

**A meeting of the Berkley Public Safety Pension Board was called to order by Chairperson Herriman at 04:05 PM on Monday February 24, 2020.**

Present:                   Chairperson Herriman  
                              Treasurer Pollock  
                              Member Robinson  
                              Member Maisonneuve

Absent:                    Secretary Smith

Others Present:        Mark Dixon – Plante Moran  
                              Alex Smith – Plante Moran

**APPROVAL OF THE AGENDA**

A motion was made by Maisonneuve, to approve the agenda with support by Pollock.

Ayes: Herriman, Pollock, Robinson, Maisonneuve  
Nays: None  
Abstain: None  
Absent: Smith  
Motion Carried

**APPROVAL OF MINUTES**

A motion was made by Pollock, supported by Maisonneuve, to approve the January 27, 2020 minutes.

Ayes: Herriman, Pollock, Robinson, Maisonneuve  
Nays: None  
Abstain: None  
Absent: Smith  
Motion Carried

**CITIZEN COMMENTS** – None

**OLD BUSINESS** – None

**NEW BUSINESS** –

1. Invoices

Invoices were presented from PNC and Loomis Sayles. Pollock confirmed all were within normal ranges.

A motion to pay the bills was made by Maisonneuve and supported by Robinson.

Ayes: Herriman, Pollock, Robinson, Maisonneuve

Nays: None

Abstain: None

Absent: Smith

Motion Carried

## 2. Approval to Submit Fiduciary Liability Insurance Policy

Pollock informed the board that there had been no significant changes since last year's application.

A motion to submit the application was made by Robinson and supported by Maisonneuve.

Ayes: Herriman, Pollock, Robinson, Maisonneuve

Nays: None

Abstain: None

Absent: Smith

Motion Carried

## 3. Plante Moran 4<sup>th</sup> Quarter 2019 Investment Report

The presentation began with a discussion of asset allocation and rate of return projections. Dixon informed the board that the geometric return over the next 10 years is projected at 6.05%.

However, with a median projected return of 5.9% over the next 10 years the range could potentially be anywhere between -1.3% and 13.9%.

Dixon stated the fund diversification is staying close to 60% equity and 40% fixed income which keeps the fund in accordance with state law. With that diversification the projected mean rate of return over the next 10 years is 6.3% though historically since 1926 that level of diversification has seen an average historical return of 8.3%.

Dixon continued by providing the board with an update on market conditions. He stated the GDP was better than expected in the 4<sup>th</sup> quarter of 2019 keeping steady at about 2% growth which is outperforming most developed countries. Manufacturing is in expansion territory and consumer confidence and consumption are both up. Unemployment continues to be at one of the lowest levels in 50 years at 3.6%. 225,000 jobs were added in January, inflation is still low and the country is currently in the longest expansion period since World War 2.

Dixon acknowledged the global concern with the coronavirus and said historically after viral scares the markets usually correct in 3-6 months. He stated equities are taking some hits from the scare but the bond market continues to be strong. He informed the board that after a strong run-up in the market, many people start to think about reducing risk in anticipation of a recession. However, de-risking can be costly. Equity markets have averaged a return of almost 21% for the 2 year periods prior to a recession starting. It is difficult to time the market.

Smith continued the presentation by speaking on the fund's specific performance. He informed the board that over the last year ended 12/31/19, the fund had seen a return of 19.2% including 5.59% for the 4<sup>th</sup> quarter. Both numbers were better than their peer benchmarks. The fund has

also outperformed peers over the last 5 years and is about even since its inception in June 2010. Current fund allocations are 64% equity and 36% fixed income with the equity split into 69% domestic and 31% international. Smith advised the board that currently only one manager, Cambiar, is being watched for possible performance concerns and a decision likely would be made by the next report to the board in May. Both Smith and Dixon advised that no changes are recommended at this time.

A motion to receive and file the report was made by Robinson and supported by Maisonneuve.

Ayes: Herriman, Pollock, Robinson, Maisonneuve

Nays: None

Abstain: None

Absent: Smith

Motion Carried

#### 4. March Meeting Date

Due to the short time between this meeting and March's meeting and a lack of agenda items due to that, a motion was made by Robinson to cancel the March meeting and reconvene at the following regularly scheduled meeting on April 20, 2020. The motion was supported by Pollock.

Ayes: Herriman, Pollock, Robinson, Maisonneuve

Nays: None

Abstain: None

Absent: Smith

Motion Carried

### **ADJOURNMENT**

A motion to adjourn was made by Robinson, supported by Maisonneuve at 04:43 PM.

Ayes: Herriman, Pollock, Robinson, Maisonneuve

Nays: None

Abstain: None

Absent: Smith

Motion Carried

Next regularly scheduled meeting date is April 20, 2020 at 04:00 PM.