

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

MINUTES
REGULAR MEETING
OCTOBER 21, 2015 – 8:00 a.m.
233 East Fulton

The meeting was called to order by Chairman Michael Hawkins. Other members present: Mr. J. Patrick Scripps, Vice Chairman Craig VanderWall, Mr. Thomas VanderPloeg, Mr. Philip Balkema, Ms. Jane Hofmeyer, and Mr. Elias Lumpkins, Jr.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, and Fire Lieutenant Daniel J. Davis.

There were no public comments regarding agenda items.

Moved by Mr. Scripps and seconded by Vice Chairman VanderWall, the following administrative items were approved by the Board of Trustees:

- Minutes of the regular meeting of September 16, 2015.
- Purchase of credited service by the following Police & Fire Retirement System members:

Paul E. Johnson	\$27,479.90	24 months
William H. Keiser	\$27,282.20	24 months
Robert C. Mercier	\$54,485.32	48 months
Gerald A. Miller	\$28,301.70	30 months
Leslie B. Smith	\$54,959.80	48 months
Matthew W. Veldman	\$54,564.40	48 months

- The following Resolution No. 805.

WHEREAS, the Board of Trustees of the Police and Fire Retirement System has received requests for two Age & Service and two Duty Disability retirements from the following members of the plan:

Age & Service Retirements:

Gerald A. Miller, retired October 20, 2015 from the Fire Department as a Fire Lieutenant,

Credited Service: Thirty-three years and nine months

Pension: \$5,459.84,

and . . .

Leslie B. Smith, retired October 10, 2015 from the Police Department as a Police Officer,

Credited Service: Thirty years and eight months

Pension: \$4,930.61,

and . . .

Duty Disability Retirements:

Russell D. Taylor, retired September 25, 2015 from the Police Department as a Police Officer,

Credited Service: Nineteen years and nine months

Pension: \$4,248.71,

and . . .

James R. Watson, retired October 13, 2015 from the Police Department as a Police Officer,

Credited Service: Ten years and seven months

Pension: \$4,284.54.

RESOLVED, that the retirements be approved.

- Payment of administrative expenses of \$7,156.65 for the period 09/01/15 – 09/30/15.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 09/30/15. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$33,459.09 – CBRE Clarion (Real Estate)
\$35,510.00 – Harding Loevner (ADRs)
\$6,992.00 – Northern Trust Asset Management (Equity)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 09/30/15 fee as follows:

Benefit Payments	\$3,834.77
Custody	\$7,425.80
Total	\$11,260.57

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$369,543,816 on September 30, 2015. The report was received and filed by the Chairman. (Analysis found on page)

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 07/01/15 – 09/30/15. No member contributions were withdrawn. 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 09/30/15. Total Securities Lending income for the period was \$20,270.18. Total Class Action Settlement receipts for the period were \$79.96. Chairman Hawkins received and filed the report. (Report found on page)

The Executive Director next presented a request for a duty disability retirement request by Fire Lieutenant Daniel J. Davis. Mr. Scripps made the motion to go into closed session for the purpose of discussing Mr. Davis' duty disability retirement request, information that is exempt from the Freedom of Information Act and is also medically privileged, and to include Ms. Korzen, Mr. Michaud, and Ms. Balkema. The motion was seconded by Vice Chairman VanderWall and carried. Roll call vote: yeas: 7, nays: 0. Following the return to open session, Vice Chairman VanderWall made the motion to approve the duty disability retirement request for Mr. Daniel J. Davis. The motion was seconded by Mr. Scripps and carried.

Ms. Korzen noted that at the Board meeting on September 16, 2015, Trustees were provided a Retiree Verification Policy for their consideration. This proposed policy was investigated further with staff with respect to cost and administrative issues; staff provided an alternate idea for consideration. The Retirement System's actuary, Gabriel, Roeder, Smith and Company, offers the capability to submit a file as often as the plan wishes to perform a Social Security death records check. The annual fee is \$500 (\$250 per plan). A request for updating Retirement System records could then be sent out to retirees/beneficiaries every two or three years; Trustees agreed. Chairman Hawkins commended Ms. Korzen and the staff for their efforts and research into this issue.

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

Mr. Scripps commented that the Operations Committee recently met regarding the Actuarial Audit RFP that was sent on behalf of the Police & Fire Retirement System. Three responses were received: 1) Buck Consultants; 2) Milliman; and 3) Segal Consulting. Their fees varied. Mr. Scripps noted that the RFP was requesting a full replication audit but perhaps there may be a lesser standard or an opinion letter that could be requested instead, thereby possibly reducing the fee. It was the committee's recommendation that if the Board wishes to have the actuarial audit performed now, to hire Milliman. However, Ms. Korzen stated that Gabriel, Roeder, Smith and Company will be presenting the experience study at next month's Board meeting and there may be changes to some actuarial assumptions. Therefore, it may be prudent to delay the actuarial audit until after any potential changes are made which will impact the December 31, 2015 actuarial valuation. She stated she could send the three respondents a letter thanking them for their response and letting them know that the actuarial audit has been delayed. They would be provided the opportunity to amend any portion of their proposal in the spring. Chairman Hawkins added that it would also afford Trustees the opportunity to ask if the firms would quote the lesser standard or an opinion letter instead of the full replication audit; Trustees agreed.

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 2015. After recent review of the investment accounts, Mr. Pease agreed with the Executive Director's recommendation to transfer \$700,000 from the Baird Advisors account and \$500,000 from the Western Asset Management account to the Cash Account on November 2, 2015.

The meeting adjourned at 8:15 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, November 18, 2015, at 8:15 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
Police & Fire Retirement System