

## **Taylor Police & Fire Retirement Board March 13, 2013 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, March 13, 2013.**

**Present:** Chairman and Trustee Nicolas Hill, Trustee Dan Bzura, Trustee Lynn Cleary, Trustee Russ McNamee 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 Investment Manager; Linda Kemp, Plan Administrator; Mr. & Mrs. Herb Proctor; and Sheila Gorski-Schulte, Human Resource Director for the City of Taylor

**Chair Nicolas Hill called the meeting to order at 4:31 P.M.**

### **Motion by Taylor, supported by Bzura.**

Resolved: To approve the minutes of the regular meeting of the P&F Retirement System Board of Trustees held February 13, 2013 and the minutes of the closed door session also held February 13, 2013.

*Unanimously approved.*

03.28-13

### **Motion by Bzura, supported by Taylor.**

Resolved: To receive and file the following financial correspondence:

1. Letter dated February 21, 2013 to Barbara Citizen of PNC Bank requesting the transfer of \$400,000 cash from the Large Cap Growth Account (7506 7449 0805) and \$400,000 cash from the Large Cap Value Account (7506 7449 0766) to the Administrative Account (7506 7449 0759) on or before February 27, 2013.

*Unanimously approved.*

03.29-13

### **Motion by Taylor, supported by Cleary.**

Resolved: To receive and file the following correspondence.

1. The February 2013 Police & Fire Retirees Medicare Reimbursement Report. Note 7 changes this reporting period.
2. Verification of payment in full in the amount of \$5,329.67 from Officer James Pilchak for the purchase of three years Cadet service time as approved at the meeting of the P&F Board of Trustees held August 8, 2012 (resolution #8.61-12).
3. Supplemental medical report from Dr. Allen Babcock dated February 27, 2013.
4. Memo dated February 28, 2013 from the office of VanOverbeke Michaud & Timmony P.C. referencing Cadet service time purchase.

*Unanimously approved.*

03.30 -13

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### **Motion by Bzura, supported by Taylor.**

Resolved: To approve the following correspondence.

1. Washtenaw County Friend of the Court Income Withholding for Support Notice of Termination dated 1/19/2013 referencing case number 911110482.

*Unanimously approved.*

03.31-13

### **Motion by Taylor, supported by Cleary.**

Resolved: To pay the following bills:

1. Payment to Linda Kemp, Plan Administrator, for services during the period ending February 17, 2013 through March 10, 2013 in the amount of \$2,520.
2. Payment to Gray & Company for Investment Consultant Retainer fee for 3rd quarter 2012 billing in the amount of \$11,999.86.

*Unanimously approved.*

03.32-13

### **Motion by Taylor, supported by Bzura.**

Resolved: To go to closed door session to discuss item B-3 at 4.35 P.M.

*Unanimously approved.*

03.33-13

### **Motion by Taylor, supported by Cleary.**

Resolved: To re-open the public meeting at 4:45 P.M.

*Unanimously approved.*

03.34-13

### **Motion by Taylor, supported by McNamee.**

Resolved: To approve a duty disability medical retirement for Mr. Herb Proctor.

*Unanimously approved.*

03.35-13

**Mr. Jack Timmony** distributed and briefly discussed a draft Code of Conduct and Ethics Policy Resolution, Education and Travel Policy Resolution and the Administrative Policies and Procedures. It was suggested by Mr. Timmony that the members review each item for further discussion, consideration and adoption at a future meeting. A litigation report dated quarter ended December 31, 2012 was also distributed and discussed.

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There was some discussion related to the manner in which the Taylor Fire Department prepares reports for on the job incidents/injuries. As a result of that discussion Mr. Timmony offered to draft a letter to be sent to the City detailing the deficiencies with current practice.

#### **Motion by Cleary, supported by Taylor.**

Resolved: To receive and file the draft Code of Conduct and Ethics Policy Resolution and the Education and Travel Policy Resolution as presented by Mr. Timmoy to be placed on a future agenda for discussion and consideration.

*Unanimously approved.*

03.36-13

#### **Motion by Taylor, supported by Cleary.**

Resolved: To receive and file the litigation report as provided by Mr. Timmony.

*Unanimously approved.*

03.37-13

#### **Motion by Cleary, supported by McNamee.**

Resolved: To receive and file the Policies and Procedures report as presented by Mr. Timmony to be placed on a future agenda for discussion and consideration.

*Unanimously approved.*

03.38-13

- **Kirk VanDagens of PNC Bank** advised the Board that Mr. Mike Santelli will no longer be with PNC effective March 31, 2013. A letter detailing changes in PNC's management team was provided by Mr. VanDagens. Further discussion took place on how the departure of Mr. Santelli may affect the Board's decision to continue with PNC on that portion of their portfolio as well as what other options may be available going forward. Mr. VanDagens advised the Board that every effort will be made to allow for a smooth transition to the new management team. Mr. VanDagens advised the Board that PNC would like an opportunity to continue to manage portfolios currently with their management team and all necessary steps will be taken to find a suitable strategy. A snap shot of the three portfolios managed by PNC was reviewed in great detail. A fourth quarter 2012 performance summary was provided and discussed. Manager performance vs. bench marks, large cap core and large cap growth and value, average rate of return, risk/return, upside/downside capture were also part of the discussion.
- **Chris Kuhn of Gray & Company** advised the Board he has done some research on potential managers, specifically their willingness to customize a strategy suitable to the Retirement System's needs. A discussion regarding a potential search for a new manager

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ensued. Mr. Timmony reminded the Board of the process for a manager selection and the necessity to adhere to that policy.

A review of the market value report, fixed income, yield curves, bond portfolio, projected returns, potential rise of interest rates, projected yields, projected fixed income performance, bank loans and equity performance were part of the discussion

#### **Motion by Cleary, supported by Taylor.**

Resolved: To request Mr. Kuhn provide a list of candidates to manage the Growth, Value, Focus and Core portions of the portfolio.

*Unanimously approved.*

3.39-13

#### **Motion by Taylor, supported by Cleary.**

Resolved: To instruct PNC not to transition the Retirement System's Large Cap Value and Focused Equity strategies to the proposed new investment strategies until further direction from the Board of Trustees.

*Unanimously approved.*

3.40-13

Mr. Kuhn made a recommendation to transfer \$800,000 to the Administrative Account to provide liquidity for upcoming benefit payments and expenses. Discussion took place regarding which account would best serve the needs of this transfer.

#### **Motion by Taylor, supported by Cleary.**

Resolved: To transfer \$800,000 from the Fixed Income Account to the Administrative Account as recommended by the Investment Consultant.

*Unanimously approved.*

3.41-13

**Chair Hill** advised the Board of the upcoming MAPERS Spring Conference and requested those interested in attending contact Linda as soon as possible.

Trustees were also informed that Jenetta Kregel is no longer employed by the City of Taylor; therefore there is a need to select a new person to provide the Retirement System with a second review of pension calculations. No final decision on this topic was made at this meeting, however it was suggested Chair Hill contact former Plan Administrator Donna Terry.

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### **Motion by Taylor, supported by Cleary.**

Resolved: To request Chair Hill contact Donna Terry regarding providing a second review of pension calculations.

*Unanimously approved.*

3.42-13

Chair Hill requested PNC provide the pension office with a receipt of the deposit made to the Retirement System for overpayments of Medicare Part B reimbursements. Mr. VanDagens assured Chair Hill a receipt would be provided.

Trustee McNamee will provide the pension office with the election documents relative to his election to the Board of Trustees by his fellow union members.

Employee Contributions for January and February 2013 were provided under open business.

### **Motion by Bzura, supported by Cleary.**

Resolved: To receive and file the employee contributions received from the City of Taylor for the Police & Fire Retirement System for January 2013 and February 2013 in the amounts of \$66,208.60 and 61,834.31 respectively.

*Unanimously approved.*

3.43-13

### **Motion by Cleary supported by McNamee.**

Resolved: To adjourn meeting at 6:54 P.M.

*Unanimously approved.*

03.44-13

**The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday April 10, 2013.**