

**CITY OF KALAMAZOO EMPLOYEES' RETIREMENT SYSTEM
PENSION BOARD OF TRUSTEES MINUTES
WEDNESDAY, MAY 23, 2007**

A meeting of the Pension Board of Trustees was held on Wednesday, May 23, 2007 in the Third floor Conference Room of City Hall.

Members Present: Randy Eberts, Ken Collard, David Anderson, Chuck Dahlinger,

A motion was made and seconded to excuse Nick Lam. The motion passed by voice vote.

Also Present: Patsy Moore, Jeanette Meyer, Bruce Merchant, Bob Baxter, Randy Schau

Approval of Minutes

A motion was made and supported to approve the minutes of the Pension Board meeting of March 2, 2007. The motion passed by voice vote.

Approval of Refund Applications

<u>Employee Name</u>	<u>Amount</u>	<u>Group</u>	<u>Method</u>	<u>Service Time</u>
Greg Doonan	\$12,632.37	NBU	Distribution	10 years
Mark Stuhldreher	\$1,220.97	NBU	Dist (PRA Contribution)	16 years
Martha Jo Westrate	\$1,706.25	NBU	Rollover	2.5 years
Thomas Jones	\$750.31	Metro	Distribution	17 months
Jassen Dibble	\$404.34	ATU	Distribution to beneficiary	
C. Jean Grobber	\$38,835.30	KMEA	Distribution	15 years

Jeanette Meyer explained that when an NBU employee defers retirement, they are refunded the amount they have contributed for the post-retirement adjustment, if they had chosen that option.

A motion was made and supported to approve all refunds. The motion passed by voice vote.

Approval of Retirement Applications

The following retirement applications were submitted for approval:

<u>Last Name</u>	<u>First Name</u>	<u>Group</u>	<u>Type</u>	<u>Benefit Amount</u>	<u>Method</u>	<u>FAC</u>	<u>Years</u>
Overly	Keith	NBU	Deferred	\$2,007.52	Joint & 100% survivor pop up	\$100,500.28	17.083
Ward	John	KMEA	Regular	\$2,078.32	Straight Life	\$49,223.50	25.33
Bos	Gilbert	CSO	Early	\$2,664.90	Straight Life	\$52,488.73	30.583

A motion was made and supported to approve all applications. The motion passed by voice vote.

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Approval of Non-Duty Disability - Mabin

Jeanette Meyer provided the facts of David Mabin's status to the Board.

A motion was made and seconded to approve the Non-Duty Disability for David Mabin. The motion passed by voice vote.

Approval of Duty Disability - Collins

Jeanette Meyer provided the facts of Brian Collins' status to the Board.

A motion was made and seconded to approve the Duty Disability for Brian Collins. The motion passed by voice vote.

Approval of Non-Duty Disability - Wallace

Jeanette Meyer provided the facts of Mary Wallace's status to the Board.

A motion was made and seconded to approve the Non-Duty Disability for Mary Wallace. The motion passed by voice vote.

Approval of Duty Disability - Leach

Jeanette Meyer provided the facts of Larry Leach's status to the Board.

A motion was made and seconded to approve the Non-Duty Disability for Larry Leach. The motion passed by voice vote.

<u>Last Name</u>	<u>First Name</u>	<u>Group</u>	<u>Type</u>	<u>Benefit Amount</u>	<u>Method</u>	<u>FAC</u>	<u>Years</u>
Collins	Brian	ATU	Duty Disability	\$2,686.10	Joint & 100% Surv	51,817.61	26.25
Mabin	David	ATU	Non-duty Disability	\$731.18	Joint & 50% Surv	35,897.97	11.917
Wallace	Mary	KMEA	Non-duty Disability	\$1,379.27	Straight Life	37,474.69	22.083
Leach	Larry	KPSA	Duty Disability	\$4,546.92	Straight Life	80,834.12	18.083

A motion was made and seconded to approve the amounts of the disability retirements. The motion passed by voice vote.

Information: Changes Due to Death

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<u>Retiree</u>	<u>Date of Death</u>	<u>Beneficiary Benefit</u>	<u>Benefit</u>
Robert Stamm	9/11/06	\$1,258.18	\$2,516.35
Robert Glenn	1/12/07	0.00	\$494.38
Thomas Fricke	1/29/07	0.00	\$543.27
Marie McCubbin	1/26/07	0.00	\$246.66
Wilma (Bebe) Thomas	2/23/07	\$821.16	\$821.16
James Nelson	4/28/07	0.00	\$1,386.85

List of Disability Retirements

Jeanette stated that the duty disability list is created each year for review in the event someone is believed to be able to return to work. The list was reviewed by John Buchtrup and he also consulted our Workers' Compensation carrier. At this point in time there are no retirees that it is felt should be examined for ability to resume their employment with the City of Kalamazoo

Third Quarter 2005 Investment Activity

The market value of the portfolio increased from \$523.3 million to \$529.4 million during the first quarter of 2007, an increase of \$6.1 million or 1.3%. The market value is net of approximately \$3.6 million in benefit payments and \$75 thousand in participant withdrawals. Employee contributions for the quarter were about \$370 thousand. The City made no contribution in the quarter.

The weighted average return for the quarter on portfolio assets was a positive 1.9%. The portfolio returned 10.2% year-on-year. The annualized return since October 1982, net of manager fees, through the end of the quarter has been 13.1%.

Equities comprised 70.5% of the City portfolio at the end of the quarter. The equity portion of the City portfolio gained 8.4% for the period. Total fixed income had a gain of 1.4% for the quarter. The year-on-year returns were 11.2% for equities and 6.0% for fixed income.

Real estate returned 3.9% for the quarter and 17.3% for the year.

All managers posted positive returns in the first quarter of 2007. The fourth quarter of 2006 had a quarterly return of 6.3% while the first quarter of 2007 was 1.9%. The annual return for 2006 was 14.2% and the year-on-year return of the first quarter of 2007 was 10.2%. 2006 was an exceptional year for the portfolio.

The inflation adjusted or real return for the quarter was 0.6% as quarterly inflation spiked to 1.3%. Since 1982, the return on the portfolio, net of manager fees, has been 13.1% nominal and 10.1% real.

The plan remains fully funded from an actuarial and a market basis.

Ken Collard praised the Retirement Investment Committee for an excellent job in investing.

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Randy Schau explained that there will be a major change in the Pension Ordinance which will be brought before the City Commission soon. In 2006, the City became aware that certain parts of the Ordinance were not in compliance with IRS regulations. This will not change contributions or benefits, but will affect technical requirements. When the Ordinance is changed, it has to be presented to the Commission twice and there are publication requirements for which payment must be made. The plan is for the current pension portion of the Ordinance to be broken into two parts. A much smaller portion will remain in the Ordinance and the balance will become a Plan Document. In the future, changes will be made to the plan document, instead of to the Ordinance.

Future Meetings

Wednesday, August 22, 2007
Wednesday, November 28, 2007
Wednesday, February 27, 2008
Wednesday, May 28, 2007

There being no further business, Chairman Eberts adjourned the meeting.

Respectfully submitted,

Patsy Moore, Secretary