

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

MINUTES
REGULAR MEETING
MAY 19, 2021 – 9:38 a.m.
VIA ONLINE CONFERENCE

The meeting was called to order by Chairman Michael Hawkins, Kent County, MI. Other members present: Mr. Philip Balkema, Kent County, MI, Mr. Phillip Mitchell, Kent County, MI, Ms. Donijo DeJonge, Kent County, MI, Mr. Nathaniel Moody, Kent County, MI, and Mr. Robert Veenstra, Kent County, MI. Absent: Vice Chairman Craig VanderWall.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Kent County, MI, Mr. Thomas Michaud, Legal Advisor to the Board, Mr. Jim Anderson and Mr. Jeff Tebeau of Gabriel, Roeder, Smith and Company, Mr. Mark Washington, City Manager for the City of Grand Rapids, and Ms. Lisa Balkema, Retirement Services Specialist, Kent County, MI.

Mr. Veenstra made the motion to excuse the absence of Vice Chairman VanderWall. The motion was seconded by Mr. Balkema and carried.

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of March 17, 2021.
- Purchase of credited service by the following Police & Fire Retirement System members. All calculations have been prepared by this office and verified by the actuary.

Adam T. Baylis	\$50,411.19	36 months
Shaun D. DeWent	\$28,656.69	36 months
Jeffery R. Freres	\$33,607.46	24 months
Jennifer E. Wordelman	\$33,607.46	24 months

- Purchase of military leave of absence – as provided for in Chapter 7, Section 1.243 (2) of City Code, Mr. Matthew R. Gonzalez has requested to purchase the periods of credited service during which he was on leave of absence for active military service. The period of service to be purchased for Mr. Gonzalez is two (2) months and two (2) days. The amount due of \$1,465.09 was calculated and verified by the Retirement Systems Office.
- The following Resolution No. 849.

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

Age & Service Retirement:

Matthew B. DeJong, will retire July 2, 2021 from the Police Department as a Police Officer,

Credited Service: Thirty-two years and five months

Pension: \$6,268.73,

and . . .

Deferred Retirement:

Kim M. Hartuniewicz, will retire June 1, 2021 from the Police Department as a Police Officer,

Credited Service: Fifteen years and one month

Pension: \$2,562.36.

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 exit the KEIP Program:

KEIP Exits

Valerie A. Carrasco, exited the KEIP Program on May 17, 2021 from the Police Department as a Police Officer,

Credited Service: Thirty-four years

Pension: \$6,375.70,

Steven T. Przybysz, exited the KEIP Program on May 6, 2021 from the Fire Department as a Fire Equipment Operator,

Credited Service: Twenty-seven years and four months

Pension: \$4,719.97,

Mary J. Woronko, exited the KEIP Program on May 17, 2021 from the Police Department as a Police Officer,

Credited Service: Thirty-five years and nine months

Pension: \$6,949.06,

- Payment of administrative expenses of \$4,473.72 for the period 03/01/21 – 04/30/21.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/21. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$28,148.87 – Baird Advisors (Fixed Income)

\$27,968.22 – CenterSquare Investment Management (Real Estate)

\$57,558.00 – Harding Loevner (ADRs)

\$38,509.88 – Harvest Fund Advisors (MLPs)

\$2,858.46 – NTAM (Equities)

\$34,806.35 – Wellington Management Company (Small Cap Equities)

\$42,142.69 – Wellington Management Company (Commodities)

- Payment of Legal Services fees of \$1,244.40 to VanOverbeke, Michaud & Timmony, P.C. for the period 10/01/20 – 12/31/20.

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$477,501,034 on February 28, 2021 and \$488,032,494 on March 31, 2021. The reports were received and filed by the Chairman. (Analyses found on pages)

Trustees reviewed an Eligible Domestic Relations Order (EDRO) for Mr. Nicholas Fedewa. Ms. Korzen stated that a DRO has been filed to assign a portion of Mr. Fedewa's retirement benefits to an alternate payee, Stosija S. Cvrljevic, in accordance with the Eligible Domestic Relations Order Act. The EDRO has been reviewed by legal counsel and complies with the Police & Fire Retirement System plan provisions. The EDRO will become part of Mr. Fedewa's file and will be paid according to its provisions. The order was received and filed by the Chairman.

Trustees reviewed a Domestic Relations Order (DRO) for Mr. Brent Robinson. Ms. Korzen stated that a DRO has been filed to assign a portion of Mr. Robinson's retirement benefits to an alternate payee, Dineice Robinson, in accordance with the Eligible Domestic Relations Order Act. The DRO has been reviewed by legal counsel and complies with the Police & Fire Retirement System plan provisions. The DRO will become part of Mr. Robinson'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 01/01/21 – 03/31/21; four non-vested members withdrew their contributions totaling \$63,604.75 from the Police & Fire Retirement System. One former KEIP member withdrew his KEIP contributions totaling \$110,383.69. 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 03/31/21. Total Securities Lending income for the period was \$24,509.11. There were no Class Action Settlement receipts for the period. Chairman Hawkins received and filed the report. (Report found on page)

Mr. James Anderson and Mr. Jeffrey Tebeau of Gabriel, Roeder, Smith and Company (GRS) presented the 54th Annual Actuarial Valuation, for the year ending December 31, 2020. Mr. Tebeau reviewed the recent changes Trustees implemented from the Experience Study and their impacts on the actuarial valuation. He noted that assets equaled 78.10% of computed accrued liabilities and that the City's contribution rate for the fiscal year beginning 07/01/22 will be 33.16%. Mr. Tebeau provided a detailed report that included unfunded actuarial accrued liabilities of \$128,366,962, a ratio of active to retired employees of 0.6 to 1, a recognized rate of return of 8.13% compared to 7.15% projected, and a computed employer rate of 37.78% of valuation payroll (33.16% of Gross-Up payroll). Mr. Tebeau provided information on GRS' comments regarding the valuation and observations regarding the implications of contribution allocation procedures of funding policy on future expected plan contributions and funded status. He also reviewed the limitations of funded status measurements and risks associated with measuring the accrued liability and actuarially determined contribution. Mr. Tebeau commented on the financing of unfunded actuarial accrued liabilities and the derivation of valuation assets over the past three years. Following the presentation Mr. Balkema made the motion to approve the actuary's recommendation to transfer \$20,249,530 from the Employer Accumulation Fund to the Income Expense Fund and \$16,086,912 from the Employer Accumulation Fund to the Benefit Reserve Fund (ending balances in each reserve fund as of December 31, 2020 were assumed to be: Member Deposit Fund - \$49,329,929; Employer Accumulation Fund – (\$64,095,552); Benefit Reserve Fund - \$394,884,939; Income-Expense Fund - \$0). Seconded by Mr. Moody, the motion carried. The report was received and filed by the Chairman.

Mr. Jeffrey Tebeau provided Trustees with the GASB 67 & 68 Plan Report and Accounting Schedules as of December 31, 2020. Mr. Tebeau 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. He reviewed the report and provided some background on the various tables contained in the report. He noted that the net pension liability as of December 31, 2020 was \$112,193,443 and the net position as a percentage of total pension liability was 80.91%. The single discount rate was 7.00%, as was the long-term expected rate of return. Mr. Tebeau reviewed the schedule of changes in the employer's net pension liability, the schedule of the employer's net pension liability, and schedule of contributions. He also reviewed the long-term expected return on plan assets. 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 March Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for May and June 2021. After recent review of the investment accounts, Mr. Lindberg and the Executive Director agreed to transfer \$1,125,000 from the Wellington Management (equities) account to the Cash Account on May 3, 2021 and \$1,125,000 from the NTAM account to the Cash Account on June 1, 2021. In addition, on May 3, 2021, a mini rebalance was done to give additional funding to the PIMCO account: \$5,000,000 was moved from the Wellington Management (equities) account to the PIMCO account.

Ms. Korzen noted that the Retirement Systems has recently received a Certificate of Transparency from NCPERS for participation in the 2020 NCPERS Public Retirement Systems Study.

The meeting adjourned at 10:24 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, June 16, 2021, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
Police & Fire Retirement System