

POLICE & FIRE RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
CITY OF GRAND RAPIDS  
MICHIGAN

MINUTES  
REGULAR MEETING  
DECEMBER 21, 2016 – 8:57 a.m.  
233 East Fulton

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman Craig VanderWall, Mr. Philip Balkema, Mr. Jon O'Connor, and Mr. Phillip Mitchell. Absent: Mr. Thomas VanderPloeg and Ms. Jane Hofmeyer.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, Mr. Jeffrey Dood, Deputy Chief Financial Officer for the City of Grand Rapids, and Mr. David Hoffman of Gabriel, Roeder, Smith and Company (via telephone).

Mr. Balkema made the motion to excuse the absences of Mr. VanderPloeg and Ms. Hofmeyer. The motion was seconded by Vice Chairman VanderWall and carried.

There were no public comments regarding agenda items.

Moved by Mr. O'Connor and seconded by Vice Chairman VanderWall, the following administrative items were approved by the Board of Trustees:

- Minutes of the regular meeting of November 16, 2016.
- Purchase of credited service by the following Police & Fire Retirement System members:

Valerie A. Carrasco	\$58,755.44	48 months
Stephen G. LaBrecque	\$66,032.68	48 months
Barton L. Perry	\$21,554.19	16 months

- The following Resolution No. 815.

WHEREAS, the Board of Trustees of the Police and Fire Retirement System has received requests for four Age & Service retirements from the following members of the plan:

**Age & Service Retirements:**

Stephen G. LaBrecque, will retire January 20, 2017 from the Police Department as a Police Sergeant,

Credited Service: Thirty-two years

Pension: \$6,553.53,

and . . .

Barton L. Perry, will retire January 20, 2017 from the Fire Department as a Battalion Fire Chief,

Credited Service: Thirty-three years and nine months

Pension: \$7,373.64,

and . . .

Martin F. Rietman, will retire January 2, 2017 from the Police Department as a Police Officer,

Credited Service: Thirty-two years

Pension: \$5,377.69,

and . . .

Daniel J. Stoddard, will retire January 4, 2017 from the Fire Department as a Battalion Fire Chief,

Credited Service: Thirty-three years and nine months

Pension: \$6,926.94.

RESOLVED, that the retirements be approved.

- KEIP participants: The Board of Trustees of the Police and Fire Retirement System has received requests by the following members of the plan to join the KEIP Program:

Michael A. Blumke, Police Officer

KEIP Date: January 20, 2017  
Tentative KEIP End Date: January 19, 2018  
KEIP Benefit: \$6,132.42

Douglas S. Carley, Fire Captain

KEIP Date: January 12, 2017  
Tentative KEIP End Date: January 11, 2020  
KEIP Benefit: \$6,315.27

Valerie A. Carrasco, Police Officer

KEIP Date: January 2, 2017  
Tentative KEIP End Date: January 1, 2022  
KEIP Benefit: \$6,375.70

Richard R. Prince, Police Officer

KEIP Date: January 3, 2017  
Tentative KEIP End Date: January 2, 2019  
KEIP Benefit: \$5,899.33

Curtis A. VanderKooi, Police Captain

KEIP Date: December 9, 2016  
 Tentative KEIP End Date: December 8, 2020  
 KEIP Benefit: \$6,487.83

- Payment of administrative expenses of \$2,817.38 for the period 11/01/16 – 11/30/16.

Mr. Balkema commented that there are a number of long-term public servants who are either retiring or entering the KEIP and he thanked them for their dedicated service.

**The motion carried.**

Ms. Korzen next presented a report of Cash Account transfers for the period 01/01/17 – 03/31/17. The Retirement Systems Office staff projected a need for \$4,500,000 to be transferred to the cash account as follows: \$1,500,000 on January 3<sup>rd</sup>, \$1,500,000 on February 1<sup>st</sup> and \$1,500,000 on March 1<sup>st</sup>. Ms. Korzen recommended, and Mr. Marlin Pease of Wilshire Associates agreed, making the transfers as follows:

January 3 <sup>rd</sup>	NTAM	\$1,500,000
February 1 <sup>st</sup>	To be determined	\$1,500,000
March 1 <sup>st</sup>	To be determined	<u>\$1,500,000</u>
Total		\$4,500,000

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 \$377,493,400 on November 30, 2016. The report was received and filed by the Chairman. (Analysis found on page )

Ms. Korzen next provided Trustees with an annual budget proposal. The figures on the proposed document represent the dollar amounts Trustees expect to be expended for the FYE 12/31/17. Ms. Korzen stated that a formal budget approved by Trustees annually is now a requirement under P.A. 314 and once approved by Trustees, will be available on the Retirement System’s website. Following discussion Mr. Balkema made the motion to approve the budget as written. The motion was seconded by Mr. O’Connor and carried.

Mr. Jeffery Dood, Deputy Chief Financial Officer for the City of Grand Rapids, next presented information to Trustees on the Key Employee Incentive Program (KEIP). Mr. Dood gave a brief historical account of what led to the implementation of the KEIP program. Ms. Korzen described the basic mechanics of the program by noting that when an eligible member chooses to enter the KEIP program, his/her retirement benefits will be frozen as of the KEIP entry date. The member will continue working for the City full time through the KEIP program for the amount of time he/she chose. Each month that the member is in the KEIP program, 75% of the monthly retirement benefit that the member chose and would have received had he/she retired will be set aside in a separate account and will accrue interest annually until the member exits the KEIP program and retires. Once he/she does retire, the balance in his/her KEIP account will be rolled over to the retiree per his/her instructions and then he/she will begin collecting 100% of his/her monthly pension benefit. The member can opt once during KEIP participation to extend his/her exit date, up to the five-year maximum, and the member can also elect to terminate his/her participation in the KEIP program early as long as he/she provides a 90-day notice.

Ms. Korzen contacted Mr. David Hoffman of Gabriel, Roeder, Smith and Company (GRS) via telephone to discuss the recent invoice they sent for the calculations of the cost to purchase higher

multipliers by new members. Mr. Hoffman stated that an invoice was generated because this calculation was different than the service purchase rates that are generated separately by GRS. He commented that the service purchase rates can be pulled from the actuarial valuation whereas the calculations for the higher multiplier selections are from data that does not exist in the actuarial valuation. These are small groups of people and will not grow significantly for quite some time. GRS re-calculated the supplemental valuation from a few years ago, using the new assumptions. He stated that going forward it should require less work; however, he felt that it was beyond the scope of routine services that GRS provides to the Retirement System. Chairman Hawkins stated that the invoice did catch Trustees off guard and asked if there was any room to negotiate the fee down; Mr. Hoffman stated he could reduce the fee from \$4,000 to \$2,500 if that would be acceptable to Trustees. Trustees agreed that would be reasonable and thanked Mr. Hoffman. Chairman Hawkins asked Mr. Dood if the City would be willing to pay half of this cost as this was a negotiated item through the bargaining process. Mr. Dood agreed that the City would pay half (\$1,250).

The Executive Director next presented a request for a non-duty disability retirement by Mr. Jeffrey G. Smith. Vice Chairman VanderWall made the motion to approve the non-duty disability retirement request for Mr. Jeffrey G. Smith, based on the medical findings and documents presented. The motion was seconded by Mr. Balkema and carried.

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

The meeting adjourned at 9:13 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, January 18, 2017, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen  
Executive Director  
Police & Fire Retirement System