

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
AUGUST 16, 2017 – 8:00 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.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, Mr. Jeff Dood, Chief Financial Officer for the City of Grand Rapids, and Ms. Sara VanderWerff, City Comptroller.

There were no public comments regarding agenda items.

Moved by Vice Chairman Tryc and seconded by Mr. Timkovich, the following administrative items were approved by the Board of Trustees:

- Minutes of the regular meeting of June 21, 2017.
- Purchase of credited service by the following General Retirement System members:

Mary K. Aalsburg	\$9,256.04	24 months
Timothy R. Keasey	\$14,989.38	24 months
Lynn VanVugt	\$28,409.40	24 months

- Retirements: four age and service, one deferred, and one early.

Age and Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Bussey, Michael P.	12 yrs. 7 mo.	07/26/2017	\$68,730.33	\$1,738.91
DeWildt, Nancy A.	30 yrs. 0 mo.	10/03/2017	\$52,571.33	\$3,252.76
Raabe, Frederick J.	27 yrs. 0 mo.	09/16/2017	\$98,289.67	\$5,971.10
Waldron, Janeen M.	36 yrs. 1 mo.	08/25/2017	\$54,678.00	\$4,439.17

Deferred Retirement:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Greenfield, Martha E.	19 yrs. 4 mo.	08/01/2017	\$62,540.67	\$2,720.51

Early Retirement:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Schmuker, Stephen R.	27 yrs. 6 mo.	09/09/2017	\$73,362.33	\$3,090.46

- Payment of administrative expenses of \$10,900.92 for the period 06/01/17 – 07/31/17.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 06/30/17. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$26,032.54 – Baird Advisors (Fixed Income)
\$35,439.82 – CBRE Clarion (Real Estate)
\$42,883.00 – Harding Loevner (ADRs)
\$37,643.42 – Harvest Fund Advisors (MLPs)
\$7,096.14 – NTAM (Equities)
\$40,183.51 – Wellington Management Company (Equities)
\$27,045.83 – Wellington Management Company (Commodities)
\$37,209.93 – Western Asset Management (Fixed Income)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 06/30/17 fee as follows:

Benefit Payments	\$7,421.16
Custody	\$7,415.39
Total	\$14,836.55

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$409,050,609 on June 30, 2017 and \$413,991,366 on July 31, 2017. The reports were received and filed by the Chairman. (Analyses found on pages)

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 04/01/17 – 06/30/17 that disclosed a withdrawal of \$4,304.09 by one non-vested former member and a withdrawal of \$11,388.06 by a contingent beneficiary on behalf of a retiree who died before receiving all of his contributions. 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 06/30/17. Total Securities Lending income for the period was \$25,337.56. Total Class Action Settlement receipts for the period were \$9,332.31. Chairman Hawkins received and filed the report. (Report found on page)

Ms. Korzen next presented an update on the disability retiree re-examination process, noting that Dr. Robert Schneeberger conducted a medical records review for Ms. Rose Hockey and stated his opinion that Ms. Hockey is not physically and mentally able and capable of resuming her duty as a Storekeeper II and the incapacity is likely to be permanent; therefore, she should continue to be retired as disabled.

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

Ms. Korzen commented that at the June Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for August and September 2017. After recent review of the investment accounts, Mr. Pease and the Executive Director agreed to transfer \$1,200,000 from the NTAM account and \$425,000 from the Wellington Management Company (equities) account to the Cash Account

on August 1, 2017 and \$875,000 from the Harding Loevner account, and \$750,000 from the Neuberger Berman account to the Cash Account on September 1, 2017.

Ms. Korzen reported that The Northern Trust Company completed their annual retiree data verification of the General Retirement System's retirees and beneficiaries. There were no deceased retirees or beneficiaries reported on the list that the office was unaware of.

The Executive Director next presented the topic of sick leave conversion. She stated there is a provision in the ordinance that allows members to convert unused sick leave to credited service upon resignation or retirement if the member has at least 10 years of continuous service; for example, an APAGR member may convert up to 2,080 hours of sick leave to purchase one year of credited service. There was an APAGR member who was laid off after more than 20 years of service and converted his sick leave to credited service at the time of layoff (otherwise he would have lost the time or received a small payout). Three months later, the member was recalled to work and has been working for approximately five years. He is getting close to retirement eligibility of 30 years and would like to know if he can convert additional sick leave to credited service. An additional conversion would not put him over the 2,080-hour limit. The question becomes an interpretation of the wording "10 years of continuous service" as the ordinance does not specify when the member has to serve 10 years. If he is permitted to convert additional sick leave, he would have converted approximately 1,300 hours between both conversions. Ms. Korzen stated she spoke with the Labor Relations Manager and he is fine with allowing a second sick leave conversion, but she would like the Board's perspective as well. Mr. Michaud stated he has reviewed this issue and the request is consistent with the ordinance and merely a timing issue. He stated it would be prudent for Trustees to address this issue so that going forward it will be clear how this issue will be treated should it occur again. As long as the member is in compliance with the total number of hours allowed to be converted, a second conversion is acceptable. Mr. Timkovich made the motion to accept the proposed administration of sick leave conversion, as it complies with the ordinance. The motion was seconded by Mr. Butts and carried.

The meeting adjourned at 8:06 a.m.

The next General Retirement System Board Meeting will be held Wednesday, September 20, 2017, at 8:10 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System