

GENERAL RETIREMENT SYSTEM
and
POLICE & FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
SPECIAL JOINT MEETING
OCTOBER 20, 2010 – 8:05 a.m.
233 East Fulton

The meeting was called to order by Chairman J. Patrick Scripps. Other members present: Mr. David Tryc, Mr. Craig VanderWall, Mr. Martin Timkovich, Mr. Thomas VanderPloeg, Mr. James Stokes, Ms. Dianne Hight, Mr. Michael Hawkins and Mr. Philip Balkema and Mr. Walter Gutowski.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems and Ms. Elizabeth White, Deputy City Attorney and Legal Advisor to the Boards.

There were no public comments regarding agenda items.

Ms. Korzen requested a brief adjournment to meet in executive session for the purpose of discussing the Executive Director's performance evaluation. Mr. Balkema, supported by Mr. Tryc, moved to adjourn to meet in executive session. Chairman Scripps called for a roll call vote. Yeas: 8, Nays: 0. Motion carried unanimously. The executive session began at 8:07 a.m.

Mr. VanderPloeg arrived at 8:09 a.m.

Ms. Hight arrived at 8:19 a.m.

Mr. Gutowski left the meeting at 8:48 a.m.

The executive session ended at 9:30 a.m.

The Special Joint Meeting resumed at 9:35 a.m.

Chairman Scripps provided Trustees with copies of the proposed contract for the Executive Director. Ms. Hight provided Trustees with a copy of additional proposed goals for the Executive Director for 2011. She stated that she had consulted with the City of Grand Rapids Human Resources staff regarding this issue and some of the recommendations focused on executive leadership on an external and internal basis. She commented that if any other Trustees had any suggestions for goals for 2011 that they communicate them to the rest of the Board at the November meeting. Chairman Scripps clarified that the performance evaluation committee will meet with the Executive Director next week to review the results of her performance evaluation and then also address goals for 2011 with her. The results of that meeting will be shared with Trustees before the November Board meeting to afford Trustees the opportunity to add or subtract goals as necessary and then approve the goals at the November Board meeting. Ms. Hight voiced her concern that Trustees be given enough time to review the information. Chairman Scripps stated that the goals do not have to coincide with the contract. He suggested that the performance evaluation committee meet with Ms. Korzen prior to the November Board meeting to review the proposed goals for 2011, report the findings to the full Board at the November Board meeting, have Trustee discussion and then approve them at the December Board meeting; Trustees agreed. Ms. White reviewed the terms of the proposed contract for the Executive Director. She stated that a majority of the language in the proposed contract was based on the contracts used for the four appointed officials with the City of Grand Rapids and the contract used for the Director of the Grand Rapids Public Library. She noted that the term of the contract will be from January 1, 2011

through December 31, 2011 and shall continue thereafter on a year to year basis for such time as the employee continues to be annually appointed as Executive Director by the Boards. Ms. White commented that the terms of the "Termination and Severance Pay" section were similar to those for three of the four appointed officials in the City. Trustees discussed the "Salary and Compensation" section and Mr. Balkema suggested clarifying part of the section to read that the Boards agree to annually provide the Executive Director with a base salary adjustment in such amounts and to such an extent as the Board may determine that it is desirable to do on the basis of an annual salary review of the Executive Director, provided it falls within the established salary range, and that the salary range shall be reviewed annually and adjusted accordingly based on CPI or some other similar index. Ms. Hight asked how changes mid-contract to the fringe benefits for the non-represented executive class employees of the City of Grand Rapids would impact the Executive Director. Trustees agreed that the fringe benefits for the Executive Director would be the same benefits as those afforded to the non-represented executive class employees as of the commencement of the Executive Director's contract. Ms. White noted that the current contract provides for a term-life insurance policy of \$100,000 for the Executive Director paid by the Retirement Systems. She commented that there is a death-in-service benefit of \$60,000 for non-represented executive class employees, but she was unsure whether that benefit would apply to the Executive Director. Mr. Balkema stated that if this benefit is offered to the Executive Director, the Retirement Systems would be responsible for the benefit if it became payable. He suggested amending the contract to read that in lieu of the death-in-service benefit the Board agrees to continue and pay for the term life insurance policy for the Executive Director. Trustees and the Executive Director discussed the tax ramifications of this benefit. Ms. Korzen noted that an option to make this benefit taxable may be to have the Board provide her a stipend for the amount of the life insurance policy plus the additional tax liability, paid through the payroll system, and then she would write a personal check for the policy. Ms. White referenced the income maintenance provision for the non-represented executive class employees and noted that currently the Executive Director has a disability policy provided by the Retirement Systems. Trustees agreed to keep the disability policy currently in place in lieu of the income maintenance benefit. Ms. White reviewed the job description outlined in the proposed contract. Ms. Korzen asked whether the duty to verify to the Boards that IRS reporting requirements are being met should be listed as this seemed to be covered elsewhere in the duties and it also seemed vague; Trustees agreed to delete this item. Ms. Korzen asked Trustees for cell phone reimbursement as she uses her phone for business purposes frequently. The City of Grand Rapids' department directors have City-paid cell phones, for which the City pays approximately \$50 per month. Trustees agreed to reimburse the Executive Director \$50 per month for cell phone expenses. Ms. Korzen also requested that Trustees agree to briefly review the list of comparables' salary and benefits at least every five years to ascertain if everything is still in order the way they thought it would be. Rather than set a specific time period, Trustees agreed to word the contract to state that the salary range would be reviewed and adjusted periodically based on changes to the CPI, changes to the salaries of comparable pension system positions, or other factors as the Board deems appropriate. Chairman Scripps asked Ms. White to incorporate the changes to the proposed contract that Trustees and the Executive Director discussed and provide the revised proposed contract to Trustees before the November Board meeting.

Board approval was requested for attendance at the following conference: IMN's 15th Annual Super Bowl of Indexing to be held December 5 – 8. Mr. Balkema made the motion to approve attendance of the aforementioned conference by Trustees and staff per the Trustee Training, Educational Development and Due Diligence policy in place. The motion was seconded by Mr. Hawkins and carried.

The meeting adjourned at 10:27 a.m.

Peggy Korzen
Executive Director
General and Police & Fire Retirement Systems