

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

MINUTES
REGULAR MEETING
MAY 15, 2024 – 8:00 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, Mr. William Fabiano, and Ms. Holly Jackson. Absent: Mr. Drew Robbins.

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

Vice Chairman Ewald made the motion to excuse the absence of Mr. Robbins. The motion was seconded by Mr. Fabiano and carried.

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 20, 2024.
- Purchase of credited service by the following Police & Fire Retirement System member. All calculations have been prepared by this office and verified by the actuary.

Phillip A. Reinink	\$57,368.72	30 months
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- Payment of administrative expenses of \$5,154.27 for the period 03/01/24 – 04/30/24.
- **Investment Manager Fees:** Listed below are routine invoices for the quarter ending 03/31/24. All calculations, fees applied, and stated amounts under management have been verified by the Retirement Systems Office staff as correct:

\$31,016.15 – Baird Advisors (Fixed Income)
\$7,633.18 – BlackRock (Global Low Volatility)
\$30,255.73 – CenterSquare Investment Management (Real Estate)
\$53,982.76 – Harding Loevner (ADRs)
\$48,311.31 – Harvest Fund Advisors (MLPs)
\$2,942.85 – NTAM (Equities)
\$20,957.74 – Wellington Management Company (Small Cap Equities)
\$39,111.93 – Wellington Management Company (Commodities)
\$40,313.88 – Western Asset Management (Fixed Income)

The motion carried.

Ms. Korzen presented the Public Act 314 Asset Analyses showing a market value of \$497,008,300 on February 29, 2024 and \$507,666,566 on March 31, 2024. The reports were received and filed by the Chairman.

05/15/24

Trustees reviewed an Eligible Domestic Relations Order (EDRO) for Mr. Eric C. Freeman. Ms. Korzen stated that an EDRO has been filed to assign a portion of Mr. Freeman's retirement benefits to an alternate payee, April D. Freeman, in accordance with the Eligible Domestic Relations Order Act. The EDRO has been reviewed by legal counsel and the actuary and it complies with the Police & Fire Retirement System plan provisions. The EDRO will become part of Mr. Freeman's file and will be paid according to its provisions. The order was received and filed by the Chairman.

Ms. Korzen next presented Trustees with the Quarterly Report of Account Refunds for the period 01/01/24 – 03/31/24; two non-vested members withdrew their contributions totaling \$3,337.92 from the Police & Fire Retirement System. The report was received and filed by the Chairman.

The Executive Director presented Trustees with the Quarterly Report of Income for the quarter ending 03/31/24. Total Securities Lending income for the period was \$44,853.63. Total Class Action Settlement receipts for the period were \$193.60. Chairman Hawkins received and filed the report.

Mr. Jim Anderson of Gabriel, Roeder, Smith and Company (GRS) presented the 57th Annual Actuarial Valuation, for the year ending December 31, 2023. Mr. Anderson noted that assets equaled 75.4% of computed accrued liabilities and that the City's contribution rate for the fiscal year beginning 07/01/25 will be 37.96%. Mr. Anderson provided a detailed report that included unfunded actuarial accrued liabilities of \$167,867,614, a ratio of active to retired employees of 0.6 to 1, a recognized rate of return of 7.83% compared to 6.75% projected, and a computed employer rate of 45.25% of valuation payroll (37.96% of Gross-Up payroll). Mr. Anderson highlighted GRS' comments regarding the valuation and provided 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. Anderson commented on the financing of unfunded actuarial accrued liabilities and the derivation of valuation assets over the past three years. He discussed the Low-Default-Fault Risk Obligation Measure (LDRM) that the Actuarial Standards Board revised in December 2021 (ASOP No. 4). Following the presentation Mr. Balkema made the motion to approve the actuary's recommendation to transfer \$11,778,716 from the Benefit Reserve Fund to the Income Expense Fund and \$5,440,913 from the Employer Accumulation Fund to the Income Expense Fund (ending balances in each reserve fund as of December 31, 2023 were assumed to be: Member Deposit Fund – \$53,161,880; Employer Accumulation Fund – (\$177,597,366); Benefit Reserve Fund – \$478,908,347; Income-Expense Fund – \$0). Seconded by Ms. Jackson, 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, 2023. 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, 2023 was \$191,064,771 and the net position as a percentage of total pension liability was 72.09%. 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.

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

Ms. Korzen commented that at the March Board meeting, it was unclear which investment management account funds should be transferred from for Cash Account needs for May and June 2024. After recent review of the investment accounts, Mariner Institutional and the Executive Director agreed to transfer \$575,000 from the NTAM account to the Cash Account on May 1, 2024 and utilize \$725,000 from Private Credit/Equity

distributions; and \$600,000 from the NTAM account and \$675,000 from the PIMCO account to the Cash Account on June 3, 2024 and utilize \$25,000 from Private Equity distributions.

The meeting adjourned at 8:15 a.m.

The next Police & Fire Retirement System Board Meeting will be held Wednesday, June 12, 2024, at 9:00 a.m., 233 Fulton Street East, Grand Rapids, Michigan.

Peggy Korzen
Executive Director
Police & Fire Retirement System