

Taylor Police & Fire Retirement Board May 12, 2016 Meeting Minutes

The regular meeting of the Taylor Police & Fire Retirement Board was held at the **Taylor Police Department**, 23515 Goddard Road, Taylor Michigan, on **Thursday May 12, 2016**.

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

Also Present: Jack Timmony, of VanOverbeke, Michaud & Timmony, P.C., Legal Counsel; Chris Kuhn, Senior Consultant, The Bogdahn Group; Craig Haynes of PNC Capital Advisors; Kirk VanDagens of PNC Capital Advisors; Linda Kemp, Plan Administrator; Sheila Gorski-Schulte, Human Resource Director.

Excused: Trustee Bourassa

Trustee and Chair Nicolas Hill, called the meeting to order at 4:33 P.M.

Motion by Kriebel, supported by Faremouth.

Resolved: To approve the minutes of the regular meeting of the Police and Fire Retirement System's Board of Trustees held March 10, 2016.

Unanimously approved.

05.25-16

Motion by Taylor, supported Kriebel.

Resolved: To receive and file the following financial correspondence:

1. Client statement from First Eagle Global Value Fund, LP for the period of January 31, 2016 through February 29, 2016.
2. Employee contributions received from the City of Taylor for February 2016 in the amount of \$66,071.63 and \$75,404.20 for the month of March.
3. First half payment of the required city contribution to the Police & Fire Retirement System per actuarial report dated 6/30/2014 amount of \$2,794,417.
4. Distribution from Intercontinental in the amount of \$118,862.38 (pro rata gross share of an overall distribution of \$17,783,921.21) less \$26,535.27 management fees resulting in an overall distribution in the amount of \$92,327.11.
5. Suspension of transfer of funds as approved at the March 10, 2016 meeting due to the required contribution by the city on March 15, 2016.

Unanimously approved.

05.26-16

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following correspondence:

1. The April and May 2016 Medicare report. Note one (1) change in April and 5 changes in May this reporting period.
2. Letter of retirement dated April 12, 2016 from Todd Yankauskas of the Fire Department with a retirement date of June 30, 2016.

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3. Supplement received from PNC regarding High Yield Bond Fund.
4. Compensation Disclosures and Political Contribution Disclosure forms received from Bloomfield Capital Partners, LLC.
5. Letter dated March 31, 2016 from Metropolitan Real Estate Secondaries and Co-Investments Fund referencing most favored nations (MFN) side letter provisions.
6. Memo dated March 30, 2016 received from the office of Vanoverbeke Michand & Timmony P.C. referencing House Bill No. 5438.
7. Letter dated April 5, 2016 received from Police Chief Mary Sciabassi referencing Safety Town.
8. American Reality 4th quarter report, ADV Part 2A and ADV Part 2B.
9. Letter dated April 3, 2016 from Alger referencing Revocation of Authorization form.
10. Letter dated April 20, 2016 from First Eagle Global Value Fund, LP referencing the December 31, 2015 audited financial statement.
11. First Eagle Investment Management, LLC Form ADV Part 2B Brochure dated March 30, 2016.
12. Letter dated March 15, 2016 from PNC Capital Advisors referencing Summary of Material Changes.
13. City of Taylor Police and Fire Retirement System Actuarial Valuation as of June 3, 2016 as submitted by Rodwan Consulting Company.
14. Form ADV Part 2A Disclosure Brochure received from The Bogdahn Group.
15. Memorandum dated April 2016 received from Intercontinental referencing Disclosure Documents, From ADV Part 2A and Intercontinental's Privacy Policy.

Unanimously approved.

05.27-16

Motion by Taylor, supported by Kriebel.

Resolved: To approve the following correspondence.

1. Actuarial certification and deferred monthly benefit payment to police retiree Jeff Hansen.
2. Actuarial certification of payment of monthly benefits for police retiree Nolan Schilz.

Unanimously approved.

05.28-16

Motion by Taylor, supported Kriebel.

Resolved: To approve the following payment of bills:

1. Payment to Linda Kemp, Plan Administrator for the period of March 13, 2016 through May 8, 2016 in the amount of \$3,330.
2. Payment to Alger for management fees for the period of January 1, 2016 through March 31, 2016 in the amount of \$16,635.73.
3. Payment to Brown Advisory for investment services for the period of January 1, 2016 through March 31, 2016 in the amount of \$17,327.73.

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4. Payment to the Bogdahn Group for performance evaluation reporting and consulting services for the period of January 1, 2016 through March 31, 2016 in the amount of \$12,500.
5. Payment to Herndon Capital Management for quarterly management fees for the period of January 1, 2016 through March 31, 2016 in the amount of \$17,034.75.
6. Payment to Newsouth Capital Management for quarterly management fees for the Period of January 1, 2016 through March 31, 2016 in the amount of \$21,940.
7. Payment to Rodwan Consulting Company for actuarial and consulting services rendered to the City of Taylor Police & Fire Retirement System for the quarter ended March 31, 2016, pursuant to the Actuarial Services Agreement in the amount of \$2,020.
8. Payment to VanOverbeke, Michaud & Timmony, P.C. for legal services rendered to the City of Taylor Police and Fire Retirement System for the period of January 1, 2016 through March 31, 2016 in the amount of \$5,915.
9. Payment to PNC Institutional Asset Management for asset based fees for the period of January 1, 2016 through March 31, 2016 in the amount of \$24,287.15.

Unanimously approved.

05.29-16

Late arrival items:

Motion by Taylor, supported by Faremouth.

Resolved: To receive and file the following late arrival items.

1. Redemption order dated March 1, 2016 received from retiree Bradley Sepell.
2. EDRO referencing Wayne County Circuit Court Case No.13-111634-DM complies with the provisions of the Retirement System and applicable law.
3. Adoption of resolution regarding EDRO for Wayne County Circuit Case No. 13-113634-DM.
4. Revisions of the November and December 2015 meeting minutes to reflect the inclusion of items approved at the November 2015 meeting.
5. Client statement from First Eagle for the period of March 31, 2016 through April 3, 2016.

Unanimously approved.

05.30-16

Mr. Timmony gave a brief update on item B-6 advising the Trustees House Bill No. 5438 (HB 5438) was introduced on March 9, 2016. The bill proposes the enactment of a new law to be known as the “public employee retirement benefit calculation act”. This act would prescribe the compensation utilized to calculate pension benefits for employees of certain public employers. If passed as it currently reads, HB 5438 would only allow base pay to be permitted for considered in computing final average compensation for the purpose of calculating pension benefits payable under a municipality’s defined benefit plan. In the memo provided by Mr. Timmony, it was noted how HB 5438 defines base pay. The proposed effective date for this bill is January 1, 2017. Mr.

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Timmony noted MAPERS lobbyists are on top of this and will be watching very closely and will have further discussion on this matter at the upcoming MAPERS Conference.

Mr. Kuhn noted at this meeting that the approved transfer of funds made at the March meeting was not necessary due to the city's deposit of one half of their required deposit to the Retirement System had been made. Mr. Kuhn agrees with the recommendation of the Trustees to rescind their previous motion.

Mr. Kuhn advised the Trustees The Bogdahn Group will be hosting an event at MAPERS and all are welcome to attend.

A performance report was provided indicating the 1st quarter was volatile, however equity prices recovered through the second half of the quarter. Market environment, market rate and yield Curve comparisons were reviewed. Mr. Kuhn provided a total fund checklist review and noted equity slightly behind. A review of individual managers was also reviewed noting Herndon is still struggling. Asset allocation was reviewed as well as allocation vs. target allocation. Further discussion included a performance review, noting slightly behind this quarter; domestic equity, real estate and the policy index. Mr. Kuhn noted the fund has done incredibly well compared to other funds. Herndon and PNC behind their bench mark; First Eagle had a great quarter. A brief discussion related to the poor performance of Herndon took place. Since inception, Herndon has been down substantially. Trustee Taylor and Chair Hill suggest giving Herndon another quarter to improve their performance. There was no recommendation by Mr. Kuhn to transfer funds at this time. Lastly, it was noted the Investment Policy Statement is still being reviewed by Mr. Timmony and should be wrapped up by the next meeting.

Mr. Hayne provided the Board with an economic and capital market review for the first quarter 2016. Despite volatility the first quarter spreads were relatively unchanged. Fixed income had a very good quarter while equities experienced mixed returns. An account status was provided as of March 31, 2016. Discussion included fixed income structure, duration structure and sector diversification.

Chair Hill advised the Board members he was in receipt of correspondence from Ms. Sheila Gorski-Schulte indicating she had been appointed by the Mayor, with approval from City Council, to serve as the City's designated representative pursuant to Sec. 20h of Public Act 314 of 1965, codified at MCL 38.1140h. As such she has requested the actuarial certification for the calculation of benefits for Herman Ramik and George Quiroz and the detailed wage report for the three years of service used to determine final average compensation.

Motion by Faremouth, supported by Kreibel.

Resolved: To receive and file correspondence received from Ms. Sheila Gorski-Schulte referencing designation to serve as the City's representative pursuant to Sec. 20h of Public Act 314

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of 1965, codified at MCL 38.1140h and to provide the requested documentation with the promise of confidentiality.

Unanimously approved.

5.31-16

Chair Hill made a recommendation to have Mr. Herb Proctor, who is currently receiving a duty disability retirement, scheduled for a physical re-exam per the disability retirement policy.

Motion by Kriebel, supported by Faremouth.

Resolved: To schedule Mr. Proctor for a follow up re-exam as allowable in the disability retirement policy.

Unanimously approved.

5.32-16

Ms. Kemp was requested to contact Mr. Proctor to schedule this appointment.

Chair Hill advised the Trustees his grievance with the city was lost; therefore, any time spent at MAPERS or other schooling related to the Retirement System would have to be done on his own time. Due to that change in city policy Chair Hill advised the other Trustees he is seeking a replacement for his position as the Police representative on the Retirement Board.

Trustee Kriebel also noted, due to this policy change, he too is seeking a Fire replacement to serve on the Retirement Board. The question was raised at this meeting if a retired police or fire individual could be appointed to serve on the Board. Mr. Timmony advised there would need to be a letter of understanding in order for a retiree to serve as a representative on the Retirement System's Board.

Motion by Faremouth, supported by Kriebel.

Resolved: To adjourn the meeting at 5:45 P.M.

Unanimously approved.

05.33-16

The next meeting of the Board of Trustees of the Police & Fire Retirement System will be held Thursday, June 9, at 4:30 at the Police Station.