

**OFFICIAL
MINUTES OF REGULAR MEETING OF THE
STERLING HEIGHTS
GENERAL EMPLOYEE'S RETIREMENT SYSTEM**

Thursday, February 18, 2016

Location: Room – City Directors Conference Room #202 40555 Utica Road, Sterling Heights, MI 48313
Telephone: (586) 446-2331

Chairperson Weiler called the meeting to order at 1:30 p.m.

BOARD MEMBERS PRESENT: Rich Weiler, Chairperson
Brian Baker, Secretary
Jennifer Varney, Treasurer
Paul Henig, Trustee
Todd Marsh, Trustee

BOARD MEMBERS ABSENT: None.

ALSO PRESENT: Walt Hessell, Pension Administrator

APPROVAL OF AGENDA:

Motion by Marsh, supported by Henig, to approve the agenda as presented.
Ayes: All. Motion carried unanimously.

APPROVAL OF MINUTES:

Motion by Baker, supported by Marsh, to approve the minutes of the regular meeting held January 21, 2016

Ayes: All. Motion carried unanimously.

COMMUNICATION FROM CITIZENS: None

REPORT FROM LEGAL COUNSEL – Normal Retirement Age IRS Rules

Michaud was an excused absence from the meeting and had requested that Pension Administrator Hessell present the memorandum to the Board. Hessell pointed out the importance of periodic review of plan compliance with applicable IRS regulations. It was noted that all normal retirement ages as detailed in the respective collective bargaining agreements are in compliance with the IRS normal retirement age definitions. For general employees, age 55 is deemed the industry norm. The age 55 normal retirement age is also applicable with determination of the tax treatment of a member's annuity withdrawal lump sum payout upon retirement and the relevance of the 10% penalty premature distribution rule.

Motion by Marsh, supported by Henig, to receive and file the Normal Retirement Age / In-Service Distributions Memorandum from VanOverbeke, Michaud & Timmony, P.C.

Ayes: All. Motion carried unanimously.

CONSENT AGENDA:

Motion by Baker, supported by Varney, to receive and file consent items I A through I D-2.

Ayes: All. Motion carried unanimously.

I. RECEIVE AND FILE:

- A. Benefit register listing for February 1, 2016 from Comerica Bank showing 357 active retirees with a payout for January 2016 of \$885,317.67 and a year-to-date payout of \$1,770,635.34.

- B. Cash and Asset Statements as of January 31, 2016 from Comerica Bank and Morgan Stanley showing a total market value of \$104,022,984.66 comprised as follows:

<u>Desired Allocation</u>		<u>Asset Class / Percentage</u>		
0%	Cash	0.88%	Comerica Bank	\$ 911,900.89
16%	Fixed Income	17.60%	Boyd Watterson	18,310,879.72
8%	Fixed Income	8.84%	WAMCO	9,195,546.36
15%	Small Cap	15.04%	Earnest Partners	15,648,197.50
6.8%	Large Cap Value	6.40%	Herndon Capital	6,656,339.21
6.8%	Large Cap Value	7.11%	MFS	7,395,133.04
5%	Large Cap Growth	4.84%	AMI	5,030,262.68
5%	Large Cap Growth	4.45%	Winslow	4,632,158.83
3.4%	Large Cap Growth	3.39%	Janus Capital	3,527,463.90
8%	Large Cap Core	8.28%	London	8,610,600.75
5%	Large Cap Core	4.85%	S&P Index	5,046,496.60
8.5%	Large Cap Global	8.09%	INVESCO	8,413,607.67
8.5%	Large Cap Global	8.15%	Cambiar	8,474,918.48
4%	REITS	2.08%	Principal REIT	2,169,479.03

C. Correspondence

- 1. December 31, 2015 Settlement Report – Robbins Geller Rudman & Dowd.
- 2. Litigation Reports – Q4 2015 – Robbins Geller Rudman & Dowd.
- 3. Notice received from Morgan Stanley dated January 2016 regarding new location address.
- 4. Email correspondence and letter sent to Morgan Stanley dated January 21, 2016 regarding the transfer of funds for the payment of benefits.
- 5. Fee Information for Morgan Stanley Qualified Retirement Plans.
- 6. Wire transfer confirmations received from Morgan Stanley dated January 27, 2016.
- 7. Notice of Proposed Partial Settlement – Reynolds American.
- 8. “Pension & Investments” magazines dated January 25 and February 8, 2016.

- D. 1. Payable from System Assets for the quarter ending December 31, 2015.

Quarterly management fees from Morgan Stanley in the amount of \$156,793.44.

2. Payable from City Assets for the period ending January 31, 2016

Benefit calculation actuarial fees from Gabriel Roeder Smith & Co. in the amount of \$2,350.00 (EDRO portion in the amount of \$1,100.00 reimbursed by participant)

REGULAR AGENDA:

II. OLD BUSINESS:

A. Grievance Settlement for the DPW Field Group

Hessell briefed the Board with regard to the settlement which allows for the transfer of three members of the City's Defined Contribution Plan into the GERS Defined Benefit Plan. Pension Counsel Tom Michaud opined that an earlier settlement (December 2015 Kim Stulz) which was identical in principle was determined to be a clarification of collective bargaining unit language and not a pension benefit change under Public Act 728. Therefore, no supplemental actuarial analysis would be required and the arrangement was in compliance with State Law.

Hessell stated that consistent with the earlier settlement, Public Act 88 would apply and the new members would achieve vesting within the GERS at the completion of a full thirty consecutive months of service credit. Additionally, for retirement qualification purposes only, the provisions of Act 88 would apply with regard to service credit earned as members of the City's Defined Contribution Plan. Each member would reflect an adjusted hire date for pension defined benefit calculation purposes effective with the participation dated noted in the settlement. However, for purposes of vesting in the retiree medical benefits, the original hire dates would apply. Hessell commented that each member's electronic database record and hard copy pension file would be documented accordingly so as to provide a clear administrative guidance for future reference.

Motion by Varney, supported by Marsh, to receive and file the Grievance Settlement Agreement which allows participation in the GERS, effective February 6, 2016 for Josephine Husband, Ronald Pickett and Gregory Dugan subject to terms and conditions.

Ayes: All. Motion carried unanimously.

NEW BUSINESS

A. Application for Service Retirement, Mary Newton, Librarian, City Library

Motion by Marsh, supported by Varney, to receive and file the application for service retirement, Mary Newton, Librarian, City Library.

Ayes: All. Motion carried unanimously.

B. Pension Administration Comments – None

C. Trustee Comments - None

ADJOURN:

Motion by Baker, supported by Varney, to adjourn the meeting at 1:46 p.m.

Ayes: All. Motion carried unanimously.

Respectfully Submitted,

Brian Baker, Secretary