

TAYLOR POLICE & FIRE RETIREMENT BOARD

February 8, 2018

The regular meeting of the City of Taylor Police & Fire Retirement Board was held at the **Taylor Police Department**, 23515 Goddard Road (second floor conference room), Taylor Michigan, on **Thursday, February 8, 2018 at 4:00 p.m.**

**Present:** Chairman and Trustee Hill, Trustee Kriebel (arrived at 4:08 p.m.), Trustee Couture and Trustee Taylor

**Also Present:** Jack Timmony, VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, CFA, CAIA, Senior Consultant AndCo; Craig Haynes, CFA, Sr. Client Advisor Director, PNC Institutional Asset Management Co.; Sheila Gorski-Schulte, Human Resource Director; Steven Schwein (retiree).

**Excused:** Trustee Bourassa

**Trustee and Chair Nicolas Hill, called the meeting to order at 4:04 p.m.**

**Motion by Taylor, supported by Couture.**

Resolved: To approve the minutes of the meeting of the City of Taylor Police & Fire Retirement System's Board of Trustees held, January 10, 2018.

*Unanimously approved.*

02.06.-18

**Motion by Taylor, supported by Couture.**

Resolved: To receive and file the following financial correspondence:

1. Client statement received from First Eagle for the period of November 30, 2017 through December 31, 2017.
2. Letter dated January 28, 2018 to Ms. Barbara Citizen of PNC Bank authorizing the facilitation of a transfer of funds to provide liquidity for upcoming benefit payments
3. Letter dated January 25, 2018 to Ms. Barb Citizen of PNC Bank authorizing the facilitation of a transfer of funds to provide liquidity for upcoming lump sum distributions.
4. Employee contributions received from the City of Taylor for December 2017 in the amount of \$70,997.70.

*Unanimously approved.*

02.07-18

**Motion by Couture, supported by Taylor.**

Resolved: To receive and file the following correspondence:

1. FOIA request dated January 16, 2018 received from Zack Czriyak.
2. FOIA response letter advising request has been granted dated January 18, 2018.
3. FOIA fee summary.
4. Letter dated January 30, 2018 received from Newsouth referencing investment activity compliance.

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5. Letter dated January 25, 2018 received from PNC referencing organizational announcement.

*Unanimously approved.*

02.08-18

**Motion by Taylor, supported by Couture.**

Resolved: To approve the following correspondence:

1. Letter dated January 22, 2018 received from Officer Phil Wengrowski requesting the purchase of his PSO time.

*Unanimously approved.*

02.09.18

**Motion by Taylor, supported by Couture.**

Resolved: To approve the following payment of bills in items 1, 2, 4 and 5, and to table item 3 while research is conducted to determine whether and when the Board agreed to paying a portion of the annual audit:

1. Payment to Linda Kemp, Plan Administrator for the period of January 14, 2018 through February 4, 2018 in the amount of \$2,703.75.
2. Payment to Brown Advisory for investment services for the period of October 2, 2017 through December 31, 2017 in the amount of \$15,399.53.
3. Payment to City of Taylor for the Police and Fire Retirement System's portion of the annual Plante Moran audit in the amount of \$8,600.
4. Payment to Newsouth Capital Management, Inc. for management fees for the period of October 1, 2017 through December 31, 2017 in the amount of \$25,266.
5. Payment to PNC Institutional Asset Management for asset based fees for the period of October 1, 2017 through December 31, 2017 in the amount of \$16,969.01

*Unanimously approved.*

02.10-18

**Mr. Timmony** was present and discussed the following.

Troy Cox is a member of the Police Command Officers collective bargaining unit. The issue is whether shift differential pay is to be included in the final average compensation calculation. The City's position as Ms. Gorski-Schulte stated is that shift differential pay is not specifically identified in the labor agreement as one of the items to be included in that calculation. The Board noted in response that shift differential pay is provided for in the labor agreement, and is paid when an officer works an applicable shift entitling him or her to the shift differential (an additional amount of money per hour is paid to the individual). The pay is added to the officer's compensation (or base wage). Additionally, the Board noted that it has been the practice during the past several decades to regularly and consistently include shift differential pay in the final average compensation calculation. Finally, the Board noted that the labor agreement does not

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specifically exclude shift differential pay from the items to be included in the calculation (and PA 345 is silent regarding the matter).

Steven Schwein was present and Mr. Timmony began the discussion with the statement that Mr. Schwein does not agree with the pension benefit methodology applicable to him, particularly the final average compensation calculation. Mr. Schwein, a former member of the Police Command Officers collective bargaining unit, stated that his hire date is January 30, 1995, and he retired effective December 16, 2016. These dates are not at issue. Mr. Schwein said that he is of the opinion that 2006, 2010, and 2014 should be his three “good years” for benefit calculation purposes (highest 3 of the past 10), but that the calculation methodology (and as reflected in the April, 1996 policy resolution of the Board of Trustees), results in him having to “split” years and results in a lower benefit calculation (final average compensation) than Mr. Schwein believes is proper. Some discussion followed. The Board noted that the City administration is reviewing the calculation methodology (as reflected in the April 1996 resolution), and further stated that the Board believes the calculation is correct nevertheless. Mr. Schwein agreed to provide a writing to the Board which fully and completely details his position to assist the Board and the City with review of the matter.

Ms. Gorski-Schulte said that the City has retained legal counsel to review this issue. To assist with the review, Ms. Gorski-Schulte requested to review 3 benefit calculations (2 police and 1 fire) for each year since adoption of the April 1996 resolution. The Board agreed to facilitate that review.

**Motion by Kreibel, supported by Couture,** to receive and file Legal Counsel’s report as presented.

*Unanimously approved.*

02.11-18

**Chris Kuhn** was present and discussed the following. First, he distributed and reviewed the Asset/Manager Summary of February, 2018. That discussion included updated market values, as well as a rebalancing recommendation (reduce the Alger Large Cap Growth portfolio by \$1,000,000.00 for benefit payments. Next, Mr. Kuhn distributed and discussed the Investment Performance Review for the period ending December 31, 2017. Discussion followed. Finally, Mr. Kuhn distributed and discussed a supplemental Investment Performance Review and Asset Allocation Summary as of December 31, 2017. Discussion followed.

**Motion by Couture, supported by Taylor,** to receive and file the foregoing reports from Mr. Kuhn, and to approve the rebalancing recommendation as reflected in the single page Asset/Manager Summary of February 2018.

*Unanimously approved.*

02.12-18

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**Craig Haynes** was present, and distributed and discussed the Investment Review report for the period ending December 31, 2017. Section I of his report contained commentary regarding the economic summary and outlook. Section II provided a review of the PNC large cap value portfolio. Section III was a report of the PNC multi-factor small cap core fund, while Section IV reported the performance of the fixed income portfolio under PNC's management. Discussion followed.

**Motion by Couture, supported by Kriebel**, to receive and file the foregoing report of Mr. Haynes.

*Unanimously approved.*

02.13-18

**Chair Hill** stated that he is hopeful that the City's review of the benefit calculation methodology proceed in due course. He noted his disappointment with the City's cancellation of the meeting that was agreed to between himself, Plan Administrator Kemp, Mr. Couture and Ms. Gorski-Schulte to review this issue, and noted that he trusts the City's legal review will conclude soon.

**Motion by Couture, supported by Kriebel.**

Resolved: To adjourn at 5:03 p.m.

*Unanimously approved.*

02.14-18

**The next meeting of the Board of Trustees of the City of Taylor Police and Fire Retirement System will be held **Thursday, March 8, 2018 at 3:00 P.M.****