VanOverbeke, Michaud & Timmony, P.C. for the period 01/01/15 – 06/30/15.

The motion carried.

Ms. Korzen next presented a report of Cash Account transfers for the period 10/01/15 – 12/31/15. The Retirement Systems Office staff projected a need for \$4,400,000 to be transferred to the cash account as follows: \$1,500,000 on October 1st, \$1,450,000 on November 2nd and \$1,450,000 on December 1st. Ms. Korzen recommended, and Mr. Nick Sefchok of Wilshire Associates agreed, making the transfers as follows:

October 1 st	Wellington Mgmt. Co. (Equities)	\$1,500,000
November 2 nd	To be determined	\$1,450,000
December 1 st	To be determined	<u>\$1,450,000</u>
Total		\$4,400,000

The report was received and filed by the Chairman. (Cash Account Report found on page)

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$395,635,676 on August 31, 2015. The report was received and filed by the Chairman. (Analysis found on page)

Ms. Korzen presented the Annual Accounting for the period 07/01/14 – 06/30/15 to Trustees. She noted that it was decided by Trustees to review both Annual Accountings at the same time each year, and therefore a committee should be established. Chairman Hawkins and Vice Chairman Tryc volunteered to serve. Chairman Hawkins noted they have agreed upon a date to review the accountings and will report their findings to the Board at the October 21, 2015 Board meeting.

The Executive Director next presented a draft policy for Retiree Verification. She stated at last month’s Board meeting Trustees expressed an interest in having a policy regarding retiree verification on a regular basis to supplement the annual report provided by The Northern Trust Company. She noted that the policy allows for three different notices to be sent to a retiree/beneficiary. If the retiree/beneficiary does not comply with the first request in the allotted time frame, then a second notice would be sent and if the retiree/beneficiary does not comply with the second request, then a third and final notice would be sent. If the retiree/beneficiary still does not comply after receiving the third notice, his/her pension payments will be suspended until he/she does comply with the request. Vice Chairman Tryc asked if this would be completed yearly; Ms. Korzen said yes and that these letters would likely be sent out in February. Mr. Balkema commented that there is a provision in the policy that states if the retiree/beneficiary does not complete and return the form to the Retirement Systems Office within the allotted time frame, this may result in the suspension or termination of his/her benefits. He questioned the word terminated as he does not believe Trustees have the authority to terminate the benefits for non-compliance. Ms. Korzen stated she would remove the word termination. Mr. Balkema commented that the retiree/beneficiary needs to have his/her signature witnessed. He stated that this may difficult for some people. He suggested that it should be noted on the questionnaire which fields are required and which are optional for the retiree/beneficiary to complete. Mr. Timkovich commented that the reference to “monthly pension check” should perhaps be changed to “monthly pension payment” as most retirees/beneficiaries are on direct deposit and do not receive an actual check. He voiced his concern that the questionnaire may seem a bit confusing to retirees and beneficiaries as it may not be clear which section they need to complete. Ms. Korzen stated that the wording tries to communicate as best it can which section the retiree/beneficiary needs to complete. Mr. Michaud stated that this form has been utilized by other systems and if there is a need to fine tune the form, especially after the first year that it is used, it can be revised. Mr. Timkovich stated that he felt sending this verification every year may seem excessive. Ms. Korzen commented that Northern Trust informed the Retirement Systems Office this year that the Social Security records are not as thorough as they once were;

implementing this procedure on an annual basis would be a prudent step to help complement Northern's report. Mr. Balkema asked if the Retirement Systems Office would be including a self-addressed stamped envelope to return the questionnaire; Ms. Korzen said only if it gets to the third notice. Mr. Balkema stated that the envelope could be provided just on the first request and would perhaps make it easier for people to respond. Ms. Korzen asked Mr. Michaud if that is common practice; Mr. Michaud said typically systems do not provide a self-addressed stamped envelope as it is a retiree/beneficiary obligation to verify their information; however, it is the Trustees' decision on whether or not to include one. Ms. Korzen stated that Trustees can decide that when the draft policy is brought back with the revisions. Mr. Butts asked if staff would be taking other steps to investigate if a retiree/beneficiary has been sent at least two letters as this might be a prudent step to take. Ms. Korzen stated that staff cannot investigate the person through Northern Trust; however, Gabriel, Roeder, Smith & Company has provided access to staff through their portal to check individual social security numbers. Mr. Butts asked if the staff has access to a program to check social security numbers; Ms. Korzen said no, but if it becomes an issue then she can check into the various products and prices and report back to the Trustees. Mr. Timkovich suggested that it may be prudent to ask for an alternate contact person on behalf of the retiree/beneficiary. Ms. Korzen will note the Trustee concerns that were voiced today, discuss them with Mr. Michaud and provide a revised draft at the October 2015 Board meeting.

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

Ms. Korzen next presented a request from BDO USA to increase their fee quote from the RFP a number of years ago. She noted that this is the final year of the three-year agreement with BDO and the Retirement Systems are due to issue an RFP soon for services to begin with the Police & Fire Retirement System audit of 12/31/15. Ms. Slagh of BDO noted that there are several factors that have changed in the industry since their original proposal; the biggest factor is that GASB 67 brought with it additional documentation for their files related to actuarial assumptions, money-weighted rates of return and other required supplemental schedules. She stated that their general audit procedures now take more time than they originally predicted due to the size of the General Retirement System portfolio, number of investment managers and percentage of the portfolio in non-publicly traded investment funds. The original proposed fee was \$11,700 and they are requesting an additional \$3,300 to cover their additional costs. Ms. Korzen stated that BDO informed her that they increased the City's auditing fees by 30%. Following Trustee discussion, Vice Chairman Tryc made the motion to authorize Ms. Korzen to negotiate a reasonable fee increase for the audit with BDO USA. The motion was seconded by Mr. Lumpkins and carried.

The meeting adjourned at 8:20 a.m.

The next General Retirement System Board Meeting will be held Wednesday, October 21, 2015, at 8:15 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System