

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
MARCH 15, 2017 – 9:49 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. Jon O'Connor, Mr. Bill Butts, and Mr. Phillip Mitchell. Absent: Ms. Jane Hofmeyer.

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

Mr. O'Connor made the motion to excuse the absence of Ms. Hofmeyer. The motion was seconded by Vice Chairman Tryc and carried.

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of February 15, 2017.
- Retirements: five age & service and one early:

Age & Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Baker, Michael K.	22 yrs. 3 mo.	04/05/2017	\$54,132.00	\$2,189.18
Callender, Floyd D.	30 yrs. 0 mo.	05/02/2017	\$52,046.67	\$3,101.20
McKay, Michael C.	30 yrs. 0 mo.	03/22/2017	\$54,748.33	\$3,386.20
Regel, Jr., Ronald B.	31 yrs. 6 mo.	05/02/2017	\$50,112.00	\$3,551.69
Schutter, Gregory K.	33 yrs. 0 mo.	04/04/2017	\$57,910.00	\$4,299.82

Early Retirement:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Splese, Trisha L.	21 yrs. 9 mo.	03/11/2017	\$63,954.67	\$1,310.33

- Payment of administrative expenses of \$2,915.28 for the period 02/01/17 – 02/28/17.

The motion carried.

Ms. Korzen next presented a report of Cash Account transfers for the period 04/01/17 – 06/30/17. The Retirement Systems Office staff projected a need for \$5,775,000 to be transferred to the cash account as follows: \$1,925,000 on April 3rd, \$1,925,000 on May 1st and \$1,925,000 on June 1st. Ms. Korzen recommended, and Mr. Marlin Pease of Wilshire Associates agreed, making the transfers as follows:

April 3 rd	NTAM	\$1,925,000
May 1 st	To be determined	\$1,925,000
June 1 st	To be determined	<u>\$1,925,000</u>
Total		\$5,775,000

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 \$402,056,258 on February 28, 2017. The report was received and filed by the Chairman. (Analysis found on page)

Ms. Korzen commented that there are seven potential disability retiree re-exams this year. Mr. Timkovich made the motion to waive the re-examinations for Ms. Phyllis Beard, Mr. Robert Martin, Ms. Sheila Scruggs, Mr. Dennis Siegel, and Ms. Kathleen Wildfong based upon the medical records, and have the medical records for Ms. Rose Hockey and Mr. William Leach reviewed by one of the Board’s physicians and proceed with a re-examination if warranted. The motion was seconded by Mr. Mitchell and carried.

Mr. Jim Anderson and Mr. David Hoffman of Gabriel, Roeder, Smith & Company (GRS) next addressed the topic of investment return assumptions for the June 30, 2017 actuarial valuation that was tabled at the February 2017 Board meeting. {Mr. O’Connor left the meeting at 9:59 a.m.} Mr. Anderson reiterated that it is GRS’ hope to visit the issue of investment return assumptions each year in preparation for the actuarial valuations and GASB 67 & 68 reporting. He noted that based on expected return data provided by Wilshire Associates as of December 31, 2016, GRS has determined that the current 7.25% investment return assumption remains reasonable for use in the June 30, 2017 actuarial valuation. He commented that Wilshire provided a long-term (30-year) return expectation of 7.3% along with a 10-year return expectation of 6.1%. Mr. Anderson stated that if the shorter-term forecast is realized, higher computed employer contributions than currently anticipated will result and little or no progress will be made toward increasing the funded ratio for the retirement system. The most recent experience study for the retirement system set the implicit long-term price inflation assumption at 2.75%. GRS recommends that the price inflation assumption be lowered to 2.5% and that the wage inflation assumption decrease from 3.5% to 3.25%. Mr. Timkovich commented that he is unsure that any changes need to be made this year; however, he would like to mirror what the Police & Fire Retirement System Trustees approve, to be consistent. Chairman Hawkins commented that historically, after reviewing reports, Trustees have agreed with the actuary’s recommendations. Following Trustee discussion, Mr. Butts made the motion to approve GRS’ recommendation to lower the price inflation assumption to 2.5% and lower the wage inflation assumption to 3.25%. The motion was seconded by Vice Chairman Tryc and carried.

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

The meeting adjourned at 10:12 a.m.

The next General Retirement System Board Meeting will be held Wednesday, May 17, 2017, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
 Executive Director
 General Retirement System