

**VILLAGE OF GROSSE POINTE SHORES
MINUTES OF PENSION MEETING
DECEMBER 16, 2014**

A meeting of the Commission of the Village of Grosse Pointe Shores, A Michigan City Employees Retirement System was held on Tuesday, December 16, 2014 in the Grosse Pointe Shores Municipal Building, 795 Lake Shore Road. The meeting was called to order at 10:01 a.m. by Chairman Campbell.

Present were: Chairman Bruce Campbell
Commissioner Charles Ruifrok
Commissioner Jim Wardowski
Mayor Ted Kedzierski

Absent: Commissioner Tom Krolczyk (excused), Alternate Mike Way (excused)
Motion by Commissioner Wardowski, seconded by Commissioner Ruifrok. Passed 4-0.

Also present: City Manager Mark Wollenweber, Don Lindow, William Gough of Azimuth Capital Management. Finance Officer, Rhonda Ricketts

APPROVAL OF MINUTES OF THE MEETING HELD ON NOVEMBER 26, 2014

On motion by Commissioner Ruifrok and seconded by Commissioner Wardowski duly carried, the minutes of the meeting held on November 26, 2014 were approved as submitted 4 - 0.

OLD BUSINESS

The Board discussed the requested information provided by Rodwan & Associates on the cost to use the latest mortality tables and the cost to reduce the assumed interest rate of return from 7.5% to 7%. Rhonda thought we could absorb the rate of return change if it was effective with the beginning of next year's budget. Most were surprised at the cost of updating to the very latest mortality tables and thought that cost would be less than changing the interest rate of return. Mayor Kedzierski made a motion to change the assumed interest rate of return from the existing 7.5% to 7% effective with the budget beginning July 1, 2015. The motion was seconded by Commissioner Ruifrok and PASSED 4-0. While the cost to change was estimated at about an increase of \$100,000, all board members felt it was prudent to make the change at this time. They would review in the future making the other change on the mortality tables. It was noted that we are already using an updated table, just not using the 2014 updated one. Staff was asked to contact the actuary and notify them of the change and also ask for the effect on the annual budget contribution if the assumed across the board salary adjustment was reduced from the existing 4% to a new rate of 3%. Chairman Campbell indicated his willingness to attend a meeting of the Finance Committee to explain the change if needed. Copies of the corrected Actuarial Report were included in the meeting packet. It was noted that the change in the assumed interest rate of return would also apply to the retiree health care trust.

NEW BUSINESS

Don Lindow from Azimuth Capital discussed the letter included in the packet for Azimuth to take over the management of all of the remaining portions of the pension funds. He indicated that they were able to lower the cost to liquidate some of the smaller funds from \$5,200 to \$2,200 a savings of \$3,000. They were also willing to cut their management fees from 50 basis points to 36 basis points and their goal is to provide a consistent competitive return for the pension funds. They will provide reports on the changes and attend all the quarterly meetings as well as any special meetings that the board has. The Board noted that Don also suggested consolidating the Comerica custodial accounts into one which would save some additional fees. The Board estimated that consolidating the management of the pension funds would result in an overall gross savings of over \$17,000 and a net savings of about \$15,000. Based upon the previously mentioned reasons, a motion was made by Commissioner Ruifrok seconded by Commissioner Wardowski to consolidate the management of all of the pension funds with Azimuth Capital Management. Motion PASSED 4-0.

Rhonda mentioned that the fiduciary insurance quote would be available in late February or early March and the Board agreed to meet and review the prices and asked staff to invite the agent and a representative of the insurer to that meeting to explain the coverage. Rhonda also included in the meeting packet, a summary of investment returns over the last five years. It was noted that it did not include all of the current year.

NEXT MEETING

In February or March 2015, depending upon when the fiduciary insurance quotes are available along with a presentation by the agent and carrier.

ADJOURNMENT

The meeting was adjourned at 11:21 a.m. on motion by Commissioner Wardowski, seconded by Commissioner Ruifrok. Passed 4-0.

Mark Wollenweber, City Manager