

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

MINUTES
REGULAR MEETING
MAY 9, 2018 – 8:00 a.m.
233 East Fulton

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman Craig VanderWall, Mr. Thomas VanderPloeg, Mr. Philip Balkema, and Ms. Donijo DeJonge. Absent: Mr. Phillip Mitchell and Mr. David Allen.

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

Mr. Balkema made the motion to excuse the absences of Mr. Mitchell and Mr. Allen. The motion was seconded by Mr. VanderPloeg and carried.

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of March 21, 2018.
- Purchase of credited service by the following Police & Fire Retirement System members:

Douglas L. Haisma	\$53,006.80	48 months
Mark A. Rinkevicz	\$4,199.06	4 months
- The following Resolution No. 825.

WHEREAS, the Board of Trustees of the Police and Fire Retirement System has received requests for one Age & Service and one Deferred retirement from the following members of the plan:

Age & Service Retirement:

Gregory W. Wemple, will retire May 27, 2018 from the Fire Department as a Fire Equipment Operator,

Credited Service: Thirty-three years and nine months

Pension: \$5,571.88,

and . . .

Deferred Retirement:

Renee M. LeClear-Gavin, retired April 1, 2018 from the Police Department as a Police Officer,

Credited Service: Twenty-two years and four months

Pension: \$4,053.89.

RESOLVED, that the retirements be approved.

- KEIP participants: The Board of Trustees of the Police and Fire Retirement System has received a request by one member of the plan to join the KEIP Program and one member to exit the KEIP Program:

Entering the KEIP Program:

<u>Steven T. Przybysz</u> ,	Fire Equipment Operator
KEIP Date:	July 6, 2018
Tentative KEIP End Date:	July 5, 2019
KEIP Benefit:	\$4,702.83

Exiting the KEIP Program:

William F. Moe, will exit the KEIP Program on June 18, 2018 from the Police Department as a Police Officer,

Credited Service: Thirty-one years and one month

Pension: \$5,256.32.

- Payment of administrative expenses of \$8,342.07 for the period 03/01/18 – 04/30/18.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/18. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$44,823.00 – Harding Loevner (ADRs)
\$36,536.04 – Harvest Fund Advisors (MLPs)
\$37,896.46 – Wellington Management Company (Equities)
\$33,392.29 – Wellington Management Company (Commodities)
\$37,980.64 – Western Asset Management (Fixed Income)

The motion carried. {Ms. DeJonge arrived at 8:01 a.m.}

Ms. Korzen presented the Public Act 314 Asset Analysis showing a market value of \$415,778,956 on March 31, 2018. 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 01/01/18 – 03/31/18; two non-vested members withdrew a combined total of \$3,121.30 in member contributions from the Police & Fire Retirement System. One KEIP member withdrew his KEIP funds totaling \$53,956.75 from the Police & Fire 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 03/31/18. Total Securities Lending income for the period was \$23,256.76. Total Class Action Settlement receipts for the period were \$5.72. Chairman Hawkins received and filed the report. (Report found on page)

Ms. Korzen presented the Annual Accounting for the fiscal year ending 12/31/17 to Trustees. She commented that due to the Trustees' decision to have the Annual Accountings for both Retirement Systems reviewed at the same time, a review committee will be formed after the Annual Accounting for the General Retirement System is complete. The Annual Accounting was received and filed by the Chairman.

Mr. James Anderson of Gabriel, Roeder, Smith and Company (GRS) presented the 51st Annual Actuarial Valuation, for the year ending December 31, 2017. Mr. Anderson noted that assets equaled 83.29% of computed accrued liabilities and that the City's contribution rate for the fiscal year beginning 07/01/18 will be 24.79%. Mr.

Anderson provided a detailed report that included unfunded actuarial accrued liabilities of \$84,575,445, a ratio of active to retired employees of 0.7 to 1, a recognized rate of return of 8.28% compared to 7.25% projected, and a computed employer rate of 27.64% of valuation payroll (24.79% of Gross-Up payroll) amortized over a period of 30 years. He noted that liabilities exceeded assets in the Police & Fire System (a \$84.6 million unfunded actuarial accrued liability). In addition, Mr. Anderson 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 potential risks to future employer contribution requirements. Mr. Anderson commented on the financing of unfunded actuarial accrued liabilities and the derivation of valuation assets over the past three years. Following the presentation Mr. Balkema made the motion to approve the actuary's recommendation to transfer \$8,582,979 from the Employer Accumulation Fund to the Benefit Reserve Fund and \$9,712,345 from the Employer Accumulation Fund to the Income Expense Fund (ending balances in each reserve fund as of December 31, 2017 were assumed to be: Member Deposit Fund - \$44,902,221; Employer Accumulation Fund - (\$31,744,292); Benefit Reserve Fund - \$298,365,023; Income-Expense Fund - \$0). Seconded by Vice Chairman VanderWall, the motion carried. The report was received and filed by the Chairman.

Mr. James Anderson provided Trustees with the GASB 67 & 68 Plan Report and Accounting Schedules as of December 31, 2017. 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. Mr. Anderson commented that for purposes of this report, members who enter the KEIP program are considered retired, whereas they are considered active in the actuarial valuation. He noted that the net pension liability as of December 31, 2017 was \$83,409,192 and the net position as a percentage of total pension liability was 83.61%. The single discount rate was 7.15%, 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.

The Executive Director next presented a request for a non-duty disability retirement by Fire Fighter, Mark Rinkevicz. Vice Chairman VanderWall provided Trustees with background information on Mr. Rinkevicz's case. Following Trustee discussion, Vice Chairman VanderWall made the motion to approve the non-duty disability retirement request for Mr. Rinkevicz, based on the medical findings and documents presented. The motion was seconded by Mr. Vanderploeg and carried.

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

Ms. Korzen 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 2018. After recent review of the investment accounts, Mr. Lindberg and the Executive Director agreed to transfer \$1,000,000 from the Neuberger Berman account to the Cash Account on May 1, 2018 and \$1,000,000 from the Neuberger Berman account to the Cash Account on June 1, 2018.

The meeting adjourned at 8:16 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, June 20, 2018, at 8:10 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
Police & Fire Retirement System