

**MINUTES
OF THE CITY OF ST. CLAIR SHORES
GENERAL EMPLOYEES' PENSION BOARD MEETING
February 21, 2023**

Regular Meeting of the General Employees' Pension Board, held in the Jefferson Conference Room located at 27600 Jefferson Avenue, St. Clair Shores, Michigan.

Present: Kip Walby, John Caron, and Dale Verhaeghe

Absent &
Excused: Vicky Shipman

Also Present: Amy Anikewich; Deputy City Clerk, Mike Holycross; AndCo Consultant, Tom Kenny; Seizert Capital Partners, Andy Jones; Seizert Capital Partners, Katie Bala; Recording Secretary

1. CALL TO ORDER

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

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

Ayes: All – 3
Absent: Shipman

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 January 17, 2023 as presented
b) Request to approve payment of Invoices as of February 15, 2023

CITY OF ST. CLAIR SHORES	\$1,410.67
VANOVERBEKE MICHAUD & TIMMONY, P.C.	\$1,794.00
Total	\$3,204.67

- c) Robbins Geller Rudman & Dowd LLP Portfolio Monitoring Report (December 30, 2022)
d) Request to approve the Application for Service Retirement for Dale Verhaeghe – final retirement date February 3, 2023

Ayes: All – 3
Absent: Shipman

3. SEIZERT CAPITAL PARTNERS PRESENTATION

Mr. Kenny provided an overview of Seizert Capital Partners mission on the investment process and how they preserve and compound their client's capital. He stated that they view investments as ownerships in underlying businesses and focus on long term investments.

Mr. Jones discussed the portfolio indicating we had 8.5% for the quarter and ended at -10.63% for the year. He said while this was a challenging year and some stocks did not do well, you will see stronger results when you look at the performance overall since the inception date. He further explained the process of identifying the value of underlying opportunities and then waiting for them to play out. The portfolio is fully invested at 96.7% in equities and 3.3% in cash.

Mr. Kenny added that the under performance in the fourth quarter was due to the market being very strong at the end of the year and we were not able to keep pace, so we ended the year in a negative number. He said as of January 31, 2023 the portfolio is at 7.01%.

Mr. Jones gave a summary of the top ten holdings noting Allison Transmission Holdings has been in the portfolio for years and now they are seeing nice results. There are also a couple of banks listed in the top ten that are generating strong results.

Mr. Kenny said looking at the sector, we have seen an increase from technology in the past year. He reviewed the portfolio characteristics noting there are 35 different stocks in the portfolio.

Item #3 Continued

Mr. Caron asked as for longer term perspective, as your comparing performance to the Russell 1000 where there is a 1/2% difference on dividend yield, are we making this up in growth.

Mr. Kenny said yes, it is made up in appreciation. We look at the total return aspect.

Mr. Jones discussed the portfolio attributions top five and bottom five companies for the quarter and for the year. He mentioned that Allison Transmission Holdings was in the top five for both. They are doing well and executing as expected.

Mr. Caron asked if Allison Transmission Holdings was hit with anything supply chain related in the past year that we are recovering from.

Mr. Kenny said they have been hit like everyone else from the supply chain standpoint but are handling it well.

Mr. Kenny concluded that there were some sectors that hurt us last year but they have started to recover this year. They will continue to focus on valuation and continue to tweak the portfolio as needed. They are happy with how the portfolio looks and will wait to see what the FED does.

Motion by Caron, seconded by Verhaeghe to receive and file the Seizert Capital Partners presentation dated February 21, 2023.

Ayes: All – 3
Absent: Shipman

4. ANDCO CONSULTING PRESENTATION

a) Quarterly Report: Investment Performance Review Period Ending December 31, 2022

Mr. Holycross said the portfolio was down 14% for the year. Edgewood who has outperformed for years, underperformed last year.

Motion by Caron, seconded by Verhaeghe to receive and file the AndCo Consulting Quarterly Report Ending December 31, 2022 as presented by the Board's consultant.

Ayes: All – 3
Absent: Shipman

b) Flash Report: Investment Performance Review Period Ending January 31, 2023

Mr. Holycross gave an overview of the market performance noting January was a good month. He said we had some relief in the 4th quarter and in January for fixed income as the rates came back to us. The price on bonds has come down, so we saw a negative return at the end of 2022 on the full duration aggregate bond index of -13.01%. He stated our portfolio is only in intermediate duration so, we are not as volatile as it relates to interest rates. In February the rates are going back up due to the economy and inflation being stronger than expected.

Mr. Holycross said the portfolio had good growth in the fourth quarter and in January. We are overweight in cash and underweight in fixed income. He said on the portfolio with Baird intermediate duration investment grade we are getting a 4.58% yield. He is recommending moving \$3,000,000 from cash into the fixed income portfolio Baird Intermediate Bond BIMIX.

Mr. Holycross discussed the comparative performance indicating the total fund was at 5.33% for January.

Motion by Caron, seconded by Verhaeghe to rebalance the portfolio based on the recommendation of the Board's investment consultant to transfer \$3,000,000 from Cash into the Baird Intermediate Bond (BIMIX).

Ayes: All – 3
Absent: Shipman

Motion by Caron, seconded by Verhaeghe to receive and file the AndCo Consulting January 31, 2023 Flash Report as presented by the Board's consultant.

Ayes: All – 3
Absent: Shipman

5. **VANOVERBEKE, MICHAUD & TIMMONY, P.C.** - None

6. **OLD BUSINESS** - None

7. **NEW BUSINESS**

a) **Review, Receive and File 2022 Service Provider Disclosure Forms**

Motion by Caron, seconded by Verhaeghe to receive and file the 2022 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.

Ayes: All – 3
Absent: Shipman

b) **Review, receive and File Reinhart Partners letter dated February 1, 2023 – consent and acknowledgement for equity sale to Spouting Rock Asset Management, LLC**

Mr. Holycross explained that Jim Reinhart will be selling 30% of the equity side of the company to Spouting Rock. This will be one of six strategies of the process. The portfolio managers and research analysts will remain the same. Jim Reinhart will still be around for two years. If in two years Jim retires, Spouting Rock will buy more of the firm. He said we are comfortable from an investment standpoint recommending the board to consent to this transaction. He indicated that VanOverbeke Michaud & Timmony Law will be reworking the verbiage on the consent form that will better protect the board. They are also asking the Reinhart Group to sign off on the consent form. Mr. Michaud will have a new form for the board to sign.

Motion by Caron, seconded by Verhaeghe to approve the Reinhart Partners consent form pending attorney review.

Ayes: All – 3
Absent: Shipman

8. **AUDIENCE PARTICIPATION** - None

9. **ADJOURNMENT**

Motion by Caron, seconded by Verhaeghe to adjourn the meeting at 4:00 p.m.

Ayes: All – 3
Absent: Shipman

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, MARCH 21, 2023

Prepared by:
Katie Bala
Recording Secretary

Reviewed by:
Abrial J. Barrett
City Clerk / Secretary to GEPB