

**MINUTES
OF THE CITY OF ST. CLAIR SHORES
GENERAL EMPLOYEES' PENSION BOARD MEETING
March 21, 2023**

Regular Meeting of the General Employees' Pension Board, held in the Jefferson Conference Room located at 27600 Jefferson Avenue, St. Clair Shores, Michigan.

Present: Kip Walby, John Caron, Vicky Shipman and Dale Verhaeghe

Also Present: Kendra Kroll; Municipal Clerk Specialist, Tom Michaud; Attorney, Mike Holycross; AndCo Consultant, Trevor Savage; Reinhart Partners, Katie Bala; Recording Secretary

1. CALL TO ORDER

Mayor Walby called the meeting to order at 3:30 p.m. and a quorum was present.

2. APPROVAL OF CONSENT AGENDA ITEMS

Motion by Caron, seconded by Verhaeghe to approve the Consent Agenda items a - e as follows:

- a) Request to approve minutes of February 21, 2023 as presented
- b) Request to approve payment of Invoices as of March 15, 2023

COMERICA BANK	\$5,511.24
Total	\$5,511.24

- c) Robbins Geller Rudman & Dowd LLP Portfolio Monitoring Report (January 27, 2023 & February 24, 2023)
- d) Request to approve the Active Member Data Sheet for Dale Verhaeghe – final retirement date February 3, 2023
- e) Request to approve the Deferred (Preliminary) Retirement Calculation for Sal Sulolli – deferred retirement date June 21, 2033

Ayes: All – 4

3. REINHART PARTNERS PRESENTATION

Mr. Savage announced the transaction between Reinhart Partners and Spouting Rock. At the initial closing, Spouting Rock will acquire 30% equity, after one year 50%, and then 70% after two years. He indicated that Reinhart Partners will still remain the same and we will not see any difference on our end. He noted that the portfolio management team collectively had 5% ownership before and now they will have 20%.

Mr. Savage provided an overview of the performance since the inception date. He said we had a 12.04% return and noted that we outperformed the benchmark values. He discussed the history of the portfolio's performance.

Mr. Savage gave a summary of the contribution analysis. He indicated that Maxar Technologies was previously the lowest contribution and now they are number one and he noted that Lantheus Holdings took a downturn at the end of last year but they are already up 60% this year.

Mr. Savage said Reinhart Partners feel that they are well positioned to withstand the economic cycles due to inflation, interest rates and volatility. He said with the failed banking situation, we have no exposure to Silicon Valley Bank or Signature Bank. We have five banks in our portfolio and their average performance is -3%.

Mr. Savage concluded that they are in the top 20% for Small Mid Cap and Small Mid Cap Value. He explained how they apply their investment philosophy in quality companies that are profitable.

Mr. Caron asked if there is any other industry that we need to watch out for other than the banks.

Mr. Savage said he doesn't think there is another sector we need to watch out for as of now.

Motion by Verhaeghe, seconded by Caron to receive and file the Reinhart Partners Genesis PMV Review presentation dated March 21, 2023.

Ayes: All – 4

4. ANDCO CONSULTING PRESENTATION

a) Flash Report: Investment Performance Review Period Ending February 28, 2023

Mr. Holycross gave an overview of the market performance. We were positive in January for index returns in equities and fixed income but in February we had negative returns. He noted the two-year treasury was 4.43 at the end of last year, ending in February the yield was 4.82, and as of today, it is at 3.92. The yield curve is indicating we might be close to a recession.

Mr. Caron asked if this is a result of the bank failures.

Mr. Holycross said yes, it is the cause and effect of the market. He gave a summary of what led to the bank failures.

Mr. Holycross indicated that we are still in line with our investment policy. He discussed the comparative performances and noted overall we are at 3.66 but we are down -1.59 for the month.

Mr. Holycross said we had little exposure to Signature Bank at 0.02% & Silicon Valley Bank at 0.05% in the S & P 500 index fund.

Motion by Caron, seconded by Shipman to receive and file the AndCo Consulting February 28, 2023 Flash Report as presented by the Board's consultant.

Ayes: All – 4

b) Bank Failures & AndCo Response Memo

Motion by Caron, seconded by Shipman to receive and file the Bank Failures & AndCo Consulting's response memo March 14, 2023 as presented by the Board's consultant.

Ayes: All – 4

5. VANOVERBEKE, MICHAUD & TIMMONY, P.C.

Mr. Michaud indicated there was a tax change at the state level for retirees, also known as Public Act 4. He said prior to 2012 the state did not tax retirees and now the law will be phasing the tax break back in for general employees over a period of time. There is nothing to do on our end other than prepare for questions from retirees on what impact it will have on them. He said we should be advising people to check with their own financial advisor or they can look at the State's website for information.

Mr. Michaud gave an update on the grant program from the state. The application will be finalized by April 15, 2023 and then there will be a period between April through June for communities to submit their application.

6. OLD BUSINESS

Mayor Walby asked if anyone was interested in going to the MAPERS conference in May and no one from the board will be attending the conference.

7. NEW BUSINESS REINHART PROXY VOTE MATERIALS FOR THEIR APRIL 18, 2023 MEETING

a) Reinhart Proxy Vote Materials for their April 18, 2023 Meeting

Mr. Holycross said that we do not need to do anything on this proxy except receive and file the information.

Motion by Caron, seconded by Shipman to receive and file the Reinhart Partners proxy vote materials for their April 18, 2023 meeting.

Ayes: All – 4

b) Review, Receive and File Comerica Form 5500, Schedule C Report

Mr. Holycross said this is part of the annual disclosures of Comerica's fees collected on the portfolio.

Motion by Shipman, seconded by Caron to receive and file the Comerica Form 5500, Schedule C Report.

Ayes: All – 4

Item #7 Continued

- c) **Review, Receive and File Reinhart Partners revised letter dated February 1, 2023 – consent and acknowledgment for equity sale to Spouting Rock Asset Management, LLC**

Mr. Holycross said that Mr. Michaud and he have reviewed the consent letter and they do not have any issues with the board signing the form.

Motion by Caron, seconded by Shipman to receive and file Reinhart Partners letter dated February 1, 2023 – consent and acknowledgment for equity sale to Spouting Rock Asset Management, LLC.

Ayes: All – 4

8. AUDIENCE PARTICIPATION - None

9. ADJOURNMENT

Motion by Caron, seconded by Verhaeghe to adjourn the meeting at 4:06 p.m.

Ayes: All – 4

THE NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, APRIL 18, 2023

Prepared by:
Katie Bala
Recording Secretary

Reviewed by:
Abrial J. Barrett
City Clerk / Secretary to GEPB