

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

MINUTES
REGULAR MEETING
MAY 18, 2022 – 8:00 a.m.
233 East Fulton

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

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, and Mr. Jeffrey Tebeau of Gabriel, Roeder, Smith & Company.

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

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of March 16, 2022.
- 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.

Joseph H.D. Beracy	\$57,664.83	36 months
Kelli J. Braate	\$19,221.61	12 months
David D. Gillem	\$86,407.96	48 months

- KEIP participants: The Board of Trustees of the Police and Fire Retirement System has received a request by the following members to exit the KEIP Program:

KEIP Exit

Joel W. Bowman, will exit the KEIP Program on May 14, 2022 from the Police Department as a Police Officer,

Credited Service: Thirty-two years and one month

Pension: \$6,084.47.

Allen S. Noles, will exit the KEIP Program on July 4, 2022 from the Police Department as a Police Sergeant,

Credited Service: Twenty-eight years

Pension: \$6,136.39.

Ronald G. Tennant, will exit the KEIP Program on May 17, 2022 from the Fire Department as a Deputy Fire Chief,

Credited Service: Thirty-three years and nine months

Pension: \$8,596.65.

- Payment of administrative expenses of \$12,051.84 for the period 03/01/22 – 04/30/22.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/22. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$31,763.52 – Baird Advisors (Fixed Income)
\$7,183.71 – BlackRock (Global Low Volatility)
\$33,129.06 – CenterSquare Investment Management (Real Estate)
\$51,041.00 – Harding Loevner (ADRs)
\$52,377.06 – Harvest Fund Advisors (MLPs)
\$3,172.90 – NTAM (Equities)
\$19,564.90 – Wellington Management Company (Small Cap Equities)
\$48,040.02 – Wellington Management Company (Commodities)

- **Custody Fees:** The attached invoices from Northern Trust divide the quarters ending 09/30/20 and 03/31/22 fees as follows:

Quarter Ending 09/30/20

Benefit Payments	\$4,168.55
Custody	<u>\$8,125.00</u>
Total	\$12,293.55

Quarter Ending 03/31/22

Benefit Payments	\$4,776.42
Custody	<u>\$8,125.00</u>
Total	\$12,901.42

- Payment of Legal Services fees of \$573.50 to VanOverbeke, Michaud & Timmony, P.C. for the period 10/01/21 – 12/31/21

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$513,708,802 on February 28, 2022 and \$520,903,690 on March 31, 2022. 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 01/01/22 – 03/31/22; three non-vested members withdrew their contributions totaling \$3,841.62 from the Police & Fire Retirement System. Three former KEIP members withdrew their KEIP contributions totaling \$381,391.62. 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 03/31/22. Total Securities Lending income for the period was \$26,469.78. Total Class Action Settlement receipts for the period were \$391.32. Chairman Hawkins received and filed the report. (Report found on page)

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Mr. Jeffrey Tebeau of Gabriel, Roeder, Smith and Company (GRS) presented the 55th Annual Actuarial Valuation, for the year ending December 31, 2021. Mr. Tebeau noted that assets equaled 77.7% of computed accrued liabilities and that the City's contribution rate for the fiscal year beginning 07/01/23 will be 36.36%. Mr. Tebeau provided a detailed report that included unfunded actuarial accrued liabilities of \$140,019,696, a ratio of active to retired employees of 0.6 to 1, a recognized rate of return of 10.33% compared to 7.00% projected, and a computed employer rate of 41.81% of valuation payroll (36.36% of Gross-Up payroll). Mr. Tebeau highlighted GRS' comments regarding the valuation and provided 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. Ewald made the motion to approve the actuary's recommendation to transfer \$8,775,093 from the Income Expense Fund to the Benefit Reserve Fund and \$11,795,237 from the Employer Accumulation Fund to the Benefit Reserve Fund (ending balances in each reserve fund as of December 31, 2021 were assumed to be: Member Deposit Fund – \$50,418,894; Employer Accumulation Fund – (\$125,797,127); Benefit Reserve Fund – \$440,508,225; Income-Expense Fund – \$0). Seconded by Mr. Balkema, 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, 2021. 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, 2021 was \$87,092,476 and the net position as a percentage of total pension liability was 86.18%. The single discount rate was 6.75%, 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 which investment management account funds should be transferred from for Cash Account needs for May and June 2022. After recent review of the investment accounts, Wilshire and the Executive Director agreed to transfer \$1,325,000 from the Wellington Management (Commodities) account to the Cash Account on May 2, 2022 and \$1,325,000 from the Wellington Management (Commodities) account to the Cash Account on June 1, 2022.

The meeting adjourned at 8:24 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, June 15, 2022, at 9:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
Police & Fire Retirement System