

**VILLAGE OF GROSSE POINTE SHORES
MINUTES OF PENSION MEETING
OCTOBER 2, 2018**

A meeting of the Commission of the Village of Grosse Pointe Shores, A Michigan City Employees Retirement System was held on Tuesday, October 2, 2018 in the Grosse Pointe Shores Municipal Building, 795 Lake Shore Road. The meeting was called to order at 7:35 a.m. by Chairman Campbell.

Present were: Chairman Bruce Campbell
Commissioner Charles Ruifrok
Commissioner Alternate Mike Way
Commissioner Scott Rohr

Excused: Mayor Ted Kedzierski by Motion of Commissioner Ruifrok, Seconded by Commissioner Alternate Mike Way. PASSED 4-0

Also present: City Manager Mark Wollenweber, Finance Director, Rhonda Ricketts, Don Lindow, William Gough of Azimuth Capital Management, Attorney Tom Michaud and Actuary Sandy Rodwan.

APPROVAL OF MINUTES OF THE MEETING HELD ON MAY 17, 2018

On MOTION by Commissioner Ruifrok and SECONDED by Commissioner Rohr duly carried, the minutes of the meeting held on May 17, 2018 were approved as submitted. PASSED 4-0.

OLD BUSINESS

None

NEW BUSINESS

Bill Gough and Don Lindow from Azimuth Capital Management went through their handout on the portfolio summary. (See Attached). It was pointed out that net returns were over 7%. A question was asked about the International portion of the portfolio and about GE and the prognosis for future changes for GE. Discussion then moved to the non-discretionary assets that are reviewed by Azimuth but not managed by them. In order to keep a similar balance it was suggested that the system consider an additional \$500,000 be invested in the Common Fund. After review and discussion of the handout from Azimuth (See Attached) a MOTION was made to proceed with that investment by Commissioner Rohr and SECONDED by Commissioner Ruifrok to invest \$500,000 in the next offering of the Common Fund. PASSED 4-0. Bill Gough and Azimuth would review and prepare the documents to proceed.

Discussion then moved to the memo prepared by the City Attorney on the Barings Real Estate Fund. It was mentioned that our share of that fund is below ½ of 1% of the overall fund and that the requested changes would likely be approved even if not approved by this Pension

Board. After a discussion of the memo and questions from the Board a MOTION was made by Commissioner Rohr and SECONDED by Commissioner Alternate Way to approve the changes as outlined in the memo from the City Attorney and sought by the Barings Group. PASSED 4-0.

Under NEW BUSINESS 4. B. Actuary Sandy Rodwan handed out the Actuarial Valuation as of June 30, 2018 along with a second report on the Actuarial Information for the GASB Statements 67/68 also dated June 30, 2018. She noted that the experience was favorable and that under the Board approved smoothing option that an unfavorable year has dropped off and that the smoothing value was close to the market value. She pointed out that this pension system is one of the best funded in the entire state and that the funding is up from 94.4% to now 98.2%. She also mentioned that the State Treasury Department has recommended that local pension system use a 7% rate of return which is what is used in this pension system. She also mentioned that she expects the State to recommend use of a newer mortality table and that one that includes police and fire employees is in the review and development stage but that the state is using the RP 2014 Mortality Table and this Board is using the RP 2000 table. The Board asked about the effect of the newer table and she indicated that it adds 2 or 3 years to life expectancy. She is in the process of reviewing both the draft mortality table and the effect of the one that is being used by the state and will have a report in the next month or so. It was suggested by the Chair that the Board would need to work with the Finance Committee to consider the newer mortality table and its cost to GP Shores. A MOTION was made by Commissioner Rohr and SECONDED by Commissioner Alternate Way to have the Actuary, Sandy Rodwan do a study analyzing the cost of the state mortality tables to this pension system. PASSED 4-0. The actuary estimated cost of the study was expected to between \$800 to \$1000.

She next went through the GASB report that provides the information for our auditors to complete the financial statements. It was pointed out that on page 5 it shows how well funded the pension system is. Sandy mentioned that she is nearly completed with the OPEB report and that it should be forwarded to the city in the next week. A MOTION was made by Commissioner Rohr and SECONDED by Commissioner Ruifrok to receive and file both reports. PASSED 4-0.

In response to a question from the Board, Attorney Tom Michaud indicated that Lansing is still looking at options as to both pension funding and funding of OPEB and that the Legislature may address after the November elections in "lame duck" session. It was mentioned that under PA 202 the state has set a minimum funding level of 60% for local pension systems and we are way above it and for OPEB a 40% funding level. Treasury is expected to require some new assumptions and locals will be required to provide more studies and reports. A question was asked about the lawsuit led by Eastpointe on the state violating portions of both Headlee and Proposal A and staff was to provide an update as to the status of the lawsuit.

NEXT MEETING DATE

It was suggested that the next meeting be set for Tuesday, November 13, 2018 at 7:30am in the Council Room in order to review the OPEB study and any other business for the Board.

The meeting was adjourned at 9:28 am on MOTION by Commissioner, Rohr seconded by Commissioner Ruifrok PASSED 4-0.

Mark Wollenweber, City Manager