

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

MINUTES  
REGULAR MEETING  
MAY 20, 2020 – 8:00 a.m.  
233 East Fulton  
VIA ONLINE CONFERENCE

The electronic meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman Craig VanderWall, Mr. Philip Balkema, Mr. Phillip Mitchell, Ms. Donijo DeJonge, Mr. Nathaniel Moody, and Mr. Robert Veenstra.

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

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of February 19, 2020 and March 18, 2020.
- 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.

|                     |             |           |
|---------------------|-------------|-----------|
| Timothy R. Johnston | \$24,070.94 | 18 months |
| David W. Parish     | \$58,834.88 | 48 months |

- The following Resolution No. 841.

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

**Age & Service Retirements:**

Craig S. Jones, retired March 16, 2020 from the Fire Department as a Fire Fighter,

Credited Service: Thirty-three years and nine months

Pension: \$6,036.56,

and . . .

Eugene Laudenslager, Jr., retired April 14, 2020 from the Police Department as a Police Officer,

Credited Service: Thirty years and four months

Pension: \$5,292.13,

and . . .

John E. Purlee, retired April 9, 2020 from the Police Department as a Police Sergeant,

Credited Service: Twenty-six years and three months

Pension: \$5,510.30.

RESOLVED, that the retirements be approved.

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

**KEIP Entry**

|                            |                         |
|----------------------------|-------------------------|
| <u>Merle R. Jones II</u> , | Fire Equipment Operator |
| KEIP Date:                 | March 14, 2020          |
| Tentative KEIP End Date:   | September 13, 2022      |
| KEIP Benefit:              | \$5,199.89              |

**KEIP Exit**

Douglas S. Carley, will exit the KEIP Program on May 1, 2020 from the Fire Department as a Fire Captain,

Credited Service: Thirty-three years and nine months

Pension: \$6,377.41.

- Payment of administrative expenses of \$1,717.94 for the period 02/01/20 – 02/29/20 and \$3,689.40 for the period 03/01/20 – 04/30/20.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/20. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$29,084.93 – Baird Advisors (Fixed Income)  
\$6,265.24 – BlackRock (Global Low Volatility – quarter ending 09/30/19)  
\$6,456.31 – BlackRock (Global Low Volatility – quarter ending 12/31/19)  
\$25,253.71 – CenterSquare Investment Management (Real Estate)  
\$42,598.00 – Harding Loevner (ADRs)  
\$28,465.44 – Harvest Fund Advisors (MLPs)  
\$2,641.97 – NTAM (Equities)  
\$26,108.72 – Wellington Management Company (Small Cap Equities)  
\$32,557.11 – Wellington Management Company (Commodities)  
\$40,030.43 – Western Asset Management (Fixed Income)

**The motion carried.**

Ms. Korzen next presented a report of Cash Account transfers for the period 04/01/20 – 06/30/20. The Retirement Systems Office staff projected a need for \$4,350,000 to be transferred to the cash account as follows: \$1,450,000 on April 1<sup>st</sup>, \$1,450,000 on May 1<sup>st</sup> and \$1,450,000 on June 1<sup>st</sup>. Ms. Korzen recommended, and Wilshire Associates agreed, making the transfers as follows:

|                       |                          |                  |
|-----------------------|--------------------------|------------------|
| April 1 <sup>st</sup> | Baird Advisors           | \$1,250,000      |
|                       | Western Asset Management | \$200,000        |
| May 1 <sup>st</sup>   | Baird Advisors           | \$1,250,000      |
|                       | Western Asset Management | \$200,000        |
| June 1 <sup>st</sup>  | Baird Advisors           | \$1,000,000      |
|                       | Western Asset Management | <u>\$450,000</u> |
| Total                 |                          | \$4,350,000      |

The report was received and filed by the Chairman. (Cash Account Report found on page )

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$443,553,847 on January 31, 2020, \$424,603,921 on February 29, 2020 and \$378,969,879 on March 31, 2020. 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 01/01/20 – 03/31/20; one non-vested member withdrew his contributions totaling \$2,158.90 from the Police & Fire Retirement System. One former KEIP member withdrew his KEIP contributions totaling \$78,124.82. Two disability retirees were refunded their credited service purchases totaling \$36,941.72. 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 03/31/20. Total Securities Lending income for the period was \$28,307.63. There were no Class Action Settlement receipts for the period. Chairman Hawkins received and filed the report. (Report found on page )

Mr. James Anderson and Mr. Jeffrey Tebeau of Gabriel, Roeder, Smith and Company (GRS) presented the 53<sup>rd</sup> Annual Actuarial Valuation, for the year ending December 31, 2019. Mr. Anderson commented that the COVID-19 implications on mortality rates could either be: 1) no major impact; or 2) could reflect an overall change with lasting effects on retirements, disabilities, and investment returns. GRS is not recommending any changes at this time due to the pandemic. Mr. Tebeau noted that assets equaled 80.00% of computed accrued liabilities and that the City's contribution rate for the fiscal year beginning 07/01/21 will be 28.62%. Mr. Tebeau provided a detailed report that included unfunded actuarial accrued liabilities of \$111,530,781, a ratio of active to retired employees of 0.6 to 1, a recognized rate of return of 5.74% compared to 7.15% projected, and a computed employer rate of 32.40% of valuation payroll (28.62% 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 three years. He noted that they are working on the Experience Study and they should have that report at a Board meeting later this year. Following the presentation Vice Chairman VanderWall made the motion to approve the actuary's recommendation to transfer \$13,516,846 from the Income Expense Fund to the Employer Accumulation Fund and \$414,361 from the Benefit Reserve Fund to the Employer Accumulation Fund (ending balances in each reserve fund as of December 31, 2019 were assumed to be: Member Deposit Fund - \$49,323,772; Employer Accumulation Fund – (\$61,555,430); Benefit Reserve Fund - \$351,172,401; Income-Expense Fund - \$0). Seconded by Mr. Balkema, the motion carried. The report was received and filed by the Chairman.

Mr. Jeffrey Tebeau provided Trustees with the GASB 67 & 68 Plan Report and Accounting Schedules as of December 31, 2019. Mr. Tebeau 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, 2019 was \$105,574,598 and the net position as a percentage of total pension liability was 80.85%. The single discount rate was 7.15%, as was the long-term expected rate of return. Mr. Tebeau 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.

Ms. Korzen presented the Annual Accounting for the fiscal year ending 12/31/19 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.

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

The meeting adjourned at 8:38 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, June 17, 2020, at 8:20 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen  
Executive Director  
Police & Fire Retirement System