

**Police and Fire Pension Board
of the City of Sault Ste. Marie
8:00 a.m. Wednesday, January 17, 2018
Mayor's Conference Room, 3rd Floor, City Hall**

Board Members attendance:

Mr. Boger - present
Mr. Henderson – present
Mrs. Oshelski – present
Mr. Sheppard – present
Mrs. Collins – present

Members of the Public attendance:

City Manager Turner
Commissioner Liaison Twardy (via phone)

Mr. Henderson called the meeting to order at 8:11.

Minutes from the previous meeting on January 9th were distributed to the board in the packet. Mr. Sheppard made a motion to defer minutes to be approved at the next meeting. Support from Mr. Boger. The motion carried. There was no treasurer's report to be presented, however the Schwab balance for the previous day had been sent out and was at \$16,536,375.

Matters Presented by the Board

Mr. Henderson started discussion of comparing services of the two leading financial advisors, AndCo and Graystone. Mrs. Collins added that in order to compare cost of both companies, the board would need more information and she had sent account details to Graystone the day before, including everything that had been provided to Mr. Green from AndCo previously (the 9/30/17 quarterly report) and then she added the 9/30/17 breakdown of fees and an export of the balances of yesterday. Mrs. Collins said she would send these two additional pieces to Mr. Green shortly so that both firms would have the same set of amounts, and could calculate fees based on the current and higher balance.

Mr. Sheppard said that both firms made a very good presentation, and he added that AndCo's presentation had more detail which he thought was because he had more knowledge about our system. Mr. Henderson said it was good to have a local firm (Graystone) in the mix. Mrs. Collins said she didn't view Graystone as more local than AndCo. It was generally agreed that both firms had a firm base in Michigan. Mrs. Oshelski said that Graystone appeared to have a higher level of oversight than AndCo, and she referenced page 11. She also mentioned that the insurance protection is much larger for Graystone and there was some discussion on that topic.

Mr. Henderson said that Graystone appears to prefer to operate at full discretionary and that AndCo was not usually discretionary. Mrs. Oshelski was surprised that AndCo would quote the lower fee of \$25,000 for non-discretionary even with the knowledge of how things currently operate. Mr. Henderson mentioned that both firms are managing the same number of plans and a similar dollar value. Mr. Sheppard said that one positive point for AndCo was the money back guarantee. Mrs.

Oshelski had a question about the transition of current asset mix, and she said that AndCo appeared to be willing to start over again. Mr. Boger agreed and thought that Graystone seemed to be willing to take a slower approach and gradually transition the asset mix. There was general discussion that Mr. Green appeared to be ready to respond as quickly as the Board directed. Mr. Henderson mentioned insurance again, comparing page 8 for AndCo to page 12 from Graystone. The insurance coverage appears to be higher with Graystone. It was noted that AndCo is just five years old and has only one other discretionary client in Michigan.

Mrs. Collins suggested that the board give Graystone time to get back to us with more fee detail and then it would consult with Attorney Michaud. She added that she would get the fees from Graystone and then put them alongside AndCo's fees, considering Comerica as well, and have this ready for a meeting with Mr. Michaud.

Mr. Boger summarized that Graystone presented a service that is more in line with what the board expects. Mrs. Collins noted that FEG had been resistant to make changes to the portfolio and there was the lack of small cap holdings in the portfolio after many quarters of questions on this strategy.

There was discussion regarding the use of Comerica for custodial services, and expanding that role. Mrs. Collins said that with either advisor, it would make sense to move it into one bank and she would prefer to use Comerica for custodial services. With Graystone, there could be a slight advantage of having funds with Morgan Stanley, but Mrs. Collins would prefer to explore that later. It was noted by Mrs. Oshelski that Mr. Green of AndCo said that he would help the Board negotiate fees with Comerica and that in this way, his independence was positive. Mrs. Collins said Comerica's services would be reviewed as with other service providers and that it could be done next if the board was in agreement. She added that the fee quoted for full custodial services was five basis points and that it could be negotiable but it didn't sound as though there was a lot of room.

Mrs. Collins asked if anyone had a thought of reviewing any of the other investment advisory service offerings outside of Graystone and AndCo, and nobody needed to look any further. Mrs. Collins said she would get fee package from Graystone and forward both fees to the group including Mr. Michaud. And then she would ask him to check to ensure the comparisons are "apples to apples" and then ask him to check back with both to see if fees can be further reduced. The group would look forward to Mr. Michaud's input at a meeting in February which would be good to have scheduled prior to the quarterly meeting on February 14th. Mrs. Oshelski said she could attend February 5th through the 8th. Mr. Boger cannot meet after the 15th. The group landed on February 8 at 8am if this would work for Mr. Michaud. Results of that meeting would be shared with Mr. Hummel at the next meeting on the 14th of February. It was noted that under FEG, investment clients seemed to be more foundations and that with the new firms, it did appear that the peer group would be other pensions.

Mrs. Collins liked Mr. Green's suggestion regarding having cash flow projections, and she wondered why she had never been asked for a cash flow which would be relatively easy to produce. Mr. Boger agreed, cash flows of retiree payments are very predictable and estimates are very close. Mr. Sheppard said

that he found Mr. Green's comments about Police and Fire employees retiring in clumps interesting. The board generally agreed that both AndCo and Graystone had a lot of information to share.

Other Matters Presented by the Board

No other matters were presented by the board.

Matters Presented by the Public

No matters were presented by the public.

Scheduling of the Next Meeting

The next meeting was scheduled for Thursday, February 8th at 8:00 am if possible at City Hall, and then the quarterly meeting would be Wednesday, February 14th at 8:00 a.m. at Studebaker's Restaurant.

A motion to adjourn was made by Mr. Boger and supported by Mr. Sheppard. The motion carried unanimously. The meeting was adjourned at 9:05.

Respectfully submitted,

Kristin M. Collins
Finance Director