

TAYLOR POLICE & FIRE RETIREMENT BOARD

March 8, 2018

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, March 8, 2018 at 3:00 p.m.**

Present: Chairman and Trustee Hill, Trustee Kriebel, Trustee Couture and Trustee Taylor

Also Present: Jack Timmony, VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, CFA, CAIA, Sheila Gorski-Schulte, Human Resource Director; Steven Schwein (retiree).

Excused: Trustee Bourassa

Trustee and Chair Nicolas Hill, called the meeting to order at 3:00 p.m.

Motion by Taylor, 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 February 8, 2018.

Unanimously approved.

03.15.-18

Motion by Taylor, supported by Kriebel.

Resolved: To receive and file the following financial correspondence:

1. Client statement received from First Eagle for the period of December 31, 2017 through January 31, 2018.
2. Letter dated February 21, 2018 to Ms. Barbara Citizen of PNC Bank authorizing the facilitation of a transfer of funds to provide liquidity for upcoming benefit payments
3. Letter dated February 21, 2018 to Mr. Ted Doyle of Fred Alger & Company requesting a partial rebalancing of the Police and Fire Retirement Systems assets.
4. Employee contributions received from the City of Taylor for January in the amount of \$56,640.74.
5. Payment received from AXA on behalf of Officer Phillip Wengrowski for the approved purchase of his PSO time in the amount of \$4761.13

Unanimously approved.

03.16-18

Motion by Taylor, supported by Couture.

Resolved: To receive and file the following correspondence:

1. March 2018 Medicare report. Note eleven (11) changes this reporting period.
2. Correspondence dated February 20, 2018 from Police retiree Steve Schwein referencing his retirement calculation.
3. Letter dated February 28, 2018 from Alger referencing Revocation of Authorization to Provide Brokerage Services.

Unanimously approved.

03.17-18

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Motion by Taylor, supported by Couture.

Resolved: To approve the following correspondence:

1. Email received February 12, 2018 from Mauricio Gomes of Moonbase referencing an update to the Police and Fire website.

Unanimously approved.

03.18.18

Motion by Taylor, supported by Couture.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator for the period of February 11, 2018 through March 4, 2018 in the amount of \$1,233.75
2. Payment to Brandywine Global for investment management services for the period of October 1, 2017 through December 31, 2017 in the amount of \$11,637.28.
3. Payment to Moonbase for annual hosting and maintenance of website and for website redesign in the amount of \$1,645.50.

Unanimously

03.19-18

Mr. Timmony was present and discussed the following:

Steven Schwein was present and Mr. Timmony noted he is in receipt of Mr. Schwein's letter and it has been reviewed. The matter is under review and as discussion/decisions are made Mr. Schwein will be kept informed.

Mr. Timmony presented the Board with a memo dated March 5, 2018 regarding CNH Industrial N.V. v. Jack Reese, et. al. which involves a dispute between retirees and their former employer regarding a claim for vested rights to lifetime health care benefits. In 1998 CNH Industrial (CNH) agreed to a collective bargaining agreement (CBA) providing health care under a group benefit plan to employees who retire under the Pension Plan. The CBA contained a general durational clause stating that it would terminate in May 2004. All benefit coverage, such as life insurance ceased upon retirement. When the agreement expired, a class of CNH retirees sought a declaration that their health care benefits vested for life. In 2015, the Supreme Court decided M&G Polymers USA LLC v Tackett, 135 S. Ct. 935 (2015), requiring interpretation of the CBA according to ordinary principles of contract law." The sixth Circuit determined the 1998 CNH agreement was ambiguous and that evidence extrinsic to the contract support lifetime vesting claims. The Supreme Court reversed the Sixth Circuit stating specifically that when a collective bargaining agreement is merely silent on the question of vesting, other courts would conclude that it does not specify a duration for health care in particular, other courts would simply apply

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the general durational clause. A CBA will not be found to be ambiguous unless, it remains reasonably susceptible to at least two reasonable but conflicting meanings.

Trustee Kriebel asked Mr. Timmony whether or not a member, upon retirement, may elect a minor child as his beneficiary. Mr. Timmony responded that while that is an option, the participants benefit would be drastically reduced.

Motion by Taylor, supported by Couture,

Resolved: To receive and file Legal Counsel's report as presented.

Unanimously approved.

03.20-18

Chris Kuhn was present and discussed the following. He distributed and reviewed the Asset/Manager Summary of February, 2018, Performance Detail- Annualized, Newsouth Capital Management performance summary and an International Equity Manager Analysis. Discussion included updated market values, as well as a rebalancing recommendation. Board members **were** advised that while Brown underperformed significantly in 2017 their 2018 year to date performance has been much better and they have met their benchmark. Mr. Kuhn recommends the Board stick with them for the time being. It was also noted Newsouth's performance has also been better in 2018. Mr. Kuhn suggested trimming Newsouth and retaining them as a manager. Brandywine has done very well since coming onboard and Mr. Kuhn suggests the possibility of adding funds to their portfolio. It was also recommended taking partial funds from First Eagle to be moved to Graham. A final recommendation was made to move 1M from PNC large cap to the Administrative account to provide liquidity for upcoming benefit payments.

Motion by Couture, supported by Taylor.

Resolved: To receive and file the foregoing reports from Mr. Kuhn, and to approve the transfer of 1M from PNC Large Cap to the Administrative account to provide liquidity for upcoming benefit payments.

Unanimously approved.

03.21-08

Motion by Taylor, supported by Kriebel.

Resolved: To transfer 2.5M from both Graham and First Eagle to new Investment Manager WCM upon review of documentation by legal counsel.

Unanimously approved.

03.22-18

Chair Hill advised the Board members that he met with Ms. Gorski-Schulte, Mr. John Clark, Legal Counsel for the City of Taylor, Mr. Timmony and Linda Kemp regarding several outstanding issues i.e. retiree Pat Raboczky's cash outs, retire Steven Schwein's benefit calculation and the type of pay reports being submitted to the Pension Office.

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Chair Hill also discussed the potential change to the monthly Police and Fire Board meetings. It was decided at this meeting to change the start time of the April 12th meeting to 3:30. For now all other meetings will keep the 4:00 start time.

Motion by Hill, supported by Kriebel.

Resolved: To change the start time of the April 12th meeting to 3:30 and to post accordingly,
Unanimously approved.

03.23-18

Trustee Couture gave the Board an update on his discussion with Plante Moran regarding the invoice for the annual audit. The increase in our invoice was due to additional work performed by Plante Moran.

Motion by Couture, supported by Taylor.

Resolved: To pay the Plante Moran invoice tabled from last month's meeting in the amount of \$8,600.

Unanimously approved.

03.24-18

Discussion regarding performance from Rodwan Consulting resulted in a decision to have Legal Counsel prepare an RFI for an Actuarial Firm.

It was requested at this meeting that Plan Administrator contact Ms. Sandra Rodwan of Rodwan Consulting to request she be present at the April Board meeting.

Motion by Hill, supported by Taylor.

Resolved: To authorize legal to prepare at least 3 RFI for an Actuarial Firm.

Unanimously approved.

03.25-18

Motion by Kriebel, supported by Couture.

Resolved: To adjourn at 4:09 p.m.

Unanimously approved.

03.26-18

The next meeting of the Board of Trustees of the City of Taylor Police and Fire Retirement System will be held **Thursday, April 12, 2018 at 3:30 P.M.**