

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
JANUARY 19, 2011 – 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, Mr. James Stokes, Mr. Michael Hawkins and Mr. Walter Gutowski. Absent: Ms. Dianette Hight.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System and Mr. David Hoffman of Gabriel, Roeder, Smith and Company.

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

There were no public comments regarding agenda items.

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

- Minutes of the Regular Meeting of December 15, 2010.
- Retirements: one age and service, one deferred and one rescinded.

Age and Service Retirement:

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Crane, Lois A. Option A-Straight Life: Life of Member	14 yrs. 0 mo.	02/17/2011	\$57,214.33	\$1,802.25

Deferred Retirement:

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Besteman, Sharron K. Option A-Straight Life: Life of Member	9 yrs. 4 mo.	02/01/2011	\$36,672.00	\$713.06

Rescinded Retirement:

Ms. Karen M. Bessey has rescinded her request to retire on 12/18/10, which was previously approved at the meeting on November 17, 2010.

- Payment of administrative expenses of \$7,875.37 for the period 12/01/10 – 12/31/10.

- Payment of the investment management invoice as listed below for the quarter ending 12/31/10. Fee calculations, fees applied and stated amounts under management have been verified by the Retirement Systems office as correct:

\$6,557.93 – Northern Trust Global Investments for management of equity assets

- Ms. Korzen noted payment of custody fees to Northern Trust for the quarter ending 12/31/10:

Benefit Payments:	\$5,718.81
Custody Fees:	\$7,469.21
Global Custody	\$4,663.36
Global Transactions	<u>\$3,226.00</u>
Total:	\$21,077.38

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$348,088,093 on December 31, 2010. The report was received and filed by the Chairman. (Analysis on page)

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 10/01/10 – 12/31/10 that disclosed a withdrawal of \$16,985.70 by two former members, one of which was vested. The report was received and filed by the Chairman. (Report on page)

Mr. David Hoffman of Gabriel, Roeder, Smith and Company (GRS) presented the 43rd Annual Actuarial Valuation for the year ending June 30, 2010. Mr. Hoffman noted that General Retirement System assets equal 84.1% of computed accrued liabilities. He also noted that the City’s contribution rate for the fiscal year beginning 07/01/11 will be 20.13% as specified in Section 1.221(3) of City Code. He provided a detailed report that included a ratio of active to retired employees of 0.9 to 1, a recognized rate of return of 0.20% compared to 7.34% projected, and an initial computed employer rate of 12.12% amortized over a period of 28 years. He noted that liabilities exceeded assets (\$69,350,481 debit to unfunded actuarial accrued liability). Mr. Hoffman also provided the history of employee/employer contributions as a percentage of payroll since 09/30/77. He noted that the ratio of assets computed under funding value relative to the market value of assets is 122%. He noted that the recent changes adopted by Trustees resulting from the five-year experience study, namely changing the investment return assumption from 7.5% to 7.25%, caused an increase of 1.61% of valuation payroll in the computed employer contribution rate. He further noted that Trustees recently adopted an investment return assumption that reflected the cessation of the 13th Check program for those groups that had negotiated guaranteed post-retirement benefit increases; this increased the computed employer contribution rate by 0.78% of valuation payroll. The ability of members to cash in unused sick time for up to a year of credited service was included in this valuation and the immediate impact of this change was to increase the computed employer contribution rate by 1.23% of valuation payroll. Finally, the weighted average member contribution was adjusted to reflect the new higher rates for certain employees required to continue to accrue benefits at the current level; the immediate impact of this change was to lower the computed employer contribution rate by 0.40% of valuation payroll. Mr. Hoffman provided a 5-year contribution rate projection based on market returns of 7.25% and a 28 year amortization period. These projections are based on all future experience matching exactly with GRS’ assumptions. Gains and losses in other risk areas may also have a material effect on contribution rates in future years. Vice Chairman Tryc made the motion to approve the actuary's recommendation to transfer \$5,278,094 from the Employer Accumulation Fund to the Benefit Reserve Fund and \$19,152,976 from the Employer Accumulation Fund to the Income Expense Fund. (Ending balances in each reserve fund as of June 30, 2010, were assumed to be: Member Deposit Fund - \$25,593,223; Employer Accumulation Fund - \$7,821,722; Benefit Reserve Fund - \$262,955,892; Income-Expense Fund - \$0). Seconded by Mr. Timkovich, the motion carried. The report was received and filed by the Chairman.

There were no comments on items not on the agenda.

Mr. Timkovich made the motion to nominate Mr. J. Patrick Scripps to serve as Chairman of the Board of Trustees for the year 2011. The motion was seconded by Mr. Stokes and carried. Mr. Timkovich made the motion to nominate Mr. David Tryc to serve as Vice Chairman of the Board of Trustees for the year 2011. The motion was seconded by Mr. Stokes and carried.

The meeting adjourned at 8:23 a.m.

The next General Retirement System Board Meeting will be held Wednesday, February 16, 2011, at 8:45 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System