

GENERAL RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
CITY OF GRAND RAPIDS  
MICHIGAN

MINUTES  
REGULAR MEETING  
JUNE 20, 2018 – 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. Phillip Mitchell, and Ms. Donijo DeJonge. Absent: Mr. William Butts.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, and Mr. Thomas Michaud, Legal Advisor to the Board.

Vice Chairman Tryc made the motion to excuse the absence of Mr. Butts. The motion was seconded by Mr. Mitchell and carried.

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of May 9, 2018.
- Retirements: five age & service, two deferred, and one deferred early.

**Age & Service Retirements:**

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
<b>Aalsburg, Mary K.</b>	34 yrs. 8 mo.	07/14/2018	\$44,518.33	\$2,984.41
<b>Boland, Catherine M.</b>	30 yrs. 8 mo.	07/06/2018	\$59,907.67	\$4,133.63
<b>Bruin, Jerry A.</b>	28 yrs. 2 mo.	08/02/2018	\$59,907.67	\$3,242.87
<b>Boss, Robin E.</b>	31 yrs. 6 mo.	07/06/2018	\$51,978.67	\$3,205.84
<b>Kruis, Robert J.</b>	19 yrs. 2 mo.	07/06/2018	\$68,599.33	\$2,608.20

**Deferred Retirements:**

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
<b>Beenen, Hattie E.</b>	25 yrs. 6 mo.	06/01/2018	\$53,968.33	\$2,524.60
<b>Lucas, Pamela D.</b>	8 yrs. 3 mo.	06/01/2018	\$49,223.67	\$846.03

**Deferred Early Retirement:**

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Miller, Kimberly S.	13 yrs. 0 mo.	07/01/2018	\$94,892.00	\$1,398.34

- Payment of administrative expenses of \$4,673.56 for the period 05/01/18 – 05/31/18.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/18. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$27,161.46 – Baird Advisors (Fixed Income)  
 \$36,981.89 – CBRE Clarion (Real Estate)  
 \$7,062.02 – NTAM (Equities)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 03/31/18 fee as follows:

Benefit Payments	\$6,837.71
Custody	<u>\$7,418.80</u>
Total	\$14,256.51

**The motion carried.**

Ms. Korzen next presented a report of Cash Account transfers for the period 07/01/18 – 09/30/18. The Retirement Systems Office staff projected a need for \$6,525,000. This amount is above the current policy level. Mr. Timkovich made the motion to approve the cash account transfers for the quarter 07/01/18 – 09/30/18 in the amount of \$6,525,000. The motion was seconded by Vice Chairman Tryc and carried. These transfers are to be moved to the cash account as follows: \$2,175,000 on July 2<sup>nd</sup>, \$2,175,000 on August 1<sup>st</sup> and \$2,175,000 on September 4<sup>th</sup>. Ms. Korzen recommended, and Mr. Alex Ford of Wilshire Associates agreed, making the transfers as follows:

July 2 <sup>nd</sup>	Neuberger Berman	\$2,175,000
August 1 <sup>st</sup>	To be determined	\$2,175,000
September 4 <sup>th</sup>	To be determined	<u>\$2,175,000</u>
Total		\$6,525,000

The report was received and filed by the Chairman. (Cash Account Report found on page )

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$414,861,642 on April 30, 2018 and \$417,922,296 on May 31, 2018. The reports were received and filed by Chairman Hawkins. (Analyses found on pages )

Ms. Korzen commented that there is one outstanding estate check to be moved to the IEF: the estate check of Ms. Barbara Guenther in the amount of \$283.41. Ms. Guenther passed away May 18, 2015. The information was received and filed by the Chairman.

The actuarial services retainer fee from Gabriel, Roeder, Smith and Company (GRS) for the fiscal year 07/01/18 – 06/30/19 was presented to Trustees. The annual fee requested is \$34,280, in quarterly increments of \$8,570, which represents an \$840 increase (approximately 2.5%) over last year's fee. GRS has requested a fee (shared with the City) not to exceed \$13,000 for GASB 67/68 required reporting. Mr. Timkovich made the motion to approve the renewal retainer fee request with Gabriel, Roeder, Smith and Company. The motion was seconded by Vice Chairman Tryc and carried.

Ms. Korzen next provided Trustees with an annual budget proposal. The numbers on the proposed document represent the dollar amounts Trustees expect to be expended for operational expenses for the FYE 06/30/19. Ms. Korzen stated that a formal budget that is approved by Trustees annually is now a requirement under P.A. 314 and once approved by Trustees, the information will be available on the Retirement Systems' website. Following Trustee discussion, Vice Chairman Tryc made the motion to approve the budget as presented. The motion was seconded by Mr. Timkovich and carried.

The Executive Director presented Trustees with a revised Cash Account Funding Policy. The change is requested because quarterly cash account needs have exceeded the approved policy amount of \$6,000,000 and it is likely to continue for the foreseeable future due to the plan being closed and increased retirement benefit payments. It is Ms. Korzen's recommendation to increase the approved amount to \$8,000,000 per quarter. Following Trustee discussion, Vice Chairman Tryc made the motion to approve the revised Cash Account Funding Policy with a limit of \$8,000,000 per quarter. The motion was seconded by Mr. Timkovich and carried.

Ms. Korzen next presented the appeal of the denial of the duty disability retirement request by Mr. Sean N. Bagalay. She stated that this request was initially considered by Trustees at the February 21, 2018 Board meeting. Chairman Hawkins noted that nothing has changed regarding the medical committee's opinions. Ms. Korzen commented that Mr. Bagalay sent a letter indicating he wished to appeal the denial and provided a redacted copy of a Social Security Disability letter stating he qualified for their benefits. Mr. Timkovich asked if the Social Security Administration's threshold for benefits is different than the Retirement System. Mr. Michaud stated that there are a number of different variables that go into the Social Security Administration's decision process; they are different from the Retirement System's ordinance provisions. Vice Chairman Tryc made the motion to deny the appeal of the denial of the duty disability retirement request by Mr. Sean N. Bagalay based on the recommendations of the medical committee. The motion was seconded by Ms. DeJonge and carried.

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

Ms. Korzen commented that the City sends a check to Northern Trust every two weeks representing the employee and employer contributions for each pay period; one of them recently was lost in the mail. Ms. Williams was watching the cash account and commented that if the check was not deposited by the end of May, the account would be overdrawn. On May 31 it was necessary to transfer \$500,000 from the NTAM account to the Cash Account to ensure the account would not incur any overdraft fees to cover the benefit payments that would be deducted from the account that day. The check was eventually deposited; however, due to future capital calls, Ms. Korzen recommended leaving the \$500,000 in the account as it would more than likely be needed soon. Vice Chairman Tryc made the motion to approve the transfer of \$500,000 from NTAM to the Cash Account on May 31, 2018. The motion was seconded by Mr. Timkovich and carried.

The meeting adjourned at 8:10 a.m.

The next General Retirement System Board Meeting will be held Wednesday, August 15, 2018, at 9:30 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen  
Executive Director  
General Retirement System