

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
NOVEMBER 18, 2020 – 10:53 a.m.
VIA ONLINE CONFERENCE

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

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Kent County, MI, Mr. Thomas Michaud, Legal Advisor to the Board, Mr. Paul Matz of Rehmann Robson, Mr. Jim Anderson and Mr. Jeff Tebeau of Gabriel, Roeder, Smith, and Company, and Ms. Lisa Balkema, Retirement Services Specialist, Mecosta County, MI.

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

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of September 16, 2020.
- Retirements: four age & service.

Age & Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Hendges, Amie S.	30 yrs. 8 mo.	01/07/2021	\$111,514.33	\$7,694.50
Myles-Thayer, Lisa K.	30 yrs. 5 mo.	01/05/2021	\$57,118.00	\$3,626.05
VanVugt, Lynn D.	25 yrs. 0 mo.	01/05/2021	\$96,877.00	\$5,056.22
Wagoner, Debra M.	20 yrs. 0 mo.	11/07/2020	\$62,577.00	\$2,424.86

- Payment of administrative expenses of \$7,010.61 for the period 09/01/20 – 10/31/20.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 09/30/20. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$26,355.46 – Baird Advisors (Fixed Income)
\$6,162.80 – BlackRock (Global Low Volatility)
\$23,998.06 – CenterSquare Investment Management (Real Estate)
\$48,580.00 – Harding Loevner (ADRs)

\$27,670.31 – Harvest Fund Advisors (MLPs)
\$2,278.96 – NTAM (Equities)
\$27,550.21 – Wellington Management Company (Equities)
\$32,961.85 – Wellington Management Company (Commodities)

- Payment of Legal Services fees of \$4,117.50 to VanOverbeke, Michaud & Timmony, P.C. for the period 01/01/20 – 09/30/20.

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$422,115,100 on August 31, 2020 and \$416,083,396 on September 30, 2020. 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 07/01/20 – 09/30/20; one non-vested member withdrew his contributions and interest from the General Retirement System totaling \$20,172.97. 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 09/30/20. Total Securities Lending income for the period was \$21,660.57. There were no Class Action Settlement receipts for the period. Chairman Hawkins received and filed the report. (Report found on page)

Mr. Paul Matz of Rehmann Robson presented Trustees with the annual audit for the fiscal year ending June 30, 2020. Mr. Matz provided Trustees with highlights from the audit, their opinion, related statements, and required supplementary information. Some of the highlights included Rehmann's responsibilities, a report on internal controls, significant audit findings, any difficulties encountered in the audit and any disagreements with management. Mr. Matz noted that the plan is being run efficiently, no unusual items were noted during their testing and there are no issues with the System's internal controls. Mr. Matz also reviewed the *Independent Auditors' Communication with Those Charged with Governance* report that was provided to Trustees. Mr. Timkovich asked Mr. Matz if he thought the 7.00% investment return the System has is reasonable; Mr. Matz said it is in line with other public fund clients that they serve. He reminded Trustees that it is a long-term expectation and that Rehmann reviews the investment return for reasonableness and supportability. Mr. Timkovich asked if they would communicate to Trustees if they ever felt it is not reasonable; Mr. Matz said yes. Chairman Hawkins asked if the table that illustrates the sensitivity of the net pension liability could be expanded to include the ramifications if the single discount rate was 5%; Mr. Matz said yes. The reports were received and filed by the Chairman.

Mr. Jeff Tebeau of Gabriel, Roeder, Smith and Company (GRS) presented the 53rd Annual Actuarial Valuation for the year ending June 30, 2020. Mr. Tebeau noted that General Retirement System assets equal 77% of computed accrued liabilities. He also noted that the City's contribution rate for the fiscal year beginning 07/01/21 will be 47.17% of covered payroll, with a projected dollar contribution of \$12,467,640. 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 4.43%, and an initial computed employer rate of 6.81% amortized over a period of 26.20 years. He noted that liabilities exceeded assets (\$130,602,852 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 105.9% and provided an overview on the projection of future amortization payments. Mr. Tebeau reviewed the derivation of valuation assets and corresponding statistical data and reviewed the section of the report covering risks associated with measuring the accrued liability and actuarially determined contribution. He also commented on the various aspects that comprise the plan maturity measures that GRS utilizes. Mr. Butts made the motion to approve the actuary's recommendation for transfers. (Ending balances in each reserve fund as of June 30, 2020, were assumed to be: Member Deposit Fund - \$36,797,351; Employer Accumulation Fund – (\$91,940,957); Benefit Reserve Fund - \$386,589,984; Income-Expense Fund - \$0). Seconded by Vice Chairman Tryc, the motion carried. The report was received and filed by the Chairman.

Mr. Jim 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, 2020. 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, 2020 was \$154,190,574 and the net position as a percentage of total pension liability was 72.35%. The single discount rate was 7.00%, 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. He also reminded Trustees that GRS is able to prepare a risk stress test for the System if they so desire and they will continue to monitor the current assumptions in place annually. 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 which investment management account funds should be transferred from for Cash Account needs for November and December 2020. After recent review of the investment accounts, Mr. Lindberg and the Executive Director agreed to transfer \$1,650,000 from the Wellington Management (equities) account to the Cash Account on November 2, 2020 and \$1,000,000 from the NTAM account and \$650,000 from the Harding Loevner account to the Cash Account on December 1, 2020.

The Executive Director commented that there was only one nominating petition received for the Member Trustee election this fall; therefore Mr. Tryc is presumed re-elected. He will serve a four-year term that will expire the first Monday in January 2025. Chairman Hawkins thanked Vice Chairman Tryc for his continued service to the Board.

The meeting adjourned at 11:42 a.m.

The next General Retirement System Board Meeting will be held Wednesday, December 16, 2020, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System