

POLICE & FIRE PENSION BOARD MEETING

DATE: March 15, 2021

Electronic Zoom Meeting

TIME: 1:32 P.M.

Present: Stan Chubinski, Tammy Giannunzio, Ed Guzzo, Jake Martin & Chris Rabbitt.
Also Present: Justin Cohen and Jeremy Tollas, CAPTRUST; Abra Hill, Gabriel Roeder Smith & Company; Sarah VanWormer, IT Director; Jessica Vanderkolk, Communications Manager; Linda Morrison, Revenue Services Director; and Kourtney Matuschka, Finance Officer/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 on February 16, 2021. **Motion Rabbitt**, seconded Guzzo to approve the regular session minutes. On a voice vote, motion **carried**.

Bank Summary of Assets & Expense Report:

As of 2/28/2021, the market value of the portfolio was \$177,493,168 a gain of \$2,608,387 from the 1/31/2021 balance.

As of 3/11/2021, the portfolio market value was \$179,407,650, which is a gain of \$1,914,482 since 2/28/2021.

For the month of February, the following expenses were deducted.

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Investment Fees	Loomis Sayles & Co	27,191.63	Quarterly	10/1 - 12/31/20
Investment Fees	Harding Loevner International	32,181.00	Quarterly	1/1 - 3/31/21
Investment Fees	Richmond Capital Management	2,552.00	Quarterly	10/1 - 12/31/20
Investment Fees	Robeco Boston Partners SCV	28,635.56	Quarterly	10/1 - 12/31/20
Investment Fees	Westfield Capital Management	22,471.29	Quarterly	10/1 - 12/31/20
Investment Fees	Lazard Intl Equity	15,996.22	Quarterly	1/1 - 3/31/21
Investment Fees	Robeco Boston Partners LCV	16,043.33	Quarterly	10/1 - 12/31/20
Investment Fees	Earnest Partners Intermediate	16,245.15	Quarterly	10/1 - 12/31/20
Investment Fees	Loomis Sayles Large Cap Growth	14,375.00	Quarterly	10/1 - 12/31/20
Total Investment Fees		175,691.18		
Misc Fees (asset manager)	Misc Admin fees - non investment	677.96	Monthly	2/1 - 2/28/21
Consulting Services	CAPTRUST	23,750.00	Quarterly	10/1 - 12/31/20
Administrative Fee	City of Battle Creek	2,849.75	Varies	1/1 - 3/31/21
Misc Fees	IRS Application Fee	185.00	As Needed	
Total Admin. Fees		27,462.71		

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

Board Reports

Chubinski – none.

Giannunzio – none.

Guzzo – none.

Martin – none.

Matuschka

- Jeremy Belknap and Travis Black, hired as a Police Officers on 2/22/21.
- John Hausman exited the DROP with a retirement date effective 2/25/21. Total benefits and interest totaled \$280,522.24 less 5% of interest earned (\$493.81), less early withdrawal penalty of 10% of interest earned (\$987.62). The remaining balance of \$279,040.81 was requested to be rolled over payable to Vantagepoint Transfer Agents/457. This payment was issued on 3/1/21. His regular monthly benefit payments of \$6,207.61 will begin on 4/1/21. An off-cycle payment dated 3/4/21 for \$886.81 reflects a pro-rated portion for February (4 days).

Rabbitt – none.

Old Business

Final Average Compensation Policy: Matuschka presented final copy for the Board to review.

Motion Guzzo, seconded Giannunzio to accept the Final Average Compensation Policy as submitted. On a voice vote, motion **carried**.

Domestic Relations Order Policy: Matuschka presented final copy for the Board to review.

Motion Martin, seconded Rabbitt to accept the Domestic Relations Order Policy as submitted. On a voice vote, motion **carried**.

New Business

GRS – Actuarial Valuation Presentation 6/30/2020

- The Retirement System is made up of 3 components: member contributions, city contributions and investment income.
- The overall increase for the city contribution percentage was .43%. Fiscal year 2022 is 35.60% in comparison to 35.17% in fiscal year 2021.
- Funded ratio of the plan is 75.7%, well above the state requirement of 60%.
- Investment experience for 6/30/20 was unfavorable with a return of 5.91% in comparison with the assumed rate of return of 6.5%.
- Recommendation for an experience study prior to next actuarial valuation report. Last study was done March 2015. Mortality tables and investment assumptions are the main items that will change as a result of an experience study.

CAPTRUST – Asset Manager Portfolio Update: Tollas presented a market update through February.

- S&P 500 up 2.76% for the month of February and was up 5.5% through last week.
- Small Cap up 6.23% for the month of February and was up over 18% through last week.
- International Stocks were up 4% through last week.

Cohen proposed the following rebalancing recommendations based on 3/11/21 balances.

- Selling 12 million in equities: 3 million from Harding Loevner International, 5 million from Robeco Small Cap Value and 4 million from Robeco Large Cap Value. Purchase 5 million with Loomis Sayles Fixed Income, 3 million with Earnest Partners Intermediate Bonds and 1 million with Richmond TIPS. The remaining 3 million will be allocated to the cash account for future benefit payments.

Motion Guzzo, seconded Giannunzio to accept the proposal for rebalancing as proposed by CAPTRUST. On a voice vote, motion **carried**.

- Total portfolio returns for February were 1.69% vs. benchmark of 1.25%.

Public Comment – none.

Next regular meeting: Monday, April 12, 2021 at 1:30 p.m.

Motion Giannunzio, seconded Martin to enter into closed session to review Jason Crape's disability re-examination pursuant to MCL 15.268(h), which is exempted from discussion due to privacy, pursuant to MCL 15.243(1)(a) (2:54 p.m.). On a voice vote, motion **carried**.

Board returned from closed session at 3:04 p.m.

Motion, Martin, seconded Giannunzio to accept the medical examiner's report and continue disability benefit payments to Jason Crape. On a voice vote, motion **carried**.

Meeting adjourned at 3:06 p.m.

Respectfully submitted,
Kourtney Matuschka, Recording Secretary

Board Member signature

Board Member signature