

GENERAL RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
CITY OF GRAND RAPIDS  
MICHIGAN

MINUTES  
REGULAR MEETING  
NOVEMBER 14, 2018 – 11:16 a.m.  
300 Monroe Avenue NW

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman David Tryc, Mr. Martin Timkovich, Mr. William Butts, Ms. Donijo DeJonge, and Mr. Nathaniel Moody. Absent: Mr. Phillip Mitchell.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, and Mr. Jim Anderson of Gabriel, Roeder, Smith, and Company.

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

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of September 19, 2018.
- Retirement: one age & service and one deferred early.

**Age & Service Retirement:**

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
<b>Johnson-Jelks, Mari Beth</b>	33 yrs. 0 mo.	11/03/2018	\$127,482.00	\$8,155.98

**Deferred Early Retirement:**

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
<b>Passenger, Donald H.</b>	24 yrs. 6 mo.	10/01/2018	\$108,077.00	\$3,627.25

- Payment of administrative expenses of \$7,864.52 for the period 09/01/18 – 10/31/18.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 09/30/18. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$27,177.92 – Baird Advisors (Fixed Income)  
\$38,382.66 – CBRE Clarion (Real Estate)  
\$41,711.00 – Harding Loevner (ADRs)

\$41,563.24 – Harvest Fund Advisors (MLPs)  
 \$6,891.62 – NTAM (Equities)  
 \$40,545.11 – Wellington Management Company (Equities)  
 \$33,554.01 – Wellington Management Company (Commodities)  
 \$38,390.87 – Western Asset Management (Fixed Income)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 09/30/18 fee as follows:

Benefit Payments	\$6,943.97
Custody	\$7,435.84
Total	\$14,379.81

**The motion carried.**

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$421,806,747 on September 30, 2018. Ms. Korzen noted that the asset analyses for July and August 2018 needed to be revised due to updated reports from Neuberger Berman. The revised market value on July 31, 2018 was \$421,096,359 and the revised market value on August 31, 2018 was \$422,810,063. The reports were received and filed by the Chairman. (Analyses found on pages )

Trustees reviewed an Eligible Domestic Relations Order (EDRO) for Ms. Marcy Rupinski. Ms. Korzen stated that an EDRO has been filed to assign a portion of Ms. Rupinski’s retirement benefits to an alternate payee, Michael D. Rupinski, 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 Ms. Rupinski’s 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 07/01/18 – 09/30/18; she noted that no member contributions were withdrawn. 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 09/30/18. Total Securities Lending income for the period was \$19,389.86. Total Class Action Settlement receipts for the period were \$897.40. Chairman Hawkins received and filed the report. (Report found on page )

Mr. Jim Anderson of Gabriel, Roeder, Smith and Company (GRS) presented the 51<sup>st</sup> Annual Actuarial Valuation for the year ending June 30, 2018. Mr. Anderson noted that General Retirement System assets equal 81.0% of computed accrued liabilities. He also noted that the City’s contribution rate for the fiscal year beginning 07/01/19 will be 34.74% of covered payroll, as specified in Section 1.221(3) of City Code. He provided a detailed report that included a ratio of active to retired employees of 0.4 to 1, a recognized rate of return of 7.32%, and an initial computed employer rate of 7.19% amortized over a period of 27.19 years. He noted that liabilities exceeded assets (\$99,965,069 debit to unfunded actuarial accrued liability). He noted that the ratio of assets computed under funding value relative to the market value of assets is 102.4% and provided an overview on the projection of future amortization payments. Mr. Anderson reviewed the derivation of valuation assets and corresponding statistical data. He noted that in light of Mr. Michaud’s discussion of P.A. 202, it would be prudent to discuss the manner in which the reporting will be accomplished in January or February 2019 as well as discuss the mortality assumptions that are currently being utilized. Mr. Butts made the motion to approve the actuary's recommendation for transfers. (Ending balances in each reserve fund as of June 30, 2018, were assumed to be: Member Deposit Fund - \$34,061,398; Employer Accumulation Fund –

(\$95,503,934); Benefit Reserve Fund - \$370,421,933; Income-Expense Fund - \$0). Seconded by Mr. Timkovich, the motion carried. The report was received and filed by the Chairman.

Mr. Anderson of Gabriel, Roeder, Smith and Company (GRS) provided Trustees with a GASB 67 and 68 review and the GASB 67 Plan Report and Accounting Schedules as of June 30, 2018. Mr. Anderson reviewed the GASB 68 tables of information that the City of Grand Rapids needs to complete their reporting. He reviewed the GASB 67 Plan Report and provided some background on the various tables contained in the report. He noted that the net pension liability as of June 30, 2018 was \$110,054,162 and the net position as a percentage of total pension liability was 79.12%. The single discount rate was 7.15%, as was the long-term expected rate of return. Mr. Anderson reviewed the schedule of changes in fiduciary net pension, changes in the employer's net pension liability, the schedule of employer's net pension liability, and schedule of contributions. The report was received and filed by the Chairman.

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

Ms. Korzen commented that at the September Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for November and December 2018. After recent review of the investment accounts, Mr. Ford and the Executive Director agreed to transfer \$2,225,000 from the NTAM account to the Cash Account on November 1, 2018 and \$1,000,000 from the NTAM account and \$1,225,000 from the PIMCO account to the Cash Account on December 3, 2018.

The meeting adjourned at 11:36 a.m.

The next General Retirement System Board Meeting will be held Wednesday, December 19, 2018, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen  
Executive Director  
General Retirement System