

GENERAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
CITY OF GRAND RAPIDS
MICHIGAN

MINUTES
REGULAR MEETING
AUGUST 15, 2018 – 10:09 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, and Ms. Donijo DeJonge. Absent: Mr. Phillip Mitchell.

Also present: Ms. Peggy Korzen, Executive Director of the Retirement System, Mr. Thomas Michaud, Legal Advisor to the Board, and Ms. Sara VanderWerff, City Comptroller.

Chairman Hawkins noted that the City appointed City Commissioner Nathaniel Moody to be the new Employer Trustee for the Board, at last night's City Commission meeting.

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

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of June 20, 2018.
- Purchase of credited service by the following General Retirement System members:

Robin E. Boss	\$16,075.66	24 months
Lawrence M. Olson	\$18,293.70	24 months
Earl L. Sain	\$16,075.66	24 months
Sheryl L. Spidell	\$18,577.20	24 months

- Retirements: two age & service and two deferred.

Age and Service Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Campione, Jr., Arthur F.	20 yrs. 7 mo.	09/05/2018	\$51,840.67	\$2,088.06
Mazurek, Brian T.	29 yrs. 7 mo.	09/05/2018	\$51,840.67	\$3,063.79

Deferred Retirements:

<u>Name</u>	<u>Credited Svc.</u>	<u>Ret. Date</u>	<u>Avg. Salary</u>	<u>Pension</u>
Evans, Karol M.	10 yrs. 9 mo.	08/01/2018	\$41,023.33	\$992.25
Warner, Terry D.B.	8 yrs. 4 mo.	07/01/2018	\$29,596.00	\$427.57

- Payment of administrative expenses of \$16,081.42 for the period 06/01/18 – 07/31/18.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 06/30/18. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$27,149.74 – Baird Advisors (Fixed Income)
\$37,263.56 – CBRE Clarion (Real Estate)
\$41,222.00 – Harding Loevner (ADRs)
\$37,990.18 – Harvest Fund Advisors (MLPs)
\$6,952.89 – NTAM (Equities)
\$39,042.56 – Wellington Management Company (Equities)
\$35,321.30 – Wellington Management Company (Commodities)
\$38,322.00 – Western Asset Management (Fixed Income)

- **Custody Fees:** The attached invoice from Northern Trust divides the quarter ending 06/30/18 fee as follows:

Benefit Payments	\$8,999.30
Custody	<u>\$7,429.71</u>
Total	\$16,429.01

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$416,252,093 on June 30, 2018 and \$421,219,027 on July 31, 2018. The reports were received and filed by the Chairman. (Analyses found on pages)

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 04/01/18 – 06/30/18 that disclosed a withdrawal of \$46,831.40 by two 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 06/30/18. Total Securities Lending income for the period was \$20,386.93. Total Class Action Settlement receipts for the period were \$2,297.92. Chairman Hawkins received and filed the report. (Report on page)

Ms. Korzen commented that there is one outstanding estate check to be moved to the IEF: the estate check of Mr. Nathaniel McGhee in the amount of \$803.69. Mr. McGhee passed away July 26, 2015. The information was received and filed by the Chairman.

Ms. Korzen next presented an update on the disability retiree re-examination process, noting that Dr. David Frye conducted a medical records review and I.M.E. for Ms. Bonnie VanFleeren and stated his opinion

that Ms. VanFleeren is not physically and mentally able and capable of resuming her duty as an Office Assistant II and the incapacity is likely to be permanent; therefore, she should continue to be retired as disabled. Dr. Shlomo Mandel conducted a medical records review and I.M.E. for Mr. Thomas Armock and stated his opinion that Mr. Armock is not physically and mentally able and capable of resuming his duty as a Utility Maintenance Mechanic II however he believes the incapacity is not likely to be permanent; for now, he should continue to be retired as disabled.

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

Ms. Korzen next addressed the 13th Check calculations by noting that the five-year average book value rate of return was 7.55% 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, 2019. The report was received and filed by the Chairman.

Ms. Korzen reported that The Northern Trust Company completed their annual retiree data verification of the General Retirement System's retirees and beneficiaries. There were no deceased retirees or beneficiaries reported on the list that the office was unaware of.

Ms. Korzen commented that at the June Board meeting, it was unclear at that time as to which investment management account funds should be transferred from for Cash Account needs for August and September 2018. After recent review of the investment accounts, Mr. Lindberg and the Executive Director agreed to transfer \$1,500,000 from the NTAM account and \$675,000 from the Wellington Management Company (equities) account to the Cash Account on August 1, 2018 and \$1,075,000 from the NTAM account, and \$1,100,000 from the Harvest Fund Advisors account to the Cash Account on September 4, 2018.

The meeting adjourned at 10:13 a.m.

The next General Retirement System Board Meeting will be held Wednesday, September 19, 2018, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
General Retirement System