

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
MAY 11, 2016 – 9:41 a.m.
233 East Fulton Street

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman David Tryc, Mr. Martin Timkovich, Mr. William Butts, Mr. Jon O'Connor, and Mr. Phillip Mitchell. Absent: Ms. Jane Hofmeyer.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, Mr. David Hoffman and Mr. James Anderson of Gabriel, Roeder, Smith and Company, and Mr. Marlin Pease and Mr. Alex Ford of Wilshire Associates, Inc.

Mr. Timkovich made the motion to excuse the absence of Ms. Hofmeyer. The motion was seconded by Vice Chairman Tryc and carried.

There were no public comments regarding agenda items.

Moved by Mr. O'Connor and seconded by Mr. Timkovich, the following administrative items were approved by the Board of Trustees:

- Minutes of the regular meeting of March 16, 2016.
- Retirements: nine age and service.

Age and Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Dyga, Douglas J.	16 yrs. 6 mo.	05/13/2016	\$45,769.33	\$1,699.19
Hedlund, Vicky J.	16 yrs. 9 mo.	04/30/2016	\$43,802.00	\$1,580.83
Hiltz, Kathleen V.	20 yrs. 7 mo.	07/09/2016	\$45,573.00	\$2,110.60
Kupris, Steven R.	15 yrs. 7 mo.	06/01/2016	\$54,720.33	\$1,595.42
McIntyre, Kenneth R.	32 yrs. 4 mo.	06/01/2016	\$64,896.00	\$4,278.95
Olexa, Bonnie L.	29 yrs. 5 mo.	06/04/2016	\$45,627.33	\$2,669.98
Stilley, Judith K.	14 yrs. 0 mo.	05/04/2016	\$67,324.00	\$2,120.71
Wesorick, Sally J.	30 yrs. 4 mo.	05/07/2016	\$82,133.33	\$5,149.97
Wisneski, Susan L.	32 yrs. 4 mo.	04/29/2016	\$49,080.00	\$3,570.57

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- Payment of administrative expenses of \$14,856.23 for the period 03/01/16 – 04/29/16.

- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/16. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$25,566.05 – Baird Advisors (Fixed Income)
 \$33,703.03 – CBRE Clarion (Real Estate)
 \$39,098.00 – Harding Loevner (ADRs)
 \$32,921.12 – Harvest Fund Advisors (MLPs)
 \$7,006.21 – NTAM (Equities)
 \$33,656.91 – Wellington Management Company (Equities)
 \$24,202.18 – Wellington Management Company (Commodities)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 03/31/16 fee as follows:

Benefit Payments	\$6,590.09
Custody	\$7,424.38
Total	\$14,014.47

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$383,916,833 on March 31, 2016. The report was received and filed by the Chairman. (Analysis found on page)

Trustees reviewed an Eligible Domestic Relations Order (EDRO) for Mr. Robert S. Richards. Ms. Korzen stated that an EDRO has been filed to assign a portion of Mr. Richards’ retirement benefits to an alternate payee, Sandra L. Richards, in accordance with the Eligible Domestic Relations Order Act. The EDRO has been reviewed by legal counsel and the actuary and complies with the General Retirement System plan provisions. The EDRO will become part of Mr. Richards’ file and will be paid according to its provisions. The order was received and filed by the Chairman.

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 01/01/16 – 03/31/16 that disclosed a withdrawal of \$43,379.48 by four non-vested former members. The report was received and filed by the Chairman. (Report on page)

The Executive Director presented Trustees with the Quarterly Report of Income for the quarter ending 03/31/16. Total Securities Lending income for the period was \$24,600.66. Total Class Action Settlement receipts for the period were \$816.96. Chairman Hawkins received and filed the report. (Report found on page)

The Executive Director next presented a request for a non-duty disability retirement request by Mr. Charles E. Butler, Jr. Vice Chairman Tryc made the motion to approve the non-duty disability retirement request for Mr. Charles E. Butler, Jr. The motion was seconded by Mr. Timkovich and carried.

The Executive Director next presented a request for a non-duty disability retirement request by Ms. Nancy L. Meyer. Mr. Timkovich made the motion to approve the non-duty disability retirement request for Ms. Nancy L. Meyer. The motion was seconded by Vice Chairman Tryc and carried.

Ms. Korzen next presented the revised 48th Annual Actuarial Valuation which incorporated the recent decision by the City Commission to change the amortization period to 30 years. The revised report was received and filed by the Chairman.

Ms. Korzen next addressed the Funding Policy currently in place. She noted that there were a few recommended changes to the policy. In the Introduction paragraph change the verbiage to strongly urge the City

Commission to continue to pay up to its employer normal cost, but to provide some leeway so as not to require payment of the full employer cost. In the Amortization Method section, the wording notes that effective with the June 30, 2015 actuarial valuation, the period is established at 30 years, and each following valuation year changes in the UAAL will be amortized as a level dollar amount over a period not to exceed 30 years. All new liabilities in valuations going forward will be amortized over 30 years, but the prior years will decrease by one year each subsequent valuation. It is also noted that per City Ordinance, the employer sets the number of years in the amortization period. Ms. Korzen commented that the Funding Target section will also reflect the fact that if the funded ratio falls between 100% - 120%, a contribution up to the normal cost, may be made. Trustees discussed the decision to amortize new annual liabilities over 30 years since the plan is closed. Mr. Anderson stated that the amortization period will certainly be revisited during the next experience study, especially on the closed plan side. He stated that the plan is still due to continue for a long time; however, there will be a point in time that the closed status of the plan will impact more heavily on the amortization period and it will need to be adjusted accordingly. Mr. Hoffman suggested that it might be prudent for Trustees to talk with the City regarding this issue to ensure that everyone understands the implications of the amortization period to avoid unpleasant situations in the future. Mr. Anderson stated that one big difference between the Police & Fire Retirement System and the General Retirement System is that the General Retirement System uses level dollar amortization and not level percent of payroll amortization. The level percent of payroll is indicative of a plan that will continue and not be closed. Mr. Butts commented that there may be a better time in the future to approach the topic of shortening the amortization period with the City Commission, perhaps coming out of a better financial year. Mr. Anderson stated they would continue to monitor this situation. Ms. Korzen commented that Mr. Scott Buhner, the City's Chief Financial Officer, stated his desire that the language of the Funding Policy match the wording in the Ordinance and what the City Commission has approved related to amortization. Mr. Butts made the motion to approve the revised Funding Policy as written. The motion was seconded by Mr. Mitchell and carried; Vice Chairman Tryc abstained.

There were no public comments on items not on the agenda.

Ms. Korzen commented that at the March Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for May 2016. After recent review of the investment accounts, Mr. Pease and the Executive Director agreed to transfer \$1,000,000 from the Northern Trust Asset Management account, \$775,000 from the Neuberger Berman account to the Cash Account on May 2, 2016.

The meeting adjourned at 10:01 a.m.

The next General Retirement System Board Meeting will be held Wednesday, June 15, 2016, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System