

Taylor Police & Fire Retirement Board July 11, 2012 Meeting Minutes

The regular meeting of the Taylor Police & Fire Retirement Board was held at the Taylor Fire Department, 23345 Goddard Road, Taylor Michigan, on **Wednesday, July 11, 2012.**

Present: Chairman and Trustee Nicolas Hill, Trustee Dan Bzura, Trustee Lynn Cleary, and Trustee Gerry Taylor

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., legal counsel; Chris Kuhn of Gray & Company, investment consultant; Kirk VanDagens of PNC Bank; custodian bank and investment manager; Linda Kemp, Plan Administrator

Excused: Trustee Russ McNamee

Chair Nicolas Hill called the meeting to order at 4:43 P.M.

Motion by Bzura, supported by Taylor.

Resolved: To approve the minutes of the regular meeting of the Board held June 13, 2012.

Unanimously approved.

7.51-12

Motion by Taylor, supported by Bzura.

Resolved: To receive and file the following financial correspondence:

1. Employee contributions received from the City of Taylor for the Taylor Police & Fire Retirement System for June 2012 in the amount of \$37,490.21.
2. Letter dated June 20, 2012 to Barbara Citizen of PNC Bank requesting the transfer of \$800,000 from the Fixed Income Account to the Administrative Account on or before Friday, June 29, 2012.
3. Contributions from the City of Taylor, which were wire transferred on June 29, 2012, for the second half of the required annual city contributions to the Police & Fire Retirement System in the amount of \$3,029,800.
4. Check from PNC Bank for a credit card overpayment in the amount of \$816.
5. Letter dated July 11, 2012 to Barbara Citizen requesting the following on or before July 18, 2012: open a new account for NewSouth Capital Management, provide NewSouth a verified list of holdings for Tradewinds Global Investors, and to transfer all holdings from the Tradewinds account to the newly opened NewSouth account.

Unanimously approved.

7.52-12

Motion by Bzura, supported by Taylor.

Resolved: To receive and file the following correspondence.

1. The June 2012 Police & Fire Retirees Medicare Reimbursement Report. No changes this reporting period.
2. Letter dated June 21, 2012 to Christine Burns of NewSouth Capital Management.

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3. The Annual Actuarial Valuation for the City of Taylor Police & Fire Retirement System as of June 30, 2011.
4. Investment Advisory Programs EERISA section 408 (b) (2) Disclosure Statement dated June 18, 2012 from PNC Bank and PNC Capital Advisors, LLC Soft Dollar Disclosure Document dated June 2012.
5. Letter dated July 11, 2012 to Ms. Darcy Gratz of Tradewinds Global Investors.

Unanimously approved.

7.53-12

Motion by Bzura, supported by Taylor.

Resolved: To approve the following correspondence.

1. Wayne County Friend of the Court Income Withholding for Support Notice of Termination dated 6/11/12 case #820383903.

Unanimously approved.

7.54-12

Motion by Taylor, supported by Bzura.

Resolved: To pay the following bills:

1. Payment to Linda Kemp, Plan Administrator, for services during the period ending June 17, 2012 through July 8, 2012 in the amount of \$2,355.
2. Payment to Mauricio Gomes, website manager, for annual maintenance and hosting of Police & Fire website in the amount of \$420.
3. Payment to Rodwan Consulting Company for normal actuarial and consulting services rendered to the City of Taylor Police & Fire Retirement System for the quarter ended June 30, 2012, pursuant to the Actuarial Services Agreement in the amount of \$1,920.

Unanimously approved.

7.55-12

- **Mr. Jack Timmony**, legal counsel for the Police & Fire Retirement System, discussed the manager search process used when selecting NewSouth as a new manager, in response to a question about why the Investment Consultant presented a single manager for interview. Mr. Timmony stated that an investment manager search process is a detailed and thorough examination of a universe of investment manager data that the Investment Consultant analyzes and presents to the Board. Oftentimes more than one manager is interviewed, however sometimes only a single manager is interviewed as was done with NewSouth. Nevertheless, the Board retained the right to interview others in the event the Board was not satisfied with NewSouth at the time the Board interviewed NewSouth, and the Board discussed this at the time.

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Mr. Chris Kuhn, Investment Consultant, reinforced this analysis. Mr. Kuhn further stated that he would prepare a memorandum to that effect, and Mr. Timmony offered his assistance.

- **Kirk VanDagens of PNC Bank** gave a brief portfolio update noting the past quarter was tough, however overall for the year things are not too bad. Mr. VanDagens also discussed returns vs. benchmarks and reported that he will provide a more detailed report at the next meeting.
- **Chris Kuhn of Gray & Company** reported that due to the payment of city contributions there is no need for movement of funds at this time. Mr. Kuhn gave an update on Market Values and stated we are close to all targets at this time. NewSouth will have a new portfolio in place by the next Board meeting. A detailed discussion took place on the manager search conducted by Gray & Company. Mr. Kuhn provided a handout listing eight potential managers. Discussion covered strategies, performance comparisons and fees. Prior to inviting potential managers to present at a future Board meeting Mr. Timmony will provide the Board with an opinion on MLP's. Basket clause regulations were also briefly discussed.
- **Trustee Hill** engaged the Board in a discussion related to the inflation assumption used in the Annual Actuarial Valuation. Trustee Taylor concurred with Trustee Hill that a previous request had been made of the Actuary to reduce the inflation assumption and to present actuarial projections based upon a reduced inflation assumption. The Board directed Plan Administrator, Linda Kemp to research past meeting minutes to verify this request and to report findings to the Board as soon as possible.

Motion by Taylor, supported by Bzura.

Resolved: To adjourn meeting at 6:16 P.M.

Unanimously approved.

7.56-12