**BOARD OF TRUSTEES OF THE CITY OF SOUTHGATE**

**POLICE AND FIRE RETIREMENT SYSTEM**

**14730 Reaume Parkway**

**Southgate, Michigan 48195**

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REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE

CITY OF SOUTHGATE POLICE AND FIRE RETIREMENT SYSTEM

**February 19, 2021**

PRESENT: Marc Hatfield, Secretary, ALSO PRESENT: Jack Timmony, VanOverbeke, Michaud & Timmony, . Gordon Mydlarz, Trustee William Messner, Morgan Stanley/Graystone

 Ken Brown, Trustee James Anderson, Gabriel Roeder Smith & C

 Rob Lukofsky, Trustee Rebecca Stouffer, Gabriel Roeder Smith & Co

 Charlotte Benke, Recording Secretary

Absent: James Dallos, Trustee

 

Marc Hatfield called the meeting to order at 2:30 p.m.

**Roll call for remote meeting:**

 Marc Hatfield, Wayne County, Michigan

 Gordon Mydlarz Wayne County, Michigan

 Rob Lukofsky Wayne County, Michigan

 Ken Brown Wayne County, Michigan

**APPROVAL OF THE MINUTES**

**Re: Minutes of January 21, 2020**

Minutes of regular meeting held on January 21, 2021 were reviewed and discussed,

**Motion to approve the minutes of January 21, 2021** **regular meeting**

By: Gordon Mydlarz, supported by Rob Lukofsky **Motion carried.**

**CORRESPONDENCE**

**The following correspondence has been received and placed on file.**

1. Receipt of city statement of employee contributions for January 2021 ($40,146.28).

2. Appointment of Police Officer Bradley Brandt effective 02/07/2021.

3. Appointment of Police Officer Matthew Dube effective 02/21/2021.

4. Promotion of Police Officer Mathias Szymoniak to Patrol Sergeant effective 02/07/2021.

5. Promotion of Patrol Sergeant Ryan Scott to Patrol Lt. effective 02/07/2021

**UNFINISHED BUSINESS**

1. Membership Statements: All are in except 1, which should be in the mail.

**NEW BUSINESS**

**GRS Actuarial Report**

1. Actuarial presentation: Rebecca Stouffer, Gabriel Roeder Smith & Company, was present at the meeting and presented the **66th Actuarial Valuation Report**, as of June 30, 2020.

Page A-1 shows the Funding Objective and Contribution Rates which are the normal cost and unfunded actuarial accrued liability.

On Page A-2 City’s Computed Contributions for the fiscal Year Beginning July 1, 2021 and 2020 which include normal costs and unfunded Actuarial Accrued Liabilities. Normal Cost of Benefits is determined by collection of data which include age and service, death before retirement, disability and future refunds of member contributions which is19.09% of covered payroll. Members cover 8.01% of the 19.09% which leaves 11.08% (City’s Normal Cost). The Unfunded Actuarial Accrued Liability is 88.64% of covered payroll. The City’s total contribution is 99.72% of payroll or $5,324,232. Page A-4 of the Valuation shows the Development of Funding Value of Assets. This chart shows differences between actual and assumed investment income which are phased-in over a closed four-year period.

Page A-12 is the Comments, Certification and Other Observations section.

**Comment A** states that the contribution increased from $5,023,945 last year to $5,324,232 this year.

**Comment B:** Changes to plan provisions since the previous valuation include Member contributions for all members were increased from 6.5% of covered compensation to 8.0%.

**Comment C** covers investment performance.

**Comment D** covers excess earnings reserve which provides as-hoc post-retirement increases.

**Comment F** is the recommendation to transfer $18,941,437 from the Reserve for Employer ‘s Contributions to the Reserve for Retired Benefit Payments.

Motion to transfer $18,941,473 from the Reserve for Employer ‘s Contributions to the Reserve for Retired Benefit Payments.

By: Rob Lukofsky, Supported by Gordon Mydlarz Motion carried

**Review of System Experience**

**July 1, 2014 through June 30,, 2019**

1. Rebecca Stouffer and James Anderson, Gabriel Roeder Smith & Company, were present at the meeting and presented the Five-Year Experience Study. This study is performed to maintain consistency in assumptions used to perform the valuation making periodical adjustments as needed.

Section A Demographic Assumptions: **Retirement**: There were more actual retirements than expected during the study period. **Proposal** to update the retirement rates as shown in chart. **Turnover:** Termination was slightly lower than expected**. Proposal no change. Disability: Proposal No change. Mortality: Proposal Use the Pub-2010 Amount-Weighted Safety tables. Merit and Longevity Pay Increases: Proposal No changes.**

**Section B Economic Assumptions: Price inflation:** Based upon review Proposal to adopt price inflation assumption of 2.25% **Wage inflation:** Proposal to decreasing the current wage inflation from 3.5% to 3.00%. **Investment Return:** Proposal to change to 7.00%

Chart was reviewed showing Effects of Recommended Changes in Actuarial Assumptions on Total Retirement System Contribution and Funded Percent Results as of June 30, 2020. Chart compared Proposal A current, Proposal B and Proposal C. Discussion followed.

**Motion to adopt Proposal C with new assumptions and adding the 15 years for the impact of assumption changes.**

By: Marc Hatfield, Supported by Rob Lukofsky **Motion carried.**

1. Retirement resolution for Public Safety Director Jeff Smith.
2. Retirement resolution for Detective Sergeant Flynn
3. Retirement resolution for deferred retiree Patrolman Rick Szuch
4. Retirement resolution for deferred retiree Patrolman Emanual Paravas

 **Motion to approve retirement resolutions for Public Safety Director Jeff Smith, Detective Sergeant Flynn, Patrolman Rick Szuch and Patrolman Emanual Paravas**

By: Gordon Mydlarz, Supported by Rob Lukofsky **Motion carried.**

**LEGAL REPORT** 

Mr. Jack Timmony was present at the meeting, and discussed the Legislative Update. In late December the Michigan legislature yet again amended the Open Meetings Act to allow remote meetings for any reason through the end of March. Mr. Timmony will continue to keep the Board updated for any changes.

Mr. Timmony stated that the Board would receive a Memo from their office regarding Morgan Stanley Select UMA Program. This Memo will address concerns about the Board’s fiduciary responsibilities regarding participation in the Select UMA Program. This issue will be discussed at the March meeting.

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**REPORTS OF MANAGERS/CONSULTANT**

**INVESTMENT CONSULTANT REPORT**

**RE: GRAYSTONE CONSLUTING/MORGAN STANLEY**

Mr. William Messner was present at the meeting, and discussed the following:

1. **Total Fund Performance as of January 31, 2021:** The total fund performance for January was -0.35%; Year to date 0.35% and Fiscal Year to date 16.19%Mr. Messner stated that February’s performance is good. Mr. Messner stated that he would postpone reporting on private equity to the next meeting.
2. **Asset Allocation/Rebalance:** Mr. Messner reported that the City contribution was deposited into the Cash/Administrative Account. Mr. Messner stated the recommendation of Morgan Stanley is to take $3,000,000.00 out of the Administration/Cash account and place $1,500,000.00 into International Equity as follows: $500,000.00 into Kopernik Global All Cap; $500,000.00 into First Eagle Overseas, and $500,000.00 into Vanguard Emerging Markets ETF; and place $1,500,000.00 into Fixed Income as follows: $750,000.00 into Loomis Investment Grade Bond and $750,000.00 into Western Core Plus Fixed Income. Discussion followed.

**Motion to adopt the investment recommendation of the Investment Consultant as discussed above.**

By: Marc Hatfield, Supported by Rob Lukofsky **Motion carried.**

1. **Custody savings:** Mr. Messner distributed a chart regarding Custody savings. The chart will be discussed at the next meeting.

**Report received and placed on file.**

**APPROVAL OF WARRANTS:**

1610 – GRS invoice for Flynn calculation in the amount of $1,200.00

1611 - GRS Actuarial Services in the amount of $14,195.00

1612 – GRS Five Year Experience Study in the amount of $9,500.00

1613 – Plante Moran Accounting Services in the amount of $7,500.00

Moton to pay above listed invoices

By: Gordon Mydlarz, Supported by Rob Lukofsky **Motion carried.**



**OPEN FORUM**

Persons in audience: None.

 

**ANNOUNCEMENTS**

 **Next meeting: Thursday, March 18, 2021 at 2:30 p.m.**

**ADJOURNMENT** 

**Motion to adjourn the meeting**

 By: Gordon Mydlarz, supported by Marc Hatfield **Motion carried**.

 Meeting adjourned at 4:04 p.m.

I certify that the foregoing are the true minutes of the meeting of the Board of Trustees held February 18, 2021.

Marc Hatfield, Secretary