

POLICE & FIRE PENSION BOARD MEETING

DATE: SEPTEMBER 15, 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), and Aaron Kuhn (Revenue Services Director.)

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 August 21, 2023. **Motion Giannunzio**, seconded by Martin to approve the regular meeting minutes from August 21, 2023. On a voice vote, motion **carried**.

Bank Summary of Assets & Expense Reports:

As of 8/31/2023, the market value of the portfolio was \$167,140,504.69, a loss of \$4,400,022.02 from the 7/31/2023 balance.

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

<u>Expense Type</u>	<u>Payee</u>	<u>Amount</u>	<u>Frequency</u>	<u>Additional Details</u>
Administrative Fee	Loomis	80.30	Monthly	6/30/23-7/31/23
Consulting Services	CAPTRUST	23,750.00	Quarterly	4/1/23-6/30/23
Administrative Fee	Comerica Bank	3,050.00	Quarterly	4/1/23-6/30/23
Cash Management Fees	Comerica Bank	1,035.03	Monthly	6/30/23-7/31/23
Conference Registration	MAPERS	517.41	As Needed	Giannunzio Fall MAPERS
Medical Fees	Gastroenterology Assoc	500.00	As Needed	Disability Re-exam cost
Actuarial Services Fee	GRS	1,350.00	As Needed	Pratt Military Purchase - reimbursed by member in July
Total Admin. Fees		30,282.74		
Health Insurance 401(h)	City of Battle Creek	271,366.58	Annually	FY23

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

Board Reports

Chubinski - none

Giannunzio – none

Martin – none

Rabbitt - none

Vardell

- Board application for P&F Pension is now live on the City's website and there was a press release earlier this week about the Board's open position. We have had three applicants so far. On October 11th, the City Manager's Office Review Committee will review the applicants and determine which applicant they will present to the City Commission.
- Military service purchase for Jeremy Pratt:
 - On 8/15/23, Resolution 214 was accepted by City Commission to approve the purchase of 12 months of military time for Fire Lieutenant Jeremy Pratt.
 - The actuarial cost of this purchase is \$28,567.57, with Jeremy's cost being \$11,110.75.
 - On 7/21/23, Jeremy paid \$1,350.00 to cover the actuarial calculation.
 - On 8/28/23, we received a rollover check from MissionSquare retirement in the amount of \$11,110.75 to pay for Jeremy's military time purchase. This check was deposited into the Police & Fire Pension fund as an employee contribution.
- Madison Logsdon, Police Officer, terminated 7/10/23:
 - A letter regarding her options for withdrawal was sent 7/27/23.
 - She returned all necessary paperwork 8/29/23.
 - A request was sent to Comerica 8/30/23 to issue her a lump-sum payout of contributions totaling \$5,694.46.
- As agreed upon by the Board in the closed session meeting on 8/21/23, the Board needs to formally appoint Dr. Steve Klafeta as the Board-appointed physician for the current Disability Application:

Motion Martin, seconded by Giannunzio to appoint Dr. Steve Klafeta as the Board-appointed physician for the current Disability Application. On a voice vote, motion **carried**.

- **The following two resolutions need approval:**

RE: In Re the Marriage of Tammy Bradley and Michael Bradley
Maricopa County (AZ) Circuit Court Case No. FN2022-050843

WHEREAS, the Board of Trustees is in receipt of a Domestic Relations Order dated August 2, 2023, wherein Tammy Bradley (n/k/a Tammy Standback), the Alternate Payee, is awarded certain rights to the benefits of Michael Bradley, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's monthly 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 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 Michael Bradley, the Participant; Tammy Standback, the Alternate Payee; and Kirk D. Smith, Esq., the attorney for the Participant.

RE: Jeffery Leroy Case v. Jill Allison Case
Calhoun County Circuit Court Case No. 12-1361-DO

WHEREAS, the Board of Trustees is in receipt of a Domestic Relations Order dated August 25, 2023, wherein Jill Allison Case, the Alternate Payee, is awarded certain rights to the benefits of Jeffery Leroy Case, the Participant, and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's monthly retirement benefit from the Retirement System, and

WHEREAS, the Alternate Payee's share of the Participant's monthly retirement benefit from the Retirement System shall be payable in the form of a single life annuity over the life of the Alternate Payee, and

WHEREAS, the Board's policy is to require that costs for the actuary's calculations are to be borne by the parties to the domestic relations proceedings and the parties' DRO provides that the parties shall be equally responsible for any and all additional costs for actuarial services, 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 July 15, 2023, 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 Jeffery Leroy Case, the Participant; Jill Allison Case, the Alternate Payee; John B. Sullivan, Esq., attorney for the Participant; and the Board's Actuary.

Motion Rabbitt, seconded by Martin to accept the DRO resolutions for Michael Bradley and Jeffery Case. On a voice vote, motion **carried**.

Old Business

- Review Revised Re-employment of a Retiree Policy and Resolution:
 - **See resolution below:**

RE: Re-employment of a Retiree

WHEREAS, the Board of Trustees is vested with the authority and fiduciary responsibility for the proper administration, management and operation of the Retirement System, and

WHEREAS, the City of Battle Creek Police and Fire Retirement System (“the Retirement System”) provides pension benefits in accordance with the provisions of Michigan Public Act 345 of 1937, as amended (“Act 345”), MCL §38.551 et seq., applicable collective bargaining agreements, and applicable state and federal law, and

WHEREAS, the Board has received information that the City of Battle Creek may re-employ an individual who has retired from employment with the Police Department or Fire Department, who is currently a regular service retiree, and who has been and is currently receiving a pension paid from the Retirement System, and

WHEREAS, Act 345 is silent concerning the issue of what effect re-employment of a regular service retiree has on the individual’s pension payments, and

WHEREAS, most of the applicable collective bargaining agreements are also silent concerning the issue of what effect re-employment of a regular service retiree has on the individual’s pension payments, and

WHEREAS, the Police Officers Labor Council Nonsupervisory Unit has adopted a Memorandum of Understanding regarding the potential rehiring of retirees for regular full-time positions at the Bronson Battle Creek Hospital, and

WHEREAS, Section 2(1) of Act 345 vests the Board with the authority to “[m]ake rules and regulations necessary to the proper conduct of the business of the retirement system”, and

WHEREAS, in the event that an individual is re-employed with the Police Department or Fire Department, the individual would become a member of the Police and Fire Retirement System pursuant to the terms of Section 12(1) of Act 345, therefore be it

RESOLVED, that the Board hereby adopts the following policy applicable to the re-employment with the Police Department or Fire Department of a regular service retiree:

In General:

1. The payment of retirement benefits shall be suspended during the period of re-employment;
2. The individual who is so re-employed will become a new Member of the Police and Fire Retirement System and will have all of the rights and obligations of a new Member;
3. Upon termination of the period of re-employment, the individual will commence receipt of the suspended retirement benefits and, if eligible, may receive additional retirement benefits based upon the period of re-employment; and

4. There will not be a re-determination of his or her prior retirement benefits based upon the benefit provisions or accruals during the period of re-employment.

For Bronson Battle Creek Hospital:

1. For an individual who is so re-employed with the Bronson Battle Creek Hospital and becomes a member of the Police Officers Labor Council Nonsupervisory Unit, benefits shall **not** be suspended during the period of re-employment;
2. The individual who is so re-employed will become a new Member of the Police and Fire Retirement System, will contribute to the Retirement System at the negotiated employee contribution rate and will have all of the rights and obligations of a new Member, but **will not** accrue additional benefits in the Retirement System;
3. Upon termination of the period of re-employment, the individual will receive a distribution of the additional employee contributions the individual has made to the Retirement System during the period of re-employment without interest; and
4. There will not be a re-determination of his or her prior retirement benefits based upon the benefit provisions during the period of re-employment.

RESOLVED, that a copy of this Policy Resolution be provided to the City of Battle Creek City Council, City of Battle Creek Mayor, Police Chief, Fire Chief, Human Resources Director, and the Retirement System's legal counsel.

Motion Giannunzio, seconded by Rabbitt to accept the Re-employment of a Retiree resolution.
On a voice vote, motion **carried**.

New Business

- Policy Review – Election Policy:
 - Election Policy was reviewed, and no changes were made.
- **CAPTRUST:** Tollas provided an investment update as of 8/31/23:
 - For the month of August, U.S. Large-Cap Stocks down 1.59%, U.S. Small-Cap Stocks down 5%, U.S. Bonds down 0.64%.
 - Year-to-date, U.S. Large-Cap Stocks are up 18.73%, U.S. Small-Cap Stocks are up 8.96%, and U.S. Bonds are up 1.37%.
 - No recommended rebalancing at this time.
 - Although Bonds were down for both August and Last Quarter, they are still outperforming the Barclays aggregate.
 - Calendar Year-to-Date returns are up 10.38%.
 - As of 9/11/23, the portfolio value is at \$165,256,473.

- S&P recently downgraded Comerica and other regional banks. This was not a targeted downgrade of Comerica bank, this was a broader downgrade of regional banks in the banking industry in general. A big part of these downgrades was caused by the banking concerns that came out of the Silicon Valley bank failure. The outlook on the banking industry continues to be challenging. Investors are expecting larger regional banks, like Comerica, to pay high yields on their deposits. If the banks do not pay these high yields, investors are pulling their money out and investing it in a money market. This can be a short-term challenge for these banks if short-term yields remain as high as they are currently.
- Banks can serve in one or more capacities to clients, as a banker and as a Trust/Custodian for plan assets. These are segregated services; therefore, the retirement plan's assets are separate from the banking balance sheet of Comerica. The Pension Fund's sweep account with Comerica Trust is the Goldman Sachs Financial Square Treasury Fund and is fully-invested in short-term Treasury Debt, which is backed by the full faith of the U.S. Government, and is one of the most conservative types of investments.
- 90% of banks on the S&P are stable, including Comerica.

Public Comment: none

Closed session to discuss disability retirement re-examination.

Motion Martin, seconded by Giannunzio to go into closed session. On a voice vote, motion **carried**.

Motion Giannunzio, seconded by Rabbitt to exit closed session. On a voice vote, motion **carried**.

In the closed session, the Board chose Dr. Poortinga to represent the Board for a disability retirement re-examination.

Motion Martin, seconded by Giannunzio, to appoint Dr. Poortinga as the Board-appointed physician for a disability retirement re-examination. On a voice vote, motion **carried**.

Next regular meeting: Tuesday, October 24th at 1:30 PM

Meeting adjourned at 2:15pm

Respectfully submitted,
Lily Vardell, Recording Secretary

Board Member signature

Board Member signature