

MINUTES OF A REGULAR MEETING OF THE BOARD OF TRUSTEES FOR THE RETIREMENT SYSTEM (i.e. The Board) OF THE CITY OF GROSSE POINTE WOODS, HELD ON THURSDAY, May 4, 2023, IN THE CONFERENCE ROOM OF THE MUNICIPAL BUILDING, 20025 MACK PLAZA, GROSSE POINTE WOODS, MICHIGAN.

The meeting was called to order at 6:06 p.m. by Chairperson Mayor Bryant.

The following members were present:

Chairperson Mayor Arthur Bryant  
Council Representative Victoria Granger  
General Employee Representative Matthew Crook  
Public Safety Representative Brian Conigliaro  
Citizen Representative Gary Zarb

Also present:

Pension Administrator, Shawn Murphy  
City Attorney, Debra Walling  
Fund Evaluation Group (FEG), Jeffrey Davis  
Foster & Foster Actuary, Jason Franken  
Recording Secretary, Tina Hoenicke  
City Administrator, Frank Schulte  
Assistant City Administrator, Sue Como  
Deputy Treasurer, Steven Schmidt

Motion by Granger supported by Zarb that all item's on today's agenda be received and placed on file.

Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

Motion by Granger, supported by Zarb to accept and place on file the minutes of the pension board meeting dated 2/2/2023.

Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

Motion by Crook, supported by Zarb to receive and place on file the trial balance report as presented through March 31, 2023.

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Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

Jeffrey Davis provided a presentation of the 1<sup>st</sup> Quarter Investment Report from FEG ending March 31, 2023; including the “Portfolio Rebalancing to Fixed Income Strategic Target Memo” and the “Are We There Yet-The Road to Recession” memo.

Motion by Granger, supported by Zarb to accept the 1st Quarter 2023 Fund Evaluation Group Report ending March 31, 2023.

Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

Jeff Davis, from FEG made a recommendation to rebalance the portfolio by bringing the fixed income allocation closer to the target established in the City of Grosse Pointe Woods Investment Policy Statement.

Mr. Davis advised the board to sell \$1,250,000.00 from the following stocks: iShares S& P 500 Index (\$415,000.00), iShares Russell Mid Cap Index (\$210,000.00), Vanguard S&P 600 Index (\$210,000.00) & Tortoise MLP and Pipeline Fund (\$415,000.00) and to purchase the following stocks: Vanguard Total Bond Fund \$415,000.00, Dodge & Cox Income \$415,000.00 and DoubleLine Total Return Bond Fund \$415,000.00) and \$5,000.00 from the cash balance.

Motion by Granger, supported by Zarb to purchase \$1,250,000.00 of the following stocks: Vanguard Total Bond Fund \$415,000.00, Dodge & Cox Income \$415,000.00 and DoubleLine Total Return Bond Fund \$415,000.00 by selling the following stocks: iShares S& P 500 Index (\$415,000.00), iShares Russell Mid Cap Index (\$210,000.00), Vanguard S&P 600 Index (\$210,000.00) & Tortoise MLP and Pipeline Fund (\$415,000.00).

Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

Jason Franken, from Foster and Foster Actuaries and Consultants presented an Actuarial Experience Study that compiled plan experience data from 2017 through 2022. Public Act 202 states that this study must be performed every five years. The report includes a review of demographic and economic experience, a comparison of this experience to current actuarial assumptions with recommendations for consideration. The recommended changes in assumptions or methods will be effective with the July 1, 2023 actuarial valuation and the estimated actuarial impact of these suggested changes. Implementing the recommended changes will assist in achieving the objective of developing costs that are stable and predictable.

Key Findings from Foster and Foster with suggested changes for the board's consideration are as follows:

1. Investment Return-they propose a discussion with our investment advisor on the long-term expected return of the current asset allocation, with consideration given to what expenses are netted against such returns.
2. Payroll Growth-they recommend updating the payroll growth assumption from 3.5% to 3.00%.
3. Retirement Rates-they recommend adjusting the age-based retirement tables.
4. Termination Rates-they recommend adjusting the age and service-based termination rates.
5. Disability Rates-they recommend simplifying the disability rate to 0.20% for general employees and 0.60% for public safety employees.
6. Assumed Expenses-they recommend adding the cost of administrative expenses paid from the trust.
7. Amortization Period-they recommend decreasing the amortization period from 25 years to 15 years

The board is considering the recommended changes pending further discussion at a Special Pension Board meeting. Mr. Franken will be providing an update on the increase in the city's contribution to the retirement system by changing the investment rate of return from 7.5% with a 25 year amortization period to an investment rate of return of 7.25% with an amortization period of 20 or 15 years. This meeting is to be scheduled before June 8, 2023.

Motion by Granger, supported by Zarb to accept and place on file the Actuarial Experience Study submitted by Foster and Foster Actuaries and Consultants.

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Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

Motion by Crook, supported by Zarb to authorize the payment of the invoice from FEG in the amount of \$14,345.00, the invoice from Comerica in the amount of \$1,500.00, and two invoices from Rosati, Schultz, Joppich & Amtsbuechler, PC for \$598.45 and \$279.45.

Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

New Business/Public Comment:  
None

Motion by Granger, supported by Crook to adjourn at 7:27 pm.

Motion CARRIED by the following vote:

YES: Bryant, Granger, Conigliaro, Crook, Zarb  
NO: None  
ABSENT: None

Minutes recorded by Tina Hoenicke  
Approved by the Pension Board:

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Shawn Murphy, Pension Administrator