

TAYLOR POLICE & FIRE RETIREMENT BOARD
JANUARY 12, 2017

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, January 12, 2017 at 4:30 P.M.**

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

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, Senior Consultant, The Bogdahn Group; Sheila Gorski-Schulte, Human Resource Director for the City of Taylor; Henry Otto, Managing Director & Portfolio Manager, Brandywine Global; Mark Juelis, CAIA, Brandywine Global; Godfrey Gill, Managing Director, Lyrical Partners, L.P.; Andrew Wellington (call in), Investment Officer, Lyrical Partners, L.P.

Trustee and Chair Nicolas Hill, called the meeting to order at 4:35 P.M.

Motion by Kriebel, supported by Taylor.

Resolved: To approve the minutes of the meeting of the City of Taylor Police & Fire Retirement System's Board of Trustees held December 8, 2016.

Unanimously approved.

01.01-17

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 October 31, 2016 through November 30, 2016.
2. Capital Call notice number 6 received from Metropolitan Real Estate Partners Secondaries & Co-Investments Fund L.P. in the amount of \$210,942.94.
3. Letter dated December 9, 2016 to Mr. Anthony Pinkston of Herndon Capital advising of a partial rebalancing of the City of Taylor Police & Fire Retirement System's assets.
4. Letter dated December 9, 2016 to Ms. Barbara Citizen of PNC bank requesting the facilitation of capital call number 6 for Metropolitan Real Estate Partners Secondaries & Co-Investments Fund L.P. in the amount of \$210,942.94.
5. Letter dated December 9, 2016 from American Realty Advisors referencing capital call number 3 in the amount of \$200,000 due December 27, 2016.
6. Letter dated December 12, 2016 to Mr. Mondrell Moore of Herndon Capital advising of a partial rebalancing of the City of Taylor Police & Fire Retirement System's assets.
7. Letter dated December 12, 2016 to Ms. Barbara Citizen of PNC bank requesting the facilitation of American Realty capital call number 3.
8. Employee contributions received from the City of Taylor for the month of November 2016 in the amount of \$69,898.36.

Unanimously approved.

01.02-17

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Motion by Bourassa, supported by Taylor.

Resolved: To receive and file the following correspondence:

1. The January 2017 Medicare reports. Note 5 change this reporting period.
2. Letter dated December 13, 2016 received from Ms. Gorski, Human Resource Director for the City of Taylor referencing pensionable wage adjustments for Sgt. Hill.
3. Letter dated December 13, 2016 sent to Mr. Robert Dickerson, Chief of Staff for the City of Taylor referencing payment of employee contributions for previously laid off police officers.
4. Retirement letter dated December 30, 2016 received from Cpl. John Marimpietri (Police) with a retirement date effective January 26, 2017.
5. Letter of invitation dated January 9, 2017 prepared by Investment Consultant Chris Kuhn to Gary Faccenda of Lyrical Partners inviting them to present at the January meeting of the Police & Fire Retirement System.
6. Memo dated January 10, 2017 received from the office of Vanoverbeke, Michaud & Timmony P.C. referencing amendments to Act 314.
7. Email dated January 10, 2017, received from Trustee Faremouth advising of his resignation from the City of Taylor Police & Fire Retirement System's Board of Trustees.

Unanimously approved.

01.03-17

Motion by Taylor by Bourassa supported by.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator for the period of December 4, 2016 through January 8, 2017 in the amount of \$2,761.25
2. Payment to Bogdahn Group for consulting services and performance evaluation for quarters ending October 31, 2016 through December 31, 2016 in the amount of \$12,500.
3. Payment to Rodwan Consulting for normal actuarial and consulting services rendered to the City of Taylor Police & Fire Retirement System for the quarter ended December 31, 2016, pursuant to the Actuarial Services Agreement in the amount of \$2,050.
4. Payment to Alger for management fees for the period of October 1, 2016 through December 31, 2016 in the amount of \$15,432.37.

Unanimously approved.

01.04-17

Ms. Sheila Gorski-Schulte was present at this meeting to provide the Board, for review, a revised calculation of retirement benefit for George Quiroz. The city believes the Settlement Agreement between Mr. Quiroz and the city disallows the year in which Mr. Quiroz was awarded payment to be used toward his FAC. Mr. Timmony reviewed the Settlement Agreement with Ms. Gorski-Schulte at this meeting to determine what earnings outlined in the Settlement Agreement were considered pensionable wages. Mr. Timmony will review the Settlement Agreement again; however, it was noted at this meeting the agreement is silent on whether monies awarded from the Settlement Agreement are to be excluded from FAC calculations. Further discussion on this matter included a lack of response from the city to

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identify the specific terms and conditions of the subject Settlement Agreement and Collective Bargaining Agreement which they believe the Board's benefit calculation is inconsistent with. Linda Kemp will work with Mr. Timmony to provide necessary documents to assist with his review of this matter. Mr. Timmony will draft a follow up letter to the city requesting they provide in writing why they believe the Quiroz calculation should be changed.

Mr. Timmony discussed briefly item B-6 memo regarding amendments to Act 314. The amendments require the system's summary annual report to be submitted to the Department of Treasury not less than 30 days after its publication, require the Department of Treasury to post an executive summary of each summary annual report received and to require a system which is less than 60% funded to post on the internet an informational report outlining the steps, if any, the system may take to decrease its unfunded actuarial accrued liability.

Chris Kuhn advised the Board of a name change from The Bogdahn Group to & Co. Consulting and gave a quick review of the asset/manager summary. It was recommended that a transfer of funds to the administrative account be authorized to provide liquidity for upcoming benefit payments.

Motion by Taylor, supported by Bourassa.

Resolved: To authorize Investment Consultant Chris Kuhn to facilitate a transfer in the amount of 1M from PNC large cap value to the administrative account to provide liquidity for upcoming benefit payments.

Unanimously approved.

01.05-17

Henry Otto, Managing Director & Portfolio Manager and Mark Juelis, CAIA of Brandywine were at this meeting to provide a presentation to the Board as a possible new investment manager. The presentation included a firm overview, core team, portfolio managers, length of service of core team members, investment philosophy, investment process overview, historical record, the use of dynamic shifting tool to determine best investment model, return expectations, quality factors, managing risk factors, portfolio implementation, sector allocation and fee structure.

Godfrey Gill (present) and Andrew Wellington (via phone) of Lyrical provided a presentation that included a firm overview, strategy overview, performance overview, committed capital, stock selection, portfolio construction, proprietary investment screening, organizational resources and teams, portfolio management, risk, and fee structure.

It was noted following the presentations that the two potential new investment managers have very different approaches, however Mr. Kuhn feels either manager could be a good fit for the Retirement System as their performance is very comparable.

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Motion by Bourassa, supported by Kriebel.

Resolved: To retain Brandywine Global Investment Management, LLC as an investment manager, to invest in the Dynamic Large Cap Value portfolio, to authorize Investment Consultant Chris Kuhn to transfer entire portfolio currently invested with Herndon to Brandywine subject to legal review.

Unanimously approved.

01.06-17

Mr. Kuhn will advise Brandywine they have been selected as a new investment manager for the City of Taylor Police & Fire Retirement System.

Chair Hill advised the Board that a question regarding depleting accumulated banks had come to the pension office and that he would handle the matter as the collective bargaining agreement clearly states \$4,000 must remain in a member's bank until such time the member severs employment.

Due to scheduling conflicts the February meeting has been changed to Thursday, February 16th at 4:00 P.M.

Motion by Taylor, supported by Bourassa.

Resolved: To change the February meeting of the Police and Fire Retirement System's Board of Trustees to **Thursday, February 16, 2017 at 4:00 P.M.**

Unanimously approved.

01.07-17

Motion by Bourassa, supported by Kriebel.

Resolved: To adjourn at 6:52 P.M.

Unanimously approved.

01.08-17

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The next meeting of the Board of Trustees of the City of Taylor Police and Fire Retirement System will be held Thursday, February 16, 2017 at 4:00.