

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
MAY 30, 2013**

A regular meeting of the Board of Trustees was held on Thursday, May 30, 2013, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan. The meeting was called to order at 12:35 p.m.

Trustees Present

Lon Britton, Vice Chairman
Leon Jukowski, Mayor,
John Naglick, Secretary
Craig Storum, Chairman
Matt Nye

Others Present

Chris Kuhn, Gray & Company
Matthew Henzi, Sullivan, Ward, Asher & Patton
Chuck Wytrychowski, BeneSys, Inc.
Darris Garoufalis, BeneSys, Inc., *excused*
Liz Edwards, BeneSys, Inc.

Trustees Absent

The meeting was called to order at 12:35 p.m.

The Board jointly went into closed session with the City of Pontiac Police and Fire Retiree Prefunded Group Health and Insurance Plan Board of Trustees (VEBA) during the VEBA meeting held May 30, 2013 at 10:12 a.m.

Mr. Kuhn left at 10:12 a.m.

The Board returned from closed session at 11:26 a.m.

RESOLUTION 13-028 By Storum, Supported by Britton

Resolved, that the Board directed Legal Counsel to take action in the Hawkins matter as discussed during closed session.

Yeas: 5 - Nays: 0

AGENDA CHANGES

RESOLUTION 13-029 By Britton, Supported by Jukowski

Resolved, To move James Stefani to Unfinished Business.

Yeas: 5 - Nays: 0

CONSENT AGENDA

- A. Minutes of Regular Meeting – April 25, 2013
- B. Communications
 - 1. Chubb Insurance Company Fiduciary Liability Policy Renewal
- C. Financial Reports
 - 1. Financial Reports – March 31, 2013
 - 2. Bills for Ratification as of April 30, 2013
- D. Remove from Rolls as of April 30, 2013
 - 1. Peyton Johnson, (deceased 05-09-2013), spouse Leontine is beneficiary and annuitant
- D. Final Benefit Calculations:
 - 1. James Stefani – PPOA #2640 \$3,021.38

RESOLUTION 13-030 By Britton, Supported by Jukowski
Resolved, That the Consent Agenda for May 30, 2013, be approved.

Yeas: 5 - Nays: 0

Trustee Naglick leaves the session at 12:42 and returns at 1:12

CONSULTANTS

- A. Gray & Company
 - a. Flash Performance – April 30, 2013
 - b. Asset Summary – May 24, 2013
 - c. Performance Report, 1st Quarter 2013, period ending 3-31-2013

Re: Gray & Company – Performance Review

Mr. Kuhn reviewed the first quarter performance for 2013, for the month ending April 30, 2013, and for the month through May 24, 2013. He noted that the funds are doing well through April, but did not keep pace with the market rally. He also noted that the equity funds are mostly doing well, the international funds not as well. Garcia Hamilton and Franklin Templeton are both performing very well. Artio/Aberdeen has been turning around for the past two quarters. He noted that because Mesriow and American are real estate funds, they are more time-weighted rather than dollar-weighted. Their internal rates of return as well as those for Metropolitan are getting better.

Mr. Kuhn stated that transfers from Northern Trust to Comerica will be made this week.

REPORTS

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

Police & Fire Regular Meeting
May 30, 2013

Attorney Report – General Matters: Attorney Henzi presented a report regarding all PFRS business as set forth in his Attorney Report for General Matters. There was discussion with respect to the current actuary, Rodwan Consulting Company, providing factors on an ongoing basis.

Gabriel Roeder Smith & Company– actuarial software. Attorney Henzi stated that he sent a letter to Gabriel Roeder requesting a refund of fees with respect to its pension calculation program that is no longer being used.

Electronic Meeting/House Bill 4363 - This Bill was passed by the Michigan House of Representatives on May 16, 2013. The Michigan Senate referred it to Committee.

CAP Commercial Mortgage – Tax Appeal - We anticipate that we should receive the settlement check from this settled matter within approximately 60 days.

Reappointment of Craig Storum - Attorney Henzi noted that it is time to reappoint Trustee Storum for another term as trustee.

RESOLUTION 13-031 By Britton, Supported by Nye

Resolved, That the term of Craig Storum as trustee for the Fund be renewed for three years effective July 1, 2013.

Yeas: 5 - Nays: 0

There was discussion with respect to the fiduciary liability policy with the Chubb Insurance Company, the insured liability amount, deductible amount, premium increase of \$3,000 (it currently is \$30,000). The question was asked if the plan had made claims under the policy, to which Attorney Henzi responded yes. A claim was made relative to the Jeffrey Hawkins litigation. Did a claim ever exceed the deductible, to which Attorney Henzi responded he did not know. A trustee stated that he believes the insurance is worthless and the fund pays for nothing. Attorney Henzi replied that the insurance agent does a good job on clients' behalf, and he has never heard of a board of trustees not having liability coverage. Further, there is no recourse fee. Trustee Britton asked Attorney Henzi to have the insurance agent get additional proposals for next year's renewal.

RESOLUTION 13-032 By Nye, Supported by Jukowski

Resolved, That the liability coverage policy with the Chubb Insurance Company be renewed at \$1,000,000 of coverage.

Yeas: 4 – Trustees Nye, Jukowski, Storum and Naglick

Nays: 1 – Trustee Britton

UNFINISHED BUSINESS

- A. There was discussion with respect to Mr. Stefani and final payouts of retro pay which may affect the final pension calculations. He currently is in pay status and the payroll department can find nothing to support that he is owed additional payout amounts. Attorney Henzi will call Mr. Hitchcock, counsel for the Emergency Manager, to discuss the issue and see why Mr. Stefani thinks he is owed additional amounts.

NEW BUSINESS

- A. The Agenda for the Investment Manager Roundtable Presentations to be held June 5, 2013, was presented and discussed. Mr. Kuhn stated that he would print out performance numbers for all the managers and distribute them at the meeting.
- B. There was discussion with respect to the 2012 Actuarial Report. Trustee Naglick noted that it did not reflect the \$2,600,000 contribution on page one. The actuary believes that Attorney Henzi should communicate changes. The actuary currently uses a twenty-year amortization calculation. It was agreed that because the plan is frozen, it would be useful to know what contributions would be under a thirty-year closed formula and reflect receivables.

RESOLUTION 13-033 By Nye, Supported by Britton

Resolved, That the actuary provide calculations based on a thirty-year closed amortization formula.

B. Yeas: 5 - Nays: 0

SCHEDULING OF NEXT MEETING

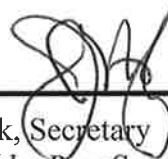
Regular Meeting – Thursday, June 27, 2013 – BeneSys Inc., 700 Tower Dr., Suite 300, Troy, MI 48098 at 10:00 a.m. (Tentative)

ADJOURNMENT

RESOLUTION 13-034 By Nye, Supported by Britton
Resolved, That the meeting be adjourned at 1:27 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 May 30, 2013.



John Naglick, Secretary
As recorded by BeneSys