

A virtual meeting of the Berkley Public Safety Pension Board was called to order by Chairperson Herriman at 04:09 PM on Monday August 17, 2020.

Present: Chairperson Herriman
Treasurer Pollock
Secretary Smith
Member Maisonneuve
Member Robinson

Absent: None

Others Present: Brett Reardon – Plante Moran
Mark Dixon – Plante Moran
Alex Smith – Plante Moran
Susan Shoemaker – Plante Moran
Louise Gates – Gabriel Roeder Smith

APPROVAL OF THE AGENDA

A motion was made by Maisonneuve and supported by Smith to approve the agenda.

Ayes: Herriman, Pollock, Smith, Maisonneuve, Robinson

Nays: None

Abstain: None

Absent: None

Motion Carried

APPROVAL OF MINUTES

A motion was made by Smith, supported by Maisonneuve, to approve the May 18, 2020 minutes.

Ayes: Herriman, Pollock, Smith, Maisonneuve, Robinson

Nays: None

Abstain: None

Absent: None

Motion Carried

CITIZEN COMMENTS – None

OLD BUSINESS – None

NEW BUSINESS –

1. Election of Board Officers

Herriman was nominated for Chairperson by Maisonneuve with support from Smith. No other nominations were made.

Ayes: Herriman, Pollock, Smith, Maisonneuve, Robinson

Nays: None

Abstain: None

Absent: None

Herriman elected as Chairperson

Smith was nominated for Secretary by Herriman with support from Robinson. No other nominations were made.

Ayes: Herriman, Pollock, Smith, Maisonneuve, Robinson

Nays: None

Abstain: None

Absent: None

Smith elected as Secretary

Pollock remains as Treasurer due to his status as Finance Director

2. Approval of Invoices

Invoices were presented for payment from PNC, Loomis Sayles, Boston Partners, Cambiar, Richmond Capital, PMFA, Harding Loevner, Asher Kelly and GRS. All invoices were within normal ranges.

A motion to approve payment was made by Maisonneuve with support from Pollock.

Ayes: Herriman, Pollock, Smith, Maisonneuve, Robinson

Nays: None

Abstain: None

Absent: None

Motion Carried

3. Investment Advisor Change

Brett Reardon informed the board that the fund's investments would no longer be under Plante Moran as they had moved the retirement portion of their investments to CAPTRUST. Reardon stated he would remain with the fund and that Mark Dixon would be replaced by Susan Shoemaker. Reardon stated nothing with the actual investments would change and he would be providing the board with the necessary paperwork to complete the transition.

4. Actuarial Report Presentation

Louise Gates presented her report to the board. She informed the board that the fund did not meet its actuarial goals for 2018 or 2019 after exceeding them in 2017. The percent funded also saw a drop from 2018 to 2019. This was attributed to no loss of retirees and a less than expected investment return. Gates recommended the board review and consider updating the factors used to calculate survivor benefit pensions.

Gates stated that as long as contributions continue to be made on a timely basis and the fund generates sufficient investment income, the plan should not have any issues. She stated the amortization period for the plan is 15 years and theoretically if assumptions are met during that time period the plan would reach 100% funding. She stated the current assumed rate of return of 7% may still be too high and lowering the assumption may be advisable. She informed the board that the trend she has seen in Michigan and with public pensions in general has been to lower it. She also stated that in a recent survey of 100 municipal agencies the Berkley's plan funding was above the average and the pension system currently has enough in trust to cover the obligations to current retirees.

A motion to receive and file the report was made by Robinson with support from Smith.

Ayes: Herriman, Pollock, Smith, Maisonneuve, Robinson

Nays: None

Abstain: None

Absent: None

Motion Carried

5. 2nd Quarter Investment Report from Plante Moran

Alex Smith began by informing the board that as of 8-10-20 the current year to date return for the fund is 4%. The quarter to date was 5.5% and there had been a return of 11.5% over the last 12 months. He stated high quality bonds were doing well along with U.S. Large Cap stocks. He noted high yield bonds were struggling though they had started to see a rebound and international stocks were also down.

He stated the fund has performed well against peer benchmarks and over the last 5 years had seen a return of 6.9% which is in line with actuarial assumptions.

A motion to receive and file the report was made by Robinson with support from Smith

Ayes: Herriman, Pollock, Smith, Robinson

Nays: None

Abstain: None

Absent: Maisonneuve

Motion Carried

6. Recommendation to Pension Board

Smith and Reardon informed the board that the fund was a little overweight on equities and recommended a rebalancing to reduce exposure to U.S. Large Cap stocks and return the plan to its long-term allocation goals.

A motion was made by Smith with support from Robinson to rebalance the fund as recommended.

Ayes: Herriman, Pollock, Smith, Robinson

Nays: None

Abstain: None

Absent: Maisonneuve

Motion Carried

7. Service Time Purchase Discussion

Pollock informed the board that he had been in discussion with several Public Safety employees about purchasing service time. He stated Sgt. Onesko had questioned the calculation he had received but that Gates had verified the numbers were correct. He also stated that after speaking with the city's labor attorney, payroll deductions to pay for service time, which had been requested by a PSO, are legally allowable but need to be addressed contractually. The labor attorney also confirmed that leave time buyout at separation of employment may also be used to purchase service time.

ADJOURNMENT

A motion to adjourn was made by Robinson, supported by Smith at 05:27 PM.

Ayes: Herriman, Pollock, Smith, Robinson

Nays: None

Abstain: None

Absent: Maisonneuve

Motion Carried

Next regularly scheduled meeting date is September 21, 2020 at 04:00 PM.