

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

Thursday, October 20, 2016

Location: Room #204 40555 Utica Road, Sterling Heights, MI 48313 (586) 446-2331

Chairperson Weiler called the meeting to order at 1:33 p.m.

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

BOARD MEMBERS ABSENT: Brian Baker, Secretary (excused)
Paul Henig, Trustee (excused)

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

APPROVAL OF AGENDA:

Motion by Marsh, supported by Varney, to approve the agenda as presented.

Ayes: All. Motion carried unanimously.

APPROVAL OF MINUTES:

Motion by Marsh, supported by Varney, to approve the minutes of the regular meeting held September 15, 2016 and the special closed meeting of September 15, 2016.

Ayes: All. Motion carried unanimously.

COMMUNICATION FROM CITIZENS: None

REPORT FROM LEGAL COUNSEL

Michaud updated the Board with regard to the meeting held with the City of Utica officials with regard to the William J. Lang Act 88 asset / liability transfer issue. Michaud believes that the City of Utica is not inclined to accept any additional pension liability with regard to the transfer and that the matter will now be closed.

Michaud briefed the Board about House Bill 5834 which remains in committee but could see action under a lame duck congress this fall. The bill would seek to limit all pension retirement calculations under a base pay concept as opposed to the current practice of using final average compensation which tends to include gross compensation and larger pension benefits.

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

CONSENT AGENDA:

Motion by Marsh, 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 October 1, 2016 from Comerica Bank showing 359 active retirees with a payout for September 2016 of \$891,032.87 and a year-to-date payout of \$9,077,073.99.

- B. Cash and Asset Statements as of September 30, 2016 from Comerica Bank and Morgan Stanley showing a total market value of \$107,834,220.02 comprised as follows:

<u>Desired Allocation</u>	<u>Asset Class / Percentage</u>				
0%	Cash	0.29%	Comerica Bank	\$	307,882.39
16%	Fixed Income	17.26%	Boyd Watterson		18,608,380.39
8%	Fixed Income	9.04%	Western		9,743,658.27
15%	Small Cap	16.16%	Earnest Partners		17,428,924.70
6.8%	Large Cap Value	6.33%	Confluence		6,821,937.67
6.8%	Large Cap Value	6.97%	MFS		7,514,877.56
5%	Large Cap Growth	4.91%	AMI		5,294,613.63
5%	Large Cap Growth	4.30%	Winslow		4,637,646.83
3.4%	Large Cap Growth	3.54%	Janus Capital		3,823,054.55
8%	Large Cap Core	7.71%	London		8,311,599.25
5%	Large Cap Core	4.74%	S&P Index		5,110,484.40
8.5%	Large Cap Global	8.34%	INVESCO		8,996,281.17
8.5%	Large Cap Global	8.13%	Cambiar		8,770,924.28
4%	REITS	2.28%	Principal REIT		2,463,954.93

C. Correspondence

- 1. August 28, 2016 Settlement Report – Securities Litigation
- 2. Email correspondence and letter to Morgan Stanley dated September 16, 2016 regarding the transfer of funds for the payment of benefits.
- 3. Wire transfer notification received from Morgan Stanley dated September 26, 2016 regarding the transfer of funds for the payment of benefits.
- 4. Fee information notice received from Morgan Stanley dated September 26, 2016.
- 5. “Pension & Investments” magazines dated September 19 & October 3, 2016.

D. 1. Payable City System Assets for the six month service period ending June 30, 2016

Legal fees from VanOverbeke, Michaud & Timmony, P.C. in the amount of \$2,425.00.

2. Payable from City Assets for the service period ending September 8, 2016

Actuarial fees from Gabriel Roeder Smith & Co. for an EDRO calculation in the amount of \$1,300.00 (reimbursed by participant)

REGULAR AGENDA:

II. OLD BUSINESS:

A. Retirement Information for Catherine Herwig, Deputy Court Clerk, 41-A District Court

Motion by Varney, supported by Marsh, to approve the service retirement for Catherine Herwig, Deputy Court Clerk, 41-A District Court, effective September 17, 2016 with service credit of 31 years and the monthly pension amount of \$2,648.19 under Option A Pop-Up without Annuity Withdrawal based on a monthly final average compensation of \$3,939.90.

Ayes: All. Motion carried unanimously.

B. EDRO Alternate Payee Information for Judith Zaluski (Dennis Zaluski, Department of Public Works)

Motion by Marsh, supported by Varney, to approve the EDRO alternate payee benefit for Judith Zaluski (Dennis Zaluski, Department of Public Works), effective August 15, 2016 with the monthly pension amount of \$784.52 under straight life without Annuity Withdrawal.

Ayes: All. Motion carried unanimously.

C. Retirement Information for Daniel Redmond (subject to EDRO), DPW Inspector, Department of Public Works

Motion by Marsh, supported by Weiler, to approve the service retirement for Daniel Redmond (subject to EDRO), DPW Inspector, Department of Public Works effective September 17, 2016 with service credit of 28 years, five months and the monthly pension (participant) amount of \$6,088.38 under EDRO Straight Life Option without Annuity Withdrawal, based on a monthly final average compensation of \$9,407.13.

Ayes: All. Motion carried unanimously.

III. NEW BUSINESS:

A. Eligible Domestic Relations Order (EDRO) for Derek Upton

Motion by Varney, supported by Marsh, to receive and file the Divorce Action / Eligible Domestic Relations Order (EDRO) Kelly Jo Leahy-Upton v. Derek Upton as approved by pension counsel and forward a copy to the Custodian Bank Comerica.

Ayes: All. Motion carried unanimously.

B. Refund of Employee Contributions & Interest – Greg Dugan, Department of Public Works

Motion by Marsh, supported by Varney, to approve the withdrawal and payment of employee contributions and interest in the amount of \$2,200.11 to Greg Dugan, Department of Public Works who separated from service on July 13, 2016.

Ayes: All. Motion carried unanimously.

C. Application for Service Retirement for Ray Sharer, Senior Account Clerk, Financial Services

Motion by Varney, supported by Marsh, to receive and file the application for service retirement for Ray Sharer, Senior Account Clerk, Financial Services.

Ayes: All. Motion carried unanimously.

D. Change in Retiree Status – Frances Koskinen (Deceased)

Motion by Marsh, supported by Varney, to approve termination of Option A benefits for retiree, Frances Koskinen, due to her death on August 30, 2016 and the death of her spouse on November 29, 2015.

Ayes: All. Motion carried unanimously.

E. Change in Retiree Status- Kathleen Geiger (Deceased)

Motion by Varney, supported by Marsh, to approve termination of straight life option benefits for retiree, Kathleen Geiger, due to her death on September 15, 2016.

Ayes: All. Motion carried unanimously.

F. Pension Administration Comments – GERS Special Meeting Agenda November 30, 2016

Motion by Marsh, supported by Varney, to approve the agenda for the November 30, 2016 special meeting as presented.

Ayes: All. Motion carried unanimously.

G. Trustee Comments – Alternative Asset Allocation Discussion

Motion by Varney, supported by Weiler, to approve the hiring of Cushing Asset Management as the system MLP manager for a 5% allocation under the alternative asset class and to authorize the transfer of funds from the large cap stock portfolio as determined by Tim Brice, Graystone Consulting – Morgan Stanley.

Ayes: All. Motion carried unanimously.

ADJOURN:

Motion by Varney, supported by Weiler, to adjourn the meeting at 2:02 p.m.

Ayes: All. Motion carried unanimously.

Respectfully Submitted,

Jennifer Varney, Acting Secretary / Treasurer