

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
NOVEMBER 17, 2021 – 8:00 a.m.
233 E. Fulton, Suite 216

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman David Tryc, Mr. Martin Timkovich, Mr. William Butts, Ms. Donijo DeJonge, and Mr. Nathaniel Moody. Absent: Mr. Phillip Mitchell.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, Mr. Paul Matz of Rehmann Robson, and Mr. Jim Anderson of Gabriel, Roeder, Smith, and Company.

Vice Chairman Tryc made the motion to excuse the absence of Mr. Mitchell. The motion was seconded by Mr. Timkovich and carried.

There were no public comments regarding agenda items.

Moved by Ms. DeJonge and seconded by Mr. Timkovich, the following administrative items were approved by the Board of Trustees:

- Minutes of the regular meeting of September 15, 2021.
- Purchase of Credited Service: As provided for in Chapter 7, Section 1.202.(6) of City Code, the members listed below requested to purchase credited service. All calculations have been prepared by this office and verified by the actuary.

<u>Name</u>	<u>Purchase Amount</u>	<u>Time Purchased</u>
Byron K. Ingram	\$12,451.86	24 months
Wanda A. Yancy	\$11,403.44	24 months

- Retirements: five age & service, one deferred, and one death in service.

Age & Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
DeVries, Richard N.	37 yrs. 1 mo.	10/16/2021	\$130,861.67	\$8,874.09
Fulk, Rodney D.	32 yrs. 1 mo.	11/17/2021	\$64,087.33	\$4,626.30
Larson, Philip M.	29 yrs. 4 mo.	10/16/2021	\$70,776.67	\$4,118.09
Sendler, Neil A.	19 yrs. 5 mo.	12/16/2021	\$59,907.00	\$2,312.58
Smith, William P.	32 yrs. 0 mo.	11/04/2021	\$84,531.33	\$4,914.43

Deferred Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Slykhouse, Gary B.	31 yrs. 1 mo.	11/01/2021	\$80,803.00	\$5,651.15

Death in Service Retirement:

Name	Credited Svc.	Ret. Date	Avg. Salary	Pension
Murray, Charles R. Survivor Allowance Beneficiary: Wanda K. Murray, Wife	17 yrs. 0 mo.	10/09/2021	\$62,016.33	\$2,011.56

- Payment of administrative expenses of \$7,748.73 for the period 09/01/21 – 10/31/21.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 09/30/21. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$26,317.90 – Baird Advisors (Fixed Income)
 \$7,182.03 – BlackRock (Global Low Volatility)
 \$33,361.65 – CenterSquare Investment Management (Real Estate)
 \$54,686.00 – Harding Loevner (ADRs)
 \$46,341.65 – Harvest Fund Advisors (MLPs)
 \$2,954.54 – NTAM (Equities)
 \$21,489.98 – Wellington Management Company (Equities)
 \$43,977.44 – Wellington Management Company (Commodities)

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$498,609,061 on August 31, 2021, and \$490,183,841 on September 30, 2021. {Mr. Butts arrived at 8:01 a.m.} The reports were received and filed by the Chairman. (Analyses found on pages)

Trustees reviewed an Eligible Domestic Relations Order (EDRO) for Mr. Ken C. Godwin. Ms. Korzen stated that an EDRO has been filed to assign a portion of Mr. Godwin’s retirement benefits to an alternate payee, Lanita R. Godwin, in accordance with the Eligible Domestic Relations Order Act. The EDRO has been reviewed by the actuary and complies with the General Retirement System plan provisions. The EDRO will become part of Mr. Godwin’s file and will be paid according to its provisions. The order was received and filed by the Chairman.

Trustees reviewed an Eligible Domestic Relations Order (EDRO) for Ms. Lanita R. Godwin. Ms. Korzen stated that an EDRO has been filed to assign a portion of Ms. Godwin’s retirement benefits to an alternate payee, Ken C. Godwin, in accordance with the Eligible Domestic Relations Order Act. The EDRO has been reviewed by the actuary and complies with the General Retirement System plan provisions. The EDRO will become part of Ms. Godwin’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 07/01/21 – 09/30/21; no members withdrew their contributions and interest from the General Retirement System. 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 09/30/21. Total Securities Lending income for the period was \$23,047.62. Total Class Action Settlement receipts for the period were \$2,140.36. Chairman Hawkins received and filed the report. (Report found on page)

Mr. Paul Matz of Rehmann Robson presented Trustees with the annual audit for the fiscal year ending June 30, 2021. Mr. Matz provided Trustees with highlights from the audit, related statements, and required supplementary information. Some of the highlights included Rehmann's responsibilities, a report on internal controls, significant audit findings, any difficulties encountered in the audit and any disagreements with management. Mr. Matz noted that the plan is being run efficiently, no unusual items were noted during their testing and there are no issues with the System's internal controls. Mr. Matz also reviewed the *Independent Auditors' Communication with Those Charged with Governance* report that was provided to Trustees. Mr. Timkovich asked if the investments could be subtotaled first and then add the investments held as collateral for securities lending as this would assist the reader in ascertaining the true investments of the plan; Mr. Matz said that could be done if Trustees wish. The reports were received and filed by the Chairman.

Mr. Jim Anderson of Gabriel, Roeder, Smith and Company (GRS) presented the 54th Annual Actuarial Valuation for the year ending June 30, 2021. Mr. Anderson noted that General Retirement System assets equal 79% of computed accrued liabilities. He also noted that the City's contribution rate for the fiscal year beginning 07/01/22 will be 46.19% 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 0.3 to 1, a recognized rate of return of 9.53%, and an initial computed employer rate of 6.72% amortized over a period of 25.53 years. He noted that liabilities exceeded assets (\$117,867,705 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 91.0% and provided an overview on the projection of future amortization payments. Mr. Anderson reviewed the derivation of valuation assets and corresponding statistical data and reviewed the section of the report covering risks associated with measuring the accrued liability and actuarially determined contribution. Mr. Timkovich made the motion to approve the actuary's recommendation for transfers. (Ending balances in each reserve fund as of June 30, 2021, were assumed to be: Member Deposit Fund - \$37,419,682; Employer Accumulation Fund – (\$85,748,447); Benefit Reserve Fund - \$391,796,041; Income-Expense Fund - \$0). Seconded by Vice Chairman Tryc, the motion carried. The report was received and filed by the Chairman.

Mr. Anderson of Gabriel, Roeder, Smith and Company (GRS) provided Trustees with a GASB 67 and 68 review and the GASB 67 Plan Report and Accounting Schedules as of June 30, 2021. Mr. Anderson reviewed the GASB 68 tables of information that the City of Grand Rapids needs to complete their reporting. He reviewed the GASB 67 Plan Report and provided some background on the various tables contained in the report. He noted that the net pension liability as of June 30, 2021, was \$73,847,538 and the net position as a percentage of total pension liability was 86.90%. The single discount rate was 7.00%, as was the long-term expected rate of return. Mr. Anderson reviewed the schedule of changes in fiduciary net pension, changes in the employer's net pension liability, the schedule of employer's net pension liability, and schedule of contributions. The report was received and filed by the Chairman.

Ms. Korzen next addressed the 13th Check calculations by noting that the five-year average market value rate of return was 10.30% for the General Retirement System; the calculations were reviewed by the actuary. 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, a 13th Check will be issued on January 31, 2022. Mr. Timkovich made the motion to approve the issuance of the January 31, 2022 13th Check as outlined in the report by the Executive Director. The motion was seconded by Vice Chairman Tryc and carried. 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 which investment management account funds should be transferred from for Cash Account needs for November and December 2021. After recent review of the investment accounts, Wilshire and the Executive Director agreed to transfer \$700,000 from the CenterSquare account and \$575,000 from the Blackstone Harvest Fund account to the Cash Account on November 1, 2021 and \$1,275,000 from the CenterSquare account to the Cash Account on December 1, 2021.

Ms. Korzen noted that Chairman Hawkins and Mr. Butts recently completed a review of the Annual Accounting for the General Retirement System for the fiscal year ending June 30, 2020. Chairman Hawkins commented that the books were reviewed extensively and that things were in order.

The Executive Director noted that it is soon time for the General Retirement System to either consider an actuarial audit or replace the actuary per the state of Michigan requirements. She commented that Trustees and staff are comfortable with Gabriel, Roeder, Smith, and Company, and recommended that a Level II actuarial audit be conducted. She could contact Milliman, the firm that recently conducted the actuarial audit for the Police & Fire Retirement System to obtain a current fee quote. Ms. DeJonge asked if it would be prudent to issue an RFP for these services as it has been a few years since an RFP was issued and the quoted fees may be more competitive. Mr. Michaud stated an RFP was not necessary but if Trustees wish to issue one that would be acceptable. Following Trustee discussion, Vice Chairman Tryc made the motion to issue an RFP for an actuarial audit. The motion was seconded by Mr. Timkovich and carried. Mr. Timkovich asked when the deadline is for completing this task; Mr. Michaud stated that it would need to be completed within the next few years.

The Executive Director commented that there was only one nominating petition received for the Member Trustee election this fall; therefore, Mr. Timkovich is presumed re-elected. He will serve a four-year term that will expire the first Monday in January 2026.

The meeting adjourned at 8:39 a.m.

The next General Retirement System Board Meeting will be held Wednesday, December 15, 2021, at 8:10 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System