

## **Taylor Police & Fire Retirement Board March 10, 2016 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 **Thursday, March 10, 2016**.

**Present:** Trustee Taylor, Trustee Faremouth, Trustee Kriebel, and Trustee Bourassa

**Also Present:** Aaron Castle, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, Senior Consultant, The Bogdahn Group; Linda Kemp, Plan Administrator; Sheila Gorski-Schulte, Human Resource Director; Randall Cain and Mark Reed of Herndon Investment Management; Margaret Shalda.

**Absent Excused:** Chair Hill

**Trustee and Acting Chair Jesse Kriebel, called the meeting to order at 4:32 P.M.**

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

Resolved: To suspend the regular meeting to allow representatives of Herndon Capital to give a presentation.

*Unanimously approved.*

03.16-16

Mr. Cain and Mr. Reed were present at this meeting to address the Board's concerns relative to the poor performance of funds the Retirement System has invested with them. They wanted the Trustees to know this poor performance is not a reflection of Herndon and since inception they have been rated in the top 10%. They stated their investment history reflects they have outperformed more often than they have underperformed. It was noted that their investment in energy has partly caused them to underperform during the period in question. They stated last year was particularly challenging, however they believe they are on the right path again and that they can get back to outperforming going forward. Trustee Taylor asked why they are still invested so heavily in energy. Trustee Taylor also asked if Herndon is losing assets regarding existing investors or gaining assets from new investors. It was noted they are losing assets. The conclusion of this discussion was that Mr. Kuhn, Investment Consultant for the Police & Fire Retirement System, will provide monthly performance reports to the Board. Any necessary decisions will be made after future review of those reports.

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

Resolved: To return to the regular meeting of the City of Taylor Police & Fire Retirement System.

*Unanimously approved.*

03.17-16

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

Resolved: To approve the minutes of the regular meeting of the Police and Fire Retirement System's Board of Trustees held February 11, 2016.

*Unanimously approved.*

03.18-16

## **Taylor Police & Fire Retirement Board**

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

Resolved: To receive and file the following financial correspondence:

1. Client statement from First Eagle Global Value Fund, LP for the period of December 31, 2015 through January 31, 2016.
2. Notice dated February 16, 2016 from Metropolitan Real Estate Partners Secondaries & Co-Investments Fund, L.P. referencing Capital Call #2.
3. Letter dated February 17, 2016 to Ms. Barbara Citizen of PNC Bank authorizing the coordination of assets required for Metropolitan Capital Call #2.
4. Employee contributions received from the City of Taylor for December 2015 in the amount of \$61,102.58 and for January 2016 in the amount of \$57,981.21 as well as corrections for October 2015 and November 2015 in the amounts of \$670.10 and \$756.15 respectively.

*Unanimously approved.*

03.19-16

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

Resolved: To receive and file the following correspondence:

1. The February Medicare report. Note one (1) change this reporting period.
2. Memorandum dated February 25, 2016 to Commander Rick Hopper and Cpl. Jerry Cole regarding Memorandum of Understanding dated July 25, 2000.
3. The PNC Semi-Annual Report as of November 30, 2015.

*Unanimously approved.*

03.20-16

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

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator for the period of February 14, 2016 through March 6, 2016 in the amount of \$1,372.50.
2. Payment to Staples for office supplies in the amount of \$132.06.

*Unanimously approved.*

03.21-16

**Aaron Castle** presented the Trustees with a letter regarding Wayne County Case No. 13-105463-DM Spousal Support Order. Upon further review and discussion of this item Mr. Castle recommend the item be tabled for further determination of file completeness and review of court orders.

#### **Motion by Bourassa, supported by Faremouth.**

Resolved: To table item presented by Mr. Castle, Wayne County Case No. 13-105463 DM for further review.

*Unanimously approved.*

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03.22-16

**Chris Kuhn**, provided a rolling one and three year performance report for Herndon and stated if you remove the last two years Herndon has done very well. Mr. Kuhn also noted that energy was only part of their underperformance. Mr. Kuhn will keep a very close eye on Herndon's performance and report to the Trustees at each Board meeting.

Mr. Kuhn has had discussions with PNC regarding the Investment Policy Statement and advised the Trustees Mr. Timmony now has it for review and comment and it should be ready for adoption at the next meeting.

A detailed report was given on the capital market and asset allocation, GDP growth, global capital markets, sovereign yields, global fixed income, yield curve, U.S. fixed income market, global equity market, global equity valuations and alternative investments. Discussion also included review of risk exposure and asset allocation. Mr. Kuhn recommended reviewing global tactical asset allocation and other macro oriented strategies. The Trustees were advised there is a need to transfer funds to the Administrative account to provide liquidity for upcoming benefit payments.

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

Resolved: To authorize Mr. Kuhn to transfer \$1MM from Brown and \$1MM from PNC large cap to the Administrative account to provide liquidity for upcoming benefit payments.

*Unanimously approved.*

03.23-16

**Margaret Shalda** was present at this meeting addressed the Board regarding her alternate payee benefits inquiring whether she and Mr. Shalda have the ability to "change" the selection of benefit from Option II 50% survivor benefit to Option I 100% survivor benefit or to straight life normal retirement with the automatic 60% spousal survival benefit. Mr. Castle advised Mrs. Shalda the type of benefit cannot be changed, however she may be able to get a court order to amend the DRO currently on file and that she and Mr. Shalda would need speak to their divorce attorneys regarding this matter.

### **Motion by Faramouth, supported by Bourassa.**

Resolved: To adjourn the meeting at 5:57 P.M.

*Unanimously approved.*

03.24-16

**The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Thursday, **May 12, 2016** at 4:30 at the POLICE STATION.**