

## **Taylor Police & Fire Retirement Board March 19, 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, March 19, 2014**.

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

**Excused:** Trustee Steve Portis

**Also Present:** Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Linda Kemp, Plan Administrator; Sheila Schulte-Gorski, Human Resource Director; John Clark, Labor Attorney for the City of Taylor; George Quiroz, President Local 1252; Dwayne Ice, Attorney for Local 1252

**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 February 19, 2014.

*Unanimously approved.*

03.22-14

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

Resolved: To receive and file the following financial correspondence:

1. Letter dated February 21, 2014 to Ms. Barbara Citizen of PNC Bank requesting the transfer of \$300,000 from the Fixed Income account to the Administrative account on or before February 28, 2014.
2. Employee Contributions received from the City of Taylor for February 2014 in the amount of \$64,098.23.

*Unanimously approved.*

03.23-14

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

Resolved: To receive and file the following correspondence:

1. FOIA request dated February 26, 2014 from Mr. Doug Reimel, FOIA ten day extension letter dated February 26, 2014, FOIA response letter dated February 28, 2014, FOIA data requested and provided.
2. Payment received in full from retiree Tamsen for overpayment of benefits.
3. The March 2014 Medicare reimbursement report. Note five (5) changes this reporting period.

*Unanimously approved.*

03.24-14

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

Resolved: To approve the following correspondence:

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1. Actuarial certification and payment of retiree benefits for Robert Tompos, Fire Department.  
*Unanimously approved.*  
03.25-14

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

Resolved: To Table item C-2 actuarial certification and payment of retiree benefits for surviving spouse (Tonya Rich) of deceased police officer Michael Rich until next meeting of the Police & Fire Retirement System's Board of Trustees.

*Unanimously approved.*

03.26-14

Human Resource Director Sheila Gorski-Schulte and labor attorney John Clark were at this meeting to address the commencement date in which Mrs. Rich is to receive her survivor benefit. Ms. Gorski-Schulte and Mr. Clark requested the city be permitted to review the contract language relative to survivor benefits before the commencement of benefit payments to Mrs. Rich.

Ms. Gorski-Schulte stated that at the February meeting the question was raised; if the survivor benefit were to be deferred until such time as the deceased would have reached "normal" retirement status. Mr. Timmony advised Ms. Gorski-Schulte that the question was **NOT** whether or not the benefit was to commence upon "normal" retirement status but rather **IF** Mrs. Rich could elect to defer her survivor benefit if she so desired.

Mr. Timmony suggested, as a courtesy, the Board allow Mr. Clark to provide the Board with a writing no later than the next meeting on this matter. It was also recommended that the April benefit payment to Mrs. Rich be stopped until this matter is resolved.

It was further decided that a letter would be drafted (approved by Mr. Timmony) to Mrs. Rich explaining the delay of benefit payments.

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

Resolved: To pay the following bills:

1. Payment to Linda Kemp, Plan Administrator, for services during the periods ending February 23, 2014 through March 16, 2014 in the amount of \$2,655.

*Unanimously approved.*

03.27-14

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

Resolved: To pay PNC Bank for asset based fees for the period October 1, 2013 through December 31, 2013 in the amount of \$25,555.59.

*Unanimously approved.*

03.28-14

**Mr. Timmony** provided the Trustees with a memo dated March 12, 2014 in response to a question brought up at the February meeting regarding the payment of health care premiums for DROP participants. This memo described in great detail the definition of the DROP program and how it is intended to function. Two scenarios regarding the payment of healthcare premiums were outlined.

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It was concluded that using funds in DROP participants' DROP accounts would be a highly inefficient way to pay for healthcare. Mr. Timmony believes it would create unnecessary administrative burdens, reduce the value of the DROP account pre-tax dollars and potentially violate IRS in-service distribution rules. However, if the employer decides to use DROP funds to pay for DROP participant's healthcare, it would be best to defer actually taking the funds out of the DROP accounts until after the participant leaves the DROP program and retires. Ms. Gorski-Schulte stated she was going to go to the members of the Command union for further discussion on the DROP contract language.

The Board was advised that the plaintiff in the Michigan Supreme Court case has filed a motion with the Supreme Court for reconsideration. Mr. Timmony will advise the Board once the Supreme Court makes a ruling.

Mr. Timmony reported that the contract terms with Millennium are not agreeable to him, therefore he cannot recommend the Board of Trustees enter into an agreement with Millennium at this time. It was recommended Mr. Kuhn notify Millennium, in a letter, that The P&F Retirement System will not be entering into an investment agreement with them and that Mr. Kuhn continue the search.

**Chair Hill** passed out the P&F market value report as of March 11, 2104 provided by Chris Kuhn as well as a response to Trustee Taylor's question at the February meeting regarding Newsouth.

Mr. Kuhn, in a conversation with Chair Hill, recommends a transfer of funds in the amount of \$1M to the Administrative account to provide liquidity for benefit payments and expenses.

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

Resolved: To transfer \$1M from Fixed Income to the Administrative account to provide liquidity for upcoming benefit payments and expenses.

*Unanimously approved.*

03.29-14

Chair Hill advised the Board of the dates for the MAPERS Spring and Fall Conferences and requested anyone interested in attending the Spring Conference advise Linda as soon as possible so arrangements can be made.

The Board was given a brief status update on the Sepell disability application. It was noted that Mr. Sepell has signed and returned the release of records form; however we are waiting for Mr. Sepell to provide a list of doctors so medical records may be requested and forwarded to Consulting Physicians.

Ms. Gorski-Schulte, City of Taylor Human Resource Director and Mr. George Quiroz, President of Local 1252 were at this meeting to discuss the matter of back pay for fire fighters who were previously laid off and recalled. A spreadsheet listing back pay monies paid to individual fire fighters will be provided to the pension office. This information will be forwarded to the Actuary to calculate amount of employee contributions each individual will need to pay the Retirement

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System in order for those funds to be used as part of their FAC calculation. Ms. Gorski-Schulte will provide Mr. Timmony and the pension office with the settlement agreement between Local 1252 and the City of Taylor as well as the spreadsheet listing monies paid to individual fire fighters.

It was agreed at this meeting that the April meeting of the P&F Retirement System's Board of Trustees will be held on **Wednesday, April 16, 2014.**

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

Resolved: To hold the April meeting of the Police & Fire Retirement System's Board of Trustees on **Wednesday, April 16, 2014.**

*Unanimously approved.*

03.30-14

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

Resolved: To adjourn meeting at 5:44 P.M.

*Unanimously approved.*

03.31-14

**The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Wednesday April 16 2014.**