

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
DECEMBER 17, 2014 – 8:53 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, Mr. Michael Hawkins, Mr. Walter Gutowski, and Mr. William Butts. Absent: Ms. Jane Hofmeyer.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Ms. Elizabeth White, Deputy City Attorney and Legal Advisor to the Board, and Ms. Sara VanderWerff, City Comptroller.

Vice Chairman Tryc made the motion to excuse the absence of Ms. Hofmeyer. The motion was seconded by Mr. Hawkins and carried.

There were no public comments regarding agenda items.

Mr. Timkovich asked to have the minutes of the regular meeting of November 19, 2014 amended to show that the comments that Ms. VanderWerff made at the beginning of the meeting were under the “public comments regarding agenda items” line item of the agenda. Mr. Gutowski made the motion to approve the minutes of the regular meeting of November 19, 2014 with Mr. Timkovich’s amendment. The motion was seconded by Mr. Timkovich and carried.

Vice Chairman Tryc made the motion to approve the purchase of credited service by the following General Retirement System members. The motion was seconded by Mr. Butts and carried.

Janice V. McHugh	\$6,840.01	12 months
Elizabeth A. Stickroe	\$3,198.03	5 months

Vice Chairman Tryc made the motion to approve the following retirements: two age & service and one deferred. The motion was seconded by Mr. Hawkins and carried:

Age & Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Krulek, Allen B.	23 yrs. 6 mo.	01/10/2015	\$55,581.00	\$2,428.37
Stickroe, Elizabeth A.	30 yrs. 0 mo.	02/06/2015	\$50,079.00	\$3,140.36

Deferred Retirement:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Logan II, Benjamin H.	9 yrs. 6 mo.	12/01/2014	\$43,468.00	\$618.00

Mr. Timkovich made the motion to approve the payment of administrative expenses of \$4,002.27 for the period 11/01/14 – 11/30/14. The motion was seconded by Mr. Butts and carried.

Ms. Korzen next presented a report of Cash Account transfers for the period 01/01/15 – 03/31/15. The Retirement Systems Office staff projected a need for \$4,650,000 to be transferred to the cash account as follows: \$1,550,000 on January 2nd, \$1,550,000 on February 2nd and \$1,550,000 on March 2nd. Ms. Korzen recommended, and Mr. William Bensus of Wilshire Associates agreed, making the transfers as follows:

January 2 nd	NTAM	\$1,000,000
	PIMCO	\$550,000
February 2 nd	To be determined	\$1,550,000
March 2 nd	To be determined	<u>\$1,550,000</u>
Total		\$4,650,000

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 \$428,688,872 on November 30, 2014. The report was received and filed by the Chairman. (Analysis on page)

The Executive Director next presented a request for a duty disability retirement from Mr. William J. Leach. Mr. Butts made the motion to go into closed session for the purpose of discussing Mr. Leach's 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. White and Ms. Balkema. The motion was seconded by Mr. Timkovich and carried. Roll call vote: yeas: 6, nays: 0.

Executive Session began at 8:59 a.m. and ended at 9:10 a.m.

Vice Chairman Tryc noted that Trustees acknowledge that Mr. Leach is totally and permanently disabled; however, Trustees did not find sufficient evidence that the disability is duty-related. He made the motion to deny Mr. Leach's duty disability retirement request; however, should Mr. Leach present a request for a non-duty disability retirement it would be approved effective today. The motion was seconded by Mr. Hawkins and carried. Mr. Gutowski commented that he was uncomfortable with this decision as it might lead future members to always apply for duty disability retirement first and then accept a non-duty disability if that request is denied. He suggested denying Mr. Leach's request and informing him of the decision, and let him decide if he wishes to appeal the decision. Chairman Scripps agreed somewhat with Mr. Gutowski but commented that more than likely if this case were to come back to Trustees at a later date, they would approve a non-duty disability retirement for Mr. Leach as two doctors have stated he is totally and permanently disabled. Ms. Korzen stated that she has spoken with other administrators regarding disability retirements and although they struggle sometimes with cases it would seem the kinder approach would be warranted in a case like this as it seems unfair to deny the request completely when a total and permanent disability has been established by physicians. It would be unfair to preclude the member from any benefit because they checked the wrong box on the application and did not qualify for

the duty-related retirement. Mr. Butts agreed and stated that he would like to deal with the facts at hand up front and one time. Mr. Leach has the facts to support that he is totally and permanently disabled. Mr. Butts felt that the Trustees' standards and review of disability retirement requests would not necessarily encourage others to always try for a duty disability; the member has to have the facts to support his/her case in order to qualify. Mr. Timkovich stated that the presumption is that Mr. Leach will accept the Trustees' decision; but he may choose to appeal the decision. Mr. Timkovich was hesitant to approve a non-duty disability retirement if Mr. Leach would choose to appeal instead as that could lead to other issues. Ms. Korzen stated that if Mr. Leach accepts a non-duty disability retirement that would preclude him from appealing the denial of the duty disability retirement; Ms. White agreed. Mr. Timkovich questioned what would happen to any non-duty disability retirement benefits if Mr. Leach decides to appeal; Ms. Korzen stated that any benefits would have to wait until the appeal process is finished. Ms. White stated that in the past Trustees have found that it is an injustice to deny a member a duty disability retirement benefit and then not give him/her the opportunity to amend his/her application to a non-duty disability retirement request as long as a total and permanent disability has been factually established. Vice Chairman Tryc withdrew his previous motion. Following Trustees discussion, Vice Chairman Tryc made the motion to accept the fact that Mr. Leach is totally and permanently disabled as supported by the medical committee. The motion was seconded by Mr. Hawkins and carried. Vice Chairman Tryc made the motion to deny Mr. Leach's request for a duty disability retirement as there were insufficient facts to support this claim. The motion was seconded by Mr. Butts and carried. Chairman Scripps asked whether or not Trustees would be offering a non-duty disability retirement to Mr. Leach; Ms. White stated it would be difficult for Trustees to deny Mr. Leach a non-duty disability retirement if he should request one based on their decision.

The Executive Director next presented a request for a non-duty disability retirement from Ms. Sheila K. Scruggs. Mr. Gutowski made the request to go into closed session for the purpose of discussing Ms. Scruggs' 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. White and Ms. Balkema. The motion was seconded by Vice Chairman Tryc and carried. Roll call vote: yeas: 6, nays: 0.

Executive Session began at 9:20 a.m. and ended at 9:24 a.m.

Mr. Timkovich made the motion to approve the non-duty disability retirement request from Ms. Sheila K. Scruggs based upon the majority opinion of the medical committee. The motion was seconded by Mr. Gutowski and carried. This was the first disability case that was handled by MMro and Trustees were pleased with the format of the report that was provided by MMro.

The Executive Director next presented a request for a duty disability retirement from Mr. John S. Bolinger. Vice Chairman Tryc made the request to go into closed session for the purpose of discussing Mr. Bolinger's 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. White and Ms. Balkema. The motion was seconded by Mr. Hawkins and carried. Roll call vote: yeas: 6, nays: 0.

Executive Session began at 9:26 a.m. and ended at 9:38 a.m.

Ms. Korzen noted that Mr. Bolinger had originally requested a duty disability retirement; however, Trustees decided at the August 21, 2013 regular meeting that although the facts supported that Mr. Bolinger was totally and permanently disabled, Mr. Bolinger did not meet the qualifications of a duty disability. He is therefore requesting to amend his application to a non-duty disability retirement. Mr. Butts made the motion to accept Mr. Bolinger's amendment to his application and approve the non-duty disability retirement request based upon the majority opinion of the medical committee, effective August 21, 2013. The motion was seconded by Mr. Gutowski and carried. Vice Chairman Tryc suggested that

Trustees discuss amending the disability application form/policy at the next Board meeting. Ms. Korzen stated that since both plans utilize the same application it should be addressed at the next Joint Board meeting on January 21, 2015 if Trustees desire.

Ms. Korzen noted that Trustee approval is necessary for the distribution of the 13th Check for January 31, 2015. The gross amount available for distribution is \$11,257,131. Ms. Korzen noted that this amount is preliminary and will be reduced by the expenses for this program. Following Trustee discussion, Vice Chairman Tryc made motion to authorize the 13th Check distribution and to instruct the Executive Director to review the market values for each investment manager account to determine from which manager(s) to deduct the amount. The motion was seconded by Mr. Gutowski and carried.

The Executive Director next addressed an additional fee that is being requested by the System's auditor, BDO USA. When the RFP for auditing services was conducted some years ago, the recent GASB changes were unknown and BDO had no way to build that into their fee quote. They have asked for an additional fee of \$900 (\$150 x 6 hours) due to the additional work that was required to ensure the financial statements were compliant with GASB 67. She felt that the fee request was reasonable and recommended approval. Mr. Timkovich made the motion to approve the additional fee of \$900 as requested by BDO USA. The motion was seconded by Mr. Butts and carried.

Ms. Korzen next reviewed the changes Trustees requested to the draft City of Grand Rapids General Retirement System Funding Policy that was presented at the November 19, 2014 regular meeting. The policy attempts to be consistent with City Code and state laws. She noted that there is some additional wording in the first paragraph recognizing that the City has authority to set the amortization period but the policy wording would be the Board's recommendation to the City Commission. The policy would read that although the City is permitted to suspend their contributions into the plan if the full funding credit exceeds the employer normal cost; however, the Board would strongly urge the City to at least contribute its normal cost if the plan is funded over 120%. Chairman Scripps had previously asked if there is a state requirement to have a funding plan in place should the plan fall below 70% funded status; she stated that Michigan does not. The policy states that a funding plan shall be considered if the funded ratio falls below or is projected to fall below 75%. Mr. Timkovich asked for clarity regarding the timing of contributions, and thought it might be prudent to have the funding policy state that it has been a long standing practice of biweekly contributions by both employees and employer; this verbiage has been added to the policy. Mr. Timkovich made the motion to approve the amended draft City of Grand Rapids General Retirement System Funding Policy as written. The motion was seconded by Vice Chairman Tryc and carried.

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

The meeting adjourned at 9:46 a.m.

The next General Retirement System Board Meeting will be held Wednesday, January 21, 2015, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System