

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
DECEMBER 16, 2015 – 9:09 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. William Butts, Ms. Jane Hofmeyer, and Mr. Elias Lumpkins, Jr. Absent: Mr. J. Patrick Scripps.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, Mr. Jim Anderson of Gabriel, Roeder, Smith and Company, Mr. Jon O'Connor, and Ms. Sara VanderWerff, City Comptroller.

Mr. Butts made the motion to excuse the absence of Mr. Scripps. The motion was seconded by Ms. Hofmeyer and carried.

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of November 18, 2015.
- Purchase of credited service by the following General Retirement System member:
Cecile A. Herald \$24,147.82 24 months
- Retirements: six age and service, one early, and one non-duty disability.

Age and Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Bockheim, Ronald G.	9 yrs. 0 mo.	01/05/2016	\$40,823.33	\$661.51
Bush, Jane E.	33 yrs. 0 mo.	01/30/2016	\$55,573.33	\$4,126.32
DeVries, Jane E.	20 yrs. 1 mo.	01/30/2016	\$64,985.67	\$2,936.54
Herald, Cecile A.	31 yrs. 9 mo.	01/19/2016	\$78,396.33	\$5,116.39
Lumpkins, Jr., Elias	9 yrs. 10 mo.	01/01/2016	\$22,646.00	\$331.24
Ross, Dirk L.	29 yrs. 0 mo.	01/05/2016	\$53,005.00	\$3,189.36

Early Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Sharrow, Gary T.	22 yrs. 4 mo.	01/09/2016	\$49,050.67	\$1,974.79

Non-Duty Disability Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Kuzawa, Kathryn M.	29 yrs. 6 mo.	11/18/2015	\$89,555.00	\$4,430.23

- Payment of administrative expenses of \$2,858.51 for the period 11/01/15 – 11/30/15.

The motion carried.

Ms. Korzen next presented a report of Cash Account transfers for the period 01/01/16 – 03/31/16. The Retirement Systems Office staff projected a need for \$4,800,000 to be transferred to the cash account as follows: \$1,600,000 on January 4th, \$1,600,000 on February 1st and \$1,600,000 on March 1st. Ms. Korzen recommended, and Mr. Nick Sefchok of Wilshire Associates agreed, making the transfers as follows:

January 4 th	NTAM	\$1,600,000
February 1 st	To be determined	\$1,600,000
March 1 st	To be determined	\$1,600,000
Total		\$4,800,000

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

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$397,513,858 on November 30, 2015. The report was received and filed by the Chairman. (Analysis found on page)

Trustees reviewed a Domestic Relations Order (DRO) for Mr. Mark Greenfield. Ms. Korzen stated that a DRO has been filed to assign a portion of Mr. Greenfield's retirement benefits to an alternate payee, Mary Jo Larsen, in accordance with the Domestic Relations Order Act. The DRO has been reviewed by legal counsel and complies with the General Retirement System plan provisions. The DRO will become part of Mr. Greenfield's file and will be paid according to its provisions. The order was received and filed by the Chairman.

Mr. Jim Anderson of Gabriel, Roeder, Smith and Company (GRS) presented the 48th Annual Actuarial Valuation for the year ending June 30, 2015. Mr. Anderson noted that General Retirement System assets equal 80.3% of computed accrued liabilities. He also noted that the City's contribution rate for the fiscal year beginning 07/01/16 will be 31.23% 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 0.6 to 1, a recognized rate of return of 11.18% compared to 7.50% projected, and an initial computed employer rate of 7.63% amortized over a period of 23 years. He noted that liabilities exceeded assets (\$98,462,031 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 97% and provided an overview on the projection of future amortization payments. Mr. Anderson reviewed the derivation of valuation assets and corresponding statistical data. Vice Chairman Tryc made the motion to approve the actuary's recommendation to transfer \$25,739,855 from the Income Expense Fund to the Employer Accumulation Fund. (Ending balances in each reserve fund as of June 30, 2015, were assumed to be: Member Deposit Fund - \$33,786,514; Employer Accumulation Fund – \$16,926,066; Benefit Reserve Fund -

\$288,412,580; Income-Expense Fund - \$0). Seconded by Mr. Timkovich, the motion carried. The report was received and filed by the Chairman.

Mr. Anderson provided Trustees with a GASB 67 review and the GASB 67 Plan Report and Accounting Schedules as of June 30, 2015. He noted that the actuarial valuation determines funding status and contributions, and the liabilities are to reflect the funded status and the funding policy of the plan. Mr. Anderson 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, 2015 was \$85,541,949 and the net position as a percentage of total pension liability was 82.90%. The single discount rate was 7.25%, 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 commented that Wilshire Associates' long-term expected return on plan assets as of January 1, 2015 was 4.8%; however, this excludes any alpha the plans experience and is based on expected inflation of 2.25%. He stated that per the most recent experience study, Trustees voted to utilize a 7.25% assumed investment rate of return. The report was received and filed by the Chairman.

Ms. Korzen noted that Trustee approval is necessary for the distribution of the 13th Check for January 31, 2016. The gross amount available for distribution is \$6,780,432. Ms. Korzen noted that this amount is preliminary and will be reduced by the expenses for this program as well adjustments for retirees in the escalator program. Following Trustee discussion, Vice Chairman Tryc made motion to authorize the 13th Check distribution and to instruct the Executive Director to review the market values for each investment manager account to determine from which manager(s) to deduct the amount. The motion was seconded by Ms. Hofmeyer and carried.

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

The meeting adjourned at 9:27 a.m.

The next General Retirement System Board Meeting will be held Wednesday, January 20, 2016, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System