

GENERAL RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
CITY OF GRAND RAPIDS  
MICHIGAN

MINUTES  
REGULAR MEETING  
NOVEMBER 17, 2010 – 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, Ms. Dianette Hight, Mr. Michael Hawkins and Mr. Walter Gutowski.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Ms. Elizabeth White, Deputy City Attorney and Legal Advisor to the Board and Mr. William Bensur of Wilshire Associates, Inc.

There were no public comments regarding agenda items.

Ms. Korzen noted that there was a slight correction to the minutes of the Regular Meeting of September 15, 2010 to accurately reflect the motion made and withdrawn by Mr. Timkovich during the discussion of Mr. Thomas Armock's disability re-exam. {Mr. Stokes and Mr. Hawkins arrived at 8:02 a.m.}

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

- Revised minutes of the Regular Meeting of September 15, 2010.
- Retirements: six age & service, one early, one deferred and one deferred early:

**Age & Service Retirements:**

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
<b>Branch, Benny</b> Option B-100: Life of Member Beneficiary: Pamela Branch, Wife	16 yrs. 8 mo.	01/05/2011	\$40,788.33	<u>\$1,299.77</u> \$1,299.77
<b>Kersten, Cynthia A.</b> Option A-Straight Life: Life of Member	21 yrs. 7 mo.	01/01/2011	\$65,450.00	\$3,178.41
<b>Pakiela, Philip S.</b> Option B-Pop-100: Life of Member Beneficiary: Cherilynn A. Pakiela, Wife Pop-up potential of \$3,242.65 if beneficiary predeceases retiree	27 yrs. 4 mo.	01/07/2011	\$52,726.00	<u>\$2,724.47</u> \$2,724.47 (potential to beneficiary)

<b>Werkema, Donald J.</b> Option B-Pop-100: Life of Member Beneficiary: Linda S. Werkema, Wife Pop-up potential of \$3,070.93 if beneficiary predeceases retiree	19 yrs. 9 mo.	12/09/2010	\$69,106.67	<u>\$2,621.38</u> \$2,621.38 (potential to beneficiary)
<b>Wierzbicki, Brian S.</b> Option B-Pop-100: Life of Member Beneficiary: Mary A. Wierzbicki, Wife Pop-up potential of \$3,845.03 if beneficiary predeceases retiree	30 yrs. 3 mo.	01/04/2011	\$56,492.67	<u>\$3,498.02</u> \$3,498.02 (potential to beneficiary)
<b>Williams, Raymond G.</b> Option A-Straight Life: Life of Member	31 yrs. 0 mo.	01/05/2011	\$47,456.33	\$3,310.08

### Early Retirement:

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
<b>Bessey, Karen M.</b> Option A-Straight Life: Life of Member	29 yrs. 2 mo.	12/18/2010	\$38,839.00	\$1,719.17

### Deferred Retirement:

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
<b>Zakem, Stephen P.</b> Option B-Pop-75: Life of Member Beneficiary: Marcia L. Zakem, Wife Pop-up potential of \$636.06 if beneficiary predeceases retiree	10 yrs. 6 mo.	11/01/2010	\$30,288.33	<u>\$561.24</u> \$420.93 (potential to beneficiary)

### Deferred Early Retirement:

<u>Name/Option</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
<b>Mayne, Rebecca J.</b> Option A-Straight Life: Life of Member	11 yrs. 10 mo.	11/01/2010	\$61,286.67	\$1,501.54

- Payment of administrative expenses of \$8,363.28 for the period 09/01/10 – 10/31/10.
- Payment of the investment management invoices as listed below for the quarter ending 09/30/10. Fee calculations, fees applied and stated amounts under management have been verified by the Retirement Systems office as correct:
  - \$24,395.74 – Baird Advisors for management of fixed income assets
  - \$31,246.25 – ING Clarion for management of global real estate assets
  - \$43,827.27 – Lotsoff Capital Management for management of equity assets
  - \$74,806.44 – Neuberger Berman for management of equity assets
  - \$5,895.46 – Northern Trust Global Investments for management of equity assets
  - \$60,139.35 - Wellington Management Company for management of equity assets

- Ms. Korzen noted payment of custody fees to Northern Trust for the quarter ending 09/30/10:

Benefit Payments:	\$5,496.60
Custody Fees:	\$7,535.45
Global Custody	\$4,084.95
Global Transactions	<u>\$5,879.00</u>
Total:	\$22,996.00

**The motion carried.**

Ms. Korzen presented the Public Act 314 Asset Analyses showing market values of \$307,656,149 on August 31, 2010, \$327,976,081 on September 30, 2010 and \$335,821,179 on October 31, 2010. The reports were received and filed by the Chairman. (Analyses on pages )

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the quarter ending 09/30/10 that disclosed a withdrawal of \$43,188.74 by four members, two of whom were 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 09/30/10. Total Securities Lending income was \$8,041.99 and total Class Action Settlement receipts were \$3,328.36. Chairman Scripps received and filed the report. (Report on page )

The Executive Director provided Trustees with an update on the disability re-examination process by noting that Ms. Megan White had her independent medical evaluation (I.M.E.) with Dr. O'Brien on October 15, 2010 and it is Dr. O'Brien's opinion that Ms. White remains totally and permanently incapacitated for performance of duty as an employee with the City of Grand Rapids and should continue to be retired as disabled due to the myriad of health problems Ms. White has. Ms. Korzen noted that Mr. Thomas Armock is scheduled for his additional I.M.E. next week.

The annual audit for the fiscal year ending June 30, 2010 was received and filed by the Chairman.

The Executive Director next addressed the revised B-Option Factors by stating that at the September 15, 2010 Board meeting, new assumptions were adopted for use in valuations beginning 06/30/10. Four assumptions are used to determine the benefit reduction associated with the Option B election: 1) investment return; 2) mortality; 3) gender composition of Option B elections; and 4) the normal form of benefit. The Board changed the investment return assumption from 7.50% annually to 7.25% annually. No change was made to the mortality assumption; however, a change was made in the current assumption for gender composition due to a lower experience in male retirees electing an Option B form. The normal form of the benefit payment has been a level benefit for the life of the member. Some groups will now receive 1% simple annual increases beginning four years after retirement. The revised B-Option Factors were recommended by Gabriel, Roeder, Smith and Company (GRS) to make the B-Options actuarially equivalent to Option A-Straight Life. GRS recommended different assumptions for those who receive automatic post-retirement increases and for those who do not. It was noted in the report that if the recommended changes are not adopted for the Option B calculations, and if these assumptions are exactly realized over the long run in future years, GRS expects that employer contributions for long term costs would increase by as much as 0.15% of active member payroll. Mr. Timkovich made the motion to approve the recommendations outlined in the Gabriel, Roeder, Smith and Company memo effective April 1, 2011. The motion was seconded by Vice Chairman Tryc and carried.

Ms. Korzen commented that at the September Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for

November and December 2010. After review of the investment accounts, Mr. Bensur agreed with the Executive Director's recommendation to transfer \$1,700,000 from Neuberger Berman to the Cash Account on November 1, 2010 and \$650,000 from Lotsoff Capital Management, \$625,000 from NTGI and \$425,000 from PIMCO to the Cash Account on December 1, 2010.

The meeting adjourned at 8:11 a.m.

The next General Retirement System Board Meeting will be held Wednesday, December 15, 2010, at 8:15 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen  
Executive Director  
General Retirement System