

**POLICE & FIRE PENSION BOARD MEETING**

**DATE: April 20, 2022**

**City Hall, Commission Chambers**

**TIME: 10:00 A.M.**

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

Also Present: Jeremy Tollas, CAPTRUST, Tracy Hovarter, Police & Fire Pension Administrator

Chair Chubinski asked to add an item to the agenda under new business to discuss the 401H Fund for retirees. **Motion Giannunzio**, seconded by Martin to approve the addition of new business on the agenda to discuss the 401H Fund. On a voice vote, motion **carried**.

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

Presented minutes of the regular meeting held March 21, 2022. **Motion Guzzo**, seconded Martin to approve the regular meeting minutes from March 21, 2022. On a voice vote, motion **carried**.

Bank Summary of Assets & Expense Reports

As of 03/31/2022, the market value of the portfolio was \$177,822,702.83 a loss of \$350,608.94 from the 02/28/2022 balance.

For the month of March, 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	9.81	Monthly	12/04/21 - 01/12/22
Actuarial Services Fee	Gabriel Roeder Smith & Co.	2,700.00	As Needed	1 Military Purchase
Actuarial Services Fee	Gabriel Roeder Smith & Co.	39,000.00	Annually	
Administrative Fee	City of Battle Creek	6,000.00	Quarterly	01/01 - 06/30/22
Consulting Services	CAPTRUST	47,500.00	Quarterly	10/01 - 03/31/21
<b>Total Admin. Fees</b>		<b>95,209.81</b>		

	<u>Prior Quarter</u>	<u>1/31/2022</u>	<u>2/28/2022</u>	<u>3/31/2022</u>	<u>Current Quarter</u>
Beginning balance, at market	184,210,344.27	190,362,921.30	182,111,369.31	178,173,311.77	190,362,921.30
<b>Additions</b>					
Investment income:					
Interest and dividends:					
Cash received	4,570,837.96	103,153.45	118,509.97	75,363.22	297,026.64

Beginning accrual	(667,938.64)	(262,006.05)	(256,092.99)	(253,236.55)	(771,335.59)
Ending accrual	722,231.40	256,092.99	253,236.55	272,003.24	781,332.78
Net appreciation	2,880,964.75	(8,053,118.98)	(3,638,515.48)	7,221.87	(11,684,412.59)
Investment expenses	(44,948.38)	-	(44,974.56)	-	(44,974.56)
	7,461,147.09	(7,955,878.59)	(3,567,836.51)	101,351.78	(11,422,363.32)
<b>Contributions:</b>					
Employer	1,578,218.14	526,203.50	526,203.50	532,556.71	1,584,963.71
Employee	399,283.90	205,042.64	137,831.95	123,096.93	465,971.52
	1,977,502.04	731,246.14	664,035.45	655,653.64	2,050,935.23
	9,438,649.13	(7,224,632.45)	(2,903,801.06)	757,005.42	(9,371,428.09)
<b>Deductions:</b>					
Benefit Payments	(3,244,681.73)	(1,013,613.58)	(1,013,167.28)	(1,012,441.50)	(3,039,222.36)
Redeposits - Offset to Benefits Pd.	5,999.58	-	725.78	(2,700.00)	(1,974.22)
Contribution refunds	-	-	(21,830.64)	-	(21,830.64)
Administrative expenses	(50,980.18)	(13,979.75)	-	(92,509.81)	(106,489.56)
Member reimbursements	-	-	-	-	-
Insurance premiums	-	-	-	-	-
	(3,289,662.33)	(1,027,593.33)	(1,034,272.14)	(1,107,651.31)	(3,169,516.78)
Assets received	1,003.39	574.74	15.66	-	590.40
Other cash receipts	2,014.69	99.05	-	-	99.05
Other Income	-	-	-	-	-
Other non-cash	-	-	-	-	-
Assets Distributed	(777.85)	-	-	-	-
Redeposits - Not Benefit Pmts.	1,350.00	-	-	-	-
Miscellaneous Disbursements	-	-	-	36.95	36.95
Other Disbursements	-	-	-	-	-
Transfers	-	-	-	-	-
	3,590.23	673.79	15.66	36.95	726.40
Ending balance, at market	190,362,921.30	182,111,369.31	178,173,311.77	177,822,702.83	177,822,702.83

**Investments**

**Debt securities:**

U.S. Government obligations	22,314,388.70	20,516,324.00	20,107,315.75	21,566,781.15	21,566,781.15
Collateralized MTG Obligations	6,687,115.74	6,516,232.13	6,429,635.61	5,737,058.70	5,737,058.70
Asset Backed	2,760,568.02	2,698,684.69	2,764,452.43	2,642,654.15	2,642,654.15
Corporate obligations	13,609,738.85	13,760,293.25	14,071,107.94	13,082,848.94	13,082,848.94
Convertible Corporate Bons	-	-	-	254,126.77	254,126.77
Foreign Bonds and Notes	3,249,076.45	3,422,967.90	3,238,529.25	3,173,877.66	3,173,877.66
Mortgage Backed Securities	2,497,260.57	2,400,748.87	4,750,132.11	5,426,852.39	5,426,852.39
Private Placements	392,864.80	129,603.00	128,468.00	125,201.75	125,201.75
Open End MF - Fixed Inc Tax	20,308,189.37	20,159,039.53	20,028,011.47	19,712,713.19	19,712,713.19
<b>Equity securities:</b>					
Open End MF - Equity	109,598,190.73	102,931,932.64	100,194,751.78	102,228,627.94	102,228,627.94
Comerica Short-term fund	3,347,125.07	2,460,173.07	4,613,610.62	2,783,096.25	2,783,096.25
US Treasury Bills	5,334,753.20	6,905,678.35	4,794,774.20	1,404,199.15	1,404,199.15
Cash	1,643.75	767.09	1,687.50	-	-
Due From Broker	-	177,657.05	305,292.30	249,460.50	249,460.50

Due To Broker	-	(224,825.25)	(3,507,693.74)	(836,798.95)	(836,798.95)
Accrual	262,006.05	256,092.99	253,236.55	272,003.24	272,003.24
	<u>190,362,921.30</u>	<u>182,111,369.31</u>	<u>178,173,311.77</u>	<u>177,822,702.83</u>	<u>177,822,702.83</u>

Board/Administrator Reports:

- Chubinski
- Giannunzio
- Guzzo
- Martin
- Rabbitt
- Hovarter

Hovarter Report:

- Dalton Turmell, Police Officer hired on 3/19/22.
- Paul Lind, passed away 04/05/22. A pro-rated portion for 5 days in April. This final payment of \$200.00 subject to tax withholdings and any other elective deductions will be paid on 05/01/22.
- Melanie Beyer former Police Officer, terminated 03/26/22. A letter regarding her options for withdrawal was emailed 04/11/22. She has requested to have \$17,191.75 rolled over to Vantagepoint Transfer Agents/457.
- The following resolutions need Board approval:

**SCOTT D. EAGER**

**WHEREAS**, the Board of Trustees is in receipt of an application for retirement from Scott D. Eager requesting an effective retirement date of 10/16/21, and

**WHEREAS**, Scott D. Eager 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 union contract, and

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

**WHEREAS**, Scott D. Eager elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of Scott D. Eager for retirement is approved, and

**RESOLVED**, the retirement benefit for Scott D. Eager shall commence as of 10/16/21, and

**RESOLVED**, the gross monthly benefit is \$8,596.48 subject to tax withholdings and any other elective deductions, and

**RESOLVED**, the gross retroactive payment of \$4,436.89 for 16 days in October was paid on 11/08/21 and the regular gross monthly benefit began 12/1/21.

**JOSEPH R. WILDER**

**WHEREAS**, the Board of Trustees is in receipt of an application for retirement from Joseph R. Wilder requesting an effective retirement date of 10/16/21, and

**WHEREAS**, Joseph R. Wilder 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 union contract, and

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

**WHEREAS**, Joseph R. Wilder elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of Joseph R. Wilder for retirement is approved, and

**RESOLVED**, the retirement benefit for Joseph R. Wilder shall commence as of 10/16/21, and

**RESOLVED**, the gross monthly benefit is \$5,574.60 subject to tax withholdings and any other elective deductions, and

**RESOLVED**, the gross retroactive payment of \$2,877.21 for 16 days in October was paid on 11/08/21 and the regular gross monthly benefit began 12/1/21.

#### **JAYE A. TKAC**

**WHEREAS**, the Board of Trustees is in receipt of an application for participation in the Deferred Retirement Option Plan (DROP) from Jaye A. Tkac requesting an effective retirement date of 8/22/2021, and

**WHEREAS**, Jaye A. Tkac 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**, Jaye A. Tkac elected straight life with 60% surviving spouse benefit, therefore be it

**RESOLVED**, that the application of Jaye A. Tkac for participation in the DROP is approved, and

**RESOLVED**, the DROP benefit for Jaye A. Tkac shall commence as of 8/22/21, and

**RESOLVED**, the gross monthly retirement benefit is \$5,905.61 and shall be Jaye A. Tkac's DROP benefit credited monthly to his DROP account and

**RESOLVED**, Jaye A. Tkac's participation in the DROP shall terminate on 8/21/2025.

### **BATTLE CREEK POLICE AND FIRE PENSION SYSTEM RESOLUTION**

**Adopted:**

**RE: Scott Larry Silverman v. Laura Ann Silverman  
Calhoun County Circuit Court Case No. 17-3034-DM**

**WHEREAS**, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated March 24, 2022, wherein Laura Ann Silverman, the Alternate Payee, is awarded certain rights to the benefits of Scott Larry Silverman, the Participant, and

**WHEREAS**, the Alternate Payee is entitled to a portion of the Participant's re-computed monthly non-duty disability retirement benefit from the Retirement System, and

**WHEREAS**, said matter having been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law, therefore be it

**RESOLVED**, that the Board acknowledges receipt of said court order and will administer benefits consistent with said order as soon as administratively feasible and that the benefits payable to the Alternate Payee shall be payable effective April 6, 2022, and further

**RESOLVED**, that a copy of this Resolution be immediately attached as the top sheet of the Participant's pension file and other appropriate records be retained by the Retirement System relative to this matter, and further

**RESOLVED**, that copies of this resolution be sent to Scott Larry Silverman, the Participant; Laura Ann Silverman, the Alternate Payee; Lisa A. McNiff, Esq., attorney for the Participant; Kellie E. Podolsky, Esq., attorney for the Alternate Payee; and the Board's Actuary.

**Motion Rabitt**, seconded Martin to accept the retirement resolutions for Scott D. Eager and Joseph R. Wilder and the DROP resolution for Jaye A. Tkac. On a voice vote, motion **carried**.

No action taken on the Silverman resolution. To be brought back at a further time after the parties have paid all expenses.

#### Old Business

- **Actuarial Experience Study**  
Chair Chubinski shared that Linda Morrison, Revenue Services Director had some vendors for the actuarial experience study that she will share with the board.

#### New Business

- **CAPTRUST - Asset Manager Portfolio Update:** Tollas provided March investment reports:
  - Suggestion to rebalance cash funds
  - US Large Cap Stocks up 3.71% while YTD is down 4.6%
  - US Small Cap Stock is up 1.24% while YTD is down 7.53%
  - Emerging Market Stocks down 2.26% while YTD is down 6.97%
  - US Bonds down 2.78% while YTD is down 5.93%
  - As the threat of interest rates goes up bond rates go down

The benchmark 10 year US Treasury yield rose 2.34% the highest level since 2009

As of April 18, 2022, the investment is \$173,123,434 and cash is just over 1,000,000. We propose the board take action to sell Fidelity 500 Index stock of 4.5 million and move to cash since that will be needed in the next 9 months for contributions paid out.

Chair Chubinski asked for approval to sell Fidelity 500 Index stock. **Motion Guzzo**, seconded Giannunzio to approve the sell Fidelity 500 Index stock. On a voice vote, motion **carried**.

- 401H Fund

Chair Chubinski mentioned that the 401H fund invoices the Police & Fire Pension fund \$500,000 each year for retiree's health insurance. As it is now all retirees have received assistance. The 401H fund has excess of funds that have flowed back to the pension board in a restricted fund balance. The 401H fund make the \$500,000 contribution next year. There have been discussions of dissolving the board as the need for funds is dwindling. Linda should have more information at the next meeting.

Public Comment - none

Next meeting: Thursday, May 12, 2022 @ 1:30 p.m.

Meeting adjourned at 10:24 a.m.

Respectfully submitted,  
Tracy Hovarter, Recording Secretary

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Board Member signature

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Board Member signature