

**A meeting of the Berkley Public Safety Pension Board was called to order by Chairperson Herriman at 04:01 PM on Monday February 26, 2024.**

Present: Chairperson Herriman  
Treasurer Bemis  
Secretary Smith

Absent: Member Boring  
Member Maisonneuve

Others Present: Louise Gates – GRS (arrived at 16:04)  
Stephanie Sullivan – GRS  
Brett Reardon - Captrust

**APPROVAL OF THE AGENDA**

A motion was made by Smith, to approve the agenda. Motion was supported by Bemis.

Ayes: Herriman, Bemis, Smith  
Nays: None  
Abstain: None  
Absent: Boring, Maisonneuve

Motion Carried

**APPROVAL OF MINUTES**

A motion was made by Bemis, supported by Smith, to approve the January 8, 2024 minutes.

Ayes: Herriman, Bemis, Smith  
Nays: None  
Abstain: None  
Absent: Boring, Maisonneuve

Motion Carried

**CITIZEN COMMENTS** – None

**OLD BUSINESS** – None

**NEW BUSINESS** –

1. Approval of Invoice Payments

Invoices were presented from Loomis Sayles, Boston Partners and Captrust.

A motion to approve payment was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

## 2. Prior Service Credit Purchase Frederick Bismack

A purchase request for 6 years of prior service with the Bloomfield Hills Public Safety Department was presented with the required documents. The request was within the guidelines of the Public Safety Officers contract.

A motion to approve the purchase was made by Bemis and supported by Smith.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

## 3. Prior Service Credit Purchase Evan Beauchamp

A purchase request for 4 years of prior service in the U.S. Army was presented with the required documents. The request was within the guidelines of the Public Safety Officers contract.

A motion to approve the purchase was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

## 4. Receive and File Asher/Kelly Response to Hadfield ERDO

Asher/Kelly responded to the board's submission to them of an Eligible Domestic Relations Order for Andrew Hadfield. The attorneys indicated that the ERDO met all guidelines needed to advance it to GRS for the necessary calculations, which was done.

A motion to receive and file the response was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

5. Receive and File Asher/Kelly Response to Miller ERDO

Asher/Kelly responded to the board's submission to them of an Eligible Domestic Relations Order for Corey Miller. The attorneys indicated that the ERDO required some changes before it would meet the requirements for final calculations. The response was forwarded to Miller to obtain the necessary changes.

A motion to receive and file the response was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

6. Receive and File Asher/Kelly Response to Childrey/Halatis Consent Judgement of Divorce

Asher/Kelly responded to the board's submission to them of a consent decree for Justin Childrey requesting guidance on if further action was needed. The attorneys indicated that based on the decree no other action by the board was required.

A motion to receive and file the response was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

7. 1099 Issues for Retirees

The board was informed that many retirees have received incomplete and/or incorrect 1099 forms from the city and were therefore unable to submit their taxes. Bemis advised that the City Manager was made aware earlier in the day and that the Finance Department was currently unable to make the necessary calculations to complete and correct the forms. Reardon offered to

contact Plante Moran to see if they could assist if the city wanted him too. It was decided that the chair would contact both the City Manager and Finance Department to ensure the board was kept up to date on this issue as the legally required deadline for providing the forms, January 31, had already passed and many pension recipients were affected.

#### 8. Receive and File GRS Actuary Report for Jonathon Roberts

The board received the final pension calculations for Roberts' 10 year vested pension which he will be eligible to draw beginning January 1, 2039.

A motion to receive and file the report was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

#### 9. Actuarial Report as of 6/30/23 from GRS

Gates and Sullivan presented the study with data as of the end of the last fiscal year on 6/30/23 and including the impacts of the recent experience study. If assumptions are met the amortization period to be fully funded remains 11 years. Due to changes in the mortality table and dropping the expected rate of return from 7% to 6.5% the city's contribution amount increased from the previous year as expected.

The report indicated the fund had very good investment returns in 2023, however, a very poor 2022 tempered those numbers due to smoothing. This allows the city's year to year contributions to avoid large swings in either direction. After smoothing the recognized rate of return for 2023 was 4.9%. The fund recognized an actuarial loss of 4.4%, however, due to the smoothing of 2022's losses as well as multiple members purchasing time and retirees tending to live longer than in the past.

Due to the number of members buying time recently and the likelihood of the trend continuing Gates advised the board a study may be needed in the future to factor in the impact of the purchases on the fund.

Discussion was held on what the department's current staffing level is and what fully staffed would look like and making sure in the future that GRS is being updated in a timely manner when time is purchased and staffing levels change.

Continuing with the report the board was informed that the funding level had dropped from the prior year to 68.3% as of 6-30-23, which was expected due to the assumption changes that had been made. The report also included a calculation showing that if the fund switched from a diversified portfolio to only Low Default Risk fixed income securities like Treasuries it would increase the fund's liabilities by over \$12.5 million. This information was provided to allow the board to see the effects of different types of investing on liabilities.

The report recommended an update of the factors used to calculate the different pension options that are available when a member retires.

A motion to approve the update was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

A motion to receive a file the report was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

#### 10. Quarterly Report from Captrust.

Reardon began by showing the board that everything except commodities was up both YTD and in Q4 and stating it had been a strong Q4 for stocks and bonds. The portfolio was up 9.56% in Q4 which was just under the benchmark, however, for the year it was just over the benchmark at 16.18%.

A question was asked regarding the withdrawal frequency from the portfolio to provide money to the city to pay the obligations to retirees. Reardon explained to the board that in the past withdrawals were made about every year, however, it was always dependent on city need. In some cases the city was able to wait beyond a year before needing additional funds which is why they did not occur at uniform intervals. As previously discussed and approved by the board the plan going forward will be to have quarterly withdrawals but exact timing will continue to be dependent on city need.

Another question was posed to Reardon regarding the value of portfolio managers versus just investing in indexes. Reardon acknowledged that over the last 5 years active managers have had difficulty outperforming the indexes. Reardon stated there was case to be made to review the portfolio's use of managers and the higher cost that comes with them or just using indexes. Reardon did caution the board that when you invest in indexes you never will be able to outperform the index which would be a possibility and goal with managers. Reardon stated that Captrust's view is that indexing may make sense in certain equity asset classes but favors active management for fixed income. He acknowledged that passive investing had become more in favor over the last 10 years or so. The board agreed to continue the discussion and investigation into the topic at upcoming meetings.

Next Reardon advised the board that Captrust was recommending ending the portfolio's association with Metropolitan West Core Bond. He stated Metro West had seen key personnel changes since 2021 and since those changes, which led to strategy changes, performance has lacked. They had been performing below both peers and benchmarks. Over the last year they

were only in the 59<sup>th</sup> percentile and over the previous 3 years they were only in the 71<sup>st</sup> percentile. Reardon's recommendation was to divest from Metropolitan West and reallocate the funds to J.P. Morgan Core Bond, which has been performing well.

A motion was made by Smith and supported by Bemis to approve the change.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

Reardon also recommended a portfolio rebalance to the board. Due to large returns for Loomis Sayles Large Cap and Fidelity 500, the portfolio had become unbalanced. To get the portfolio back in the desired ranges, Reardon recommended reallocating funds from Loomis Sayles and Fidelity 500 to J.P. Morgan Core Bond and Vanguard TIPS which are underweight relative to target allocations.

A motion to approve the rebalancing was made by Smith and supported by Bemis.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

Discussion was held on updating the authorized signors for the portfolio's accounts and the board decided Bemis should be added to replace former Treasurer Pollock.

A motion to receive and file the report was made by Bemis and supported by Smith.

Ayes: Herriman, Bemis, Smith

Nays: None

Abstain: None

Absent: Boring, Maisonneuve

Motion Carried

## 11. Schedule Changes

Due to member availability for the next 2 meetings a motion was made by Smith and supported by Bemis to move the March meeting to March 25 and to cancel the April meeting.

Ayes: Herriman, Bemis, Smith

Nays: None  
Abstain: None  
Absent: Boring, Maisonneuve

Motion Carried

## **ADJOURNMENT**

A motion to adjourn was made by Bemis, supported by Smith at 05:29 PM.

Ayes: Herriman, Bemis, Smith  
Nays: None  
Abstain: None  
Absent: Boring, Maisonneuve

Motion Carried

Next regularly scheduled meeting date, March 25, 2024 at 04:00 PM.