

Taylor Police & Fire Retirement Board August 13, 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, August 13, 2014.**

Present: Chairman and Trustee Nicolas Hill, Trustee Gerry Taylor, Trustee Ed Bourassa

Excused: Trustee Portis, Trustee Faremouth

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; Craig Haynes, PNC Bank, Bank Investment Manager; Linda Kemp, Plan Administrator; Sheila Schulte-Gorski, Human Resource Director; Attorney John Clark; Retiree Ron McNamee

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

Motion by Taylor, supported by Bourassa.

Resolved: To approve the minutes of the regular meeting of the P&F Retirement System Board of Trustees held June 11, 2014.

Unanimously approved.

08.62-14

Motion by Taylor, supported by Bourassa:

Resolved: To receive and file the following financial correspondence:

1. Letter dated June 25, 2014 to Ms. Barbara Citizen of PNC Bank requesting the transfer of funds as approved at the June 11, 2014 meeting of the Police and Fire Retirement System's Board of Trustees.
2. Employee contributions received from the City of Taylor for June 2014 in the amount of 53,869.79 and July 2014 in the amount of \$64,678.82.

Unanimously approved.

08.63-14

Motion by Taylor, supported by Bourassa.

Resolved: To receive and file the following correspondence:

1. The June 2014 Medicare report. Note two (2) changes this reporting period.
2. The July 2014 Medicare report. No changes this reporting period.
3. Letter from Gerald Cole, President Taylor Police Officers Labor Association dated June 27, 2014 referencing Cpl. Calabrese.
4. FOIA request dated July 8, 2014 from Zack Criryak of Financial Investment News.
5. FOIA response letter dated July 10, 2014. Requested report attached.
6. Letter from PNC Institutional Investments dated July 7, 2014 referencing PNC Tax Savings Service.
7. Letter dated August 6, 2014 from Medsource Services referencing Bradley Sepell.

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Unanimously approved.

08.64-14

Motion by Taylor, supported by Bourassa.

Resolved: To table the following correspondence:

1. Letter dated August 4, 2014 from Rodwan Consulting Company until revisions are completed.

Unanimously approved.

08.65-14

Motion by Taylor, supported by Bourassa.

Resolved: To approve the following correspondence:

1. Letter dated July 23, 2014 from the office of Vanoverbeke Michaud & Timmony P. C. referencing Wayne County Case No. 12-100026-DM with proposed resolution regarding same.

Unanimously approved.

08.66-14

Motion by Taylor, supported by Bourassa.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator, for periods ending June 15, 2014 through August 10, 2014 in the amount of \$4,642.50.
2. Payment to Rodwan Consultant Company for normal actuarial and consulting services rendered to the City of Taylor Police & Fire Retirement System for the quarter ended June 2014, pursuant to the Actuarial Services Agreement in the amount of \$1,990.
3. Payment to Alger for investment advisory fees for the period of April 1, 2014 through June 30, 2014 in the amount of \$16,274.25.
4. Payment to Newsouth Capital Management, Inc. for management fees for the period of April 1, 2014 through June 30, 2014 in the amount of \$15,382.
5. Payment to Brown Advisory for investment services for the period of April 1, 2014 through June 30, 2014 in the amount of \$17,723.16
6. Payment to PNC Institutional Investments for services rendered for the period of April 1, 2014 through June 30, 2014 in the amount of \$25,144.06.
7. Payment to Herndon Capital Management for management fees for the period of April 1, 2014 through June 30, 2014 in the amount of \$20,847.77
8. Payment to Anthony A. Emmer, D.O. for attending physician statement related to the Sepell disability application in the amount of \$57.54
9. Payment to Gray & Company for second quarter 2014 investment consultant retainer fees in the amount of \$14,707.65.
10. Payment to Vanoverbeke Michaud & Timmony P.C. for legal services rendered for the period of April 1, 2014 through June 30, 2014 in the amount of \$5,810.
11. Payment to Rodwan Consulting Company for actuarial services rendered in connection with the computation of monies owed by fire fighters due to back pay issue in the amount of \$800.

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12. Payment to Rodwan Consulting Company for actuarial services rendered in connection with the amount laid off police officers may owe to the Retirement System for the lay off period in the amount of \$380.
13. Payment to Vanoverbeke Michaud and Timmony P.C. for legal services rendered for the period of January 1, 2014 through March 31, 2014 in the amount of \$1,159.00 (litigation) and \$9,334.70 respectively.

Unanimously approved.

08.67-14

Mr. Timmony advised the Trustees he had been in communication with Sandra Rodwan regarding the Summary Annual Report. Mr. Timmony and Ms. Rodwan will be “tweaking” the report to assure all is in order prior to submitting the final version to for approval.

The draft actuarial funding policy was sent to Rodwan Consulting for review and comment.

Lastly, Mr. Timmony gave a brief update on the current disability application advising it is moving forward.

Craig Haynes provided a brief account status ending June 30, 2014, discussing both small and large cap, fixed income, sector diversification and duration structure. The Trustees were advised all three strategies out performed their benchmarks this quarter.

Mr. John Clark and Ms. Sheila Gorski-Schulte were present at this meeting to discuss the Command DROP program as it relates to reimbursement of healthcare costs for those who enter into the program. Mr. Clark made a reference to a previous (March) opinion from Timmony, in which Mr. Timmony provided several acceptable options for the collection of healthcare premiums from participants of the DROP program. One of those options would allow the city to recoup the employee portion of healthcare costs from the participant upon exit from the program. Ms. Gorski-Schulte stated she had a discussion with the Command union on this matter. Ms. Gorski-Schulte asked what they (the city) need to do now to be prepared when an employee leaves the program. Mr. Timmony suggested a letter of understanding between the Command Union and the city be submitted. The discussion continued as to where the 80% healthcare cost would come from. There seems to be a misunderstanding between Command and City regarding that issue. Chair Hill referenced the Command DROP Contract stating health insurance shall be taken out as if the employee were retired i.e. twenty percent (20%).

Mr. Timmony said the details regarding the issue must be resolved between the City and the Union before the Board of Trustees can become involved with the administration of the terms of the DROP.

Chris Kuhn provided the Trustees with a copy of the performance report ending June 30, 2014. A brief discussion on equity markets, fixed income and yield curve. It was reported the energy sector was the big winner this reporting period. The international marked performance was not as strong as the U.S. Overall the portfolio looks good; total fund up approximately 3 1/2 %. The executive

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summary indicated Brown had a few bad picks, Newsouth had a great quarter, First Eagle slightly behind, Thornberg continues to disappoint. Reams didn't have a very good quarter but is coming back slightly. Optima was liquidated as of June 30, 2014.

The Administrative account is funded appropriately for upcoming benefit payments and miscellaneous expenses; therefore there is no need to transfer funds at this time.

Mr. Kuhn provided the Trustees with a Manager Search packet for review and discussion, in which three firms were presented for consideration. A brief background was provided as well as each firm's philosophy/strategy. After considerable discussion among the group it was decided Mr. Kuhn would invite two of the firms to the September meeting to give the Board a presentation.

Chair Hill gave a brief update on the Sepell disability application advising the process is moving forward. Trustee Bourassa would like to participate in the MAPERS Fall Conference. Chair Hill suggested the General Employee System pay for his participation and the P&F Retirement System will reimburse them 50% of the total cost.

Motion by Taylor, supported by Bourassa.

Resolved: To adjourn the meeting at 5:58 P.M.

Unanimously approved.

08.68.-14

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday September 10, 2014 at 4:30 P.M.