

**CITY OF KALAMAZOO EMPLOYEES' RETIREMENT SYSTEM
PENSION BOARD OF TRUSTEES MEETING
MINUTES OF WEDNESDAY, MAY 26, 2004**

A meeting of the Pension Board was held May 26, 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, Mary Balkema, Steve Smith
Others Present: Mark Stuhldreher, Kim Fink, Randy Schau, Bob Baxter

Approval of Minutes

A motion was made by Mary Balkema and supported by Steve Smith to approve the minutes of the Pension Board meeting of February 25, 2004.

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>
Robert Shane	St Life	\$2,537.09	\$62,644.30	18.00
Donna Lockey	St Life	\$880.17	\$39,882.31	18.50
Ronald Lee	St Life	\$4,124.49	\$70,504.17	33.17

A motion was made by Steve Smith and supported by Mary Balkema 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>
Dwight Stallard	\$12,305.41	Public Safety	Distribution	4 years
Janice Morris	\$913.28	Transit	Distribution	4 years
Larry Burns	\$1,943.35	NBU	Rollover	2 years
Kimberly Triemstra	\$981.08	KMEA	Distribution	3.5 years

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

Approval of EDRO procedures

Ms. Fink stated the Pension Board reviewed the EDRO procedures at the last meeting and the Board requested some changes before they could be approved. The procedures still state that an EDRO will come before the Board at the time of certification by the actuary. It will be a two-step process if the employee is years away from retirement. In that instance, the Board will see the EDRO twice, once upon certification and again with a calculation letter from the actuary.

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The change to the procedures is requesting a signed document from the alternate payee in the case of a DRO. The DRO assigns a portion of the retiree's pension after the payments begin. The alternate payee will sign a letter stating they are aware the payments will cease upon the death of the retiree. A motion was made by Pat DiGiovanni and seconded by Mary Balkema to approve the procedures as presented. The motion was carried by a voice vote.

Approval of EDRO-Buzska

Ms. Fink stated that Thomas Buzska is years away from retirement so the actuary has certified the EDRO, but there is no calculation letter at this time. The certification states the EDRO is in good order and that the system will not pay out more than it would have had there not been a divorce. When the employee retires, the EDRO, certification and a calculation letter will come back to the Board for a second approval. A motion was made by Pat DiGiovanni and supported by Mary Balkema to approve the EDRO as presented. The motion carried by a voice vote.

Information: Changes due to Deaths

<u>Retiree</u>	<u>Date of Death</u>	<u>Benefit</u>	<u>Beneficiary Benefit</u>
Leon White	03/26/04	\$1,502.19	\$751.10
Oakley Herrick	04/29/04	\$1,704.36	\$1,704.36

Communications

Ms. Fink reviewed a draft letter that would go to the retirees to certify they are receiving their monthly benefit. The letter will also include a section to request a hard copy of the summary annual report. Mr. Nelson asked if the auditors did this type of confirmation as part of the audit. Mr. Stuhldreher stated they did not. The Board requested that a witness line be added. Ms. Fink stated that would be done.

Mr. Nelson reviewed the investment portfolio for the 1st quarter of 2004. The assets grew from \$406 million to \$421 million. The annualized return since inception, net of fees and expenses, is 13.4%, a slight increase from last quarter. The returns of the funds were reviewed and there was a discussion about the benchmarks. Mr. Nelson told the Board that the Investment Committee made the decision to terminate Morgan Stanley as the real estate manager. They will be looking for a new manager in the next couple of months.

Mr. Nelson discussed the 2003 valuation. The funded ratio is still very good at 146.9%. There is over \$45 million in assets to be recognized by the actuary over the next 4 years. The normal cost of the plan is \$8.3 million. The City has not needed to make a contribution to the plan since 1997. There is continued discussion about the valuation. If experience matches the assumptions, it will be many years until a contribution will be needed from the City.

The next Pension Board meeting is Wednesday, August 25, 2004, at 7:30 a.m. in the 3rd Floor Conference Room of City Hall.

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

Respectfully submitted,

Mark Stuhldreher
Secretary