**NMU Great Lakes Pension Fund**
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MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES OF THE
**NMU GREAT LAKES PENSION FUND**
HELD ON NOVEMBER 12, 2013
VIA CONFERENCE CALL

The following persons were in attendance:

| UNION TRUSTEES | EMPLOYER TRUSTEES |
|---|---|
| Thomas Orzechowski – Co-Chairman | Cliff York – Co-Chairman |

Also present were:

Sid Kalban – Fund Counsel
Mark Lotruglio – Quan-Vest Consultants
Joseph Sears – Associated Administrators, LLC
David Shock – The Segal Company
Thomas Mazur – Quan-Vest Consultants

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. MINUTES – BOARD MEETING HELD ON NOVEMBER 27, 2012

Mr. Sears confirmed that there were no changes to the final draft of the subject minutes, circulated prior to the meeting. The Trustees reviewed the draft and, on Motion made and seconded, unanimously voted approval of the following resolution:

**RESOLVED that the minutes of the Board meeting held November 27, 2012 are approved as written.**

## III. ACTUARY REPORT

David Shock of The Segal Company, the Fund Actuary, reviewed the current Fund status and the Actuarial Valuation as of June 30, 2012.

Mr. Shock explained that the plan was terminated by mass withdrawal in 1994 and that the employers paid withdrawal liability. He said that liabilities exceeded the assets at that time, so forfeitable benefits were terminated. He said a valuation is performed each year to monitor the solvency of the Fund.

Mr. Shock said the Fund is still solvent, but will probably exhaust the assets sometime after June 30, 2015. Upon the exhaustion of assets, the Fund will file with the PBGC. Benefits will be required to be reduced to the PBGC limits when this occurs. The Fund will continue operations until the last participant dies.

Reviewing the Actuarial Valuation as of June 30, 2012, Mr. Shock said there were 135 pensioners and survivor beneficiaries and 33 non-retired participants eligible for benefits. The Fund paid $254,925 in benefit payments in fiscal 2012, a decrease of 4.8% from 2011. The present value of accrued vested benefits totaled $3,071,631, exceeding the Fund's net assets at market value of $1,083,314. He said the PBGC receives a copy of the Actuarial Valuation each year; Mr. Sears confirmed that he sent a copy of this valuation to the PBGC in September 2013.

Due to the fact that some pensioners' benefits will be reduced upon PGGC intervention, the Trustees discussed mailing a letter to all payees prior to this occurring. They set a target date of July 1, 2014 to send such a letter. Mr. Sears said that he, Mr. Shock, and Mr. Kalban would work with the Trustees in developing such a letter.

On Motion made and seconded, unanimously voted approval of the following resolution:

**RESOLVED to mail a letter to payees around July 1, 2014 informing them of the impending decrease in benefit payments.**

The Trustees thanked Mr. Shock for his report, and, on Motion made and seconded, unanimously voted approval of the following resolution:

**RESOLVED to accept the Actuary's report.**

## IV. INVESTMENT CONSULTANT REPORT

Mr. Mark Lotruglio and Mr. Thomas Mazur of Quan-Vest Consultants, the Fund's investment consultant, reviewed a report dated October 31, 2013.

### A. Investment Performance Analysis

Mr. Lotruglio said the assets in the Invesco account as of October 31, 2013 were $495,342. The equity portion of the assets represented $170,793, or 34.5% of the total portfolio, while the fixed income portion was $324,549, or 65.5% of the total. These ratios were within the asset allocation model of the Fund.

Mr. Lotruglio reviewed the returns for the portfolio and said the performance is net of fees.

For the plan year beginning July 1, 2013 through October 31, 2013, the portfolio returned 4.2%, same as the passive index of 4.2%. The equity portion returned 10.3% during this time, and the fixed income returned 1.3%. This return is higher than the Actuary's assumed return of 3.0%.

For the one year period ending October 31, 2013, the portfolio returned 9.1%, compared to 7.6% for the index. The equity portion returned 29.1% during this period and the fixed income returned (-1.5)%.

For the ten year period ending October 31, 2013, the portfolio returned 5.5%, compared to 5.4% for the passive index. The equity portion returned 7.7%, while the fixed income returned 4.4%.

### B. Future Plans

Mr. Lotruglio said the current fees charged by his firm are very low and will be eliminated once the Fund assets are liquidated in preparation of PBGC involvement. He anticipates this happening sometime after the next cash drawdown for operating expenses in the spring of 2014.

The Trustees thanked Mr. Lotruglio and Mr. Mazur for their report, and, on Motion made and seconded, unanimously voted approval of the following resolution:

**RESOLVED to accept the Investment Consultant's report.**

V. AUDITOR REPORT

Mr. Sears said he spoke with the Fund Auditor, Mr. Jeff Maygers of Michael D. Sisk and Company, and that Mr. Maygers had nothing to report at this time. Mr. Sears noted that Michael D. Sisk and Company had merged with Weyrich Cronin & Sorra and that Mr. Maygers would continue in his role as Fund Auditor.

VI. COUNSEL REPORT

A. Appeal for Benefits – Ahmed Abdullah

Mr. Kalban said that, based on direction in the last Board meeting, he sent a letter to Mr. Abdullah's attorneys explaining that the Board rejected the appeal. He said the letter was returned undeliverable and no new address could be found. He said he would hold the letter in case this topic is reopened.

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The Trustees thanked Mr. Kalban for his report, and, on Motion made and seconded, unanimously voted approval of the following resolution:

**RESOLVED to accept the Fund Counsel's report.**

VII. ADMINISTRATIVE MANAGER REPORT

A. April - June 2013

Mr. Sears reviewed the quarterly report for April - June 2013, which represented the full plan year ending June 30, 2013. Interest and dividends of $6 were received during the quarter. Total expenses were $77,867, including benefits of $61,417, administration cost of $4,500, and miscellaneous expenses of $11,950. Miscellaneous expenses included professional fees, fiduciary liability insurance premium, PBGC premium, printing, and postage. The resulting net cash flow for the quarter was $77,177.

For the plan year ending June 30, 2013, the total income to the Fund was $300,709, including interest and dividends of $25, miscellaneous income of $684, and $300,000 in transfers from the investment manager for operating cash purposes. Total expenses for the plan year ending June 30, 2013 were $313,750, comprised of benefit payments of $260,336, administration cost of $14,856, and miscellaneous expenses of $38,558.

Mr. Sears presented a list of new pensioner applications for the period July 1, 2012 through June 30, 2013.

On Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

> **RESOLVED that the Administrative Manager Report for April - June 2013 is accepted, and applications for pension benefits reported therein are approved.**

B. <u>July - September 2013</u>

Mr. Sears reviewed the quarterly report for July - September 2013. Interest and dividends of $5 and miscellaneous income of $3,733 were received during the quarter. Total expenses were $64,637, including benefits of $54,020, administration cost of $4,500, and miscellaneous expenses of $6,117. Miscellaneous expenses included professional fees, printing and postage. The resulting cash flow deficit for the quarter was $60,899.

Mr. Sears presented a list of new pensioner applications for the period July 1, 2013 through September 30, 2013.

On Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

> **RESOLVED that the Administrative Manager Report for July - September 2013 is accepted, and applications for pension benefits reported therein are approved.**

C. <u>Invoices</u>

Mr. Sears presented a list of invoices for the period November 1, 2012 through October 31, 2013. The Trustees reviewed the list and determined that all invoices reported thereon represented proper Fund expenses. He noted that the invoices included payments for fiduciary liability insurance of $4,107, a PBGC payment of $1,566, and professional fees.

On Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

> **RESOLVED that the list of invoices dated November 1, 2012 through October 31, 2013 is approved for payment.**

D. <u>Retiree Information Forms</u>

Mr. Sears said that retiree information forms ("RIFs") were sent to all Fund participants within the United States in April. These forms were required to be completed by the participant to confirm their address and personal information. Three attempts were made at the mailing, with the third attempt being certified mail. Failure to return the form would result in a suspension of benefits until the form is returned. He said that of the 128 mailed, 16 remain suspended as of November 4, 2013 and 5 were determined to be deceased. He said this procedure will be completed each year for the Fund.

Mr. Sears noted that a similar mailing has been completed for foreign pensioners for many years. He said there are currently only 6 of these pensioners still in pay status.

VIII. <u>NEXT MEETING DATE</u>

The Trustees left the date of the next meeting to be determined. They said a meeting prior to the July mailing of the pensioner letter would be needed.

IX. <u>ADJOURNMENT</u>

There being no further business, the meeting was adjourned.

Respectfully submitted,

Joseph Sears
Administrative Manager

JMS

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