

Taylor Police & Fire Retirement Board February 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 **Wednesday, February 11, 2016**.

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

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, Senior Consultant, The Bogdahn Group; Kirk VanDagens, Senior Client Advisor, PNC Capital Advisors, Craig Haynes, CFA Director, Vice President; Linda Kemp, Plan Administrator; Sheila Gorski-Schulte, Human Resource Director

Chairman Hill, called the meeting to order at 4:32 P.M.

Motion by Taylor, supported by Faremouth.

Resolved: To approve the minutes of the regular meeting of the Police and Fire Retirement System's Board of Trustees held January 7, 2016.

Unanimously approved.

02.09-16

Motion by Taylor, supported by Bourassa.

Resolved: To receive and file the following financial correspondence:

1. Client statement from First Eagle Global Value Fund, LP for the period of November 30, 2015 through December 31, 2015.
2. Letter dated January 20, 2016 to Ms. Mary Gregory of Brown Advisory authorizing a partial rebalancing of the Police & Fire Retirement System's assets as resolved by the Police & Fire Retirement System's Board of Trustees at the January 7, 2016 meeting.
3. Letter dated January 20, 2016 to Ms. Barbara Citizen of PNC authorizing the transfer of funds as resolved by the Police & Fire Retirement System's Board of Trustees at the January 7, 2016 meeting.

Unanimously approved.

02.10-16

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following correspondence:

1. The January Medicare report. Note one (12) change this reporting period.
2. FOIA request dated January 8, 2016 received from Mr. Zack Cziryak.
3. Ten day FOIA extension letter dated January 11, 2016 to Mr. Zack Cziryak.
4. FOIA response and fee summary dated January 15, 2016 to Mr. Zack Cziryak.
5. Memorandum dated February 3, 2016 received from the office of Vanoverbeke Michaud & Timmony P.C. referencing Normal Retirement Age/In-Service Distributions.

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6. Letter dated January 15, 2016 received from Bettie Kroutil, Vice President, Thornburg Investment Management, Inc. referencing annual verification of distribution.
7. Letter dated February 2, 2016, prepared by the office of Vanoverbeke Michaud & Timmony P.C. to QDRO Express referencing compliance of EDRO for Wayne County Circuit Court Case No. 13-111634-DM.

Unanimously approved.

02.11-16

Motion by Taylor, supported by Bourassa.

Resolved: To approve the following correspondence:

1. Letter dated January 19, 2016 from Patrick Danehy, CFA of Newsouth Capital Management referencing investment compliance.
2. Actuarial certification and deferred retirement benefit payment to William Caruso.

Unanimously approved.

02.12-16

Motion by Taylor, supported by Boruassa.

Resolved: To approve the following late arrival payment of bills:

1. Payment to Linda Kemp, Plan Administrator for the period of January 10, 2016 through February 7, 2016 in the amount of \$3,247.50.
2. Payment to Alger for management fees for the period of October 1, 2015 through December 31, 2015 in the amount of \$17,139.48.
3. Payment to Brown Advisory for investment services for the period of October 1, 2015 through December 31, 2015 in the amount of \$20,482.20.
4. Payment to Herndon Capital Management for management fees for the period of October 1, 2015 through December 31, 2015 in the amount of \$18,572.36.
5. Payment to the City of Taylor for annual audit costs in the amount of \$5,600.
6. Payment to Vanoverbeke Michaud & Timmony P.C. for legal services rendered to the City of Taylor Police & Fire Retirement System for the period of October 1, 2015 through December 31, 2015 in the amount of \$10,727.50.
7. Payment to PNC for asset management fees for the period of October 1, 2015 through December 31, 2015 in the amount of \$25,026.13.
8. Payment to Newsouth for management fees for the period of October 1, 2015 through December 31, 2015 in the amount of \$23,199.00.

Unanimously approved.

02.13-16

Jack Timmony advised the Board he had further reviewed the Memorandum of Understanding (MOU) dated July 25, 2000, as well as received information concerning the service credit records of Cmdr. Hopper and Cpl. Cole, he noted both Cmdr. Hopper and Cpl. Cole's service credit records reflect full service credit; therefore, he recommends the Board allow these individuals to repay the Retirement System the sum of money agreed upon in the MOU. It was further noted

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interest of 7.6% will be charged effective the date the original payment was due; June 1, 2002. Mr. Timmony requested Mr. Kuhn provide that calculation for the plan administrator.

A brief discussion regarding item B-5; a memo referencing normal retirement age/in service distributions. The discussion included the recent publication of proposed regulations by the IRS regarding Normal Retirement Age rules for governmental pension plans; specifically issues raised regarding the ability of members to receive distributions from a retirement system while continuing employment (known as in-service distributions).

Kirk VanDagens, advised the Board the Investment Policy Statement is in the review process and that he will bring forward when final review is complete.

Craig Haynes, provided the Trustees with review for the period ending December 31, 2015 that included financial market review, account status review, current allocations, investment performance, portfolio statistics, mutual funds, multi factor small cap core and portfolio holdings. Further discussion included an update from Mr. VanDagens indicating specific managers outperformed their bench marks and the positive affect that had on the overall fund being managed by PNC.

Chris Kuhn, provided the Board with an investment performance review for the period ended December 31, 2015. The discussion included the compliance checklist as of December 31, 2015, review of performance of individual managers, asset allocation domestic equities, financial reconciliation review and fixed income. The Board was advised the Investment Policy Statement is under review. It was noted at this meeting the comparative performance for this quarter is in the top 5% of all public funds. Herndon and Brown continue to struggle. First Eagle has done very well this quarter, Intercontinental did very well for the year, Graham did not have a great year, however they were up in January.

Mr. Kuhn advised the Board there is a need to transfer funds to the Administrative account to provide liquidity for upcoming benefit payments.

Motion by Bourassa, supported by Kriebel.

Resolved: To authorize Investment Consultant Chris Kuhn to transfer \$500,000 from fixed income to the Administrative account to provide liquidity for upcoming benefit payments.

Unanimously approved.

02-14-16

Mr. Kuhn provided a Large Cap Value Equity Manager Search that included Ceredex Value Advisors, Delaware Investments, Seizert Capital Partners and The Boston Company Asset Management. Prior to review of each firm, the Board was advised of recent changes within Delaware Investments and suggested they not be considered at this time. Mr. Kuhn provided firm

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comparisons, product comparisons, performance comparisons, manager summaries and definitions and disclosures. A peer group analysis was also provided.

Chair Hill, suggested the possibility of inviting managers to a future meeting for interviews. Chair Hill recommended Mr. Kuhn contact Herndon to advise they have one additional month to improve their performance. It was further requested Mr. Kuhn contact Herndon to invite to the next meeting to discuss their poor performance. Mr. Kuhn will contact Herndon as requested.

Chair Hill advised Trustees Linda Kemp will be out of town for the April meeting and would like to discuss this further at the March meeting.

Chair Hill advised Trustees he had submitted an email to police and fire retirees to clarify the assets in the Retirement System are in good standing.

Motion by Taylor, supported by Faremouth.

Resolved: To adjourn the meeting at 5:58 P.M.

Unanimously approved.

02.15-16

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Thursday, March 10, 2016 at 4:30 at the POLICE STATION.