

GENERAL RETIREMENT SYSTEM
and
POLICE and FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
JOINT MEETING
JANUARY 16, 2019 – 8:05 a.m.
233 East Fulton

The meeting was called to order by Chairman Hawkins. Other members present: Mr. David Tryc, Mr. Craig VanderWall, Mr. Martin Timkovich, Mr. Thomas VanderPloeg, Mr. Philip Balkema, Mr. William Butts, Mr. Phillip Mitchell, Ms. Donijo DeJonge, and Mr. Nathaniel Moody.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Lawrence Fumarolo of The Northern Trust Company, and Mr. William “Mac” Nickey of Northern Trust Asset Management.

There were no public comments regarding agenda items.

Mr. VanderPloeg made the motion to approve the minutes of the Joint Meeting of December 19, 2018. The motion was seconded by Mr. Tryc and carried.

Mr. Lawrence Fumarolo, Vice President and Senior Relationship Manager of The Northern Trust Company (NT), presented his firm’s annual update to Trustees. Mr. Fumarolo noted that NT has \$8.2 trillion in assets under custody and \$6.6 trillion in assets under administration. He stated that NT has a strong capital position, high quality balance sheet and superior credit ratings. NT has 26 global locations, clients in 56 countries, and 22,600+ staff worldwide. They consistently rank among the premier providers of trust, custody, and private banking services. He reviewed the retirement systems’ custody account structures and provided an update on benefit payments and recent enhancements to the program. Mr. Fumarolo commented on the securities lending program with NT and stated that the program is designed to enhance the return of an overall investment program without interfering with the investment strategy. He noted that cumulative net earnings through the program since 2007 were \$885,614 for the General Retirement System and \$816,871 for the Police & Fire Retirement System. Mr. William “Mac” Nickey, Senior Vice President and Senior Investment Relationship Manager of Northern Trust Asset Management (NTAM) presented his firm’s annual report to Trustees. Mr. Nickey noted that NTAM has \$972 billion in assets under management as of September 30, 2018; they are the world’s 16th largest asset manager. He reviewed NTAM’s organization, people, and process. He reviewed the following returns for the period ending November 30, 2018:

	<u>3 mo.</u>	<u>YTD</u>	<u>1 yr.</u>	<u>3 yr.</u>	<u>5 yr.</u>	<u>10 yr.</u>
NT S&P 500 Index Fund	-4.35%	5.16%	6.33%	12.21%	11.19%	14.44%
S&P 500	-4.40%	5.11%	6.27%	12.16%	11.12%	14.32%

Mr. Nickey reviewed NTAM’s lending performance and characteristics statistics as of November 30, 2018. The report was received and filed by Chairman Hawkins. {Mr. Butts arrived at 8:29 a.m.}

Ms. Korzen next provided an update on the BlackRock contract. She noted that it is still in process as BlackRock asked her to submit a number of items in order to customize the contract before it can be sent for Mr. Michaud’s review. Ms. Korzen will keep Trustees updated on the progress.

The Executive Director noted that Trustees recently decided to issue an RFP for custodial services, since the contract with The Northern Trust Company (NT) is up for renewal this year. An RFP has not been issued since NT was hired in 2001. She stated she will be getting the Operations Committee together soon to begin the RFP process. She will also consult with Wilshire Associates to obtain their opinions on suitable candidates. Mr. Timkovich asked if there is a list of candidates; Ms. Korzen responded there are only about 3-4 qualified candidates that perform the custodial tasks needed by the Retirement Systems.

Ms. Korzen noted that the Operations Committee recently met to review the BoardPaq electronic agenda product. She stated that everyone seemed to be impressed with the product and the capabilities it offers for Trustees regarding Board meetings; the cost appears to be reasonable as well. She has spoken with the I.T. provider for the Retirement Systems and he indicated there would be no security issues if Trustees decide to use this product. {Ms. DeJonge left the meeting at 8:39 a.m.} The company is offering a free 30-day trial which she would like to utilize for the next Board meeting if Trustees agree. She stated that Kent County uses a similar product and that BoardPaq has several clients in Michigan, but no other Michigan clients are pension systems. Mr. Mitchell commented that this product should be reviewed by our legal counsel to ensure compliance with the Open Meetings Act, FOIA, and other potential issues.

Board approval was requested for attendance at the following conference: MAPERS One Day Seminar to be held March 1st by Mr. Tryc, Mr. Butts, Mr. Mitchell, and Mr. Moody. Mr. Balkema made the motion to approve attendance of the aforementioned conference by Trustees and staff per the Trustee Training, Educational Development and Due Diligence policy. The motion was seconded by Mr. VanderWall and carried.

Chairman Hawkins asked Trustees if they had any concerns regarding issues they would like to be addressed in 2019; Mr. VanderWall asked if there would be a discussion on due diligence visits. Ms. Korzen stated this issue will be discussed at next month's meeting. Mr. Butts asked if there are guidelines in place to assist Trustees that conduct due diligence visits; Ms. Korzen said yes, there is a checklist and a book for each manager that Trustees take with them to the visit to make sure they are prepared in advance of the meeting. Chairman Hawkins commented that Trustees need to ensure that they are completing written reports in a timely manner for all conferences and due diligence visits that they attend.

Chairman Hawkins noted that a former Trustee, James Stokes, passed away January 12, 2019. Mr. Stokes served as Citizen Trustee for both retirement systems.

Chairman Hawkins noted that Ms. Jackie Williams' mother passed away early this morning; Trustees offered their condolences.

There were no comments on items not on the agenda.

The meeting adjourned at 8:46 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, February 20, 2019, at 8:05 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General and Police & Fire Retirement Systems