

**VILLAGE OF GROSSE POINTE SHORES
MINUTES OF PENSION MEETING
NOVEMBER 26, 2014**

A meeting of the Commission of the Village of Grosse Pointe Shores, A Michigan City Employees Retirement System was held on Wednesday, November 26, 2014 in the Grosse Pointe Shores Municipal Building, 795 Lake Shore Road. The meeting was called to order at 7:35 a.m. by Chairman Campbell.

Present were: Chairman Bruce Campbell
Commissioner Charles Ruifrok
Commissioner Jim Wardowski
Mayor Ted Kedzierski
Alternate for Tom Krolczyk, Mike Way

Absent: Commissioner Tom Krolczyk(excused)

Also present: City Manager Mark Wollenweber, Don Lindow, William Gough of Azimuth Capital Management. Denise Jones, Rodwan Consulting Company

APPROVAL OF MINUTES OF THE MEETING HELD ON MAY 6, 2014

On motion by Mayor Kedzierski and seconded by Commissioner Ruifrok duly carried, the minutes of the meeting held on May 6, 2014 were approved as submitted 3 - 0.

PRESENTATIONS

Rodwan Consulting Company

Denise Jones presented the Actuarial Valuation Report as of June 30, 2014 and went over the highlights. A new page 4 was handed out and some corrected pages will be sent along with a finalized version of the report. The employer dollar contribution was shown incorrectly and the correct number is \$223,368. Denise mentioned that the two divisions were combined for reporting purposes by previous Pension board action. She went over some of the current assumptions and in response to a question indicated that most of their clients are at the 7.5% rate of return. She will do an estimate of the cost to reduce that assumption to 7%. The Board felt that it was prudent to review assumption changes on a regular basis especially when the market returns are good so that they would have a more limited effect on the system. It was also suggested that it might be needed to change to a level percentage of payroll method. It was pointed out that RP 2000 table was being used and that we might consider using the RP 2014 table which relates to the mortality table. Denise will also do an estimate of what effect it would have on the required contributions rate. A review of the 4% annual salary adjustments assumption might also be reviewed to be lowered to a more realistic figure. A discussion of using an aggregate cost method also took place. It was pointed out that our plan uses a 4 year smoothing factor and that is very reasonable. It was requested that the projections and corrected report pages could be available in a couple of weeks. Funding level increased from

91.2% to 99.8%. Denise Jones estimated the new funding level is in the top 10% of pension systems

Azimuth Capital Management

Don Lindow and William Gough summarized the handouts, both the charts on key economic indicators and the one that presented their suggestions for consolidating management of the "Other Investments" equity portion of the retirement system. Mayor Kedzierski had to leave at 9:13 am. In response to questions from the Board it was indicated that there would be a one time cost of about 10 basis points to dispose of some of the equities but that would be offset by a lower combined management fee. It was quickly estimated to be around \$12,000 per year in management fee savings. It was the general consensus of the remaining Board Members to get a firm estimate of the management fee savings within the next couple of weeks and have a special meeting of the Board to move forward on consolidating the equity portion of the retirement system assets with Azimuth Capital Management actively managing both portions of the system. Their approach would be to expect a reasonable return on the upside and protection when the market is trending down. It was suggested that a short meeting to review both items be set for December 16, 2014 before the Council Meeting.

Other Reports

The board reviewed the other information received in advance.

NEXT MEETING

Tentatively December 16, 2014.

ADJOURNMENT

The meeting was adjourned at 9:38 a.m. by a motion made by Commissioner Ruifrok, seconded by Commissioner Wardowski. Passed 4-0.

Mark Wollenweber, City Manager