

Taylor Police & Fire Retirement Board August 11, 2016 Meeting Minutes

The regular meeting of the Taylor Police & Fire Retirement Board was held at the **Taylor Police Department**, 23515 Goddard Road, Taylor Michigan, on **Thursday August 11, 2016**.

Present: Chairman and Trustee Hill, Trustee Kriebel, Trustee Taylor, Trustee Bourassa and Trustee Faremouth.

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, Senior Consultant, The Bogdahn Group; Kirk VanDagens, PNC Institutional Investments Senior Client Advisor Vice President; Craig Haynes, PNC Capital Advisors, LLC CFA, Director, Vice President; Sheila Gorski-Schulte, Human Resource Director; and retiree Ron McNamee.

Excused:

Trustee and Chair Nicolas Hill, called the meeting to order at 4:30 P.M.

Motion by Taylor, supported by Kriebel.

Resolved: To approve the minutes of the regular meeting of the Police and Fire Retirement System's Board of Trustees held June 9, 2016.

Unanimously approved.

07.43-16

Motion by Taylor, supported Kriebel.

Resolved: To receive and file the following financial correspondence:

1. Second half of the required annual city contribution to the Police and Fire Retirement System per the 6/30/2014 actuarial report in the amount of \$2,794,417.00.
2. Employee contributions received from the City of Taylor for May and June 2016 in the amount of \$50,329.64 and 53,094.30 respectively.
3. Letter dated June 8, 2016 from American Realty Advisors regarding capital call request in the amount of \$300,000.
4. Letter dated June 14, 2016 to Mr. Doyle of Alger & Company requesting a partial rebalancing of the Police & Fire Retirement System's assets.
5. Letter dated June 14, 2016 to Anthony Pinkston of Herndon Capital requesting a partial rebalancing of the Police & Fire Retirement System's assets.
6. Letter date June 14, 2016 to Ms. Barbara Citizen of PNC authorizing a transfer of funds for the coordination of the capital call request.
7. Client statement from First Eagle Global Value Fund, LP for the period of April 30, 2016 through May 31, 2016.
8. Letter dated July 26, 2016 received from Jay Butterfield of American Realty Advisors referencing capital call #2 in the amount of \$200,000.
9. Letter dated July 27, 2016 to Ms. Barbara Citizen of PNC requesting the facilitation of American Realty capital call #2.

Unanimously approved.

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07.44-16

Motion by Taylor, supported by Kriebel.

Resolved: To receive and file the following correspondence:

1. The July and August 2016 Medicare report. Note two (2) changes in July and two (2) changes in August.
2. FOIA request received from Zack Cziryak dated June 22, 2016.
3. FOIA response letter and fee summary to Zack Cziryak dated July 1, 2016.
4. Receipt of FOIA payment from Zack Cziryak.
5. Summary Annual Report (SAR) as of June 30, 2016 submitted by Rodwan Consulting.
6. Memorandum received from the office of Vanoverbeke Michaud & Timmony P.C. referencing review of EDRO related to Wayne County Circuit Court Case 10-116473-DM (Hardin).
7. EDRO certification received from the office of Vanoverbeke Michaud & Timmony P.C. referencing Wayne County Circuit Court Case No. 10-116473-DM (Hardin).
8. Resolution referencing Wayne County Circuit Court Case No. 10-116473-DM (Hardin).
9. Letter dated June 14, 2016 from the office of Dr. Allen Babcock to retiree Herb Proctor confirming the appointment for the re-examination of Mr. Proctor.
10. Letter dated June 22, 2016 from the office of Dr. Allen Babcock outlining the results of the re-examination of Mr. Proctor.
11. Retirement letter dated June 23, 2016 from Cpl. Charles Monette with a retirement date of August 7, 2016.
12. Correspondence received from Investment Consultant Chirrs Kuhn regarding the recent vote in Great Britain.
13. Notice of Security received June 29, 2016 from MREP-SCIF, LLC.
14. Revised retirement letter received from Cpl. Charles Monette (Police) with an effective retirement date of August 1, 2016.
15. Receipt of payment of employee contributions received from Cmdr. Mike Lividini in the amount of \$129.41.
16. Correspondence received from Investment Consultant Chris Kuhn regarding an announcement received from Herndon Capital.
17. Retirement letter received from Cpl./Det. Damon Smith (Police) with an effective retirement date of July 29, 2016.
18. ADV Part 2A received from Newsouth.
19. FOIA request received July 28, 2016 from Ms. Julie Rossi of Bloomberg L.P.
20. FOIA response letter to Ms. Julie Rossi denying her FOIA request pursuant to Section 12(1)(d).
21. Notice received from PNC July 19, 2016 referencing an organizational announcement.

Unanimously approved.

07.45-16

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Motion b June by Taylor, supported by Kriebel.

Resolved: To approve the following correspondence:

1. Recalculation of retirement benefit for Bradley Sepell as outlined in Workers' Compensation Redemption Order dated March 1, 2016 and as resolved by the City of Taylor Police and Fire Board of Trustees on June 9, 2016 .

Unanimously approved.

07.46-16

Motion by Kriebel, supported Bourassa.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator for the period of June 12, 2016 through July 17, 2016 in the amount of \$3,330 and for the period of July 14, 2016 through August 7, 2016 in the amount of \$1,485.
2. Payment to Rodwan Consulting Company for normal actuarial and consulting services rendered to the City of Taylor Police and Fire Retirement System for the quarter ended June 30, 2016, pursuant to the Actuarial Services Agreement in the amount of \$2,030.
3. Payment Med Source Services/Consulting Physicians for the independent medial exam and report evaluation of Mr. Herbert Proctor in the amount of \$875.
4. Payment to Mauricio Gomes for annual hosting and maintenance of the Police and Fire website in the amount of \$485.
5. Payment to Alger for management fees for the period of April 1, 2016 through June 30, 2016 in the amount of \$14,717.71.
6. Payment to the Bogdahn Group for consulting services and performance evaluation in the amount of \$12,500.
7. Payment to Vanoverbeke Michaud & Timmony P.C. for legal services rendered to the Police & Fire Retirement System for the period of April 1, 2016 through June 30, 2016 in the amount of \$5,372.
8. Payment to Staples for office supplies in the amount of \$143.93.
9. Payment to Brown Advisory for investment services for the period of April 1, 2016 through June 30, 2016 in the amount of \$18,209.53.
10. Payment to Newsouth Capital Management, Inc. for management fees for the period of April 1, 2016 through June 30, 2016 in the amount of \$21,945.
11. Payment to PNC Institutional for asset management fees for the period of April 1, 2016 through June 30, 2016 in the amount of \$25,162.65.
12. Payment to Herndon Capital for management fees for the period of April 1, 2016 through June 30, 2016 in the amount of \$16,459.37.
13. Reimbursement to Linda Kemp for hotel accommodations in the amount of \$248.08 and \$300 for registration fee for Trustee Bourassa to attend MPAERS Spring Conference for a total reimbursement in the amount of \$584.08.

Unanimously approved.

07.47-16

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Mr. Timmony briefly discussed items B19 and B20; FOIA request and response stating the request was denied pursuant to Section 13(1)(d).

Items B7 and B8 were discussed; it was noted at this meeting the EDRO in this case has been sent to the actuary for the purpose of calculating alternate payee benefits.

The results of Dr. Babcock's re-examination of Mr. Proctor were discussed. Mr. Timmony advised the Board that while Mr. Proctor may be employed elsewhere Public Act 345 is job specific not employment specific.

Mr. Timmony addressed a request received from retiree Jeff Hansen. Mr. Hansen elected a deferred benefit with an eligibility date of eligible January 2019. Mr. Hansen contacted the plan administrator to request an early distribution of his deferred retirement benefit. After researching Public Act 345 as well as the collective bargaining agreement between the union and the city the Board was advised Public Act 345 nor the collective bargaining agreement allow for an early distribution of deferred benefits. A letter will be sent to Mr. Hansen advising him of same.

The recalculation of Bradley Sepell's benefit based on the Redemption Order was discussed. The plan administrator was asked to process the revised benefit with retro payment from March 1, 2016 as soon as administratively possible. Mr. VanDagens stated PNC could produce an off cycle check in order to expedite Mr. Sepell's retro payment.

Craig Haynes provided the Board with a portfolio update stating 2015 was a very good year. The first quarter for 2016 was down slightly, however rebounded nicely by the end of business August 10, 2016. The equity side has been a tough environment although all equity benchmark returns were positive. June fixed income returns were positive across all sectors. Corporate bond spreads were only modestly wider in June. An account status update was also provided.

Chris Kuhn provided the Board with an international market update/discussion as well as an equity market update/discussion. The compliance check list as of June 2016 was reviewed noting all targets have been met; meeting total compliance. Also reviewed were fund compliance, equity compliance, fixed income compliance and manager compliance. Comparative performance review revealed the fund did better than average for the 1st quarter, however not great.

Mr. Kuhn advised the Board Herndon is still underperforming; however they had a great performance in July. It was decided at this meeting to put the search for an alternate manager on hold for the time being and to continue to monitor Herndon's performance. It was noted First Eagle had a good first quarter. A brief performance review of all managers was given as well as an asset allocation summary of the total fund. Mr. Kuhn advised the Board he sent a letter to the Mayor regarding the importance of Trustees attending MAPERS events. The changes of the PNC fixed income team were discussed. It was noted that while PNC performance remains good The Bogdhan group is concerned with the change. Mr. Kuhn will be watching closely. Mr. Kuhn advised the Board there is no need to transfer funds at this time for monthly benefit payments.

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Chair Hill requested any Board member interested in attending the MAPERS Fall Conference please let Linda Kemp know by Friday, Augusts 12th so registration and hotel reservations can be reserved. It was noted at this meeting there is a need for additional fire proof file cabinets for the pension office. Brief discussion regarding various scanning systems took place. Chair Hill will look into obtaining additional fire proof file cabinets. It was requested PNC begin providing electronic versions of the monthly bank statements. Kirk VanDagens agreed to facilitate this process with Barbara Citizen.

Motion by Kriebel, supported by Bourassa.

Resolved: To adjourn the meeting at 5:32 P.M.

Unanimously approved.

07.48-16

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held on Thursday, September 8, 2016 at the Police Station.