

**POLICE & FIRE PENSION BOARD MEETING**

**DATE: February 28, 2022**

**CITY HALL, COMMISSION CHAMBERS**

**TIME: 1:32 P.M.**

Present: Stan Chubinski, Tammy Giannunzio, Ed Guzzo, Jake Martin, and Chris Rabbitt.

Also Present: Jeremy Tollas, CAPTRUST; Derek Henning, GRS Retirement Consulting; Ryan Stange, Network Architect - IT; Nancy Mullett, Labor Attorney; Kourtney Matuschka, Finance Services Manager and Tracy Hovarter, Police & Fire Retirement System Administrator.

Chair Chubinski asked for approval of the agenda. **Motion Martin**, seconded Giannunzio to approve the agenda. On a voice vote, motion **carried**.

Presented minutes of the regular meeting from November 15, 2021. **Motion Guzzo**, seconded Rabbitt to approve the regular meeting minutes from November 15, 2021. On a voice vote, motion **carried**.

Actuarial Valuation Report 06/30/21 Presentation – Derek Henning

- The Retirement System is made up of 3 components: member contributions, city contributions and investment income.
- The overall decrease for the city contribution percentage was .73%. Fiscal year 2022 is 34.87% in comparison to 35.60% in fiscal year 2021.
- Funded ratio of the plan is 78.7%, well above the state requirement of 60%.
- Investment experience for 6/30/21 was favorable with a market rate of return of 23.14% in comparison with the assumed rate of return of 6.5%.
  - Due to greater pay increases more than expected.
  - Increase in member contribution.
  - Bargaining changes adding the DROP plan.
- Recommendation for an experience study prior to next actuarial valuation report. Last study was done March 11, 2015. Mortality tables and investment assumptions are the main items that will change as a result of an experience study.

Bank Summary of Assets & Expense Report:

As of 11/30/2021, the market value of the portfolio was \$186,926,212.03 a loss of \$2,599,780.81 from the 10/31/2021 balance.

For the month of November, the following expenses were deducted:

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Misc Fees (asset manager)	Misc Admin fees - non investment	30.00	Monthly	11/1 - 11/30/21
Total Admin. Fees		30.00		

As of 12/31/2021, the market value of the portfolio was \$190,362,921.30 a gain of \$3,436,709.27 from the 11/30/2021 balance.

For the month of December, the following expenses were deducted:

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Misc Fees (asset manager)	Misc Admin fees - non investment	10.00	Monthly	12/1 - 12/31/21
Actuarial Services Fee	Gabriel Roeder Smith & Co.	2,700.00	As Needed	2 Military Purchases
Administrative Fee	City of Battle Creek	3,000.00	Quarterly	10/1 - 12/31/21
Auditing Fee	Rehmann	7,350.00	Annually	FY 2021
Membership Dues	MAPERS	200.00	Annually	Calendar Year 2022
Total Admin. Fees		13,260.00		

As of 01/31/2022, the market value of the portfolio was \$182,111,369.31 a loss of \$8,251,551.99 from the 12/31/2021 balance.

For the month of January, the following expenses were deducted:

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Misc Fees (asset manager)	Misc Admin fees - non investment	10.00	Monthly	01/1 - 01/31/22
Invoice Fee	Comerica Bank	13,969.75	Quarterly	10/1 - 12/31/21
Total Admin. Fees		13,979.75		

**Motion Martin**, seconded Rabbitt to accept the financial report and quarterly bank summary submitted. On a voice vote, motion **carried**.

Board Reports

*Chubinski* – none.

*Giannunzio* - MAPERS Spring Conference is 05/21/22 – 5/24/22 at Grand Traverse and the Fall Conference is 09/17/22 – 09/22/22 at Mackinac Island

*Guzzo* – request to send out the education and travel policy and when the members last attended the MAPERS training.

*Hovarter/Matuschka* Report

- Chad Perry, Police Officer, terminated 12/31/21. A letter regarding his options for withdrawal was emailed 01/20/22.
- Jeremy Belknap, Police Officer, terminated 11/26/21. A letter regarding his options for withdrawal was emailed 01/20/22.

- Veronica Granados, Police Officer, terminated 01/07/22. A letter regarding her options for withdrawal was emailed 01/20/22.
- Ron Hattis, passed away 11/16/21. His 12/1/21 payment was returned and replaced with a pro-rated portion for 16 days in November. This final payment of \$1,720.65 was paid on 12/15/21.
- Calvin Hardin exited the DROP with a retirement date effective 12/25/21. Total benefits and interest totaled \$201,755.35 less 5% of interest earned (\$292.75), less early withdrawal penalty of 10% of interest earned (\$585.50). The remaining balance of \$200,877.10 was requested to be rolled over payable to Vantagepoint Transfer Agents/457. This payment was issued on 12/28/21. His regular monthly benefit payments of \$5,190.67 will begin on 2/1/22. An off-cycle payment dated 1/07/22 for \$1,172.08 reflects a pro-rated portion for December (7 days).
- A military purchase was approved at the 01/18/22 commission meeting. Bush McCarthy, Fire Lieutenant purchased 12 months of service time. He will be responsible to pay \$9,560.99 to be added to his accumulated employee contribution total.
- Mariah Erard, former Police Officer, withdrew her contributions totaling \$2,118.49. This total consisted of \$2,118.49 in pre-tax contributions and \$0 in interest. A payment was issued to Ms. Erard on 02/14/22.
- Everett Lanphar, former Police Officer, withdrew his contributions totaling \$16,801.24. This total consisted of \$16,519.48 in pre-tax contributions and \$281.76 in interest. A payment was issued to Mr. Lanphar on 02/14/22.
- Chad Stuck, Firefighter retired on 01/26/22.
- Carney Greene, Police Officer, terminated 1/22/22. A letter regarding his options for withdrawal was emailed 02/14/22.

- The following resolutions need approved:

**JEANNELL G. JUSTIN**

**WHEREAS**, the Board of Trustees is in receipt of an application for participation in the Deferred Retirement Option Plan (DROP) from Jeannell G. Justin requesting an effective retirement date of 7/7/2021, and

**WHEREAS**, Jeannell G. Justin is eligible for retirement based on her service credit pursuant to Act 345 of the Public Acts of 1937, as amended, and retirement provisions of the union contract, and

**WHEREAS**, the final actuarial calculation was received, and

**WHEREAS**, Jeannell G. Justin elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of Jeannell G. Justin for participation in the DROP is approved, and

**RESOLVED**, the DROP benefit for Jeannell G. Justin shall commence as of 7/7/2021, and

**RESOLVED**, the gross monthly retirement benefit is \$6,617.52 and shall be Jeannell G. Justin's DROP benefit credited monthly to her DROP account and  
**RESOLVED**, Jeannell G. Justin's participation in the DROP shall terminate on 7/06/2026.

**LAMARR E. MINGLE**

**WHEREAS**, the Board of Trustees is in receipt of an application for participation in the Deferred Retirement Option Plan (DROP) from LaMarr E. Mingle requesting an effective retirement date of 7/6/2021, and

**WHEREAS**, LaMarr E. Mingle is eligible for retirement based on his service credit pursuant to Act 345 of the Public Acts of 1937, as amended, and retirement provisions of the union contract, and

**WHEREAS**, the final actuarial calculation was received, and

**WHEREAS**, LaMarr E. Mingle elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of LaMarr E. Mingle for participation in the DROP is approved, and

**RESOLVED**, the DROP benefit for LaMarr E. Mingle shall commence as of 7/6/2021, and

**RESOLVED**, the gross monthly retirement benefit is \$6,617.52 and shall be LaMarr E. Mingle's DROP benefit credited monthly to his DROP account and

**RESOLVED**, LaMarr E. Mingle's participation in the DROP shall terminate on 7/05/2026.

**JAMES C. GRAFTON**

**WHEREAS**, the Board of Trustees is in receipt of an application for retirement from James C. Grafton requesting an effective retirement date of 9/12/2021, and

**WHEREAS**, James C. Grafton is eligible for retirement based on his service pursuant to Act 345 of the Public Acts of 1937, as amended, and retirement provisions of the non-represented group, and

**WHEREAS**, the final actuarial calculation was received, and

**WHEREAS**, James C. Grafton elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of James C. Grafton for retirement is approved, and

**RESOLVED**, the retirement benefit for James C. Grafton shall commence as of 9/12/2021, and

**RESOLVED**, the gross monthly retirement benefit is \$6,784.68 subject to tax withholdings and any other elective deductions, and

**RESOLVED**, the gross retroactive payment of \$4,296.96 for 19 days in September was paid on 10/07/21 and the regular gross monthly benefit shall begin 11/1/21.

**SARAH L. BENTLEY**

**WHEREAS**, the Board of Trustees is in receipt of an application for retirement from Sarah L. Bentley requesting an effective retirement date of 7/24/21, and

**WHEREAS**, Sarah L. Bentley is eligible for retirement based on her service pursuant to Act 345 of the Public Acts of 1937, as amended, and retirement provisions of the union contract, and

**WHEREAS**, the final actuarial calculation was received and,

**WHEREAS**, Sarah L. Bentley elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of Sarah L. Bentley for retirement is approved, and

**RESOLVED**, the retirement benefit for Sarah L. Bentley shall commence as of 7/24/21, and

**RESOLVED**, the gross monthly benefit is \$7,083.01 subject to tax withholdings and any other elective deductions, and

**RESOLVED**, the gross retroactive payment of \$1,827.87 for 8 days in July was paid on 8/13/21 and the regular gross monthly benefit shall begin 9/1/21.

#### **THOMAS GREGORY SMITH**

**WHEREAS**, the Board of Trustees is in receipt of an application for participation in the Deferred Retirement Option Plan (DROP) from Thomas Gregory Smith requesting an effective retirement date of 9/23/2021, and

**WHEREAS**, Thomas Gregory Smith is eligible for retirement based on his service credit pursuant to Act 345 of the Public Acts of 1937, as amended, and retirement provisions of the union contract, and

**WHEREAS**, the final actuarial calculation was received, and

**WHEREAS**, Thomas Gregory Smith elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of Thomas Gregory Smith for participation in the DROP is approved, and

**RESOLVED**, the DROP benefit for Thomas Gregory Smith shall commence as of 9/23/2021, and

**RESOLVED**, the gross monthly retirement benefit is \$5,587.88 and shall be Thomas Gregory Smith's DROP benefit credited monthly to his DROP account and

**RESOLVED**, Thomas Gregory Smith's participation in the DROP shall terminate on 9/22/2026.

**Motion Martin**, seconded Rabbitt to accept the DROP resolutions for Jeannell Justin, LaMarr Mingle and Thomas Smith and the retirement resolutions for James Grafton and Sarah Bentley. On a voice vote, motion **carried**.

*Martin* – none.

*Rabbitt* – none.

New Business

**CAPTRUST – Asset Manager Portfolio Update:** Tollas provided 4th quarter investment reports:

- 4<sup>th</sup> quarter performance large cap stock up 29%, real estate up 39% commodities up 27% and bond returns flat and down 1.5%.
- 2021 economic activity - COVID variants raise, CPI reached a 40-year high level of 6.8%, and labor conditions.
- Total portfolio 4.07% for 4<sup>th</sup> quarter vs. benchmark of 4.13%, YTD returns are 10.92% vs. 11.37%.
- Address board member Martin’s question about cryptocurrencies:
  - Currently Bitcoin is not insured through the FDIC, Bitcoin exchange currently does not have similar protections
  - History of volatility. The exchange rate has been very volatile and the exchange rate could drastically decline.
  - Government regulation – Bitcoins are not legal tender and governments may restrict the use and exchange of Bitcoin.
  - Security concerns – Bitcoin may be stolen by hackers.
  - New and developing – Bitcoin does not have an established track record of credibility and trust.

Next regular meeting: Monday, March 21, 2022 at 1:30 p.m.

Meeting adjourned at 2:49 p.m.

Respectfully submitted,  
Tracy Hovarter, Recording Secretary

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Board Member signature

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