

Taylor Police & Fire Retirement Board May 14, 2015 Meeting Minutes

The regular meeting of the City of Taylor Police & Fire Retirement Board was held at the **Taylor Police Department**, 23515 Goddard Road, Taylor Michigan, on **Thursday May 14, 2015**.

Present: Chairman and Trustee Nicolas Hill, Trustee Gerry Taylor, and Trustee Jesse Kriebel.

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Linda Kemp, Plan Administrator; Christopher Kuhn, of The Bogdahn Group; Kirk VanDagens, PNC Institutional Investments; Retiree Ron McNamee and Sheila Gorski-Schulte, Human Resource Director

Excused: Trustee Tim Faremouth and Trustee Ed Bourassa

Chairman Hill, called the meeting to order at 4:34 P.M.

Motion by Taylor, supported by Kriebel.

Resolved: To approve the minutes of the regular meeting of the City of Taylor P&F Retirement System's Board of Trustees held April 16, 2015.

Unanimously approved.

05.38-15

Motion by Taylor, supported by Kriebel.

Resolved: To receive and file the following financial correspondence:

1. Employee contributions received from the City of Taylor for the months of February 2015, March 2015 and April 2015 in the amount of \$82,261.56, 50,612.14 and \$76,939.17 respectfully.
2. Client Statement received from First Eagle for the period of March 31, 2105 through April 30, 2015.

Unanimously approved.

05.39-15

Motion by Taylor, supported by Kriebel.

Resolved: To receive and file the following correspondence:

1. FOIA request from Zack Cziryak on April 28, 2015.
2. FOIA ten day extension letter dated April 30, 2015 sent to Zack Cziryak.
3. Correspondence received from Mike Hankin, President and CEO of Brown Advisory referencing unrest in Baltimore.
4. Correspondence received April 30, 2015 from Paul Nasser, CFO & COO of Intercontinental and ADV Part 2A Brochure.
5. Correspondence received April 23, 2015 from First Eagle Investment Management, LLC and ADV Part 2A Brochure.
6. Correspondence received from First Eagle Global Value Fund LP and audited financial statements.

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7. Correspondence dated April 30, 2015 received from The Bogdhan Group and ADV Part 2A Disclosure Brochure.
8. Correspondence dated April 20, 2015 received from Brett Rogers, General Counsel of Brown Advisor and Form ADV Part 2A.
9. Correspondence dated April 21, 2015 received from Gary G. Timco of Timco Financial Group, Inc.
10. Annual Actuarial Valuation as of June 30, 2014 as submitted by Rodwan Consulting.
11. Correspondence received from the office of Vanoverbeke Michaud & Timmony P.C. dated May 6, 2015 referencing recent legal issues and decisions.
12. Draft Summary of FOIA Policy and Procedures received from the office of Vanoverbeke Michaud & Timmony P.C.
13. Letter of retirement received on April 27, 2015 from Fire Chief Dan Reynolds.
14. FOIA response to Mr. Cziryak dated May 12, 2015.

Unanimously approved.

05.40-15

Motion by Taylor, supported by Kriebel.

Resolved: To receive and file “watch” letters sent to Brown Advisory, Herndon Capital and Scout.

Unanimously approved.

05.41-15

Motion by Taylor, supported by Hill.

Resolved: To approve the following correspondence.

1. Actuarial certification of deferred retiree benefits for Joseph Aljouny, William Caruso and Richard Michalski.

Unanimously approved.

05.42-15

Motion by Taylor, supported by Kriebel.

2. Letter dated May 5, 2015 received from the office of Vanoverbeke Michaud & Timmony P.C. referencing Wayne County Circuit Court Case No. 13-105463-DM.
3. Resolution referencing the Domestic Relations Order for Wayne County Circuit Case No. 13-105463-DM.

Unanimously approved.

05.43-15

Motion by Taylor, supported by Kriebel.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator, for periods ending April 19, 2015 through May 10, 2015 the amount of \$2,332.50.
2. Payment to Vanoverbeke Michaud & Timmony P.C. for legal services rendered to the City of Taylor Police & Fire Retirement System for the period of January 1, 2015 through March 31, 2015 in the amount of \$7,052.50.

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3. Payment to Brown Advisory for investment services for the period of January 1, 2015 through March 31, 2015 in the amount of \$19,353.89.
4. Payment to Newsouth Capital Management, Inc. for management fees for the period of January 1, 2015 through March 31, 2015 in the amount of \$16,641.
5. Payment to Herndon Capital Management for management fees for the period of January 1, 2015 through March 31, 2015 in the amount of \$20,788.
6. Payment to Alger Management, Inc. for investment advisory fees for the period of January 1, 2015 through March 31, 2015 in the amount of \$18,366.
7. Payment to PNC Institutional Investments for asset based fees for the period of January 1, 2015 through March 31, 2015 in the amount of \$25,437.55.
8. Reimbursement to Linda Kemp for MAPERS registration fee (\$275 per person x 2) and lodging at Soaring Eagle (\$142.04 per night x two guests 3 nights each guest) for Chair Hill and Trustee Kriebel to attend the MAPERS Spring Conference in the amount of \$1,402.24.

Unanimously approved.

05.44-15

Jack Timmony advised the Trustees item C-2 Wayne County Circuit Court Case No. 13-105463-DM is NOT consistent with the provisions of the Retirement System and applicable law; therefore Mr. Timmony's office will provide the appropriate written response. Mr. Timmony talked briefly about how the provision of the Retirement System and the law dictate how divorce situations are handled.

It was noted by Mr. Timmony upon receipt of the final version of the new FOIA Policy and Procedures this item should be added to the Retirement System's website. Mr. Ramik's previous FOIA request was briefly discussed. Mr. Timmony advised the Board this particular FOIA request has been responded to and is now closed.

Motion by Taylor, supported by Kriebel.

Resolved: To adopt the FOIA Policy and Procedures as drafted by Mr. Timmony's office.

Unanimously approved.

05.45-15

Kirk VanDagens provided a report for the three portfolios managed by PNC. Discussion included an Economic and Market Review. Mr. VanDagens stated there has been a drop in energy prices, rates are expected to rise by the end of this year, unemployment and underemployment rates have declined, there has been a gradual improvement in the economy. Government spending, which has been a drag for the past few years is expected to increase slightly, job market has improved and the U.S. dollar is gaining strength. The account status review indicated Large Cap Value, Small Cap Value and Fixed Income numbers are all very encouraging overall.

Chris Kuhn provided an Investment Performance review indicating the first quarter saw a bit more volatility and the same is expected for the remainder of the year. The Board was advised The Bogdhan Group has a Client Survey they would very much like to be completed as this is a tool

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used to better serve clients. The compliance check list as of March 31, 2015 was provided at this meeting. Total fund performance was also part of the discussion. It was noted all numbers were very good this quarter. Newsouth had a great first quarter and a great year. First Eagle did pretty well over the five year mark, however shorter term performance was not as good. Real estate had a bad first quarter. Graham had a great first quarter but is off to a bad start for the second quarter. It was noted that the Police and Fire Retirement System's peer group ranking out performed by almost 5% over two years. Mr. Kuhn stated the Board's patience has paid off and commended them for their commitment to the best interest of the Retirement System's finances and investments.

The Board was advised the fund is overweight in equities and is recommending a movement of funds.

Motion by Taylor, supported by Kriebel.

Resolved: To authorize Mr. Kuhn to transfer \$1.2M from S&P 500 ETF to Graham Global.

Unanimously approved.

05.46-15

Mr. Kuhn provided a handout from Bloomfield Capital – Income Fund III Term Sheet. Estimated launch date is June 1, 2015. The target size of this investment is larger than Term II. Leverage capped at 50% and The Bogdhan Group is comfortable with that leverage. Mr. Kuhn will advise when finalized.

Chair Hill suggested ear marking funds for future investment with Bloomfield Capital. Mr. Kuhn suggested requesting a break/discount from Bloomfield Capital for getting in early. Mr. Kuhn was instructed to contact Bloomfield Capital regarding this investment.

Chair Hill advised the Trustees fire fighter Marshall had contacted the pension office to inquire if his recent pay off of banks would be added to his 2011 year earnings. It was determined at this meeting his 2015 pay out of banks due to lay off will not go toward his 2011 earnings.

It was noted at this meeting the annual verification letter as well as the annual Pension Protection Act letter will be going out at the end of May.

Chair Hill also advised the Trustees Commander Blair's medical insurance premiums are now being taken from his payroll checks; therefore there is no need for the pension office to hold those premiums as part of their accounting function of Commander Blair's DROP account.

Motion by Taylor, supported by Kriebel

Resolved: To adjourn the meeting at 6:06 P.M.

Unanimously approved.

05.47-15

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The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held THURSDAY, June 11, 2015 at 4:30 at the POLICE STATION.