

Taylor Police & Fire Retirement Board May 21, 2014 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, May 21, 2014**.

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

Excused: Trustee Portis and Trustee Bourassa

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, of Gray & Company, Investment Consultant; Kirk VanDagens, PNC Bank, Bank Investment Manager; Linda Kemp, Plan Administrator; Sheila Schulte-Gorski, Human Resource Director; Denise Jones, Rodwan Consulting; Police Lt. Dale Chapman

Chair Nicolas 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 Board of Trustees held April 16, 2014.

Unanimously approved.

05.42-14

Motion by Taylor, supported by Faremouth:

Resolved: To receive and file the following financial correspondence:

1. Employee contributions received from the City of Taylor for April 2014 in the amounts of \$56,969.05.
2. Letter dated April 22, 2014 to Ms. Barbara Citizen of PNC Bank requesting the transfer of funds as approved at the April 16th meeting of the Police and Fire Retirement System's Board of Trustees.
3. Payment received from the City of Taylor for the first half of the city's annual required contribution to the Police and Fire Retirement System per the June 30, 2012 actuarial report in the amount of \$5,145,379.

Unanimously approved.

05.43-14

Motion by Faremouth, supported by Taylor.

Resolved: To receive and file the following correspondence:

1. Letter dated April 18, 2014 sent to Mr. Scott Gregory responding to his phone call inquiry of April 18, 2014.
2. Letter Dated April 17, 2014 sent to Ms. Tonya Rich detailing her survivor benefits as approved at the April 16, 2014 meeting of the Police and Fire Retirement System's Board of Trustees.
3. The Annual Actuarial Valuation Report as of June 30, 2013 as submitted by Rodwan Consulting.

Taylor Police & Fire Retirement Board

May 21, 2014 Meeting Minutes

4. Correspondence dated April 28, 2014 received from the office of VanOverbeke Michaud & Timmony, P.C. referencing recent legal issues and decisions.
5. Letter from Gray & Company referencing updated Form ADV disclosure documents.
6. Letter dated March 31, 2014 received from PNC Capital Advisors referencing Form ADV, Part 2A.
7. Correspondence received from Brown Advisory referencing Form ADV Part 2A.
8. The May 2014 Medicare Reimbursement Report. Note two (2) changes this reporting period.

Unanimously approved.

05.44-14

Motion by Taylor, supported by Faremouth.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Pension Plan Administrator, for periods ending April 20, 2014 through May 18, 2014 in the amount of \$2,745.
2. Payment to Newsouth Capital Management, Inc. for management fees for the period of January 1, 2014 through March 31, 2014 in the amount of \$14,330.
3. Payment to Brown Advisory for investment services for the period of January 1, 2014 through March 31, 2014 in the amount of \$17,659.12.
4. Payment to PNC Institutional Investments for services rendered for the period of January 1, 2014 through March 31, 2014 in the amount of \$20,212.58.
5. Payment to Herndon Capital Management for management fees for the period of January 1, 2014 through March 31, 2014 in the amount of \$20,212.58.

Unanimously approved

05.45-14

Mr. Timmony, briefly discussed item B-4 suggesting the Trustees review at their leisure prior to the June meeting stating he will be happy to discuss in greater detail at the next meeting.

Chris Kuhn provided the Board with a copy of the performance report for discussion and review. Discussion included current yield curve, U.S. equity market, fixed income review, international equity market, performance of individual managers and cumulative performance comparison review. A discussion took place regarding the poor performance of Thornburg. It was suggested a letter be sent putting Thornburg on notice. Mr. Kuhn advised the Board members he is still in search of managers for consideration and hopes to have something to review at the next meeting. Mr. Kuhn recommends \$300,000 be transferred to the Administrative account to provide liquidity for upcoming monthly benefit payments and bills.

Motion by Taylor, supported by Faremouth.

Resolved: To transfer \$300,000 from PNC MF Small Cap Core Fund to the Administrative Account to provide liquidity for upcoming monthly benefit payments and bills.

Unanimously approved.

05.46-14

Taylor Police & Fire Retirement Board

May 21, 2014 Meeting Minutes

Motion by Taylor, supported by Faremouth.

Resolved: To authorize Investment Consultant Chris Kuhn to draft a letter to Thornburg advising them they are being put on notice for poor performance.

Unanimously approved.

05.47-14

Denise Jones, of Rodwan Consulting was in attendance to provide the Board with an in depth review of the Annual Actuarial Valuation Report. Part of the review/discussion included the newly approved Command DROP program and how it affects the reporting process, discussion regarding the lay off and subsequent recall of fire fighters and the process related to that particular situation, a new line item has been added to track a settlement agreement, assets and liabilities were discussed and the computation of the city's annual contribution to the Police and Fire Retirement System.

Kirk VanDagens provided the Board members with the 1st quarter performance report. In part, Mr. VanDagens discussed economic and market review, projected fed fund rates, review of government spending and the role that plays on the market, market returns, growth, value comparisons, small cap portfolio, account status review, fixed income and large cap value. Mr. VanDagens also advised the Board that Kevin McCredy has resigned from PNC.

Chair Hill, requested the Board receive and file a letter of resignation submitted to the pension office from Corporal Kristin Corne.

Motion by Faremouth, supported by Taylor.

Resolved: To receive and file the letter of resignation submitted by Corporal Kristina Corne.

Unanimously approved.

05.48-14

Chair Hill provided the Board with a status update on the disability application of Corporal Sepell stating he has provided lists of doctors and that the pension office has sent a letter requesting Mr. Sepell's medical records to each of the doctors submitted. It was further noted that Mr. Sepell has also designated a physician to represent him on the medical committee.

There was a brief discussion related to a request for a letter detailing retirement eligibility be put on hold until such time the requesting member resolves an issue related to his service credit time with the city.

Chair Hill requested Mr. Timmony review the Command Drop Agreement in greater detail as it relates to interest on monies held for participants in the Drop program and respond at the June meeting.

**Taylor Police & Fire Retirement Board
May 21, 2014 Meeting Minutes**

Lt. Dale Chapman was present at this meeting to ask Mr. Timmony his opinion on how medical premiums are to be handled for participants of the DROP program. Mr. Timmony recommended the Board waive their attorney/client privilege relative to item B-4 in which that issue is discussed.

Motion by Taylor, supported by Faremouth.

Resolved: To waive attorney/client privilege and provide a copy of item B-4 to both Lt. Chapman and Ms. Gorski-Schulte.

Unanimously approved.

05.49-14

A copy of item B-4 was provided to Lt. Chapman and Ms. Gorski-Schulte. There was a brief discussion regarding how medical premiums are to be paid for participants of the DROP program. Lt. Chapman provided information related to the DROP program of another community. Mr. Timmony offered to review that agreement and report back to the Board as well as Lt. Chapman and Ms. Gorski-Schulte.

Motion by Faremouth, supported by Taylor.

Resolved: To adjourn the meeting at 6:11 P.M.

Unanimously approved.

05.50.-14

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday June 11, 2014 at 4:30 P.M.