

Taylor Police & Fire Retirement Board February 12, 2015 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, February 12, 2015**.

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

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Kirk VanDagens, of PNC; Craig Haynes, of PNC Bank; Linda Kemp, Plan Administrator; Sheila Gorski-Schulte, Human Resource Director; Christopher Kuhn, of The Bogdahn Group

Excused: Trustee Steve Portis

Chairman Hill, called the meeting to order at 4:30 P.M.

Motion by Taylor, supported by Faremouth.

Resolved: To approve the minutes of the regular meeting of the P&F Retirement System's Board of Trustees held January 14, 2015.

Unanimously approved.

02.11-15

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following financial correspondence:

1. Thornburg withdrawal request dated January 21, 2015.
2. Letter dated January 21, 2015 to Barbara Citizen of PNC Bank requesting acceptance of wire transfer of full liquidation of assets from Thornburg International Equity Fund to be deposited to the Administrative account as resolved at the January 21, 2015 meeting.

Unanimously approved.

02.12-15

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following correspondence:

1. Letter dated January 21, 2015 from Newsouth Capital Management referencing compliance and investment guidelines.
2. Letter dated January 15, 2015 from Thornburg referencing capital confirmation.
3. Value Opportunity Investment Strategy Review (ISR) received from Newsouth Capital Management.
4. Email dated January 29, 2015 received from Mary Gregory of Brown Advisory regarding developments within the investment team.
5. Memo and corresponding data received from the office of Vanoverbeke Michaud & Timmony P.C. dated February 3, 2015 referencing Eligible Rollover Distributions

Unanimously approved.

02.13-15

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Motion by Taylor, supported by Farenmouth.

Resolved: To approve items C 2 and 3 and to remove item C-1:

1. FOIA request to Human Resource Director Sheila Gorski-Schulte referencing fire fighter lay off letters. REMOVED
2. Actuarial certification and payment of monthly duty disability benefit to Bradley Sepell.
3. Draft letter to be sent to fire fighters involved in the Stipulated Award. Letter requires a time frame in which the Retirement System will accept payment of employee contributions.

Unanimously approved.

02.14-15

Motion by Taylor, supported by Hill.

Resolved: To provide fire fighters 60 days in which to pay the Retirement System employee contributions on monies received in the Stipulated Award.

Unanimously approved.

02.15-15

Motion by Taylor, supported by Farenmouth.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator, for periods ending January 11, 2015 through February 11, 2015 in the amount of \$2,992.50.
2. Payment to Brown Advisory for investment services rendered for the period of October 1, 2014 through December 31, 2014 in the amount of \$18,888.32.
3. Payment to Newsouth Capital Management for management fees rendered for the period of October 1, 2014 through December 31, 2014 in the amount of \$15,815.
4. Payment to Vanoverbek Michaud and Timmony P.C. for legal services rendered to the Police & Fire Retirement System for the period of October 1, 2014 through December 31, 2014 in the amount of \$6,037.50.
5. Payment to Herndon Capital for management fees rendered for the period of October 1, 2014 through December 31, 2014 in the amount of \$24,411.01.
6. Payment to PNC Institutional Investments for services rendered in the amount of \$25,135.41.

Unanimously approved.

02.16-15

Late arrival agenda items:

Motion by Farenmouth, supported by Taylor.

Resolved: To receive and file the following items:

1. Employee contributions received from the City of Taylor for January 2015 in the amount of \$60,381.39.
2. The February Medicare report. Note 9 changes this reporting period.
3. Layoff letters dated January 23, 2015 sent to 26 fire fighters.

Unanimously approved.

02.17-15

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Mr. Timmony provided the Trustees with a packet related to the Administrative Policies and Procedures Regarding Domestic Relations Matters and discussed the recent changes to domestic relations procedures. A Policy Resolution was also provided and discussed.

Motion by Taylor, supported by Faramouth.

Resolved: To receive and file the Statement of Administrative Policies and Procedures – Domestic Relations Matters.

Unanimously approved.

02.18-15

Trustees were advised Mr. Timmony's office was in receipt of a draft EDRO for Carl Dowell which met the guidelines of the policy; a letter of approval was sent to QDRO Express.

Mr. Timmony spoke of recent changes to Eligible Rollover Distributions which became effective January 1, 2015. When a plan participant directs their eligible rollover distribution go to multiple destinations, the amounts will be treated as a single distribution for allocating pre-tax and after-tax basis allowing the participants to roll over amounts to both a Roth IRA and a non-Roth IRA, allocate the pre-tax amount of the distribution to the non-Roth IRA and the after-tax amount to the Roth IRA. A revised notice and resolution were provided.

Motion by Faramouth, supported by Taylor.

Resolved: To receive and file the Notice To Recipients Of Lump Distributions From The Retirement System Resolution.

Unanimously approved.

02.19-15

Mr. Timmony advised the Board the final version of the Summary Annual Review (SAR) report may now be posted to the Police & Fire website. Chair Hill suggested the website be reviewed to assure proper listing of current Trustees.

The Trustees were informed the Investment Consultant Services Contract with The Bogdhan Group has been finalized and is ready to be executed.

Chair Hill advised Mr. Timmony the pension office received a call asking if a retirement option can be changed once a member is in pay status due to a divorce. The trustees were advised that is not permitted.

Mr. Timmony stated the FOIA regulations have been amended effective July 2015, and that he will have further information on this subject including a revised FOIA policy and procedures at a future meeting.

Craig Haynes provided an economic and market overview stating during the fourth quarter there were three major themes that impacted the markets and set the stage for 2015: diverging monetary policies, strengthening of the U.S. dollar and sharp declines in the price of oil. Those events added

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some volatility for the fourth quarter; however equities still produced decent returns. An account review as of December 31, 2014 indicates overall the equity strategy had a pretty good year.

Kirk VanDagens gave a brief follow up regarding the HELPS provision and PNC's ability to assist retirees retrieve information necessary for them to take advantage of the tax reduction. The medical insurance premium information is located on their December pay stub.

Trustees were advised 90% of the Thornberg funds had been liquidated and deposited to the Administrative account as resolved at the January meeting. The remaining balance should be liquidated by the end of February.

Chris Kuhn provided handouts for two potential managers for consideration. Both were briefly discussed; neither manager seemed an ideal fix. Mr. Kuhn will continue searching and report back at the March meeting. A discussion related to the liquidation of the Thornberg funds and where those funds might be invested. Mr. Kuhn suggested the funds be placed in the S&P 500 until an alternate recommendation is made. Mr. Kuhn is in the process of preparing a total fund review and hopes to have it complete by the next meeting.

Mr. Kuhn will be working with Linda to gather necessary financial documents to be sent to The Bogdhan Group to assist with the transition to the new consultant. Mr. Kuhn advised the Board of a \$5,000 reduction in fees as a result of The Bogdhan Group being retained by the General Employee Retirement System.

The Trustees were advised of a scheduling conflict. A request was made to consider changing the meeting day to the second Tuesday of every month.

Motion by Taylor, supported by Faramouth.

Resolved: To transfer \$7MM from the Administrative account to the S&P 500 until a more suitable investment can be determined.

Unanimously approved.

02.20-15

Motion by Bourassa, supported by Taylor.

Resolved: Change meetings of the Police & Fire Retirement System's Board of Trustees to the **second Thursday of every month.**

Unanimously approved.

02.21-15

Notice will be posted accordingly

Sheila Gorski-Schulte was present at this meeting and asked for verification of the Worker's Compensation offset on Mr. Sepell's duty disability benefit payment.

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Chair Hill advised the Trustees the pension office has had a request to provide benefit estimates for all of the fire fighters who received layoff letters and are vested. Linda is working with Ms. Gorski-Schulte to obtain the necessary pay records to complete this task. Chair Hill also advised the Trustees it will be necessary for Linda to work additional hours in order to provide the estimates as requested.

Motion by Faremouth, supported by Bourassa.

Resolved: To adjourn the meeting at 5:35 P.M.

Unanimously approved.

02.22-15

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held THURSDAY, March 12, 2015 at 4:30 at the POLICE STATION.