

GENERAL RETIREMENT SYSTEM
and
POLICE and FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
JOINT MEETING
SEPTEMBER 21, 2016 – 8:05 a.m.
233 East Fulton

The meeting was called to order by Chairman Hawkins. Other members present: Mr. David Tryc, Mr. Craig VanderWall, Mr. Martin Timkovich, Mr. Philip Balkema, Mr. William Butts, Mr. Jon O’Connor, and Mr. Phillip Mitchell. Absent: Mr. Thomas VanderPloeg and Ms. Jane Hofmeyer.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement Systems, Mr. Thomas Michaud, Legal Advisor to the Boards, and Mr. Brian Faleiro and Mr. Bill Wallace of Neuberger Berman.

Mr. Tryc made the motion to excuse the absences of Mr. VanderPloeg and Ms. Hofmeyer. The motion was seconded by Mr. O’Connor and carried.

Chairman Hawkins noted that Mr. VanderPloeg’s wife, Rochelle, recently passed away; he asked for a moment of silence in her memory. Mr. Butts commented that her funeral service was lovely and attended by many individuals which was a testament to Mrs. VanderPloeg.

There were no public comments regarding agenda items.

Mr. Timkovich made the motion to approve the minutes of the Joint Meeting of August 17, 2016. The motion was seconded by Mr. Butts and carried.

Mr. Brian Faleiro, CFA, Senior Vice President and Portfolio Specialist, and Mr. Bill Wallace, CFA, Senior Vice President and Client Advisor of Neuberger Berman (NB) presented their firm’s annual report to Trustees. Mr. Wallace provided an overview of the firm and noted that NB was founded in 1939; it has 1,963 employees worldwide; it has \$246 billion total assets under management; and 96% of clients’ assets are managed by lead portfolio managers who have 20+ years of industry experience. Mr. Wallace reviewed the global equity team structure. Mr. Faleiro noted that NB has an experienced team that utilizes a differentiated approach and consistent process to assist in risk management. He commented that NB’s investment philosophy is a disciplined fundamental process to capitalize on international opportunities. Mr. Faleiro noted that NB starts with a wide universe that focuses on quality at a reasonable price. Then they determine industry and business drivers to identify high quality undervalued companies and utilize broad guidelines to help exploit market opportunities. NB employs a multi-layered approach with respect to risk management - security level, portfolio construction, and firm oversight. Mr. Wallace reviewed the City of Grand Rapids Retirement Systems’ objectives and portfolio guidelines and provided the following return statistics for both portfolios for periods ending August 31, 2016:

Annualized Returns

	YTD				Since
	<u>Aug.</u>	<u>1 Yr.</u>	<u>3 Yr.</u>	<u>5 Yr.</u>	Inception
					<u>06/30/06</u>
General Retirement System	1.64%	4.78%	4.35%	5.44%	3.10%
Police & Fire Retirement System	1.64%	4.78%	4.35%	5.44%	3.14%
MSCI ACWI Ex-U.S.	4.95%	3.43%	2.49%	3.78%	2.85%
MSCI EAFE Index	0.92%	0.38%	2.93%	5.48%	2.52%

Mr. Faleiro reviewed the equity fund characteristics, holdings, sector allocations and attribution, market cap allocation, and regional and country attribution for the portfolios. He also reviewed the top 10 contributors and top 10 detractors for the portfolios as of August 31, 2016. The report was received and filed by Chairman Hawkins.

Trustees discussed the presentations by the four investment consultant firms at the July 27, 2016 Special Joint Meeting. Each Trustee voiced his opinion of the four firms. Trustees decided to narrow down the search to two firms: New England Pension Consultants and Wilshire Associates. Ms. Korzen and Mr. Michaud will follow up with the two firms regarding additional questions from Trustees. Chairman Hawkins noted that this discussion will be placed on agenda for the November Joint Board meeting.

Ms. Korzen next presented a draft policy for the recording of meetings. Ms. Korzen commented that the Board meetings are recorded solely for the purposes of preparing accurate minutes. She provided a draft policy which confirms the long-standing practice of erasing the recordings once the minutes have been approved. Following Trustee discussion, Mr. Timkovich made the motion to approve the Policy for Recording of Meetings as written. The motion was seconded by Mr. Butts and carried.

Ms. Korzen next addressed the fee renewal request from The Northern Trust Company (NT) for custody, investment management services and benefit payments; the current contract is due to expire at the end of this month. Even though there is a combined fee schedule, there is a separate contract for each Retirement System. Mr. Michaud recommended that a new contract outlining all of the services and fees be signed, as there have been a number of additions and deletions over the years. The fee structure for the aforementioned services remains unchanged and will cover the period October 1, 2016 – September 30, 2019. Mr. Balkema made the motion on behalf of the Police & Fire Retirement System to approve the contract renewal with The Northern Trust Company, subject to legal review. The motion was seconded by Mr. VanderWall and carried. Mr. Timkovich made the motion on behalf of the General Retirement System to approve the contract renewal with The Northern Trust Company, subject to legal review. The motion was seconded by Mr. Tryc and carried.

The Executive Director next addressed the 2017 Board meeting schedule. She noted that there did not seem to be support to change the day or format. She asked Trustees if they are then comfortable with meeting on the third Wednesday of each month, except April and July, and holding a Joint Board meeting in October solely for annual presentations from six investment managers. Trustees will wait to assess how the October 19 Board meeting goes; they will revisit this topic at the November Joint Board meeting.

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

The meeting adjourned at 9:08 a.m.

Chairman Hawkins commented that he attended the recent Fall MAPERS Conference. He noted that he obtained an invaluable amount of information from the conference. He also noted that a number of Trustees and their spouses attended dinner last evening with Mr. Wallace and Mr. Faleiro from Neuberger Berman.

The next Joint Meeting of the General and Police & Fire Retirement System Boards will be held Wednesday, October 19, 2016, at 8:00 a.m., 300 Monroe Avenue NW, City Commission Chambers, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General and Police & Fire Retirement Systems

09/21/16