

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

MINUTES
REGULAR MEETING
MAY 17, 2023 – 9:59 a.m.
233 East Fulton

The meeting was called to order by Chairman Michael Hawkins. Other members present: Vice Chairman Justin Ewald, Mr. Philip Balkema, Mr. Phillip Mitchell, Mr. Nathaniel Moody, and Mr. William Fabiano. Absent: Ms. Donijo DeJonge.

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

Mr. Balkema made the motion to excuse the absence of Ms. DeJonge. The motion was seconded by Mr. Mitchell and carried.

Ms. Korzen introduced Mr. Travis Brown; he is the new Retirement Systems Assistant as Ms. Lori Fairman retired in March. Trustees welcomed Mr. Brown to the staff.

There were no public comments regarding agenda items.

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

- Minutes of the regular meeting of March 15, 2023.
- 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.

William B. Brown	\$91,966.65	36 months
Thomas A. Bush	\$25,628.11	12 months

- The following Resolution No. 863.

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:

Jon A. Kraczon, will retire June 1, 2023 from the Police Department as a Police Officer,

Credited Service: Seventeen years and ten months

Pension: \$2,818.86.

RESOLVED, that the retirement be approved.

- KEIP participants: The Board of Trustees of the Police and Fire Retirement System has received requests by the following members of the plan to exit the KEIP Program:

KEIP Exit

Eric J. Dokter, will exit the KEIP Program on July 7, 2023 from the Fire Department as a Fire Marshall,

Credited Service: Twenty-six years and nine months

Pension: \$3,882.07,

Eric D. Hornbacher, will exit the KEIP Program on June 7, 2023 from the Police Department as a Police Officer,

Credited Service: Twenty-eight years and seven months

Pension: \$5,436.86.

Tony A. Rohloff, will exit the KEIP Program on July 2, 2023 from the Fire Department as a Fire Equipment Operator,

Credited Service: Thirty-two years and three months

Pension: \$5,897.03.

- Payment of administrative expenses of \$17,828.96 for the period 03/01/23 – 04/30/23.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/23. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$30,469.90 – Baird Advisors (Fixed Income)

\$6,818.37 – BlackRock (Global Low Volatility)

\$28,629.47 – CenterSquare Investment Management (Real Estate)

\$50,085.34 – Harding Loevner (ADRs)

\$44,913.19 – Harvest Fund Advisors (MLPs)

\$2,572.03 – NTAM (Equities)

\$18,200.20 – Wellington Management Company (Small Cap Equities)

\$39,620.51 – Wellington Management Company (Commodities)

\$39,871.09 – Western Asset Management (Fixed Income)

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$464,720,315 on February 28, 2023 and \$472,336,766 on March 31, 2023. The reports were received and filed by the Chairman.

Trustees tabled an Eligible Domestic Relations Order (EDRO) for Mr. Eric C. Freeman. Ms. Korzen stated that there will likely be changes and this item will be brought forth at a future Board meeting.

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 01/01/23 – 03/31/23; five non-vested members withdrew their contributions and interest totaling \$153,401.45 from the Police & Fire Retirement System. One former KEIP member withdrew his KEIP contributions and interest totaling \$211,845.51. The report was received and filed by the Chairman.

The Executive Director presented Trustees with the Quarterly Report of Income for the quarter ending 03/31/23. Total Securities Lending income for the period was \$34,307.92. Total Class Action Settlement receipts for the period were \$201.64. Chairman Hawkins received and filed the report.

Mr. Jeffrey Tebeau of Gabriel, Roeder, Smith and Company (GRS) presented the 56th Annual Actuarial Valuation, for the year ending December 31, 2022. Mr. Tebeau noted that assets equaled 75% of computed accrued liabilities and that the City's contribution rate for the fiscal year beginning 07/01/24 will be 39.25%. Mr. Tebeau provided a detailed report that included unfunded actuarial accrued liabilities of \$165,362,773, a ratio of active to retired employees of 0.6 to 1, a recognized rate of return of 4.84% compared to 6.75% projected, and a computed employer rate of 45.86% of valuation payroll (39.25% 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. Following the presentation Mr. Balkema made the motion to approve the actuary's recommendation to transfer \$21,128,422 from the Employer Accumulation Fund to the Income Expense Fund and \$4,356,081 from the Employer Accumulation Fund to the Benefit Reserve Fund {ending balances in each reserve fund as of December 31, 2022 were assumed to be: Member Deposit Fund – \$53,403,611; Employer Accumulation Fund – (\$156,886,780); Benefit Reserve Fund – \$458,416,585; Income-Expense Fund - \$0}. Seconded by Mr. Mitchell, 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, 2022. 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, 2022 was \$200,139,966 and the net position as a percentage of total pension liability was 69.67%. The single discount rate was 6.75%, 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.

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 2023. After recent review of the investment accounts, Mr. Wilshire and the Executive Director agreed to utilize the \$150,000 in distributions from Private Equity and to transfer \$400,000 from the Wellington Management (Commodities) account and \$500,000 from the Harvest Fund Advisors account to the Cash Account on May 1, 2023 and utilize the \$300,000 in distributions from Private Equity and transfer \$500,000 from the Baird Advisors account to the Cash Account on May 31, 2023 and transfer \$250,000 from the PIMCO account on June 1, 2023.

The meeting adjourned at 10:13 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, June 21, 2023, at 8:00 a.m., 233 East Fulton, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
Police & Fire Retirement System