

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
JANUARY 21, 2014**

A regular meeting of the Board of Trustees was held on Thursday, January 21, 2014, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan. The meeting was called to order at 12:50 p.m.

Trustees Present

Matt Nye, Chairman
Lon Britton
Nevrus Nazarko, Secretary (8:50)
Craig Storum
Deirdre Waterman, Mayor (9:20)

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, Gray & Company
Larry Gray, Gray & Company
Chuck Wytrychowski, BeneSys, Inc.
Liz Edwards, BeneSys, Inc.

Trustees Absent

AGENDA CHANGES

A. Election of Deirdre Waterman to the Board

I. CONSENT AGENDA

- A. Minutes of Regular Meeting – December 5, 2013
- B. Financial Reports
 - 1. Financial Reports – November 30, 2013
 - 2. Bills for Ratification as of January, 2014
- C. Remove from Rolls as of December 31, 2013: N / A
- D. Final Benefit Calculations: N / A
- E. BNY Mellon, Class Action Settlement, November 8, 2013, \$3,533.12; December 4, 2013, \$156.88

RESOLUTION 14-001 By Nye, Supported by Nazarko
Resolved, That the items on the Consent Agenda for January 21, 2014, be approved.

Yeas: 5 - Nays: 0

CONSULTANTS

- A. Gray & Company
 - 1. Summary Table – January 15, 2014
 - 2. Northern Trust – 1-5 Year Credit Bond Index Fund – Non-Lending
 - 3. Northern Trust – Short-Term Govt. Bond Index Fund – Non-Lending

Gray & Company – Performance Review

Mr. Kuhn discussed current Fund positions. He noted the Fund is 35% invested in equities. He compared current positions to the target positions. We will add more to the Franklin Templeton fund in February. The Northern Trust Global Aggregate Fund is moving to shorter targets. He also noted that Northern Trust has a 1-5 year Credit Bond Index Fund which is a shorter term in nature, and less credit risk. The Northern Trust Government Bond will not make much but will preserve holdings. It would be “Option B”.

RESOLUTION 14-002 By Britton, Supported by Nye

Resolved, To investigate and put funds into the Northern Trust 1-5 Year Credit Bond Index Fund.

Yeas: 4 - Nays: 0 – Abstain: Nazarko

Mr. Kuhn indicated he will prepare a primer for alternatives and will present it at the February meeting. He will send out a pre-packet for review prior to the meeting. Mr. Gray congratulated the Trustees for a good year, and believes 2014 will be another banner year.

REPORTS

- A. Chairman
- B. Secretary
- C. Trustees Committees
- D. Legal, Attorney’s Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi

Attorney Report – General Matters:

Application for IRS Determination Letters for PFRS

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Notice of Inactivation from State of Michigan Unemployment Insurance Agency

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Transition Packet for New Trustees

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Larry McNeary

Attorney Henzi discussed the COLA situation with respect to the surviving spouse of Larry McNeary, who retired on April 27, 1996, and passed away on November 10, 2013. He divorced his first spouse, Terry, on July 1, 2003, and married Patricia on December 22, 2003. There was no QDRO. There were questions with respect to the payment of this year’s COLA, if the surviving spouse was eligible, and if so, what was the correct amount. Upon review, Attorney Henzi determined that neither spouse was eligible for a survivor benefit. He spoke to the attorney and stated that he does get eleven months of COLA. Trustee Britton asked if he sent his opinion to the attorney to which Attorney Henzi replied yes.

Casey Crampton

Casey Crampton was a police officer, hired in December 1998, and laid off in February 2008. He was recalled to temporarily replace an officer out on a medical leave for one year effective August 27, 2008. He was permanently laid off November, 2010. He withdrew his contributions when first laid off in 2008, but failed to repay his contributions upon his return to work. His layoff in February 2008, occurred prior to the partial plan termination due to downsizing. Attorney Henzi will send him a letter explaining his benefit and calculation.

Fay Guyton – Request for Explanation of Benefit Calculation

Fay Guyton is the former spouse of retiree Quinton Guyton. Pursuant to the Eligible Domestic Relations Order (EDRO), she was able to elect a 50% Annuity option when Mr. Guyton retired. She contacted the Fund office stating the amount of her monthly payment was too low. The Fund office had the actuary review the calculation. The actuary determined it was correct. Attorney Henzi reviewed the EDRO and determined the reason the amount was lower than she anticipated was because Mr. Guyton retired at age 59, not age 60, and because she is younger than him. Therefore, the payments were actuarially reduced. He has drafted a letter to her stating that the actuary has reviewed the benefit calculation and it is correct.

RESOLUTION 14-003 By Nye, Supported by Nazarko

Resolved, That Attorney Henzi send the letter to Fay Guyton explaining the factors contributing to the benefit calculation amount.

Yeas: 5 – Nays: 0

Northern Trust Settlement

Attorney Henzi discussed the Northern Trust class action suit. He stated that part of the case had been settled. The Securities and Lending program lost funds because of poor management. Attorney Henzi stated that he cannot quantify how much the Fund lost. He will get a pro-rata amount. The settlement will cover just direct losses.

RESOLUTION 14-004 By Nye, Supported by Britton

Resolved, That settlement with Northern Trust be approved, and the Board Chairman will execute the Agreement.

Yeas: 5 – Nays: 0

IRS 2014 Standard Mileage Rates

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Robbins Geller November 29, 2013 and December 27, 2013 Portfolio Monitoring Reports

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Hagens Berman January 17, 2014 Portfolio Monitoring Report

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Estate of Bill Glency – Letters of Conservatorship

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Templeton Global Bond Plus Fund

Attorney Henzi addressed this issue for the Board in the Attorney Report

Public Employee Retirement Benefit Protection ACT PA 492

Attorney Henzi addressed this issue for the Board in the Attorney Report.

Miscellaneous Articles

Attorney Henzi addressed these articles for the Board in the Attorney Report.

UNFINISHED BUSINESS

NEW BUSINESS

CORRESPONDENCE

NEXT MEETING DATE: February 27, 2014

RESOLUTION 14-005 By Storum, Supported by Britton

Resolved, That the Board move the February 27, 2014, meeting to February 28, 2014, the April 24, 2014, meeting to April 16, 2014, and the September 25, 2014, meeting to September 24, 2014.

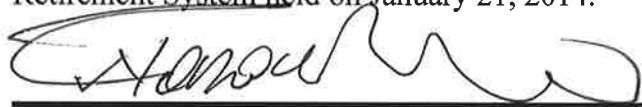
Yeas: 5 – Nays: 0

ADJOURNMENT

RESOLUTION 14-006 By Waterman, Supported by Nazarko
Resolved, That the meeting be adjourned at 1:20 p.m.

Yeas: 5 – Nays: 0

I certify that the foregoing are the true and correct minutes of the meeting of the Police and Fire Retirement System held on January 21, 2014.



Nevrus Nazarko, Secretary
As recorded by BeneSys