

**POLICE & FIRE PENSION BOARD MEETING**  
**DATE: AUGUST 9, 2022**  
**CITY HALL, COMMISSION CHAMBERS**  
**TIME: 1:30 P.M.**

Present: Stan Chubinski, Tammy Giannunzio, and Jake Martin.

Also Present: 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 Giannunzio**, seconded by Martin. On a voice vote, motion **carried**.

Presented minutes of the regular meeting from June 29, 2022. **Motion Martin**, seconded by Giannunzio to approve the regular meeting minutes from June 29, 2022. On a voice vote, motion **carried**.

Bank Summary of Assets & Expense Report:

As of 6/30/2022, the market value of the portfolio was \$158,078,049.67 a loss of \$8,911,165.46 from the 05/31/2022 balance.

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

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Misc Fees	Class Action Handling fees	30.00	As Needed	
Total Admin. Fees		30.00		

As of 7/31/2022, the market value of the portfolio was \$164,413,805.58 a gain of \$6,335,755.91 from the 06/30/2022 balance.

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

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Invoice Fee	Comerica Bank	12,314.91	Quarterly	3/1-6/30/22
Total Admin. Fees		12,314.91		

**Motion Martin**, seconded by Giannunzio to accept the financial reports and quarterly bank summaries submitted for June and July. On a voice vote, motion **carried**.

## Board Reports

*Chubinski* - none

*Giannunzio* - none

*Martin*

- Fire Dept hired four firefighters that started in July, and another firefighter starting in two weeks.
- Discussion with Fire retiree who just exited the DROP, Chris Love. Love inquired about Comerica doing a wire transfer for his DROP rollover disbursement, instead of a paper check.
  - Response from Vardell: We have spoken to Comerica about this, and they have confirmed they are not able to initiate wire transfers to third parties for DROP rollover disbursements.
  - Question from Martin: did we come to an agreement that we would overnight the rollover payments since they have to be mailed as a paper check?
  - Answer from Vardell: yes, we have set a new standard with Comerica that all future DROP rollover disbursements will be sent via overnight mail.
  - Question from Giannunzio: is this a check that the retiree can pick up?
  - Answer from Vardell: no, since it is a third-party check that we issue to another company on the retiree's behalf. However, Comerica can initiate wire transfers if the DROP payment is a lump sum payment directly to the retiree.

*Vardell*

- Dalton Turmell, Police Officer, terminated on 6/16/22. A letter regarding his options for withdrawal was sent 7/1/22.
- New Firefighters hired:
  - 7/18/22: Justin Holm, Raelyn DeGroff, Travis Henley, & Justin Miller
- Chris Love exited the DROP with a retirement date effective 7/5/22:
  - Benefits and interest totaled \$396,789.59
  - Admin error, did not withhold the 5% of interest earned (\$1,014.99.) Working with Chris to recollect these funds.
  - \$396,789.59 was requested to be rolled over payable to Vantage Point Transfer Agents-457.
  - This payment was issued on 7/7/22.
  - An off-cycle payment dated 8/1/22 for \$5,465.17 reflects a pro-rated portion for July (27 days.)
  - His regular monthly benefit payments of \$6,274.83 will begin on 9/1/22.
- Shawn Metheny exited the DROP with a retirement date effective 7/4/22:
  - Benefits and interest totaled \$386,012.56
  - Less 5% of interest earned (\$953.51)
  - Less early withdrawal penalty of 10% interest earned (\$1,907.01)

- The remaining balance of \$383,152.04 was requested to be rolled over payable to Edward Jones.
- This payment was issued on 7/20/22.
- An off-cycle payment dated 8/1/22 for \$5,747.70 reflects a pro-rated portion for July (28 days.)
- His regular monthly benefit payments of \$6,363.52 will begin on 9/1/22.

- **The following resolution needs approval:**

**DEREK R. MALONE**

**WHEREAS**, the Board of Trustees is in receipt of an application for retirement from Derek R. Malone requesting an effective retirement date of 5/28/22, and

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

**RESOLVED**, that the application of Derek R. Malone for retirement is approved, and

**RESOLVED**, the retirement benefit for Derek R. Malone shall commence as of 5/28/22, and

**RESOLVED**, the gross monthly benefit is \$6,377.55 subject to tax withholdings and any other elective deductions, and

**RESOLVED**, the gross retroactive payment of \$7,200.46 for 4 days in May and 30 days in June was paid on 7/1/22 and the regular gross monthly benefit began 8/1/22.

**Motion Martin**, seconded by Giannunzio to accept the retirement resolution for Derek Malone. On a voice vote, motion **carried**.

Old Business – Actuarial Valuation recap:

- Revenue Services Director, Linda Morrison, met with GRS 7/14 to discuss Board's concerns.
- Based on the discussions during this meeting, Morrison recommended GRS perform the actuarial valuation for the year ended 6/30/22.
- We will monitor the progress of GRS throughout this Fiscal Year and determine if we need to make any changes for next year's year-end actuarial valuation.
- All Board Members agreed with Morrison's recommendation.
- In accordance with the motion from the 6/29/22 meeting, the Board will proceed with GRS completing the actuarial valuation for the year ended 6/30/22.

## New Business

- Experience Study
  - Experience Study has been emailed to all board members for review.
  - Please email any questions for GRS to Administrator (Lily Vardell) prior to the September meeting.
  - We will discuss the Experience Study at-length at the September meeting with Revenue Services Director (Linda Morrison) and Assistant Revenue Services Director (Aaron Kuhn.)
  - Comment from Martin: anything the Board changes due to the review of the Experience Study will impact the upcoming Actuarial Valuation report.
  - Comment from Chubinski: yes, we would want any changes from the Experience Study incorporated into the next valuation.

**Motion Giannunzio**, seconded by Martin to table the Experience Study and review at the September meeting. On a voice vote, motion **carried**.

- Policy Review: Disability Retirement
  - Vardell presented grammatical revisions to the Disability Retirement Policy.
  - Only changes made were corrections to spelling and typos.
  - No motion needed.
- **CAPTRUST**: Tollas provided an economic update for Second Quarter ending 6/30/22.
  - Poor Quarter for U.S. Large-Cap Stocks: down over 16%. U.S. Small-Cap Stocks: down over 17%.
  - Commodities are still substantially positive at over 18% Year-To-Date, however they were also down in the Second Quarter by over 5%.
  - Year-To-Date, Energy stocks are up over 31%.
  - Rising interest rates: Three-month interest rate in the First Quarter was at 0.52% versus Second Quarter at 1.72%.
  - Biggest interest rate change was in mortgage rates: went from 4.90% in the First Quarter to 5.83% in the Second Quarter.
  - Increase in inflation since early 2020. Driving the inflation: Geopolitical Tension, COVID pandemic, and Demand-Driven (travel/cars/products.)
  - Negative wealth effect on the average consumer. Demand for spending money has increased.
  - Valuations are strong. Good time to stay disciplined with the investment strategy.
  - No need to re-balance the P&F Pension asset allocations at this time.
  - Market Value balance as of 6/30/22 was \$158,078,049. As of July, Market Value has increased about \$6 million.
  - Bonds still performing poorly. Even though the portfolio was down about 10.5% this quarter, the total portfolio did outperform the benchmark.

- Y-T-D the portfolio is down 15.89%.
- No recommendations to replace investment managers at this time. PIMCO is low duration and has less sensitivity to interest rate changes. Pairs well with Loomis, as Loomis is more aggressive.
- Growth potential for the remainder of 2022 and 2023.
  - Question from Martin: Is our investment blend of 55% stock 45% bond still appropriate or should we re-balance this?
  - Answer from Tollas: Yes, 55% stock and 45% bond still appropriate. Next meeting we will discuss this more when we look at our assumed rate of return.

Public Comment – none

Next regular meeting: To be determined. Need to reach out to absent board members for coordinating a date and time.

Meeting adjourned at 2:10pm

Respectfully submitted,  
Lily Vardell, Recording Secretary

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Board Member signature

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Board Member signature