

Taylor Police & Fire Retirement Board April 10, 2013 Meeting Minutes

The regular meeting of the Taylor Police & Fire Retirement Board was held at the Taylor Fire Department, 23345 Goddard Road, Taylor Michigan, on **Wednesday, April 10, 2013.**

Present: Chairman and Trustee Nicolas Hill, Trustee Dan Bzura, Trustee Russ McNamee, Trustee Gerry Taylor and Trustee Lynn Cleary via phone conference

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn of Gray & Company, Investment Consultant; Kirk VanDagens of PNC Bank; Custodian Bank Investment Manager; Craig Haynes of PNC, Institutional Client Advisor; Linda Kemp, Plan Administrator; and Sheila Gorski-Schulte, Human Resource Director for the City of Taylor

Chair Nicolas Hill called the meeting to order at 4:34 P.M.

Motion by Taylor, supported by Bzura.

Resolved: To approve the minutes of the regular meeting of the P&F Retirement System Board of Trustees held March 13, 2013 and the minutes of the closed door session also held March 13, 2013.

Unanimously approved.

04.45-13

Motion by Bzura, supported by McNamee.

Resolved: To receive and file the following financial correspondence:

1. Payment received from the City of Taylor in the amount of \$3,035,417 for the first half of the required annual city contribution to the Police & Fire Retirement System per the 6/30/11 actuarial report.
2. Reinvestment of distribution from Intercontinental Real Estate Corporation in the amount of \$28,538.41 (pro rata gross share of an overall distribution of \$3,352,273.28) less \$11,665.81 management fees for a total reinvestment amount of \$16,872.60.
3. Employee contributions received from the City of Taylor for the Police & Fire Retirement System for March 2013 in the amount of \$61,916.90.

Unanimously approved.

04.46-13

Motion by Taylor, supported by McNamee.

Resolved: To receive and file the following correspondence.

1. The March 2013 Police & Fire Retirees Medicare Reimbursement Report. Note 7 changes this reporting period.
2. Verification of payment in full in from Officer Craig McDermott for the purchase of Cadet service time in the amount of \$5,329.92.
3. Letter dated March 27, 2013 to Mr. Kirk VanDagens, Vice President PNC Institutional Investments referencing the P&F Retirement System's Large Cap Value and Focused Equity strategies.

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4. Verification of reimbursement from PNC for over payments of Medicare Part B in the amount of \$4,377.60.

Unanimously approved.

04.47 -13

Motion by Taylor, supported by McNamee.

Resolved: To approve the following correspondence.

1. Administrative Policies and Procedures for the City of Taylor Police & Fire Retirement System as prepare by the office of VanOverbeke Michaud & Timmony, P.C. dated March 13, 2013.
2. Code of Conduct and Ethics Policy Resolution prepared by the office of VanOverbeke Michaud & Timmony, P.C.
3. Education and Travel Policy Resolution prepared by the office of VanOverbeke Michaud & Timmony, P.C.

Unanimously approved.

04.48-13

Motion by Taylor, supported by Bzura.

Resolved: To pay the following bills:

1. Payment to Linda Kemp, Plan Administrator, for services during the period ending March 17, 2013 through April 7, 2013 in the amount of \$2,445.
2. Payment to Staples for office supplies in the amount of \$78.20.
3. Payment to Med Source Services/Consulting Physicians for review of records for disability application in the amount of \$150.
4. Payment to MAPERS in the amount of \$250.00 for registration fee for Trustee Hill to attend the Spring Conference.
5. Payment to Shanty Creek Resort for hotel accommodations from June 1st through June 4th for Trustee Hill in the amount of \$505.16.
6. Payment to Rodwan Consulting Company for normal actuarial and consulting services rendered to the City of Taylor Police & Fire Retirement System for the quarter ended March 31, 2013, pursuant to the Actuarial Services Agreement in the amount of \$1,950.

Unanimously approved.

04.49-13

Mr. Jack Timmony advised the Board that as a result of motions made at this meeting on items C 1, 2 and 3 all policies and procedures are now current.

There was a brief discussion on the effective retirement date for Mr. Proctor's disability retirement. Mr. Timmony will work with Ms. Gorski-Schulte regarding effective retirement date for Mr. Proctor.

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Motion by McNamee, supported by Bzura.

Resolved: To table further discussion regarding effective retirement date for Mr. Proctor until the Board meets again in May.

Unanimously approved.

04.50-13

- **Kirk VanDagens of PNC Bank** introduced Mr. Craig Haynes of PNC and advised the Board that Mr. Haynes may be participating in P&F Board meetings going forward, however Mr. VanDagens also stated he will continue to attend monthly Board meetings. Mr. VanDagens advised the Board that a deposit had been made to the Retirement System for the error in over payments for Medicare Part B. A brief portfolio performance update was given ending 3/31/2013. Chair Hill discussed the possibility of inviting Mr. Harding to attend a future meeting. Mr. VanDagens will check on scheduling and get back to the Board at the next meeting.
- **Chris Kuhn of Gray & Company** provided the Board with copies of a Market Value report from PNC as of April 9, 2013, Asset Allocation Configurations report, U.S. Equity Manager Configurations, a Large Cap Core, Growth and Value Manager Search report and a Dividend/Income Equity Manager Search report. A very lengthy and detailed discussion took place on alternate strategies the Board may wish to consider. There was some discussion related to the possibility of investing additional funds in Real Estate and other possible investment opportunities. Mr. Kuhn discussed active/passive and passive strategies and explained the difference between the two. Further discussion included the Large Cap portfolio and change of management at PNC. The Manager Search reports were discussed in great detail particularly performance comparisons.

Motion by Cleary, supported by Bzura.

Resolved: To authorize Investment Consultant, Chris Kuhn to transfer 2.25 M from PNC fixed income account and \$1.125 M each from Thornberg and First Eagle to Intercontinental.

Unanimously approved.

04.51-13

Motion by Taylor, supported by McNamee.

Resolved: To authorize Investment Consultant, Chris Kuhn to move 100% of funds from Large Cap Growth to be split between Brown Advisory Large Cap Growth and Fred Alger Capital Appreciation.

Unanimously approved.

04.52-13

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Motion by Taylor, supported by Cleary.

Resolved: To authorize Investment Consultant, Chris Kuhn to negotiate the fee structure with Brown and Alger and to authorize Legal Counsel, Jack Timmony to negotiate investment contracts.

Unanimously approved.

04.53-13

Motion by Taylor, supported by Bzura.

Resolved: To authorize Investment Consultant, Chris Kuhn to transfer 50% of Large Cap Value into Herndon and to negotiate fee structure and to authorize Legal Counsel, Jack Timmony to negotiate investment contracts.

Unanimously approved.

4.54-13

Motion by McNamee, supported by Taylor.

Resolved: To authorize Legal Counsel, Jack Timmony to draft a letter to PNC to be signed by Chair Hill requesting a writing detailing how the Retirement System's investments are currently being managed as a result of the departure of Mr. Santelli.

Unanimously approved.

4.55-13

Motion by McNamee, supported by Taylor.

Resolved: To instruct PNC to purchase an S&P 500 ETF in the focused equity account for any securities not followed by the large cap investment management team.

Unanimously approved.

4.56-13

Chair Hill advised the Board Donna Terry is not interested in providing a second review; therefore there is still a need to resolve this issue.

Chair Hill advised the Board that the pension office has still not received the 3rd and 4th 2012 quarterly reports as previously requested. Discussion followed with Ms. Gorski-Schulte on the matter. Ms. Gorski-Schulte said she would have the necessary reports to the pension office by the end of next week. Mr. Timmony will follow up with Ms. Gorski-Schulte regarding data needed in order to provide a benefit calculation for Mr. Proctor.

A brief discussion took place regarding a potential recalculation of benefits for retiree Gregory as a result of a past law suit. Review of this matter is ongoing.

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Motion by Cleary supported by McNamee.

Resolved: To adjourn meeting at 6:50 P.M.

Unanimously approved.

04.57-13

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday May 8, 2013.