

TAYLOR POLICE & FIRE RETIREMENT BOARD

November 10, 2016

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, November 10, 2016 at 4:30 P.M.**

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

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, Senior Consultant, The Bogdahn Group; Craig Haynes, PNC Capital Advisors, CFA Director, Vice President; Sheila Gorski-Schulte, Human Resource Director for the City of Taylor.

Excused: Trustee Taylor and Trustee Faremouth

Trustee and Chair Nicolas Hill, called the meeting to order at 4:36 P.M.

Motion by Bourassa, supported by Kriebel.

Resolved: To approve the minutes of the meeting of the City of Taylor Police & Fire Retirement System's Board of Trustees held October 13, 2016.

Unanimously approved.

11.58-16

Motion by Bourassa, supported Kriebel by.

Resolved: To receive and file the following financial correspondence:

1. Client statement from First Eagle Global Value Fund, LP for the period of August 31, 2016 through September 31, 2016.
2. Letter dated October 17, 2016 to Ms. Mary Gregory of Brown Advisory requesting a partial rebalancing of assets as resolved at the October 13, 2016 meeting of the City of Taylor Police & Fire Retirement System's Board of Trustees.
3. Letter dated October 17, 2016 to Ms. Barbara Citizen of PNC bank requesting the facilitation of a transfer of funds as resolved at the October 13, 2016 meeting of the City of Taylor Police & Fire Retirement System's Board of Trustees.
4. Employee contributions received from the City of Taylor for August 2016 and September 2016 in the amount of \$57,791.64 and \$81,841.39 respectfully.

Unanimously approved.

11.59-16

Motion by Bourassa, supported by Kriebel.

Resolved: To receive and file the following correspondence:

1. The November 2016 Medicare report. Note 4 change this reporting period.
2. Actuarial Information for the GASB Statement 67/68 dated June 30, 2016 as prepared by Rodwan Consulting Company.
3. Memo dated November 10th received from the office of Vanoverbek Michaud & Timmony P.C. referencing IRC Section 401 (a)(9).
4. Letter of retirement dated November 2, 2016 received from Cpl. William Brinker (police) with an effective retirement date of November 20, 2016.

Unanimously approved.
11.60-16

Motion by Bourassa, supported by Kriebel.

Resolved: To approve the following correspondence:

1. Certification and payment of retirement benefit to Damon Smith and Charles Monette.

Unanimously approved.
11.61-16

Motion by Bourassa, supported by Kriebel.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator for the period of October 16, 2016 through November 6, 2016 in the amount of \$1,935.
2. Payment to Brown Advisory for investment services for the period of July 1, 2016 through September 30, 2016 in the amount of \$18,716.04.
3. Payment to PNC Institutional Asset Management for asset based fees for the period of July 1, 2016 through September 30, 2016 in the amount of \$25,200.55.
4. Payment to Pure Data Services, LLC for delivery of three (3) document bins in the amount of \$150.
5. Payment to Rodwan Consulting Company for additional actuarial services rendered in connection with information for reporting purposes to GASB in the amount of \$4,900.
6. Payment to Newsouth Capital Management Inc. for management fees for the period of July 1, 2016 through September 30, 2016 in the amount of \$22,242.
7. Payment to Herndon Capital for management fees for the period of July 1, 2016 through September 30, 2016 in the amount of \$15,153.66.

Unanimously approved.
11.62-16

Late arrival item:

Motion by Bourassa, supported by Kriebel.

Resolved: To approve payment to MAPERS for 2017 membership renewal in the amount of \$100.

Unanimously approved.
11.63-16

Mr. Timmony discussed item B-3 referencing IRC Section 401(a)(9) Compliance indicating in order for the Police & Fire Retirement System to maintain its qualified status under the Code, the Retirement System must comply with Code Section 401(a)(9) and its applicable regulations. Failure to comply would negatively impact both the Retirement System and plan participants. Trustees were advised the Department of Labor has recently expanded its audit initiative to include qualified plans for compliance. Mr. Timmony noted the importance of the Board maintaining updated member records and recommended his office provide follow up review to assure continued compliance.

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Craig Haynes provided the Board with a financial market, economic and capital market review and an account status review which included current allocation, investment performance, portfolio status, and mutual funds. During September, fixed income returns were negatively impacted; however the fixed income portfolio did well for the quarter. Large cap not performing as hoped. Chair Hill asked if there was a plan to increase performance; Mr. Haynes believes their track record remains solid and they will perform over time and feels it is best to stick with the strategy.

Chris Kuhn advised the Board the Bogdahn Group will be changing their name in January. An investment performance review was provided. Very strong performance; up 3.7% overall and the fund is still a top three fund. A review of individual managers indicated Alger did very well, Herndon had a nice quarter, however still lagging, PNC underperformed, Newsouth is slightly behind, First Eagle did well overall, however underperformed bench mark, Intercontinental had a great quarter and Mr. Kuhn believes they will continue to do well. Chair Hill is in favor of cutting ties with Herndon and seeking an alternate manager for this space as he believes it will take too long for Herndon to recover. Mr. Kuhn will have alternate managers for the review at the December meeting. Mr. Kuhn recommended a transfer of funds be approved to provide liquidity for upcoming benefit payments. Mr. Kuhn stated the annual audit is in process and he has been working with Plante Moran, Jason Couture of the City and Linda Kemp to provide requested documentation. A summary for City Council was also provided and reviewed by the Board and will be submitted to City Council. Mr. Kuhn provided the names of four online service providers for the Trustees to review for future document scanning.

Motion by Hill, supported by Kriebel.

Resolved: To authorize the transfer of \$1M from PNC Small Cap to the Administrative Account to provide liquidity for upcoming benefit payments.

Unanimously approved.

11.64-16

Motion by Bourassa, supported by Kriebel.

Resolved: To adjourn the meeting at 5:18 P.M.

Unanimously approved.

11.65-16

The next meeting of the Board of Trustees of the City of Taylor Police and Fire Retirement System will be held Thursday, December 8, 2017.