



May 9, 2012

Letter to the Editor
The Detroit News

Dear Sirs:

As chair of the Board of Trustees of the General Retirement System of the City of Detroit, a City of Detroit employee and a native Detroiter, I am appalled by the editorial in the May 8, 2012 edition of *The Detroit News*, "Deliver Detroit Pension System from Temptation." I am appalled that *The Detroit News* has chosen to once again suggest that transferring more than \$5 billion of the City of Detroit's retirement systems' assets out of the control of trustees of the trust fund is in the best interest of participants of the plan.

As it relates to the health and stability of the fund, the General Retirement System of the City of Detroit posted positive investment returns for the second straight year. In fact, total plan returns for the fiscal year ended June 30, 2011 were more than double the previous year's returns. This reflects a financial gain of more than \$440 million from its investments.

It is also important to note that your statement that the valuation of pension investments has been questioned by auditors is incorrect. In actuality, Plante & Moran, auditor for the General Retirement System of the City of Detroit has issued a favorable (unqualified) auditor's opinion of the System's financial statements for the last fiscal year. This means that there is absolutely no question on valuations.

Suggesting that the City's Retirement Systems be transferred to the Municipal Employees Retirement System (MERS) was a bad idea when first suggested two years ago, and it is still wrong. In fact, there is more to be lost than to be gained by this unnecessary action. Not only would it mean the further loss of local control, but there could also be a negative financial impact on Detroit.

The city will still be required to make its employer contribution to the Detroit Retirement System -- no matter who manages it. However, unlike the Detroit Retirement System, MERS charges interest and penalties on late payments. Given the city's longstanding record of making late payments, this could further increase the amount the city owes -- either reducing or eliminating any perceived cost savings, and potentially adding to costs.

Further, I would like to point out that your characterization of the systems' trustees as 'mostly well-intentioned city retirees' is completely oblivious of the facts. The Board of Trustees of the General Retirement System is comprised of a total of 10 hard-working individuals -- 5 elected, active employees, 1 retiree, 3 ex-officio

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members appointed by the Mayor and 1 ex-officio member appointed by City Council – all dedicated to protecting the interests of the system's members beneficiaries and retirees. Who better to run the system than employees who are covered by it and have a vested interest in its long-term health and well-being?

I believe it is also critical to point out that this board is committed to fulfilling its fiduciary duties with transparency and openness. In fact within the last two years, we have adopted new and updated existing policies governing due diligence, education, business and education travel expenses and ethics/code of conduct. These stringent policies guide our every action.

Finally, as it relates to any illegal activity, this Board has and will continue to cooperate fully with all authorities to weed out graft and corruption. In fact, upon learning of alleged unethical and potentially illegal actions of an investment manager/advisor, we called a special meeting and took immediate action to terminate our business relationship. If wrongdoing is found during our investigation, we will take all appropriate action to protect the pension fund's interests and/or recover these assets.

Sincerely,

A handwritten signature in cursive script that reads "Susan R. Glaser". The signature is written in dark ink and is positioned above the typed name.

Susan R. Glaser
Chair
Board of Trustees
General Retirement System of the City of Detroit