

**CITY OF KALAMAZOO EMPLOYEES' RETIREMENT SYSTEM
PENSION BOARD OF TRUSTEES MEETING
MINUTES OF WEDNESDAY, FEBRUARY 25, 2004**

A meeting of the Pension Board was held February 25, 2004 in the third floor conference room of City Hall.

Chair John Nelson called the meeting to order at 7:30 a.m.

Trustees Present: John Nelson, Pat DiGiovanni, Fay Dorr
Others Present: Mark Stuhldreher, Kim Fink, Randy Schau, Bob Baxter

Motion to Excuse

A motion was made by Pat DiGiovanni and seconded by Fay Dorr to excuse Steve Smith and Mary Balkema. The motion was carried by a voice vote.

Approval of Minutes

A motion was made by Fay Dorr and supported by Pat DiGiovanni to approve the minutes of the Pension Board meeting of December 5, 2003 and the special board meeting of January 6, 2004. The motion was carried by a voice vote.

Approval of Retirement Applications

The following regular retirement applications was presented for approval:

<u>Retiree</u>	<u>Election</u>	<u>Benefit</u>	<u>FAC</u>	<u>Years of Service</u>
Ted Lupina	St Life	\$3,809.76	\$66,184.77	25.583
Paul Ponitz	100% J & S	\$423.41	\$23,523.13	16.083

Ms. Fink said that Paul Ponitz was a deferred retirement. A motion was made by Fay Dorr and supported by Pat DiGiovanni to approve the retirement applications. The motion was carried by a voice vote.

Approval of Refund Applications

The following refunds were presented for approval:

<u>Name</u>	<u>Amount</u>	<u>Group</u>	<u>Method</u>	<u>Service Years</u>
Kenneth Bragg	\$117.96	Transit	Distribution	8 months
Christina Greer	\$5,789.75	NBU	Distribution	6 years
Daryle Benjamin	\$3,700.77	NBU	Distribution	2.5 years
Jennifer Johnson	\$1,409.28	KMEA	Distribution	6 years
Donald Mason	\$1,702.44	Transit	Distribution	4 years
Joseph Pineda	\$575.95	Public Safety	refund of prior service buyback	

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A motion was made by Pat DiGiovanni and supported by Fay Dorr to approve the refund applications. The motion was carried by a voice vote.

Approval of Military Buybacks

The following military buyback applications were submitted for approval:

<u>Name</u>	<u>Group</u>	<u>Buyback</u>	<u>Repayment</u>
Kenneth Skibbe	Public Safety	3 years	\$57.40 over 130 ppds
Joel Vanzyveld	Public Safety	3 years	\$57.40 over 130 ppds
Greg Magnan	Public Safety	28 months	\$44.63 over 130 ppds
Larry Edlefson	Transit	3 years	lump sum (check)
Matthew Elzinga	Public Safety	29 months	\$46.23 over 130 ppds

A motion was made by Pat DiGiovanni and supported by Fay Dorr to approve the military buyback applications. The motion was carried by a voice vote.

Approval of prior service buyback

The following prior service buyback application was submitted for approval:

<u>Name</u>	<u>Group</u>	<u>Buyback</u>	<u>Repayment</u>
Raymond Perry	Transit	3 yrs, 2 mos	\$10.61 over 260 ppds

A motion was made by Fay Dorr and supported by Pat DiGiovanni to approve the prior service buyback application. The motion was carried by a voice vote.

Approval of DRO

Randy Schau stated the order received for John Spyker was different than an EDRO because Mr. Spyker was already retired. This is a domestic relations order as opposed to an eligible domestic relations order. The DRO document is for retirees, not current employees. The document states an amount to be paid to the alternate payee until the death of the retiree. Pat DiGiovanni asked why we should get involved with this if we don't have to comply. Mr. Schau stated the law is unclear if we have to comply, but if we don't, we could be named a party to the suit and ultimately, we would have to comply. There was continued discussion regarding the DRO. Pat DiGiovanni asked if the alternate payee has to sign something stating she is paid in full per this document and that her payment ends upon his death. Mr. Schau stated he would draft a form for Mrs. Spyker to sign stating that her payments stop upon the death of Mr. Spyker. A motion was made by Pat DiGiovanni and supported by Fay Dorr to approve the DRO under the condition of Mrs. Spyker signing a form stating her payments stop upon the death of Mr. Spyker. The motion carried by a voice vote. Mr. Schau will draft the document. Payments will start to Mrs. Spyker upon receipt of the signed document.

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Information: Changes due to Deaths

<u>Retiree</u>	<u>Date of Death</u>	<u>Benefit</u>	<u>Beneficiary Benefit</u>
Desmond Scheerenberg	12/29/03	\$730.27	none
Terrence Harmon	01/07/04	\$643.53	\$643.53
John Thomas	01/24/04	\$554.31	none

Review of duty disabilities

Kim Fink stated that she met with both John Buchtrup and Gene Fellings to review all of the current duty disabilities. They discussed each of the retirees and determined that, at this time, administration would not be recommending a second physical for any of the retirees receiving a duty disability. The Board asked Ms. Fink to include the worker's comp amount for the next report.

Review of EDRO Procedures

Kim Fink said the procedures now state that when an EDRO is received, it would go to the actuary immediately to receive a certification regardless of when the employee will retire. This is to make sure the EDRO is in compliance with the State Law. If the actuary does not certify the EDRO, it can go back to the attorney's right away to be corrected. If the employee is not expected to retire in the near future, the EDRO and the certification will go to the Pension Board for approval. When the employee does retire, the EDRO will go back to the Board along with the calculation for final approval. If, on the other hand, the retirement is eminent, the EDRO, certification and the calculation letter will go to the Pension Board for approval all at the same time.

Ms. Fink also stated the section on DRO's will be updated according the changes the Board requested today. There will be a form requiring the alternate payee to sign stating he/she is aware payments stop upon the retiree's death. The revised procedures will come back to the Board in May for final approval.

There was discussion regarding beneficiary sign-off on pension benefits. Ms. Fink explained that when the retiree initially fills out the paperwork for retirement, the form states who is entitled to any beneficiary payments. Mr. Nelson asked how we determine if a retiree is deceased and payments should stop. Ms. Fink stated she receives information from State Street, the banks, obituaries and through the retiree's family. Discussion continued regarding the possible payment to deceased retirees. Mr. Stuhldreher stated that administration would work with our internal auditor to draft a letter to retirees for verification.

Communications

Mr. Nelson reviewed the investment portfolio for 12/31/2003. The ending market value was \$406.6 million. It was a very good year, with a return of 28.7% for 2003. Mr. Nelson thought that the year's gain would offset the losses the system has to recognize in the next few years.

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Mr. Nelson reviewed the managers' performance against their benchmark and stated the managers were doing extremely well. There was discussion regarding the benchmarks and the costs associated with our funds.

Fay Dorr discussed the possibility of looking at another early retirement program as a way to assist with future budgets. Pat DiGiovanni stated that the Pension Board is an advisory board that administers the ordinance and does not make those types of decisions. Mr. DiGiovanni told Ms. Dorr that she could talk with administration about possible future budget savings.

The next Pension Board meeting is Wednesday, May 26, 2004, at 7:30 a.m. in the 3rd Floor Conference Room of City Hall.

There being no further business, Chair John Nelson adjourned the meeting at 8:30 a.m.

Respectfully submitted,

Mark Stuhldreher
Secretary