

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
APRIL 30, 2015**

A regular meeting of the Board of Trustees was held on Thursday, April 30, 2015, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

Trustees Present

Craig Storum, Chairman
Nevrus Nazarko, Secretary, (arrives 9:15 a.m.)
Lon Britton
Deirdre Waterman, Mayor

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Chris Kuhn, The Bogdahn Group
Liz Edwards, BeneSys, Inc.
Darryl Fowlkes, Guest

Trustees Absent

Matt Nye (excused)

Chairman Storum declared that a quorum was present and called the meeting to order at 10:37 a.m.

AGENDA CHANGES

Mayor Waterman stated at the VEBA meeting that she had to leave the meetings at 9:30, and asked that any items on the Consent Agenda for both the VEBA and the Retirement System Fund be immediately reviewed.

RESOLUTION 15-014 By Storum, Supported by Waterman

Resolved, That the Consent Agenda items for both the VEBA and Retirement System Fund be immediately reviewed for approval.

Yeas: 3 – Nays: 0

CONSENT AGENDA

- A. Minutes of Regular Meeting – February 26, 2015
- B. Approval of Closed Session Minutes
- C. Financial Reports
 - 1. Financial Reports – February 28, 2015
 - 2. Bills for Ratification as of February, 2015, March, 2015, April, 2015
- D. Remove from Rolls:
 - 1. Orville Johnston, DOD 12-26-2015, Phyllis, Spouse / Annuitant
 - 2. Edna Mae Williams, DOD 02-05-2015; Surviving Spouse of John L. Williams
- E. Final Benefit Calculations: Marc Seay – PFFU, \$1,799.70

RESOLUTION 15-015 By Storum, Supported by Waterman
Resolved, That the items on the Consent Agenda for April 30, 2015, be approved.

Yeas: 3 - Nays: 0

Attorney Henzi noted that a rescission and revision needs to be made to Resolution 15-011 made at the February 26, 2015, meeting. That motion directed the administrator to refund the member-contributions deducted from VEBA-Medicare members, only, from their pension benefit. The motion directed the refund to occur for the period September 1, 2013 – March 31, 2014. Subsequent to the February meeting, the administrator discovered that the refund should occur for the period September 1, 2013 – July 31, 2014. Therefore, a motion to rescind and revise the prior motion is necessary.

RESOLUTION 15-016 By Nazarko, Supported by Storum
Resolved, That Resolution 15-011 made at the February 26, 2015, meeting is rescinded; further, that VEBA assets shall be used to return healthcare contributions that had been deducted from VEBA-Medicare members' pension benefits, payable for the period September 1, 2013 – July 31, 2014, and payable only to VEBA-Medicare participants.

Yeas: 4 – Nays: 0

Trustee Waterman leaves the Meetings at 9:30 a.m.

CONSULTANTS

A. The Bogdahn Group

Mr. Kuhn then reviewed a letter from Metropolitan Real Estate with respect to tax deductions that could be taken directly from the Fund. Mr. Kuhn recommends the Trustees not approve this action.

RESOLUTION 15-017 By Nazarko, Supported by Britton
Resolved, That the Board shall execute a form disapproving Metropolitan Real Estate's proposed amendment to Limited Partnership Act, which sought permission for Metropolitan Real Estate to take certain tax deductions as general partner.

Yeas: 3 - Nays: 0

Mr. Kuhn then reviewed a letter from Aberdeen stating their preferred custodial bank is State Street. Mr. Kuhn stated there is no difference from an investment standpoint. Attorney Henzi stated he reviewed it and sees no reason not to sign it.

RESOLUTION 15-018 By Britton, Supported by Nazarko
Resolved, That the Board shall agree to Aberdeen utilizing State Street as its custodial bank rather than Northern Trust.

Yeas: 3 - Nays: 0

Mr. Kuhn then reviewed a letter from Mesirow stating they are exiting fund-of-funds business and passing it on to Courtland. Mr. Kuhn stated he reviewed the documentation and recommends agreeing to this and passing it on to Courtland. Attorney Henzi stated that as long as Mr. Kuhn has reviewed and approves the arrangement, then he sees no problem with it.

RESOLUTION 15-019 By Britton, Supported by Nazarko
Resolved, That the Board shall agree to Mesirow passing on the fund-of-funds business to Courtland, based on the recommendations of the investment consultant and legal counsel.

Yeas: 3 - Nays: 0

Trustee Nazarko noted that one drawback to this is that they can cancel at any time and the Fund is stuck. It is recommended that Courtland attend a future meeting.

Mr. Kuhn then reviewed the Fund assets, global review, global yields, equity yields, real estate, and alternatives. He is concerned with the unemployment situation in southern Europe. He reviewed the asset allocation and feels good about the allocation at this point. There have been six years of positive returns, and he expects this to be a neutral year, and does not want to shift equity at this time. He noted that real estate is a bit underweight; we have a 10% target, and should look at bringing on another real estate manager. Metropolitan is okay, American is a bit underweight. Trustee Britton asked if we can re-up for one of their programs, and bring in someone to present. Mr. Kuhn stated that in June we can review emerging markets, and in July, Timber Real Estate.

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 noted that a few individuals have responded to the Redeposit Letter Policy that was mailed out. One participant indicated he would, but the form is yet to be returned, and the participant and spouse will sign off on future payments.

Application for IRS Determination Letters for PFRS – Exhibit A

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

Police & Fire Regular Meeting
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PFRS Redeposit Policy – Partial Plan Termination – Exhibit B

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

Beulah L. Carrier Power of Attorney – Exhibit C

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

RFP for Actuarial Services – Exhibit D

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

CAPIS Commission Restructure – Exhibit E

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

Political Contribution Disclosure / Fee Disclosure – Exhibit F

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

GASB 67 Report Update – Exhibit G

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

Crescent Direct Lending Investment – Exhibit H

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

Sankaty Direct Lending Investment – Exhibit I

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

Wells Fargo-Neuberger Bernam Direct Lending Investment – Exhibit J

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

Proposed Amendment to Open Meetings Act

Attorney Henzi stated there is a proposed amendment to the Open Meetings Act that would require Trustees to be physically present in order to cast a vote on a decision before the public body.

Changes to Michigan's FOIA Effective July 1, 2015 – Exhibit K

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

Rodwan Consulting Company – Maximum Benefit / Contribution Limits – Exhibit L

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

Millennium Investment Contract

Attorney Henzi addressed this issue for the Board.

Burgundy Investment Contract

Attorney Henzi addressed this issue for the Board.

Oeb Ziff Investment Contract

Attorney Henzi addressed this issue for the Board.

Christopher Young: Issue if Whether Duty Disability Pension Is Tax-Exempt – Exhibit N

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

Casey Crampton – Exhibit O

Attorney Henzi discussed Casey Crampton's appeal. The Board reviewed and discussed a letter submitted by legal counsel to Mr. Crampton discussing why Mr. Crampton was not permitted by ordinance to combine separate periods of service. It was asked if the 2008 Meeting Minutes had been checked to see if the Board reviewed his situation at that time. Chairman Storum noted that he did not work the required three years so regardless, he is not eligible.

RESOLUTION 15-020 By Britton, Supported by Nazarko

Resolved, that based on the information provided in Mr. Crampton's appeal letter, and upon review of the PFRS ordinance, the Board denies Mr. Crampton's appeal for the reasons stated in a February 25, 2015, letter from legal counsel to Mr. Crampton. Further, that the Board will reconsider any additional information produced by Mr. Crampton in support of his appeal.

Yeas: 3 - Nays: 0

Robbins Geller Portfolio Monitoring Report dated February 27, 2015, and March 27, 2015 – Exhibit P

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

IRS Request for Form 900

Attorney Henzi addressed this issue for the Board.

City of Pontiac Charter Revision Proposal – Exhibit Q

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

Mesirow MFIRE Transfer – Exhibit R

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

Motley Rice Portfolio Monitoring 1st Quarter 2015 – Exhibit S

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

PFRS/PF VEBA Fiduciary Duty Insurance Policy Renewal 6/1/15-5/30/16

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

Miscellaneous Articles – Exhibit T

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

UNFINISHED BUSINESS

A. Participant Website

The participant website was discussed in the VEBA Trustee meeting.

NEW BUSINESS

A. Letter of Appeal, PFRS Redeposit Policy

This issue was reviewed in the Attorney's Report.

B. Chad Hermann, Accumulated Contributions Withdrawal Request

This issue was reviewed in the Attorney's Report.

C. MAPERS Conference, May 17 – May 20, 2015, Soaring Eagle

CORRESPONDENCE

A. Notice of Partial Settlement of Louisiana Firefighters Retirement System, et al, v. Northern Trust Investments, N.A., et al.

NEXT MEETING DATE:

A. Special Meeting, May 20, 2015, MAPERS, Soaring Eagle

B. Regular Meeting, Scheduled for May 28, 2015

ADJOURNMENT

RESOLUTION 15-021 By Nazarko, Supported by Britton
Further Resolved, That the meeting be adjourned at 1:10 p.m.

Yeas: 3 – 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 April 30, 2015.



Nevrus Nazarko, Secretary
As recorded by BeneSys