

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

MINUTES
JOINT MEETING
JUNE 17, 2020 – 8:39 a.m.
VIA ONLINE CONFERENCE

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

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards, Ms. Jacqueline Ramkumar and Mr. Andrew Citron of BlackRock Institutional Trust Company, Mr. David Lindberg and Mr. Calvin Born of Wilshire Associates, Inc., Ms. Molly Clarin, Chief Financial Officer for the City of Grand Rapids, Mr. Scott Saindon, Deputy Chief Financial Officer for the City of Grand Rapids, Mr. Zack Cziryak, Editor of Financial Investment News, and Ms. Lisa Balkema, Retirement Services Specialist.

There were no public comments regarding agenda items.

Mr. Balkema made the motion to approve the minutes of the Joint Meeting of May 20, 2020. The motion was seconded by Mr. Tryc and carried.

Ms. Jacqueline Ramkumar, Index Equity Product Specialist, and Mr. Andrew Citron, Vice President and CFA, of BlackRock Institutional Trust Company (BlackRock) presented their firm's annual report to Trustees. Mr. Citron noted that BlackRock was established in 1988 and as of March 31, 2020, had \$6.46 trillion in assets under management. They have over 16,000 employees, more than 2,000 investment professionals, and offices in over 34 countries. BlackRock offers an extensive and flexible platform for index strategies and create solutions for their clients so they have access to high quality index exposures. Ms. Ramkumar reviewed BlackRock's organization, people, and process. BlackRock's approach is to seek to deliver efficient investment outcomes; they accomplish this through their risk management and cost efficiency processes. BlackRock has dedicated expertise and resources throughout their index investment management cycle. Their approach to the index is not passive as they are focused on: 1) people; 2) performance; 3) process; 4) platform; and 5) products. Ms. Ramkumar noted that in 2020, the MSCI continues to implement several country reclassifications to their emerging markets universe; she also provided highlights from recent index rebalances. 2019 also brought changes to China A Shares and Saudi Arabia. She explained the concept of minimum volatility and stated that this strategy seeks to deliver a lower risk profile than the parent index, typically through portfolio construction and/or stock selection. Minimum volatility strategies historically delivered better relative risk-adjusted returns than the parent index, with an asymmetric return profile. Ms. Ramkumar provided Trustees with an overview of the minimum volatility construction and methodology as well as historical returns. She commented on the major sources of tracking error and their impacts on global and domestic index funds. Investment returns as of 03/31/20 for the General and Police & Fire Retirement Systems' portfolios were reported as follows:

	<u>MTD</u>	<u>Q1</u>	<u>YTD</u>	<u>Since Fund Inception*</u>
Fund	-10.24%	-15.97%	-15.97%	6.74%
MSCI ACWI Min. Vol. NDR Index	-10.26%	-16.00%	-16.00%	6.23%

*Fund Inception date – August 13, 2013

Ms. Ramkumar provided characteristics on BlackRock’s MSCI ACWI minimum volatility index fund. She noted that BlackRock is the world’s largest manager of indexed assets with \$4.50 trillion in index assets under management across equity and fixed income and due to their scale, they can drive lower costs. The report was received and filed by Chairman Hawkins.

Ms. Korzen next addressed the renewal quotes for the Fiduciary Liability insurance policies for the period 07/01/20 – 07/01/21 from Euclid Specialty. She noted that the asset values shown for both systems appeared to be too high, so she has asked for clarification. This additional review may or may not impact the proposed premiums for the policies. The Retirement Systems are able to float the policies for 30 days; however, the next Board meeting is not until mid-August. The policies would renew with the same terms and if the quotes are correct the premiums would be \$15,273 for the Police & Fire Retirement System and \$15,938 for the General Retirement System. Mr. Michaud stated that Trustees can approve the renewal request for the Fiduciary Liability insurance policies now in order to have continued coverage and then make retroactive adjustments in August if necessary. Mr. Timkovich asked if the amounts of coverage in the policy are appropriate compared to other plans; Mr. Michaud said yes. Mr. Balkema made the motion on behalf of the Police & Fire Retirement System to renew the Euclid policy with non-indemnifiable public entity coverage as outlined in the proposal for the period 07/01/20 – 07/01/21 for \$15,273. The motion was seconded by Mr. VanderWall and carried. Mr. Tryc made the motion on behalf of the General Retirement System to renew the Euclid policy with non-indemnifiable public entity coverage as outlined in the proposal for the period 07/01/20 – 07/01/21 for \$15,938. The motion was seconded by Mr. Butts and carried. Ms. Korzen commented that she does not have the renewal quote yet for the Business Owner’s policy; this policy is also up for renewal on 07/01/20.

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

The meeting adjourned at 9:21 a.m.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, August 19, 2020, at 8:05 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
 Executive Director
 General and Police & Fire Retirement Systems