

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

MINUTES
REGULAR MEETING
MAY 21, 2025 – 8:05 a.m.
233 Fulton Street East

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman Justin Ewald, Mr. Philip Balkema, Ms. Donijo DeJonge (virtual), Mr. Drew Robbins (virtual), Mr. William Fabiano, and Ms. Holly Jackson.

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

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of March 19, 2025.
- 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.

Jason M. Gady	\$98,702.68	48 months
William E. Smith, Jr.	\$26,939.25	24 months

- The following Resolution No. 876.

WHEREAS, the Board of Trustees of the Police and Fire Retirement System has received a request for one deferred retirement from the following member of the plan:

Deferred Retirement:

Jessica M. Payne, retired May 1, 2025 from the Police Department as a Police Officer,

Credited Service: Twelve years and two months

RESOLVED, that the retirement be approved.

- Payment of administrative expenses of \$3,169.60 for the period 03/01/25 – 04/30/25.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/25. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$38,189.72 – Baird Advisors (Fixed Income)
\$35,061.01 – CenterSquare Investment Management (Real Estate)
\$68,668.49 – Harding Loevner (ADRs)
\$61,225.47 – Harvest Fund Advisors (Midstream Energy)
\$41,126.37 – Wellington Management Company (Small Cap Equities)

05/21/25

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 03/31/25 fees as follows:

Benefit Payments	\$5,057.07
GASB 67-Money Weighted Return Report	\$162.50
Custody	<u>\$8,125.00</u>
Total	\$13,344.57

The motion carried.

Ms. Balkema presented the Public Act 314 Asset Analyses showing a market value of \$551,447,124 on February 28, 2025 and \$530,800,298 on March 31, 2025. The reports were received and filed by the Chairman.

Ms. Balkema next presented Trustees with the Quarterly Report of Account Refunds for the period 01/01/25 – 03/31/25; no members withdrew their member contributions and interest. Five former KEIP members withdrew their KEIP contributions and interest totaling \$1,055,034.11. The report was received and filed by the Chairman.

Ms. Balkema presented Trustees with the Quarterly Report of Income for the quarter ending 03/31/25. Total Securities Lending income for the period was \$42,272.14. There were no Class Action Settlement receipts for the period. Chairman Hawkins received and filed the report.

Ms. Balkema provided Trustees with a Memorandum of Understanding and actuarial study regarding Mr. Jared Elyea and his request to convert his General Retirement System credited service at 50% to the Police & Fire Retirement System. Mr. Elyea had 8 years, 6 months and 3 days of General Retirement System credited service and did not withdraw his contributions and interest. He has requested to convert this time to Police & Fire Retirement System credited service. Ms. Balkema commented that this was done in 2000 for 7 other Police & Fire members who also transferred from the General Retirement System to the Police & Fire Retirement System. Mr. Elyea's credited service would be reduced by 50% from the General Retirement System to 4 years, 3 months and 2 days of credited service in the Police & Fire Retirement System. She noted that Mr. Michaud reviewed the documentation and had no issues. Mr. Fabiano made the motion to approve Mr. Jared Elyea's request to convert his General Retirement System credited service to half the credited service in the Police & Fire Retirement System as outlined in the Memorandum of Understanding and actuarial study. The motion was seconded by Vice Chairman Ewald and carried.

Mr. Jeff Tebeau of Gabriel, Roeder, Smith and Company (GRS) presented the 58th Annual Actuarial Valuation, for the year ending December 31, 2024. Mr. Tebeau noted that assets equaled 75.1% of computed accrued liabilities and that the City's contribution rate for the fiscal year beginning 07/01/26 will be 38.85%. Mr. Tebeau provided a detailed report that included unfunded actuarial accrued liabilities of \$177,105,129, a ratio of active to retired employees of 0.6 to 1, a recognized rate of return of 6.73% compared to 6.75% projected, and a computed employer rate of 47.00% of valuation payroll (38.85% of Gross-Up payroll). Mr. Tebeau provided information on GRS' comments regarding the valuation and 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 two years. He also commented on the Low-Default-Risk Obligation Measure. Following the presentation Vice Chairman Ewald made the motion to approve the actuary's recommendation to transfer \$21,071,243 from the Income Expense Fund to the Benefit Reserve Fund and \$3,350,847 from the Income Expense Fund to the Employer Accumulation Fund {ending balances in each reserve fund as of December 31, 2024 were assumed to be: Member Deposit Fund – \$55,262,189; Employer Accumulation Fund – (\$178,188,309); Benefit Reserve Fund – \$522,272,893; Income-Expense Fund - \$0}. Seconded by Mr. Fabiano, the motion carried. The report was received and filed by the Chairman.

Mr. Jim Anderson provided Trustees with the GASB 67 & 68 Plan Report and Accounting Schedules as of December 31, 2024. Mr. Anderson 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, 2024 was \$186,111,902 and the net position as a percentage of total pension liability was 73.95%. The single discount rate was 6.75%, as was the long-term expected rate of return. Mr. Anderson 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.

Chairman Hawkins next addressed the duty disability retirement request from Police Officer Rick Hebden II. Ms. Jackson made the motion to go into closed session to discuss the application, as this contains information that is exempt from the Freedom of Information Act and is also medically privileged, and to include Ms. Balkema, Mr. Michaud, and Ms. Williams. The motion was seconded by Mr. Balkema and carried. Roll call vote: yeas: 7, nays: 0. Trustees concluded their closed session and re-entered open session. Trustees tabled this issue until the June 18, 2025 regular meeting to allow time for receipt of additional information.

Ms. Balkema next presented an update on the disability retiree re-examination process, noting that Dr. John Anderson conducted a medical records review for Mr. Alex Hanes and stated his opinion that Mr. Hanes is not physically and mentally able and capable of resuming his duty as a Fire Lieutenant and the incapacity is likely to be permanent; therefore, he should continue to be retired as disabled. Mr. Fabiano made the motion to accept the report by Dr. John Anderson regarding Mr. Alex Hanes and continue his retirement benefits. The motion was seconded by Vice Chairman Ewald and carried.

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

Ms. Balkema commented that at the March Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for May and June 2025. After recent review of the investment accounts, Mariner advised utilizing \$925,000 in distributions from Private Equity and \$575,000 already in the Cash Account from the termination of the Wellington Management Commodities account on May 1, 2025, and utilizing \$1,500,000 already in the Cash Account for June 2, 2025.

The meeting adjourned at 8:33 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, June 18, 2025, at 8:00 a.m., 233 Fulton Street East, Grand Rapids, Michigan.

Lisa Balkema
Acting Executive Director
Police & Fire Retirement System