

**MINUTES
OF THE CITY OF ST. CLAIR SHORES
GENERAL EMPLOYEES' PENSION BOARD MEETING
JANUARY 19, 2021**

Regular Meeting of the General Employees' Pension Board, held via teleconference from the St. Clair Shores Municipal Building at 27600 Jefferson Avenue, St. Clair Shores, Michigan.

Present: Kip Walby, Mary Kotowski, John Caron, and Dale Verhaeghe

Absent & Excused: Vicky Shipman

Also Present: Attorney Tom Michaud; Mike Holycross, AndCo Consultant; and Linda Fredal, Recording Secretary

1. CALL TO ORDER

Chair Walby called the meeting to order at 3:30 p.m. and a quorum was present.

Motion by Verhaeghe, seconded by Caron to excuse Ms. Shipman from this meeting.

Roll Call Vote
Ayes: All – 4
Absent: Shipman

The Board Members identified themselves and the city and state in which they were calling from as follows:

Kip Walby – St. Clair Shores, Michigan
Mary Kotowski – St. Clair Shores, Michigan, City Hall
John Caron – St. Clair Shores, Michigan
Dale Verhaeghe – St. Clair Shores, Michigan

2. APPROVAL OF CONSENT AGENDA ITEMS

Motion by Caron, seconded by Verhaeghe to approve the Consent Agenda items a - d as follows:

- a) Request to approve Minutes of November 17, 2020 as presented
- b) Request to approve payment of Invoices as of January 12, 2021

AndCo Consulting	\$12,500.00
Gabriel Roeder Smith & Company	\$526.00
Gabriel Roeder Smith & Company	\$9,250.00
MAPERS	\$200.00
Comerica Bank	\$5,639.63
TOTAL	\$28,115.63

- c) Request to approve the Active Member Data Sheet, Application for Service Retirement, and Final Retirement Calculation for Gregory Corless effective November 14, 2020
- d) Request to receive and file Penn Square Global Real Estate Fund I, L.P. Distribution in the amount of \$3,327.21

Roll Call Vote
Ayes: All – 4
Absent: Shipman

3. PRESENTATION - none

4. ANDCO CONSULTING PRESENTATION – Loomis Sayles – Dan Fuss step back

Mr. Holycross stated that the step back by Mr. Fuss is no surprise. He has been in the business for 45 years and this move was 20 years in the making. He mentioned that Mr. Fuss is in his mid-70's and he has no issues with this move.

Agenda Item 4 (cont'd)

Mr. Holycross said that the Market Value of our portfolio as of January 15, 2021 is \$45.2 million. He suggested a rebalance to get closer to our targets of reducing equity and increasing fixed income. Currently, the portfolio is 73.3% Equity and 21.6% Fixed Income. By rebalancing, this would bring Equity to 65% of the portfolio and Fixed Income to 30%.

Motion by Caron, seconded by Verhaeghe to rebalance the portfolio based on the recommendation of the Board's Investment Consultant reducing Hamlin (Domestic Equity) by \$800,000 and purchasing Seizert (Domestic Equity) for \$800,000; and reducing Domestic Equity by \$2,300,000 (Vanguard 500 (VFIAX)) and reducing International Equity (Europacific Growth (RERGX) by \$1,500,000 and to purchase and allocate the \$3,800,000 to Fixed Income (Reinhart Fixed Income).

Roll Call Vote
Ayes: All – 4
Absent: Shipman

5. VANOVERBEKE, MICHAUD & TIMMONY, P.C.

Mr. Michaud reminded the Board that they can continue meeting via teleconference until the end of March 2021 without a specific reason. After that a specific reason is needed to meet via teleconference.

6. **OLD BUSINESS** - none

7. NEW BUSINESS**a) Annual Election of Chair & Vice-Chair for 2021**

Motion by Verhaeghe, seconded by Caron to re-elect Kip Walby as Chair and Vicky Shipman as Vice-Chair to the General Employee's Pension Board for 2021.

Roll Call Vote
Ayes: All – 4
Absent: Shipman

b) Review, Receive and File 2020 Service Provider Disclosure Forms

Mr. Michaud stated there is a legal requirement regarding the financial advisory amount of income a portfolio manager can receive due to our investments. As far as their political contributions, if they exceed limits, they cannot get paid by the Retirement System for two years.

Mr. Verhaeghe asked about the movement with Robinson Capital and products the City may be interested in including the Robinson Capital CD type.

Mr. Holycross indicated they are an investment grade Fixed Income company. He said there is no need to replace Reinhart Partners, Inc. as there is not enough room for two managers doing the same thing. He said the Robinson Capital CD type is not meant for a pension system as it is a cash management tool that treasury operations would use instead.

Motion by Kotowski, seconded by Caron to receive and file the 2020 Portfolio Manager Compensation and/or Political Contribution Disclosure Forms in compliance with the Service Provider Disclosure Policy Resolution on PA 247 of 2012 adopted by the Board on May 21, 2013.

Roll Call Vote
Ayes: All – 4
Absent: Shipman

c) Authorization to Gabriel, Roeder, Smith & Company to conduct Five-Year Experience Analysis in compliance with PA202

This issue was brought to the Board last month. It was stated that an entire full scope Experience Study would be \$14,000. The last time the Board conducted an Experience Study for the five-year period was in 2015. The law in 2018 indicates that we need to do this every five years which would make our System due for an Experience Study in 2023. This would look at actual assumptions versus what they thought it would be. The Board has until the 2022 or 2023 time frame to do this, but the Actuary recommends that we do it every five years.

Agenda Item 7c (cont'd)

Mr. Michaud said there is no specific definition of what an Experience Study is, but can include mortality and interest rate assumptions. He mentioned the Board has some flexibility on doing a limited scope, but changing the scope of the report would impact the cost. We could have a full study or a limited study.

Mr. Walby stated that this study will drive up the cost of pensions.

Mr. Michaud stated that we need to make sure our assumptions are correct and the Actuary will be comfortable at a certain number.

Mortality Tables are updated as people are living longer. It is also good to see where we have been or what we have experienced in the last 10 years. There are other things that may impact the assumptions and we should see what needs to be looked at without having to do a full study. We need to look at what level of review we want.

Mr. Caron suggested that after how much the market went up last year and it being sky high, perhaps the Board should hold off doing an Experience Study until 2022 to have more or better data. Mr. Walby agreed with this suggestion.

Mr. Walby asked if once they do an Experience Study, does it show up in the financial reports and what if they recommend something, but we do something different.

It was stated that the Board has financial reports of the City and state reporting requirements such as the GASB Report and Annual Actuarial Report.

Mr. Caron asked if the Board can get a monthly update of where fund allocations are each month.

Mr. Holycross mentioned that he can generate a monthly flash report each month and include it in the packet.

Motion by Caron, seconded by Verhaeghe to put the Authorization to Gabriel, Roeder, Smith & Company to conduct Five-Year Experience Analysis in compliance with PA202 on the October 18, 2022 General Employees' Pension Board Meeting agenda.

Roll Call Vote
Ayes: All – 4
Absent: Shipman

8. AUDIENCE PARTICIPATION - none

9. ADJOURNMENT

Motion by Caron, seconded by Verhaeghe to adjourn the meeting at 3:55 p.m.

Roll Call Vote
Ayes: All – 4
Absent: Shipman

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, FEBRUARY 16, 2021.

Prepared by:
Linda Fredal
Recording Secretary

Reviewed by:
Mary A. Kotowski
City Clerk / Secretary to GEPB