

POLICE & FIRE PENSION BOARD MEETING

DATE: July 20, 2020

Electronic Zoom Meeting

TIME: 10:01 A.M.

Present: Doug Bagwell, Stan Chubinski, Tammy Giannunzio, Ed Guzzo (10:04) and Jake Martin.

Also Present: Justin Cohen, Dori Drayton, & Jeremy Tollas of Plante Moran Financial Advisors (PMFA); Linda Morrison, Revenue Services Director; Sarah VanWormer, IT Director; Jessica Vanderkolk, Communications Manager and Kourtney Matuschka, Finance Officer/Police & Fire Retirement System Administrator.

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

Presented minutes of the regular meeting on May 27, 2020. No minutes for June 22, 2020 meeting cancelled. **Motion Bagwell**, seconded Giannunzio to approve the regular session minutes. On a voice vote, motion **carried**.

Bank Summary of Assets & Expense Report:

As of 6/30/2020, the market value of the portfolio was \$155,245,354, a gain of \$2,742,115 from the 5/31/2020 balance.

As of 7/16/2020, the portfolio market value was \$159,402,167, which is a gain of \$4,156,813 since 6/30/2020.

For the month of May, the following expenses were authorized for payment.

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Investment Fees	Loomis Sayles & Co	23,439.75	Quarterly	1/1 - 3/31/20
Investment Fees	Harding Loevner International	15,300.00	Quarterly	4/1 - 6/30/20
Investment Fees	Richmond Capital Management	2,367.00	Quarterly	1/1 - 3/31/20
Investment Fees	Robeco Boston Partners SCV	9,648.25	Quarterly	1/1 - 3/31/20
Investment Fees	Westfield Capital Management	13,710.07	Quarterly	1/1 - 3/31/20
Investment Fees	Lazard Intl Equity	11,104.61	Quarterly	4/1 - 6/30/20
Investment Fees	Robeco Boston Partners LCV	11,287.55	Quarterly	1/1 - 3/31/20
Investment Fees	Earnest Partners Intermediate	15,563.54	Quarterly	1/1 - 3/31/20
Total Investment Fees		102,420.77		
Misc Fees (asset manager)	Misc Admin fees - non investment	3,723.47	Monthly	5/1 - 5/31/20
Consulting Services	Plante Moran Financial Advisors	23,750.00	Quarterly	1/1 - 3/31/20
Legal Fees	VanOverbeke, Michaud & Timmony, P.C.	2,049.60	Quarterly	1/1 - 3/31/20
Administrative Fee	City of Battle Creek	2,000.00	Quarterly	1/1 - 3/31/20
Total Admin. Fees		31,523.07		

Additional Notes: Attorney's invoice contained \$256.20 for Legislative/CARES Act updates; \$311.10 review orders & resolution re: Rolfe vs State of Michigan; \$585.60 review & resolution for EDRO; \$768.60 addressing military service time, FAC & policy for active member; \$128.10 for annuity withdrawal review

For the month of June, the following expenses were authorized for payment.

<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	5,400.26	Monthly	6/1 - 6/30/20
Administrative Fee	City of Battle Creek	2,000.00	Quarterly	4/1 - 6/30/20
Total Admin. Fees		7,400.26		

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

Board Reports

Bagwell – Multiple retirements, two resignations and two new hires.

Chubinski – none.

Giannunzio – none.

Guzzo – none.

Martin – none.

Matuschka

- Matthew Robinson exited the DROP with a retirement date effective 5/31/20. Total benefits and interest totaled \$69,941.61 less 5% of interest earned (\$24.30), less early withdrawal penalty of 75% of interest earned (\$364.54). The remaining balance of \$69,552.77 was requested to be payable to Mr. Robinson \$54,552.77 and \$15,000.00 rollover payable to ICMA RC. Both payments were issued on 6/4/20 and his regular monthly benefit payments will begin on 7/1/20 with a pro-rated portion for May (1 day) and full June benefit amount.
- Isaac Yonkers, Police Officer terminated on 5/29/20. A letter regarding his options for withdrawal was sent 6/8/20.
- Julie Madsen, Police Officer retired effective 6/13/20.
- Fire Retiree, Robert Schuder died 5/17/20, without a surviving beneficiary. His 6/1/20 payment was pulled back on 6/8/20 and replaced with a pro-rated portion for 17 days in May.
- Fire Retiree, John Bell died 5/26/20, without a surviving beneficiary. His 6/1/20 payment was pulled back on 6/8/20 and replaced with a pro-rated portion for 26 days in May.
- Jordan Pardee, Police Officer terminated on 6/27/20. A letter regarding his options for withdrawal was sent 7/6/20.
- Fire Retiree, James Elliott died 7/1/20, no surviving spouse benefit is payable. His 8/1/20 payment will reflect a pro-rated portion for 1 day in July.
- Joseph Seech and Dominic Alderman hired as Police Officers effective 7/13/20.

- Brad Wise, Police Inspector entered the Police Non-Represented DROP program effective 7/1/20.
- Brian Bartzen, Fire Lieutenant retired effective 7/7/20.
- Jon Hancotte, Police Officer retired effective 7/11/20.
- Surviving Spouse, Elsie Shulters died 7/5/20. Her 8/1/20 benefit payment will represent a pro-rated portion for 5 days in July.
- Reminder to Stan & Doug – MAPERS 9/12 – 9/15, Mackinac Island.

Old Business

Disability Retirement Re-Examination: Board must decide which doctor to use for re-examination for non-duty disability retiree, Jason Crape.

Motion Martin, seconded Bagwell to accept Dr. Ravinder Mediratta as the Board's selection for the re-examination for Jason Crape. On a voice vote, motion **carried**.

Disability Policy: The Board discussed the Disability Policy and the understanding about the re-examination requirements. The Board has requested further clarification from legal counsel. The Board prefers to have the re-examination requirements clarified in the following manner: 1. The Board may require a disability retiree to be re-examined once during the first five (5) of disability retirement. 2. The Board may require a disability retiree to be re-examined once every three (3) years after their first re-examination. 3. If a disability retiree requests to be re-instated, the Board may require a re-examination prior to being re-instated.

Motion Guzzo, seconded Martin to request legal opinion on Disability Policy revision as indicated above. On a voice vote, motion **carried**.

New Business

PMFA – Asset Manager Portfolio Update: Cohen presented an update on the economy and capital markets through June 30, 2020.

- GDP recorded for Quarter 1 of 2020 revised to show -5%. This represents the first quarterly drop in output since 2014.
- Manufacturing sector, ISM index has shown improvements increasing from 41.5 to 43.1 in the month of May and to 52.6 in June.
- Household balance sheets are the strongest they have been in over 40 years with low debt payments and high savings rates.
- Calendar year-to-date portfolio return is .22% vs benchmark of .28%.
- Fiscal year-to-date portfolio return 6.16% vs benchmark of 6.55% and June 30 quarterly returns are 13.38% vs benchmark of 12.38%.

Tollas discussed the need to rebalance the portfolio.

- Total fixed income is currently at 38.3% and our target percentage is 45%; total equities are at 61.7% vs target percentage of 55%.
- 1st part of rebalancing suggestion is to sell \$10.5 million out of equities and move to fixed income.
- 2nd part of rebalancing suggestion is to reduce Robeco LCV, WAM & Loomis LCP manager's target allocation by 1% for each manager and increase Robeco SCV allocation by 2% and Westfield Mid Cap allocation by 1%. This will change the target allocation for the sub asset class going forward.

Motion Bagwell, seconded Guzzo to authorize the selling of \$10.5 million from equities to purchase fixed income investments; also, to reduce the target allocations of large cap managers by 3% (1% for three managers) and increase the small cap value by 2% and mid cap by 1%. On a voice vote, motion **carried**.

Public Comment – Morrison shared information from the Police & Fire Retiree Health Care Insurance Board meeting on June 26. For fiscal year 2020 the unspent funds totaling \$71,991 will be combined with unspent funds of \$15,948 from fiscal year 2019 totaling \$87,939 to be left in the pension fund and recorded as a designation of fund balance on the Pension Fund's financial statements.

Next regular meeting: Monday, August 17, 2020 at 10:00 a.m.

Meeting adjourned at 10:54 a.m.

Respectfully submitted,
Kourtney Matuschka, Recording Secretary

Board Member signature

Board Member signature