

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

Thursday, August 18, 2016

Location: Room #202 40555 Utica Road, Sterling Heights, MI 48313 (586) 446-2331

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

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

BOARD MEMBERS ABSENT: Brian Baker, Secretary (excused)

ALSO PRESENT: Walt Hessel, Pension Administrator; Thomas Michaud, Legal Counsel, VanOverbeke, Michaud & Timmony, P.C.

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 Varney, supported by Marsh, to approve the minutes of the regular meeting held June 16, 2016.

Ayes: All. Motion carried unanimously.

APPROVAL OF TRUSTEE APPOINTMENT & ELECTION OF CHAIRPERSON / VICE CHAIR

Motion by Henig, supported by Marsh, to receive and file the notice of appointment for Richard Weiler to a three-year term expiring June 30, 2019 as provided by the City Clerk and to elect Richard Weiler as Chairperson and Jennifer Varney as Vice Chairperson.

Ayes: All. Motion carried unanimously.

COMMUNICATION FROM CITIZENS: None

REPORT FROM LEGAL COUNSEL – CASE UPDATE

Motion by Marsh, supported by Varney, to receive and file the letter from David Davis, counsel for William J. Lang in the Act 88 Asset / Liability Transfer matter.

Ayes: All. Motion carried unanimously.

Michaud also commented on items as they appeared on the agenda.

CONSENT AGENDA:

Motion by Henig, supported by Varney, to receive and file consent items I A through I D-3.

Ayes: All. Motion carried unanimously.

I. RECEIVE AND FILE:

- A. Benefit register listing for August 1, 2016 from Comerica Bank showing 359 active retirees with a payout for July 2016 of \$894,611.64 and a year-to-date payout of \$7,288,004.23.

- B. Cash and Asset Statements as of July 31, 2016 from Comerica Bank and Morgan Stanley showing a total market value of \$109,213,053.60 comprised as follows:

<u>Desired Allocation</u>	<u>Asset Class / Percentage</u>				
0%	Cash	0.02%	Comerica Bank	\$	30,468.21
16%	Fixed Income	17.08%	Boyd Watterson		18,654,561.57
8%	Fixed Income	8.91%	Western		9,736,286.34
15%	Small Cap	16.48%	Earnest Partners		17,996,584.76
6.8%	Large Cap Value	6.56%	Confluence		7,166,858.67
6.8%	Large Cap Value	6.94%	MFS		7,576,578.25
5%	Large Cap Growth	4.95%	AMI		5,403,733.84
5%	Large Cap Growth	4.51%	Winslow		4,921,476.43
3.4%	Large Cap Growth	3.51%	Janus Capital		3,828,840.64
8%	Large Cap Core	7.78%	London		8,491,806.48
5%	Large Cap Core	4.70%	S&P Index		5,129,511.30
8.5%	Large Cap Global	8.19%	INVESCO		8,949,397.62
8.5%	Large Cap Global	7.99%	Cambiar		8,727,884.08
4%	REITS	2.38%	Principal REIT		2,599,065.41

C. Correspondence

1. Email and letter correspondence with Morgan Stanley dated June 16, 2016 regarding the transfer of funds for the payment of benefits.
2. Confirmation of transfer of funds received from Morgan Stanley dated June 24, 2016 for the payment of benefits.
3. Settlement Report – May 27, 2016 and June 24, 2016 securities litigation.
4. Email and letter correspondence with Morgan Stanley dated July 20, 2016 regarding the transfer of funds for the payment of benefits.
5. Confirmation of transfer of funds received from Morgan Stanley dated July 25, 2016 for the payment of benefits.
6. Fee Information dated July 26, 2016 from Morgan Stanley.
7. Letter sent to alternate payee Judith Zaluski dated July 26, 2016 regarding application of alternate payee benefits.
8. Litigation report Q2 2016 – Caterpillar, Prudential Financial and SanDisk.
9. FOIA response dated August 9, 2016 regarding schedule of investment portfolio by asset class and manager to Bright Scope.
10. “Pension & Investments” magazines dated June 13 & 27, July 11 & 25 and August 8, 2016.

- D. 1. Payable from System Assets for the quarter ending June 30, 2016

Quarterly management fees from Morgan Stanley in the amount of \$153,773.49 and from Boyd Watterson in the amount of \$6,944.00.

2. Payable from City Assets for the quarter ending June 30, 2016

Quarterly custodian banking services from Comerica Bank in the amount of \$4,803.17

3. Payable from City Assets for the service period August 3, 2016 to Gabriel Roeder Smith & Company

Actuarial fees for the June 30, 2016 annual valuation report and related services in the amount of \$14,400.00; actuarial fees for the June 30, 2016 GASB Statements Nos. 67 and 68 in the amount of \$8,000.00 and actuarial fees for an EDRO calculation in the amount of \$1,300.00 (reimbursed by participant)

REGULAR AGENDA:

II. OLD BUSINESS:

A. Annual Review of Adjustments to “Initial 70% AFC Limit” for Gross Monthly Pensions

Motion by Henig, supported by Varney to acknowledge the increase of the “Initial 70% AFC Limit” effective July 1, 2016 and the increase of the gross monthly pensions payable August 1, 2016 as detailed in the following table:

Name	Revised 70% AFC	Revised Gross Monthly Pension
Larry D’Angelo	\$4,120.74	\$3,520.22
Tina Hotton	\$3,162.50	\$3,100.74
Edward Piet	\$4,594.67	\$4,594.67
Mefford Couch	\$6,591.37	\$5,753.57
James Carpenter	\$6,163.40	\$4,671.30
Robert Ervin	\$6,040.34	\$4,818.57
Thomas Hlivka	\$5,184.00	\$4,603.25
Dan Browning	\$5,354.83	\$4,050.41
Theodore Boehmer	\$8,233.39	\$6,730.20
Colleen Muraszewski	\$4,272.15	\$3,734.73

Ayes: All. Motion carried unanimously.

III. NEW BUSINESS:

A. Processing of Pop-Up Election for Debra Bozich

Motion by Varney, supported by Marsh, to approve the processing of the pop-up election for retiree Debra Bozich, effective June 29, 2016 (spouse/beneficiary date of death) with a revised monthly benefit of \$4,441.58.

Ayes: All. Motion carried unanimously.

B. Eligible Domestic Relations Order (EDRO) for Dennis Zaluxki

Motion by Henig, supported by Weiler, to receive and file the Divorce Action / Eligible Domestic Relations Order (EDRO) Judith Zaluski vs. Dennis Zaluski as approved by pension counsel and to forward a copy to Custodian Bank Comerica.

Ayes: All. Motion carried unanimously.

C. Application and Survivor Pension Benefit Information for Daniel Janusch, Surviving Spouse of Jackie Janusch, Administrative Secretary, Police Department

Motion by Varney, supported by Henig, to approve the survivor pension benefit retirement for Daniel Janusch, surviving spouse of Jackie Janusch, Administrative Secretary, Police Department, effective June 27, 2016 (d/o/d) with service credit of 13 years, eight months and the monthly pension amount of \$1,252.40 under option A 100% without annuity withdrawal based on a monthly final average compensation of \$4,377.76.

Ayes: All. Motion carried unanimously.

D. Pension Administration Comments

Hessell updated the Board with regard to a FLSA retro pay issue which affected three retired members. Under 41-54 of the City Code, the retro pay constitutes a correction of errors and the three retired members will have a recalculation of benefits accordingly. Michaud commented that due to the de minimis value involved it is acceptable for Hessell to perform the recalculation and apply it on a pro-rata basis for those members subject to an EDRO.

Hessell then briefed the Board with regard to software changes made by Custodian Bank Comerica. The change will require new processing forms for the administration of benefits which will be integrated into the GERS system documents. Comerica also sent notification out to retirees that they will be receiving two 1099R forms this year, one from the new system and one from the legacy system. Michaud commented that the bank should provide an additional reminder just prior to the issuance of the 1099R forms to avoid confusion.

E. Trustee Comments – MAPERS 2016 Fall Conference

Due to work and schedule conflicts no member of the Board will be attending the conference this fall.

ADJOURN:

Motion by Varney, supported by Weiler, to adjourn the meeting at 1:52 p.m.

Ayes: All. Motion carried unanimously.

Respectfully Submitted,

Jennifer Varney, Acting Secretary / Treasurer