

Taylor Police & Fire Retirement Board February 19, 2014 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, February 19, 2014.**

Present: Chairman and Trustee Nicolas Hill, Trustee Gerry Taylor, Trustee Ed Bourassa, Trustee Tim Faremouth

Excused: Trustee Steve Portis

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, of Gray & Company, Investment Consultant; Craig Haynes, of PNC Bank, Bank Investment Manager; Linda Kemp, Plan Administrator, Jennifer Anker Whelen, Managing Director of Graham Capital Management, L.P.; and Rick Kohly of Millennium

Excused: Trustee McNamee, Trustee Faremouth

Chair Nicolas Hill called the meeting to order at 4:37 P.M.

Motion by Taylor, supported by Hill.

Resolved: To approve the minutes of the regular meeting of the P&F Retirement System Board of Trustees held January 8, 2014.

Unanimously approved.

02.09-14

Motion by Taylor, supported by Hill:

Resolved: To receive and file the following financial correspondence:

1. Employee Contributions received from the City of Taylor for December 2013 and January 2014 in the amounts of \$68,640.17 and \$63,242.51 respectively.
2. Letter dated January 17, 2014 to Ms. Barbara Citizen of PNC Bank requesting the transfer of \$1,000,000 from the Fixed Income account into the Administrative account on or before January 30, 2014.

Unanimously approved.

02.10-14

Motion by Taylor, supported by Hill.

Resolved: To receive and file the following correspondence:

1. The January 2014 Police & Fire Retirees Medicare Reimbursement Report. Note six (6) changes this reporting period.
2. Email dated January 15, 2014 received from retiree Dale Tamsen.
3. Letter of invitation dated January 17, 2014 to Graham Capital Management from Chris Kuhn of Gray & Company to provide a presentation at the February meeting of the P&F Retirement System's Board of Trustees.

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4. Letter of invitation dated January 17, 2014 to Millennium Management from Chris Kuhn of Gray & Company to provide a presentation at the February meeting of the P&F Retirement System's Board of Trustees.
5. Correspondence received from NewSouth Capital Management, Inc. dated January 21, 2104.
6. Correspondence received from Retiree Herman Ramik dated February 9, 2014.
7. Corresponding data from the retirement file of Herman Ramik.
8. Correspondence received from the office of VanOverbeke Michaud & Timmony dated February 11, 2104 submitted to the office of the Michigan Supreme Court on behalf of the Retirement System's Board of Trustees referencing SC#147810.

Unanimously approved.

02.11-14

Mr. Timmony advised the Board the concern brought forward by Mr. Ramik is not within the jurisdiction of the Board of Trustees. Mr. Timmony will prepare a response letter to be reviewed and sent to Mr. Ramik.

Motion by Taylor, supported by Faremouth.

Resolved: To table item C-1 until the March meeting of the Board of Trustees.

Unanimously approved.

02.12-14

Motion by Taylor, supported by Bourassa.

Resolved: To approve the following correspondence.

1. Letter dated January 6, 2014 from Thornburg Investment Management requesting completion of form verifying capital transactions for the purpose of the annual audit.

Unanimously approved.

02.13-14

Motion by Taylor, supported by Bourassa.

Resolved: To pay the following bills:

1. Payment to Linda Kemp, Plan Administrator, for services during the periods ending January 12, 2014 through February 15, 2014 in the amount of \$3,000.
2. Payment to Brown Advisory for investment services for the period October 1, 2013 through December 31, 2013 in the amount of \$17,313.01.
3. Payment to Staples for office supplies in the amount of \$36.97.
4. Payment to NewSouth Capital Management, Inc. for management fees for the period October 1, 2013 through December 31, 2013 in the amount of \$14,103.
5. Payment to Gray & Company for investment consultant retainer fees for 4th quarter 2013 in the amount of \$14,204.08.
6. Payment to VanOverbeke Michaud Timmony P.C. for legal services rendered to the Board of Trustees for the period October 1, 2013 through December 31, 2013 in the amount of

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\$5,390 and for legal services rendered to the Board of Trustees for legal services rendered regarding ongoing litigation in the amount of \$2,945.

Unanimously approved.

02.14-14

Motion by Taylor, supported by Bourassa.

Resolved: To pay Herndon Capital for management fees for the period October 1, 2013 through December 31, 2013 in the amount of \$19,926.05.

Unanimously approved.

02.15-14

Mr. Timmony provided the Trustees with a memo dated February 19, 2014 regarding Michigan Supreme Court Docket No. 147810 in which he outlined an Order issued by the Michigan Supreme Court in consideration of the Retirement System's Application for Leave to Appeal. In lieu of granting a leave to appeal, the Michigan Supreme Court reversed the judgment of the Court of Appeals and reinstated the March 26, 2012 order of the Wayne County Circuit Court granting the defendants' motion for summary disposition, for the reasons stated in the Court of Appeals dissenting opinion. As a result, the Retirement System is entitled to tax its reasonable costs incurred in the Supreme Court. Mr. Timmony's office will prepare the necessary paperwork and file with the Clerk of the Court. This ruling should conclude this case.

Mr. Chris Kuhn gave a performance report that included review of capital market in which it was reported returns were very good for the year. Further reports included fixed income update, executive summary report, and performance of individual managers, policy index and cumulative performance comparison. It was also noted that overall, the fund is doing very well.

Mr. Kuhn recommended the Trustees consider a transfer of funds to provide liquidity for upcoming benefit payments and expenses.

Motion by Taylor, supported by Faremouth.

Resolved: To transfer \$300,000 from the PNC Fixed Income account to the Administrative account to provide liquidity for upcoming benefit payments and expenses.

Unanimously approved.

02.16-14

Jennifer Ancker Whelen of Graham Capital Management, L.P. was in attendance and provided the Board with a very detailed overview of Graham Capital Management. Part of the presentation included discussion related to Graham's background, organizational structure, absolute return fund overview, a detailed discussion on Graham's different strategies, risk and selection of managers to name a few.

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Mr. Rick Kohly of Millennium was also in attendance and provided the Board with an overview of Millennium. His presentation included discussion on multi strategy Hedge Funds, investment process, risk management process, volatility, and diversification of portfolio, return quality, trading expertise, market risk and risk limits, construction of portfolio and core investment strategy as well as a brief discussion on fees.

Mr. Timmony asked both presenters a series of questions related to SEC audits and pending litigation.

Motion by Taylor, supported by Faremouth.

Resolved: To authorize Chris Kuhn, Investment Consultant to transfer 2 million from fixed income and to invest 1 million with Graham Capital Management and 1 million with Millennium pending legal review and approval of investment contracts.

Unanimously approved.

02.17-14

Craig Haynes provided the Board with a brief review of the quarter ended December 31, 2013. Discussion included large cap growth, small cap equity and large cap equity. The Board was informed the portfolio was up for the quarter.

Chair Hill brought to the attention of the other members that survivor benefits for the spouse of recently deceased police officer Mike Rich are in the process. The issue of when those benefits commence was discussed. Mr. Timmony suggested he review the contract language and provide the Board with a written response to be provided at the next meeting.

Motion by Taylor, supported by Bourassa.

Resolved: To authorize legal counsel to prepare a detailed response regarding commencement of survivor benefits for recently widowed spouse Tonya Rich to be provided at the next Board meeting.

Unanimously approved.

02.18-14

Chair Hill advised the Board a letter and a duty disability application had been received from Police Chief Sclabassi requesting a duty disability be considered for officer Brad Sepell. Mr. Timmony recommended the duty disability process begin.

Motion by Bourassa, supported by Faremouth.

Resolved: To receive and file the duty disability application submitted by Police Chief Sclabassi and to begin the duty disability process.

Unanimously approve.

02.19-14

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Chair Hill raised concerns with the administration of the DROP program. Questions related to how medical premiums are to be handled as well as the overall accounting process for DROP retirement benefits held in escrow. Mr. Timmony recommends further review by his office of the DROP program contract language and that he report back to the members at the next meeting.

Motion by Taylor, supported by Faremouth.

Resolved: To authorize legal counsel to review the DROP program contract language in greater detail and report his finding to the members at the next meeting.

Unanimously approved.

02.20-14

Motion by Taylor, supported by Faremouth.

Resolved: To adjourn meeting at 6:57 P.M.

Unanimously approved.

02.21-14

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday March 12 2014.