

POLICE & FIRE PENSION BOARD MEETING
DATE: JUNE 29, 2022
CITY HALL, COMMISSION CHAMBERS
TIME: 1:30 P.M.

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

Also Present: Linda Morrison (Revenue Services Director), Aaron Kuhn (Assistant Revenue Services Director), Jeremy Tollas (CAPTRUST), and Lily Vardell (Police & Fire Pension Administrator.)

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

Presented minutes of the regular meeting from May 12, 2022. Comment from Guzzo: Adjust page three of minutes, line five from reserved fund to reserved funds to make minutes more clear. **Motion Guzzo**, seconded by Martin to approve the regular meeting minutes from May 12, 2022, with the amendment to page 3. On a voice vote, motion **carried**.

Bank Summary of Assets & Expense Report:

As of 5/31/2022, the market value of the portfolio was \$166,989,215.13 a gain of \$810,050.89 from the 04/30/2022 balance.

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

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Actuarial Services Fee	Gabriel Roeder Smith & Co.	1,500.00	As Needed	1 EDRO Calculation
Legal Fees	VanOverbeke, Michaud & Timmony, P.C.	285.00	As Needed	1 EDRO Review
Misc Fees	Class Action Handling fees	30.00	As Needed	
Total Admin. Fees		1,815.00		

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

Board Reports

Chubinski – none

Giannunzio – none

Guzzo – none

Rabbitt – none

Martin

- Highlights from MAPERS conference:
 - Need to add a few documents to our website to meet the MAPERS ‘Trustee Handbook’ guidelines. Would like to have new documents available on the website by early 2023.
 - Would like to create an Administrative Calendar for the board. Something that is accessible to all board members where we can access policy reviews and upcoming deadlines.
 - Question from Martin: do we keep a resolution index and prior legal opinions?
 - Answer from Vardell: Not sure if we have an index for resolutions. We keep legal opinions, but not currently organized in one location.
 - Best Practices Scorecard tool can help us review items on a regular basis. Could add these practices as review items on the Administrative Calendar once the calendar is created.
 - Comment from Guzzo: we have a list of current policies with dates of when we need to review them. Administrator will bring them to the board once they are due for review.
 - Vardell confirmed we do have this policy review list.
 - Actuarial Studies reports after February 15, 2023 will include a new metric that will be used to show unfunded liability to the Board.
 - Look into the practice of phasing in contributions over a 2-4 year period to minimize the spike of a contribution rate.
 - Comment from Chair Chubinski: contribution rates have been minimal increases, and last year was a decrease. Might not have a large impact currently, but something to look at in the future.
 - Board members reviewed report of expenses for the MAPERS conference.

Vardell

- Chris Rabbitt was the sole nomination for the Police Representative. Consistent with the Election Policy, Chris shall be re-appointed as the Police Representative to complete the four-year term of 7/1/22 through 6/30/26. **Per new guidelines put in place by the City’s Board Committee, we will need a motion to approve this re-appointment.**
 - Question from Chair Chubinski: doesn’t the City Commission approve the board appointments?
 - Answer from Vardell: City’s new Board Committee is trying to streamline practices of all City boards. Board Committee would like appointments and re-appointments approved by the individual boards with a motion prior to approval

by the City Commission. Also, in the future all appointments and re-appointments to the Board will need to fill out a Board Application.

Motion Martin, seconded by Giannunzio to accept the re-appointment of Chris Rabbit to the board as the Police Representative for a four-year term of 7/1/22 through 6/30/26. On a voice vote, motion **carried**.

- MAPERS Fall Conference registration is now open. September 17th-20th (Saturday-Tuesday.) Board members eligible to participate: Chubinski, Rabbitt, Giannunzio (out of town.)
- New Police Officers hired:
 - 5/9/22: Caleb Skaggs & Madison Logsdon
 - 5/16/22: Nicholas Albaran
 - 6/12/22: Pamela Fickle, Paul Green, Nicholas Cooper, Joshua Street, & Trevor Scott.
- Brian Sturdivant, Fire Chief, terminated on 4/29/22. A letter regarding his options for withdrawal was sent 5/12/22.
- Derek Malone, Fire Captain, retired effective 5/26/22.
- Tracey Walker, Fire Equipment Operator, entered the DROP effective 3/11/22. Resolution to approve below.
- Silverman EDRO:
 - 5/6/22: Sent letters to both parties with breakdown of fees they are required to pay by 6/1/22.
 - 5/13/22: Laura paid fees in full.
 - 5/23/22: Sent Laura a letter regarding her benefit payments (a retro payment will be made in July, regular benefits to begin in August.)
 - 5/24/22: Sent Scott a letter regarding his benefit payments (reduction in amount due to EDRO.)
 - Resolution to approve below.
- **The following two resolutions need approval:**

TRACEY WALKER

WHEREAS, the Board of Trustees is in receipt of an application for participation in the Deferred Retirement Option Plan (DROP) from Tracey Walker requesting an effective retirement date of 3/11/22, and

WHEREAS, Tracey Walker 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, Tracey Walker elected straight life with 60% surviving spouse benefit, therefore be it

RESOLVED, that the application of Tracey Walker for participation in the DROP is approved, and

RESOLVED, the DROP benefit for Tracey Walker shall commence as of 3/11/2022, and

RESOLVED, the gross monthly retirement benefit is \$6,253.52 and shall be Tracey Walker's DROP benefit credited monthly to his DROP account and

RESOLVED, Tracey Walker's participation in the DROP shall terminate on 3/10/2027.

Motion Martin, seconded by Rabbitt to accept the DROP resolution for Tracey Walker. On a voice vote, motion **carried**.

SCOTT SILVERMAN

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.

- Question from Martin: resolution shows as an EDRO, but he is currently retired so should this be a DRO?
- Answer from Vardell: this was how the attorney paperwork was worded, and we believe the attorney paperwork was drawn up prior to Silverman's retirement.

Motion Rabbitt, seconded by Martin to accept the EDRO resolution for Scott Silverman. On a voice vote, motion **carried**.

New Business

- **FY 2022/2023 Budget:** Vardell presented the Fiscal Year 2022/2023 budget for the Retirement System.
 - Question from Guzzo: How do the Investment Management Fees of \$450,000.00 compare to prior years? Have the fees decreased given our change in investment structure?
 - Answer from Jeremy Tollas (CAPTRUST): fees have decreased given there is only one investment manager in the portfolio now.
 - Answer from Vardell: so far for Fiscal Year 2021/2022, we have spent \$328,000.00 on Investment Management Fees and we budgeted \$652,050.00.
 - Comment from Chair Chubinski: we should review the budget at the December meeting to determine if any adjustments need to be made.

Motion Guzzo, seconded by Martin to approve the Fiscal Year 2022/2023 budget as presented. On a voice vote, motion **carried**.

- **Actuarial Valuation:** Linda Morrison (Revenue Services Director) presented a comparison of Actuarial Services between GRS, Watkins Ross, and Cavanaugh McDonald.
 - Costs of the three firms are very close to each other. GRS is the lowest cost at \$19,000.00.
 - Morrison recommends we stay with GRS, but reach out to them with our concerns about turn-around times.
 - Question from Martin: if we award GRS with the Actuarial Valuation for this year, can we include a timeframe in our response to them?
 - Answer from Morrison: yes, we can let them know our expectations on timeframes.
 - Question from Guzzo: can you share the prices of other two quotes?
 - Answer from Morrison: Watkins Ross is \$19,490.00, Cavanaugh McDonald is \$19,200.00.

- Question from Guzzo: what other factors led to the recommendation of GRS over the other two Actuarial companies?
- Answer from Morrison: familiarity with GRS, established points of contact.
- Question from Martin: GRS includes ten benefit calculation in their Actuarial Services fee, what do the other two companies charge for a benefit calculation?
- Answer from Morrison: Watkins Ross is \$290.00 per benefit calculation. Cavanaugh McDonald is \$300.00. These dollar amounts are included in the above quotes. Quotes shared above are based on an average of benefit calculations we have requested over the past five years.
- Comment from Morrison: also received quotes for the cost of sending members an Annual Participation Statement. GRS quote is for \$2,600.00. Watkins Ross quote is for \$2,300.00. Cavanaugh McDonald is much more expensive for this service.
- Comment from Guzzo: raised concerns about GRS due to lack of knowledge during last presentation given by GRS to the Board. There was also an issue with the numbers given for certain calculations during that presentation.
- Comment from Morrison: we can reach out to GRS with all of our concerns prior to making a decision on Actuarial Services.

Motion Guzzo**, seconded by Giannunzio, to table the Actuarial Valuation until the July meeting. On a voice vote, motion **carried**. (motion amended below, at 2:35pm**)

- Due to the timing of the next Board meeting in August, we will need to make a decision about the Actuarial Valuation prior to August. Morrison and Vardell will have a meeting with GRS addressing all concerns. If GRS conversation goes well, we will proceed with GRS for this year's Actuarial Valuation. If GRS conversation does not go well, we will hold a special meeting on July 26th, 2022 to make a decision.

Motion Guzzo, seconded by Martin, to amend the above Actuarial Valuation Motion and go forward with GRS as the provider of the Actuarial Valuation, with the understanding that Morrison (Revenue Services Director) will have a conversation with GRS addressing the Board's concerns. At Morrison's discretion, if the conversation with GRS does not go well, we will have a special meeting on July 26th, 2022 to discuss the Actuarial Valuation. On a voice vote, motion **carried**.

- **CAPTRUST:** Tollas provided a May investment update:
 - Bonds up 0.64% in May. YTD for Bonds is a loss at -8.92% due to rising interest rates. Fed recently announced another interest rate hike of 0.75%. When that occurs, Bond prices fall.
 - Real Estate down by -4.36%, causing concern about rising mortgage rates.
 - Next meeting will include June numbers and a Quarter-to-date performance.

- No required rebalancing for this month.
- Fixed Income performance was positive for this first time in a while with a 0.33% return.
- Overall, MTD return was 0.39%. YTD return -11.35%.
- Earnest Partners balance of \$4,373.44 is now held by Loomis and will be sold when it's most beneficial.
- Analysts are projecting increased earnings for 2022 and 2023.
- Comment from Guzzo: although YTD performance has been down, long-term performance of portfolio is still positive; this year's losses have not overwhelmed our past gains.

Public Comment – none

Next regular meeting: Tuesday, August 9th, 2022 at 1:30pm.

Meeting adjourned at 2:37pm

Respectfully submitted,
Lily Vardell, Recording Secretary

Board Member signature

Board Member signature