

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
DECEMBER 5, 2013**

A regular meeting of the Board of Trustees was held on Thursday, December 5, 2013, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan. The meeting was called to order at 2:10 p.m.

Trustees Present

Matt Nye
Nevrus Nazarko, Secretary
Craig Storum, Chairman
Lon Britton

Others Present

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

Trustees Absent

Leon Jukowski, Mayor

AGENDA CHANGES

A. Election of Nevrus Nazarko to Board

I. CONSENT AGENDA

- A. Minutes of Regular Meeting – October 31, 2013
- B. Financial Reports
 - 1. Financial Reports – September 30, 2013
 - 2. Bills for Ratification as of November 21, 2013
- C. Remove from Rolls as of November 30, 2013
 - 1. McNeary, Larry (deceased 11-10-2013), spouse Patricia is beneficiary and annuitant, pending
 - 2. Carter, Susan (deceased 10-24-2013), annuitant of Glen
- D. Final Benefit Calculations: N / A
- E. EDRO
 - 1. Paul Stachowiak, in review
- F. Metropolitan Real Estate Partners VI distribution, November 8, 2013, \$744,861
- G. BNY Mellon, Class Action Settlement, October 25, 2013, \$586.89

RESOLUTION 13-066 By Nye, Supported by Britton

Resolved, That the items on the Consent Agenda for December 5, 2013, be approved.

Yeas: 4 - Nays: 0

CONSULTANTS

A. Gray & Company

1. Performance Report – September 30, 2013
2. Real Estate Report, Performance Analysis – June 30, 2013
3. Summary Table – November 29, 2013
4. Investment Policy Statement Draft, December, 2013

Gray & Company – Performance Review

Mr. Kuhn discussed current Fund positions. He noted the Fund is up 13.5% compared to last year. Domestic and international equities are the driving force. Franklin Templeton is up and positioned well. Artio/Aberdeen Global provided incomplete numbers and he will update this at the next meeting. Mr. Kuhn stated he spoke to his contact at Ambassador Capital Management about their current situation. Based on their conversation, Mr. Kuhn recommends putting movement of any funds to Ambassador on hold until their issues are resolved. Trustee Nye asked if we should start looking into other managers now. There was discussion and it was agreed that we should investigate other investment manager options, and review on a month to month basis. Mr. Kuhn stated he would monitor and perhaps bring in other managers to present at the January 2014 meeting. Attorney Henzi noted that we had not yet finalized the contract, side agreement, and additional forms so we can put them on hold.

RESOLUTION 13-067 By Britton, Supported by Nye

Resolved, That entering into an agreement with Ambassador Capital Management as investment manager for the Fund be put on hold.

Yeas: 4 - Nays: 0

Mr. Kuhn reviewed American Realty and the real estate report. The Barclays Aggregate, Mesirow International Real Estate and Metropolitan Real Estate all are up. He discussed shifting \$5,000,000 from Barclays to a shorter term fixed income fund.

RESOLUTION 13-068 By Nye, Supported by Nazarko

Resolved, to move \$5,000,000 from the NTGI Barclays Aggregate to Comerica for a shorter term fixed income fund.

Yeas: 4 - Nays: 0

There was discussion of the revised Investment Policy Statement draft. Mr. Kuhn discussed the latest revisions as well as prior revisions. Attorney Henzi stated he had no changes to the Statement.

RESOLUTION 13-069 By Britton, Supported by Nye

Resolved, That the draft of the Investment Policy Statement be approved and implemented.

Yeas: 4 – Nays: 0

Chairman Storum asked Mr. Kuhn to explain the article in Crain's Magazine about Gray & Company and the SEC investigation of them. Mr. Kuhn explained the situation and stated that Mr. Gray would come to a meeting and discuss this with the Board if they wished.

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:

Attorney Henzi stated the Internal Revenue Service requires a \$2,500 fee in order to submit a plan document for a Favorable Determination Letter review, and that we will need this in order to submit the Fund's plan document for review.

RESOLUTION 13-070 By Britton, Supported by Nye

Resolved, That the Fund issue a check for \$2,500 payable to the Internal Revenue Service for the Favorable Determination Letter review.

Yeas: 4 – Nays: 0

Attorney Henzi presented the final draft of the Summary Annual Report for the December 31, 2012, plan year. It was approved and accepted and will be posted on the City's website.

RESOLUTION 13-071 By Nye, Supported by Nazarko

Resolved, That the Summary Annual Report for the December 31, 2012, plan year is approved, and it will be posted on the City's website as soon as possible.

Yeas: 4 – Nays: 0

Attorney Henzi discussed the Trustee Handbook and stated he will prepare one for Trustee Nazarko and Trustee Britton.

Attorney Henzi discussed the situation with respect to Larry McNeary who passed away. His first wife was the named beneficiary under the Plan at the time of his retirement and at the time of his death. There was no Qualified Domestic Relations Order entered regarding her vested right in Mr. McNeary's pension. His second spouse was not a beneficiary of his pension. Therefore she is not eligible for survivor pension payments from the Plan. Attorney Henzi stated that his first wife could get the COLA payment since past practice provides that surviving spouses are paid COLA. However, legal wants to review the divorce judgment entered to determine if spouse number one may be entitled to a benefit.

Attorney Henzi discussed the situation with respect to Casey Crampton. Mr. Crampton withdrew \$10,000 when he was initially laid off. He was subsequently recalled to work then laid off again, but did not return the \$10,000 in the required time window when recalled. Because of the partial plan termination and buyout of partial vested terminated employees, Attorney Henzi will research this further to determine if Mr. Crampton is entitled to any service credit and if he qualifies for vesting under partial plan termination rules.

UNFINISHED BUSINESS

- A. Annual Summary of Plan Benefits Mailing: Approved and will be posted to the City's website.

NEW BUSINESS

- A. There was discussion with respect to the documentation needed to be provided to the investment managers under Michigan Public Act 314 on political contributions paid to an official of the City of Pontiac in the past 24-month period, and all fees and compensation paid to them from the Fund. They need to complete and return the documentation to the Fund. Mr. Kuhn will work with BeneSys in order to mail out the forms and track the responses.

SCHEDULING OF NEXT MEETING

The next Regular Meeting is scheduled for Thursday, January 30, 2014, at BeneSys Inc., 700 Tower Dr., Suite 300, Troy, MI 48098 at 10:00 a.m. (Tentative)

RESOLUTION 13-072 By Nye, Supported by Nazarko
Resolved, That the Board move the January 30, 2014, meeting to January 21, 2014.

Yeas: 4 – Nays: 0

ADJOURNMENT

RESOLUTION 13-073 By Nazarko, Supported by Nye
Resolved, That the meeting be adjourned at 2:58 p.m.

Yeas: 4 – 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 December 5, 2013.



Nevrus Nazarko, Secretary
As recorded by BeneSys