

Taylor Police & Fire Retirement Board January 14, 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 **Wednesday, January 14, 2015**.

Present: Chairman and Trustee Nicolas Hill, Trustee Gerry Taylor, Trustee Tim Faremouth and Trustee Steve Portis

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Kirk VanDagens, of PNC; Linda Kemp, Plan Administrator; Sheila Gorski-Schulte, Human Resource Director; Retiree Scott Atkinson; Christopher Kuhn, of The Boghdan Group; Mike Welker, of The Boghdan Group

Excused: Trustee Ed Bourassa

Chairman Hill, called the meeting to order at 4:33 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 December 10, 2014.

Unanimously approved.

01.01-15

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following financial correspondence:

1. Letter dated December 22, 2014 to Ms. Barbara Citizen of PNC Bank requesting the transfer of funds as resolved at the December 10, 2014 meeting of the Police & Fire Retirement System's Board of Trustees.
2. Confirmation of Intent dated December 23, 2014 received from First Eagle referencing trade details as resolved at the December 10, 2014 meeting of the Police & Fire Retirement System's Board of Trustees.
3. Confirmation of Transaction dated January 5, 2015 received from First Eagle.
4. Employee contributions received from the City of Taylor for December 2014 in the amount of \$72,714.82.

Unanimously approved.

01.02-15

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following correspondence:

1. Letter dated December 12, 2014 to Mr. Bradley Sepell as resolved at the December 10, 2014 meeting.
2. Authorization to disclose protected health information received from the office of Kluczynski, Girtz, Zambler & McCubbrey, P.C. on behalf of Mr. Bradley Sepell.

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Unanimously approved.

01.03-15

Motion by Taylor, supported by Faremouth.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator, for periods ending December 14, 2014 through January 11, 2015 in the amount of \$2,040.

Unanimously approved.

01.04-15

Late arrival item:

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the January 2015 Medicare report noting 4 changes this reporting period.

Unanimously approved.

01.05-15

Mr. Timmony gave the Board a brief update on the status of the Proctor DRO stating the DRO supersedes the Consent Judgment of Divorce. Ms. Kemp was advised to process the Alternate Payee benefits as soon as administratively possible.

Retiree Scott Atkinson was present at this meeting to discuss the Pension Protection Act of 2006. Trustees were provided a packet of information on the topic prepared by Mr. Timmony's office that included a memo dated September 12, 2007 regarding the Pension Protection Act of 2006, a draft letter to be sent to retirees explaining the Act, a frequently asked questions sheet, a resolution previously adopted by the Board of Trustees as well as a Public Safety Health Insurance Premium Withholding Form. Mr. Atkinson shared with the Board the ability of Public Safety retirees to make pre-tax distributions of up to \$3,000 from their governmental pension plan to be used to purchase retiree health or long term care insurance if they elect to participate. Mr. Atkinson has benefited from this Act since his retirement in 2007 and suggested the Board of Trustees notify all police and fire retirees of the Act and provide them with a letter outlining how the Act works, the IRS instructions as well as the previously adopted resolution. It was agreed at this meeting that the Plan Administrator would review the previously drafted letter, update as necessary for Chair Hill's approval and send to all police and fire retirees. It was also noted at this meeting that this letter should be sent out annually at the beginning of each year.

Chris Kuhn and Mike Welker of The Bogdhan Group were in attendance at this meeting to provide the Trustees with a presentation. Mr. Kuhn, former Investment Consultant for the Retirement System expressed his sincere apologies for forcing the Board to be in a position to conduct an RFP as a result of ongoing issues with Gray & Company. Mr. Kuhn described how he had been evaluating consulting firms for over a year in an attempt to find the best fit for him as well as future clients. His search concluded The Bogdhan Group was the best fit for him.

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Mike Welker advised the Board they have been trying to retain Mr. Kuhn for over a year and are very pleased he has joined their team. Mr. Welker gave a brief presentation describing who The Bogdhan Group is stating they are independent with no “headline” risk; they currently have 240 public plans, they are proud to say they have excellent client retention as well as employee retention, excellent employee team. Chair Hill asked how long the proposed fees would be in place. Mr. Welker stated they would not change until year four at which time if there were to be an increase it would be a modest one. Mr. Welker also stated the fees were all inclusive; no hidden costs for additional services. A discussion regarding the resources available to The Bogdhan Group when searching for potential new managers took place. The Trustees were assured the resources available surpassed what was previously available to them with their former consulting firm. Trustee Faramouth asked if there was a mechanism in place in the Investment Policy Statement that would prevent another issue like the one with the former consulting firm. They were assured there is a very strict method of transparency and compliance. Mr. Timmony asked if The Bogdhan Group was currently involved in any litigation issues; they are not. They were also asked if they had any SEC issues; they have not. A brief discussion took place regarding the transition time gathering data from the previous consulting firm. It is believe initially reporting could be one quarter behind, however anticipate a quick and seamless transition.

Upon the departure of Mr. Kuhn and Mr. Welker Chair Hill emphasized the decision to terminate Gray & Company was in no way a reflection of the service provided by Mr. Kuhn. The Trustees discussed the past difficulty in finding a consultant they felt was a good fit and the exceptional service provided in the past by Mr. Kuhn. The Trustees were in agreement that The Bogdhan Group appears to be a good fit for the Retirement System; therefore agreed to retain them as their investment consultant.

Motion by Taylor, supported by Portis.

Resolved: To authorize legal counsel to draft the appropriate contracts between The Bogdhan Group and the City of Taylor Police & Fire Retirement System.

Unanimously approved.

01.06-15

Kirk VanDagens. discussed the current market value index and advised Craig Haynes will be at the next meeting to provide an update on the portfolio. It was also noted that Thornberg is going through a management shakeup and provided a letter on the matter. Trustee Taylor and Chair Hill expressed their concern with the performance of Thornberg. Trustee Faramouth suggested Mr. VanDagens recommend an alternate solution for funds invested with Thornberg. After further discussion it was agreed by the Trustees to liquidate all funds currently invested with Thornberg and to transfer said funds to the cash account until a decision is made regarding investment of those funds.

The Trustees were advised the cash account is slightly low and recommends a transfer of funds to provide liquidity for upcoming benefit payments and miscellaneous expenses.

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Motion by Taylor, supported by Faremouth.

Resolved: To authorize Mr. VanDagens to liquidate funds invested with Thornberg to be transferred to the Administrative account.

Unanimously approved.

01.07-15

Discussion regarding the IPS followed. The following changes were agreed upon.

- 1). Change the cash amount to 15%.
- 2). Change the Hedge Fund from 3 to 2.

Motion by Taylor, supported by Faremouth.

Resolved: To change the IPS to reflect the following changes:

1. Change cash allocation to 15%.
2. Change the Hedge Fund allocation from 3% to 2%.

Unanimously approved.

01.08-15

Plan Administrator was requested to work with Mr. VanDagens preparing the letters for the transfer of funds to the Administrative account.

Sheila Gorski-Schulte was present at this meeting to discuss the ongoing issue of back pay to previously laid off fire fighters. The Trustees were advised an agreement between the City of Taylor and Fire Fighters Local 1252 had reached an agreement regarding the amount of back pay received. Ms. Gorski provided Mr. Timmony with a written notice detailing monies paid to individuals involved in this matter. Ms. Gorski also noted no employee contributions were withheld from the monies paid by the city; therefore it is up to the Retirement System to calculate, notify and collect the appropriate amount of employee contributions from those fire fighters involved in this matter. It was also noted monies paid to these individuals is in fact considered pensionable wages when calculating final average compensation. Trustee Taylor suggested the City be responsible to sign off on final pension calculations at the time of retirement for these individuals. Ms. Gorski said the City would have no issue with that. Ms. Gorski-Schulte will email all necessary data to Linda Kemp so this task may be completed by the pension office. Ms. Gorski will also provide Ms. Kemp with individual reports for each employee listed in report. It was further agreed at this meeting that Ms. Kemp will draft a letter to be sent to the fire fighters involved for review by Chair Hill and Mr. Timmony.

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Motion by Taylor, supported by Portis

Resolved: To receive and file the Wage and Stipulated Agreement as submitted by Ms. Gorski-Schulte.

Unanimously approved.

01.09-15

Chair Hill advised the Trustees a request has been made by former Police Officer Dan Toth to collect his employee contributions. The pension office will handle the matter as soon as administratively possible.

Trustee Taylor's term expired December 31, 2015. It was noted by Trustee Faremouth that he had a conversation with Mayor Sollars who intends to renew his term on the Board.

Trustee Faremouth gave an update on the health of Trustee Bourassa stating he is currently in the hospital and hoping to be released in a few days.

Motion by Taylor, supported by Faremouth.

Resolved: To adjourn the meeting at 7:09 P.M.

Unanimously approved.

01.10-15

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday, February 11, 2015 at 4:30 at the POLICE STATION.