

**CITY OF KALAMAZOO EMPLOYEES' RETIREMENT SYSTEM  
PENSION BOARD OF TRUSTEES MINUTES  
WEDNESDAY, MAY 26, 2010**

A meeting of the Pension Board of Trustees was held on Wednesday, May 26, 2010 in the Third floor Conference Room of City Hall.

Members Present: Chair Ken Collard, Chuck Dahlinger, Alden Miller

Also Present: Tom Skrobola, Jenny Spears, Randy Schau, John Buchtrup

**Motion to excuse members Randy Eberts and Barbara Miller. Motion made and supported. Motion passed by voice vote.**

**Approval of Minutes**

**A motion was made and supported to approve the minutes of the Pension Board meeting of February 14, 2010. The motion passed by voice vote.**

**Approval of Retirement Application**

Last Name	First Name	Group	Type	Benefit	Method	FAC	Years
Riley	William	KMEA	Regular	\$2,411.15	Straight Life	\$52,541.00	26.100
Rutland	Ann Carolyn	NBU	Early	\$1,267.07	Straight Life	\$60,496.60	14.250
Heinicke	J David	NBU	Regular	\$3,099.04	Straight Life	\$63,407.54	25.500
Baker	Herman	KPSOA	Regular	\$4,307.09	Straight Life	\$76,570.46	25.000
Beardslee	Richard	NBU	Regular	\$3,750.70	100% Survivor	\$79,653.37	30.417
Narlock	Roberta	NBU	Early	\$1,965.24	Straight Life	\$46,335.79	22.500

**A motion was made and supported to approve the retirement application. The motion passed by voice vote.**

**Employee Refunds**

<u>Employee Name</u>	<u>Amount</u>	<u>Group</u>	<u>Method</u>	<u>Service Time</u>
Narine, Ramjattan	\$1,182.18	ATU	Distribution	1 year
Bennett, Connie	\$3,249.19	ATU	Rollover	8 years
Abbas, Shahid	\$6,403.07	NBU	Rollover	9 years

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

**Approval of Retirement Benefits for Disability Retirements**

Last Name	First Name	Group	Type	Benefit	Method	FAC	Years
Caulder	Henry	NBU	Non-Duty Disability	\$906.07	Straight Life	\$50,201.43	9.417

**A motion was made and supported to approve Mr. Caulder's duty disability retirement application. The motion passed by voice vote.**

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**Changes Due to Death – Information Only**

<b>Last Name</b>	<b>First Name</b>	<b>Date of Death</b>	<b>Beneficiary Benefit</b>	<b>Benefit Survivor</b>
Halladay	Martha	02/03/10		\$ 204.79
Pickrell	Diane	02/05/10		\$ 786.52 Donald Pickrell
Mann	Donald	02/19/10	\$ 719.85	\$ 1,439.70 Helen Mann
Harris	Maynard	02/23/10		\$ 620.00
Dekema	Richard	03/19/10	\$ 128.26	\$ 128.26 Dorothy Dekema
Kissinger	Reginald	03/12/10		\$ 1,396.61
Ross	William	02/27/10		\$ 1,329.70
Williams	Helen	03/18/10		\$ 317.20

**First Quarter Investment Activity Period Ending March 31, 2010**

Tom Skrobola reported that the market value of portfolio assets increased from \$451.0 million to \$469.6 million during the first quarter of 2010, an increase of \$18.6 million or 4.1%.

The weighted average return of the portfolio for the quarter, net of manager fees, was 5.1%. The annualized return since October 1982, net of manager fees, through the end of the quarter has been 11.6%.

Equities comprised 72.1% of the City portfolio at the end of the quarter. The equity portion of the City portfolio returned 6.6% for the quarter and 68.5% year-on-year.

Fixed income comprised 25% of the City portfolio at the end of the quarter. Total fixed income returned 1.3% for the quarter and 7.4% year-on-year.

Real estate comprised 2.8% of the City portfolio at the end of the quarter. Total real estate returned 0.0% for the quarter, with the public REIT gaining 10.2% and the private REIT losing 4.1%. The one-year return on total real estate has been -9.7%.

The inflation-adjusted or real return, for the quarter was 4.7% as quarterly inflation was 0.4%. Since 1982, the return on the portfolio, net of manager fees, has been 11.6% nominal and 8.6% real.

**Other Items**

**Recap:** The Board resumed discussion regarding disability retirees who are unclear as to the taxable status of their benefits under the Federal tax law ("Taxable amount not determined" (2b) on the disability retirees' 1099 tax form).

The Board was asked to investigate the possibility of applying for a Private Letter Ruling from the IRS to interpret disability benefits for retirees. For an application fee of \$10,000 as well as related attorney fees, the potential cost could range \$15,000 - \$20,000. However, if the Private Letter Ruling was obtained it would not necessarily guarantee an answer. The IRS has refused to state definitively those benefits that are not taxable.

Therefore, having given reasonable consideration to this matter along with receiving legal opinion from the City Attorney's Office and recommendation from Tom Skrobola, the Board has decided to take no further action on this matter. Chuck Dahlinger thanked the Board for their efforts to look into the matter and will present the findings to the Union representatives.

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**Future Meetings:**

Wednesday, May 26, 2010  
Wednesday, August 25, 2010  
Wednesday, December 8, 2010  
Wednesday, February 23, 2011

There being no further business, Chair Ken Collard adjourned the meeting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas C. Skrobola". The signature is fluid and cursive, with a large initial "T" and "S".

Thomas C. Skrobola, Secretary