

**POLICE & FIRE PENSION BOARD MEETING**

**DATE: JULY 11, 2023**

**CITY HALL, ROOM 302A**

**TIME: 1:30 P.M.**

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

Also Present: Lily Vardell (Police & Fire Pension Administrator), Jeremy Tollas (CAPTRUST), Aaron Kuhn (Revenue Services Director), and Michelle Hull (Human Resources Director.)

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

Presented minutes of the regular meeting from June 12, 2023. **Motion Rabbit**, seconded by Giannunzio to approve the regular meeting minutes from June 12, 2023. On a voice vote, motion **carried**.

Bank Summary of Assets & Expense Report:

As of 5/31/2023, the market value of the portfolio was \$161,814,193.17, a loss of \$1,815,386.63 from the 4/30/2023 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>
Consulting Services	CAPTRUST	23,750.00	Quarterly	1/1/23-3/31/23
Invoice Fee	Comerica Bank	4,112.33	Monthly	5/1/23-5/31/23
Legal Fees	VanOverbeke, Michaud & Timmony, P.C.	604.50	As Needed	Legislative Updates & EDRO
Total Admin. Fees		28,466.83		

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

Board Reports

*Chubinski* - none

*Giannunzio* – none

*Martin* – none

*Rabbitt* - none

*Vardell*

- David Leach, Fire Dept retiree, passed away 5/30/23:
  - We were not able to pull back his 6/1/23 payment, so instead his surviving spouse, Leona, has paid back the Pension fund for the one additional day he was paid for, an amount of \$102.05.

- Leona received a pro-rated benefit for 5/31/23 of \$61.23.
- Leona turned in all the necessary paperwork to begin her benefit payments. Her regular benefit payments of \$1,898.08 began 7/1/23.
- Three new Police Officers hired on 6/12/23:
  - Jennifer Ogden
  - Andrew Reist
  - Colton Rainwater
- New Firefighter hired on 6/12/23:
  - Tristan Devries
- New Firefighter hired on 6/19/23:
  - Jason Alvarez
- Two employees have submitted applications for retirement:
  - Troy Gilleylen, Deputy Police Chief, has submitted his application for retirement effective 9/2/23. Upon retirement, he will have 25 years of service.
  - Jeff Case, Police Sergeant, has submitted his application for retirement effective 7/15/23. Upon retirement, he will have 25 years of service.
- One employee has submitted an application to enter the DROP:
  - Scott Barnes, Fire Captain, has submitted his application for entering the DROP effective 7/9/23. Upon entering the DROP, he will have 24 years of service and 1 year of military time.

#### New Business

- Fiscal Year 2024 Budget:
  - *Comment from Aaron Kuhn (Revenue Services Director)* – Historically, the City has agreed to pay medical benefits up to \$500,000 a year to a now-closed group of 401h Police & Fire Retirees. This medical benefit is factored into the Police & Fire Pension millage calculation. As the number of retirees in this group continues to shrink, the amount needed to pay medical benefits is also shrinking. Because of this, over the past few years the City has accumulated additional dollars in the 401h fund. We have ample money in reserves to not have to levy any funds for 401h medical benefits for the new Fiscal Year. This is why the proposed 2024 Budget will not show any revenue for 401h. We plan to use the reserve funds to pay for 401h and not include it as part of the millage calculation.
  - *Comment from Chubinski* – we will look at the Budget again in January to review revenues and expenditures from the first six months of the year.

**Motion Rabbitt**, seconded by Giannunzio to approve the Fiscal Year 2024 Budget. On a voice vote, motion **carried**.

- Review GRS Actuarial Proposed Services:
  - GRS proposed fees for Fiscal Year 2024 services include regular annual actuarial valuations of base retirement benefits in the amount of \$12,200.00 and GASB 67/68 reporting requirement statements in the amount of \$8,300.00.
  - *Comment from Vardell* – the only service changes between Fiscal Year 2023 and Fiscal Year 2024 are for benefit calculations. Ten benefit calculations were included in the actuary cost in 2023 versus five calculations included in 2024. However, the fee for additional benefit calculations was reduced from \$525.00 each to \$350.00 each.
  - *Comment from Chubinski* – since these Actuarial fees are included in the Fiscal Year 2024 Budget that we just approved with a motion, we do not need to make an additional motion to approve the Actuary Services.
  
- Review Revised 402 Rollover Notice from VanOverbeke:
  - VanOverbeke sent an updated 402 Rollover Notice form based on IRS changes.
  - *Comment from Kuhn* – On page two of the Notice, it states ‘if you are under age 59 ½ years, you will have to pay the 10% additional income tax on early distributions for a lump-sum payment.’ Then underneath that paragraph it states the 10% additional income tax does not apply to ‘payments made after you separate from service if you will be at least age 55 years in the year of separation.’ These two statements seem to be conflicting. Can we ask VanOverbeke to clarify this section of the Notice?

**Tabled.** Will ask VanOverbeke to clarify page two of the 402 Rollover Notice and will bring their response to the August meeting for review.

- Review VanOverbeke Legal Representation Agreement:
  - VanOverbeke sent an updated Legal Representation Agreement to cover the next five years.
  - *Comment from Vardell* – the only change between this Agreement and the Agreement in effect since 2018 are the fees. The Hourly Rate increased from \$180.00 per hour to \$201.00 per hour for non-litigation legal services, and from \$195.00 per hour to \$216.00 per hour for litigation legal services.

**Motion Martin**, seconded by Rabbitt to approve the Legal Representation Agreement with VanOverbeke, Michaud, & Timmony for the next five years. On a voice vote, motion **carried**.

- Policy Review – Disability Retirement Policy:
  - *Comment from Vardell* – During the MAPERS Conference, VanOverbeke had one suggestion regarding Disability Retirement Policies. Their suggestion was to update the policy to require re-examinations for all disability retirees. However, if we were to incorporate that into the Policy, how would we address exemptions that could occur due to physical conditions?
  - *Comment from Martin* – it seems excessive to require all disability retirees to go through the re-examination process when some of those receiving disability retirement are obviously not physically capable of coming back to work. It would also be costly to the Pension fund to require all disability retirees to get re-examined knowing that some are not physically capable of coming back to work.
  - *Comment from Rabbitt* – the wording that the Policy currently has leaves the ability for the Board to interpret which disability retirees should or should not go through the re-examination process.
  - *Question from Vardell* – in order to apply for Disability Retirement, does the member need complete their application prior to them leaving their Police & Fire Role, or can the application be turned in within a set amount of time after leaving their Police & Fire Role?
  - Board consensus is that yes, the member would need to apply for Disability Retirement while they are still an active Police & Fire member.
  - No changes were made to the Disability Retirement Policy.
  
- **CAPTRUST:** Tollas provided an investment update through July 10, 2023:
  - Year-to-date, the S&P 500 Index is up 15.59%, Russell Mid Cap Index is up 8.34%.
  - Year-to-date, Growth has still substantially outperformed Value. For example, stocks that are more concentrated in technology have outperformed stocks that are more concentrated in energy.
  - Year-to-date International Stocks, MSCI EAFE is up 9.39%.
  - Inflation rate has decreased from 8.4% in July 2022 to 4.1% in May 2023.
  - As of 5/31/23, the Total Portfolio value was \$162,121,725.
  - As of 7/10/23, the Total Portfolio value was \$166,265.903.

Public Comment – none

Next regular meeting: Monday, August 21<sup>st</sup> at 1:30 PM

Meeting adjourned at 2:21pm

Respectfully submitted,  
Lily Vardell, Recording Secretary

---

Board Member signature

---

Board Member signature