

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
NOVEMBER 16, 2016 – 9:24 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, Mr. Jon O'Connor, 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, and Mr. Jeffrey Tebeau of Gabriel, Roeder, Smith and Company.

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

- Minutes of the regular meeting of September 21, 2016.
- Purchase of credited service by the following General Retirement System members:

Rodney D. Fulk	\$17,079.72	24 months
Michael R. Ortiz	\$17,079.72	24 months
- Retirements: eight age and service and one deferred early.

Age and Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Barnum, Jr., Richard E.	10 yrs. 1 mo.	01/04/2017	\$53,241.00	\$1,077.02
Bumstead, Linda L.	17 yrs. 3 mo.	01/14/2017	\$44,055.00	\$1,584.24
McMullen, Shirley A.	21 yrs. 4 mo.	01/04/2017	\$52,046.67	\$2,136.89
Morgan, Laron P.	32 yrs. 4 mo.	01/28/2017	\$80,077.67	\$5,825.64
Olmstead, Dale W.	26 yrs. 0 mo.	11/02/2016	\$53,580.00	\$2,465.19
Shoen, Michael D.	22 yrs. 7 mo.	01/14/2017	\$53,241.00	\$2,316.43
Takus-Vanderwood, Kimberly S.	30 yrs. 0 mo.	11/29/2016	\$42,411.00	\$2,862.74
Zomberg, Laura A.	20 yrs. 5 mo.	12/10/2016	\$56,639.00	\$2,308.58

Deferred Early Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
DuBose, Stacy A.	28 yrs. 2 mo.	11/01/2016	\$67,386.67	\$2,034.11

- Payment of administrative expenses of \$15,700.77 for the period 09/01/16 – 10/31/16.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 09/30/16. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

- \$26,390.03 – Baird Advisors (Fixed Income)
- \$38,260.82 – CBRE Clarion (Real Estate)
- \$41,509.00 – Harding Loevner (ADRs)
- \$39,082.86 – Harvest Fund Advisors (MLPs)
- \$39,921.39 – Wellington Management Company (Equities)
- \$26,852.24 – Wellington Management Company (Commodities)
- \$37,457.59 – Western Asset Management (Fixed Income)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 09/30/16 fee as follows:

Benefit Payments	\$6,572.18
Custody	\$7,426.23
Total	\$13,998.41

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$398,603,317 on September 30, 2016 and \$388,712,119 on October 31, 2016. The reports were received and filed by the Chairman. (Analyses found on page)

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 07/01/16 – 09/30/16 that disclosed a withdrawal of \$67,225.86 by four non-vested former members. 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 09/30/16. Total Securities Lending income for the period was \$24,643.95. Total Class Action Settlement receipts for the period were \$1,830.16. Chairman Hawkins received and filed the report. (Report found on page)

Mr. Jeffrey Tebeau of Gabriel, Roeder, Smith and Company (GRS) presented the 49th Annual Actuarial Valuation for the year ending June 30, 2016. Mr. Tebeau noted that General Retirement System assets equal 79.2% of computed accrued liabilities. He also noted that the City’s contribution rate for the fiscal year beginning 07/01/17 will be 32.85% 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 0.5 to 1, a recognized rate of return of 6.81% compared to 7.25% projected, and an initial computed employer rate of 7.53% amortized over a period of 29 years. He noted that liabilities exceeded assets (\$106,227,393 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 103.6% and provided an overview on the projection of future amortization payments. Mr. Tebeau reviewed the derivation of valuation assets and corresponding statistical data. Vice Chairman Tryc made the motion to approve the actuary’s recommendation to transfer \$9,607,947 from the Income Expense Fund to the Employer Accumulation Fund. (Ending balances in each reserve fund as of June 30, 2016, were assumed to be: Member Deposit Fund - \$33,863,938; Employer Accumulation

Fund – (\$11,679,209); Benefit Reserve Fund - \$298,476,128; Income-Expense Fund - \$0). Seconded by Mr. Butts, the motion carried. The report was received and filed by the Chairman.

Ms. Korzen next addressed the 13th Check calculations by noting that the five-year average book value rate of return was 7.08% for the General Retirement System. Per City Code, in order for a 13th Check to be issued, the five-year average market value rate of return must exceed 8.0%. Therefore, there are not sufficient reserves to issue a 13th Check on January 31, 2017. 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 September Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for November and December 2016. After recent review of the investment accounts, Mr. Ruscetti and the Executive Director agreed to transfer \$1,500,000 from the Harding Loevner account and \$375,000 from the CBRE Clarion account to the Cash Account on November 1, 2016 and \$700,000 from the Baird Advisors account, \$700,000 from the Western Asset Management account, and \$475,000 from the Brown Brothers Harriman account to the Cash Account on December 1, 2016.

The meeting adjourned at 9:43 a.m.

The next General Retirement System Board Meeting will be held Wednesday, December 21, 2016, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System