

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE CITY OF GROSSE
POINTE EMPLOYEES' RETIREMENT SYSTEM HELD ON THURSDAY, MARCH 26, 2020 AT 8:00 AM.

THIS MEETING WAS HELD ELECTRONICALLY IN ACCORDANCE WITH GOVERNOR WHITMER'S
STAY HOME, STAY SAFE EXECUTIVE ORDER TO MINIMIZE THE SPREAD OF COVID-19.

Chairman Bernard called the meeting to order at 8:01 am.

ROLL CALL

Present: Trustees Alcorn, Bernard, Kress, Thomas, Walsh, Manager Dame, Treasurer Kleinow,
Clerk Arthurs

In Attendance: John Jackson, Callan, Sandy Rodwan, Rodwan Consulting Group, Mayor Tomkowiak

APPROVAL OF MINUTES

IT WAS MOVED by Trustee Thomas, second by Trustee Kress, that the minutes of the regular meeting of June
13, 2019 be approved as submitted.

UNANIMOUSLY ADOPTED.

OATH OF OFFICE

Clerk Arthurs administered the oath of office to John Alcorn, who was re-elected by the Public Safety members
of the Retirement System to the Board of Trustees, with a term expiring on August 1, 2022.

Clerk Arthurs confirmed and advised the Board of Trustees that Council Member Terence Thomas appeared in
person at City Hall where she administered the oath of office for Council representative to the Employees'
Retirement System Board of Trustees.

REPORTS

A. CALLAN REPORT – INVESTMENT PERFORMANCE

Mr. Jackson reviewed the quarterly report and investment performance highlights for the period ending
December 31, 2019. Mr. Jackson noted that Grosse Pointe's Total Fund assets increased by approximately
\$1.20 million during the fourth quarter, ending at \$38.58 million. The MERS investment returned 4.68% during
the quarter, trailing the Total Fund Benchmark return of 6%. For the last year, the Total Fund returned 13.30%,
trailing its benchmark return of 20.83%, and finished in the bottom quartile of peers.

Mr. Jackson reviewed various graphs relating to the fund and discussed Grosse Pointe's Fund Market Value and
Flows. It was noted that The Fund ended 2019 with a market value of \$38.58 million versus 2018's ending
value of \$36.04 million. The Fund gained \$4.67 million from investment returns, while experiencing net
outflows of \$2.13 million.

Mr. Jackson discussed the performance of the MERS fund including Global Equity, Global Fixed Income and
Private Assets. It was noted that in the fourth quarter, the Global Equity allocation (+8.63%) trailed its strategic
policy benchmark (+9.14%). The Fixed Income allocation (+0.87%) outperformed its strategic benchmark return
(+0.32%). An underweighting to Global Equity detracted from Total Fund performance in the fourth quarter.
The inclusion of Private Assets was also a detractor to Total Fund performance in the quarter.

Board discussion took place regarding the fourth quarter of 2019, and the potential impact on the markets and funds due to the current COVID-19 pandemic and related uncertainties.

B. EMPLOYEES RETIREMENT SYSTEM HEALTH CARE FUND 401(H)

Treasurer Kleinow submitted the quarterly report through March 2020, dated July 1, 2019 through June 30, 2020.

RECEIVE AND FILE.

C. EMPLOYEES RETIREMENT SYSTEM EXPENDITURES

Treasurer Kleinow submitted the quarterly report through January 2020, dated July 1, 2019 through June 30, 2020.

RECEIVE AND FILE.

PRESENTATION OF VALUATION OPTIONS – RODWAN CONSULTING GROUP

Sandra Rodwan presented the valuation report for Actuarial Information for GASB Statements 67/68 for the Employees' Retirement System dated June 30, 2019. Ms. Rodwan presented and discussed the Actuarial Information for GASB Statements 74/75 for the City of Grosse Pointe Retiree Health Care Fund dated June 30, 2019. Board discussion took place regarding the schedule of plan contributions for the last ten fiscal years.

Ms. Rodwan discussed the actuarial valuation for the Employees' Retirement System noting the Liabilities and Funded Condition. Total accrued pension liabilities of the Retirement System as of June 30, 2019, were computed

to be \$35,675,020. The funding value of accrued assets allocated to pensions was \$36,931,584. The ratio of the funding value of accrued assets allocated to pensions to accrued pension liabilities was 103.5%.

The City's normal cost contribution rate for pensions was computed to be 8.97% for General members and 10.83% for Public Safety members. Amortizing the excess of accrued assets allocated for pension benefits over accrued liabilities over 10 years resulted in a temporary funding credit of 5.42% which offset the City's computed normal cost, resulting in a net contribution of 3.55% for General and 5.41% for Public Safety.

The normal cost is the portion of the total contribution attributable to active members accruing another year of service. The accrued liability is attributable to past service rendered by active members and the present value of future benefits payable to current retirees and vested inactive members. Because accrued assets have been more than sufficient to cover accrued liabilities the excess has been amortized, creating a temporary funding credit which offsets all or part of the normal cost. The normal cost is the on-going cost of the Retirement System. At the time assets no longer exceed accrued liabilities, the City's contribution for pensions will increase to a minimum of the normal cost, which is currently 8.97% of General payroll and 10.83% of Public Safety payroll. In terms of current valuation payroll, the City's normal cost would be \$81,283 for General members and \$197,048 for Public Safety members, which totals \$278,332.

The Board discussed the smoothing fund value and historical schedules. Ms. Rodwan answered various questions regarding the newly adopted uniform assumptions and updated mortality table and their impact on the valuation.

The impact of increasing the longevity rates was discussed. It was requested that the impact be reviewed by the actuarial prior to the next valuation and that a summary be provided to the Board of Trustees preferably within the next quarter.

IT WAS MOVED by Trustee Thomas, second by Trustee Kress, to receive and accept the actuarial report, including a funding recommendation, as presented.

UNANIMOUSLY ADOPTED.

PUBLIC COMMENT

Instructions for all persons to participate in the meeting (via Zoom application) were provided on the agenda. Chair Bernard asked for any public comment. There were no public comments.

NEXT MEETING DATE – Wednesday, May 6, 2020 at 8:00 am.

On Motion, the meeting was adjourned at 9:05 am.

Julie E. Arthurs, City Clerk
Secretary to Employees' Retirement System
City of Grosse Pointe