

Taylor Police & Fire Retirement Board October 15, 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, October 15 2014**.

Present: Chairman and Trustee Nicolas Hill, Trustee Gerry Taylor, Trustee Ed Bourassa, Trustee Steve Portis and Trustee Tim Faremouth

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, of Gray & Company, Investment Consultant; Kirk VanDagens, of PNC; Linda Kemp, Plan Administrator; Sheila Gorski-Schulte, Human Resource Director

Chairman Hill, called the meeting to order at 4:38 P.M.

Motion by Taylor, supported by Bourassa.

Resolved: To approve the minutes of the regular meeting of the P&F Retirement System's Board of Trustees held September 10, 2014 and the minutes if the closed door session of the same meeting.

Unanimously approved.

10.80-14

Motion by Taylor, supported by Bourassa.

Resolved: To receive and file the following financial correspondence:

1. Employee contributions received from the City of Taylor for September 2014 in the amount of \$62,172.37.

Unanimously approved.

10.81-14

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following correspondence:

1. Letter dated September 18, 2014 from Marc Handy, Chief Compliance Office of Gray and Company with accompanying ADV Part 2A and Part 2B and Privacy Notice.
2. Letter/survey received October 8, 2014 from the United States Department of Commerce U.S. Census Bureau.

Unanimously approved.

10.82-14

Motion by Taylor, supported by Faremouth.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator, for periods ending September 14, 2014 through October 12, 2014 in the amount of \$2,940.
2. Payment to Rodwan Consulting Company for normal actuarial and consulting services rendered to the City of Taylor Police and Fire Retirement System for the quarter ended September 30, 2014, pursuant to the Actuarial Services Agreement in the amount of \$2,030.

Taylor Police & Fire Retirement Board October 15, 2014 Meeting Minutes

3. Reimbursement to Linda Kemp for air card replacement and upgrade in the amount of \$94.15 after \$50 mail in rebate

Unanimously approved.

10.83-14

Late arrival items:

Motion by Faremouth, supported by Bourassa.

Resolved: To approve payment to Alger for investment advisory fee for the period of July 1, 2014 through September 30, 2014 in the amount of \$16,750.96.

Unanimously approved.

10.84-14

Motion by Taylor, supported by Bourassa.

Resolved: To approve payment to Brown Advisory for investment services provided for the period of July 1, 2014 through September 30, 2014 in the amount of \$18,206.81.

Unanimously approved.

10.85-14

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the November Medicare report. Note two changes this reporting period.

Unanimously approved.

10.86-14

Mr. Timmony briefly discussed a letter received by the pension office from the Law Offices of Mohr & Cannello, P.C. who represent the Personal Representative of the Estate of deceased retired police officer Jeannine Rhead, inquiring about certain death and related benefits that might be payable/available. Mr. Timmony indicated that a letter be sent to Mr. Cannello advising him his that no such benefits are available or otherwise within the jurisdiction of the Retirement System, and that if any are available they would be within the employee-employer relationship. Accordingly it was suggested he contact City Human Resources Director Sheila Gorski-Schulte for further assistance.

The Board was advised Mr. Costella's attorney has not yet submitted payment as ordered by the Michigan Supreme Court; therefore Mr. Timmony will send a second letter on behalf of the Retirement System requesting payment.

The ongoing back pay issue with the fire department and the arbitration award regarding same was also discussed. Mr. Timmony advised the Trustees this issue is one to be resolved between the union and the city and is not within the jurisdiction of this body. Ms. Gorski-Schulte told the Board members she was aware of the issue and would be meeting with the union soon in an attempt to bring resolution to this matter and would report back to the Trustees following that meeting. It was

Taylor Police & Fire Retirement Board October 15, 2014 Meeting Minutes

agreed no attempt would be made at this time to collect employee contributions from those involved in the arbitration award.

Chris Kuhn directed the Board's attention to item B-1 forms ADV Part 2-A and ADV Part 2-B explaining the matter was very serious and not to be taken lightly. The investigators believe they have enough to push this investigation to the next level and thus issued Wells Notices; charges could be forthcoming. Mr. Kuhn apologized for any stress this situation may have caused the Board. Chair Hill asked if any funds invested by the Police & Fire Retirement System were involved in the current investigation; Mr. Kuhn said they were not. Trustee Taylor gave an update to the newer Trustees advising them Gray had previously been put on notice regarding these issues, and Trustee Taylor moved to terminate Gray & Company effective immediately. Discussion followed.

Mr. Kuhn also provided the members with an updated market value report. A comparisons booklet of managers who presented at the September meeting was provided and reviewed. It was noted that Thornburg has improved slightly, therefore no immediate concern that action be taken at this time. The Board will revisit this matter at a later date.

Motion by Taylor, supported by Hill.

Resolved: To terminate Gray & Company effective this date and to send written notice of this action to Larry Gray of Gray & Company.

Unanimously approved.

10.87-14

It was also noted at this meeting that Investment Consultant Chris Kuhn has provided professional and dedicated services to the Retirement System and the termination of Gray & Company is in no way a reflection of his service to the Board.

Some discussion followed related to a new investment consultant search. Chair Hill asked Mr. Timmony if there was a risk involved by not having an investment consultant while a search is conducted. The members were reminded prior to hiring Gray & Company the Retirement System did not have a contractual relationship with a full-time investment consultant. Mr. Timmony discussed potential risk factors, said that the Retirement System assets are invested with investment managers who are fiduciaries, and that the current Investment Consultant to the Retirement System has the assets allocated and invested such that during the short-term while the Board conducts a search for a replacement Investment Consultant the managers should perform according to their fiduciary duties and should not cause liability exposure. Kirk VanDagens assured the members PNC would do everything possible to assist during the transition phase, and indicated that prior to the retention of Gray & Company he and the bank performed advisory and portfolio overview functions. It was also discussed that the Board issued a Request for

Taylor Police & Fire Retirement Board October 15, 2014 Meeting Minutes

Information for Investment Consulting Services in 2013. The Board decided that an investment consultant search should be conducted immediately.

A brief discussion to recap the strategy under which Bloomfield Capital operates (commercial real estate direct lending) took place. The Trustees agreed this is something they would like to move forward with.

Motion by Bourassa, supported by Taylor.

Resolved: To authorize legal counsel to conduct an RFP for a new investment consultant.

Unanimously approved.

10.88-14

Motion by Bourassa, supported by Faremouth

Resolved: To authorize Chris Kuhn to contact Bloomfield Capital and to put them in touch with Mr. Timmony so a contract between the two parties may be prepared.

Unanimously approved.

10.89-14

Mr. Kuhn recommends using funds from S&P 500 and small cap core for investment with Bloomfield Capital.

Motion by Taylor, supported by Faremouth.

Resolved: To authorize Kirk VanDagens to transfer \$1M from S&P 500 and \$1M from small cap core to be invested with Bloomfield Capital to fund the initial investment, subject to preparation and execution of satisfactory investment documents.

Unanimously approved.

10.90-14

Mr. Kuhn advised the Board members he is not recommending a transfer of funds this meeting to cover monthly benefit payments and miscellaneous expenses as the account is well funded for the upcoming payments.

Mr. Kuhn thanked the Board for the opportunity to serve as Investment Consultant.

Kirk VanDagens provided a brief portfolio performance review stating all three portfolios are doing well at this time. He also advised the Trustees of some personnel changes within PNC.

Chair Hill asked his fellow Trustees if they had reviewed the necessary documents related to Mr. Sepell's disability application and if they were ready to make a decision on the matter.

**Taylor Police & Fire Retirement Board
October 15, 2014 Meeting Minutes**

Motion by Faremouth, supported by Portis.

Resolved: To approve the duty disability retirement application of Mr. Bradley Sepell effective February 18, 2014, when the application for disability retirement was submitted to the Retirement System.

Unanimously approved.

10.91-14

Resolved: To adjourn the meeting at 5:32P.M.

Unanimously approved.

10.92-14

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday, November 12, 2014 at 4:30 P.M.