

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
AUGUST 24, 2017**

A regular meeting of the Board of Trustees was held on Thursday, August 24, 2017, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

Trustees Present

Craig Storum, Chairman
Lon Britton, Vice-Chairman (via phone)
Nevrus Nazarko, Secretary
Deirdre Waterman, Mayor

Others Present

Matt Henzi, Sullivan, Ward, Asher & Patton
Duane Menter, BeneSys, Inc.
Violet Gjorgjevski, BeneSys, Inc.
Chris Kuhn, AndCo.
Health Merlak, Nyhart
Billie Swazer (excused 11:20a.m.)

Trustees Absent

Matt Nye

Chairman Storum declared that a quorum was present and called the meeting to order at 10:55 a.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting – July 27, 2017
- B. Financial Reports
 - 1. Financial Reports – June 2017
 - 2. Bills for Ratification as of August 2017
- C. Remove from Rolls:
 - 1. Carie, Lillian, DOD 07-31-2017
- D. Final Benefit Calculations:
 - 1. Troy, Steven, PPSA, 09-01-2017, \$3,755.30
- E. Upcoming Retirees:
 - 1. Kendrick, Jody, PPOA, 10-01-2017, Estimate Mailed 08-04-2017

RESOLUTION 17-35 By Nazarko, Supported by Mayor Waterman
Resolved, That the items on the Consent Agenda for August 24, 2017, be approved.

Yeas: 4 - Nays: 0

CONSULTANTS

A. Nyhart

Mr. Heath Merlek presented the December 31, 2016 Actuarial Valuation Report and reviewed the updated Asset Smoothing Method. He reported that participant count has been steady for the last

two years and that mortality was less in 2016 than previous years. Mr. Merlek recommended that the Board consider the alternate smoothing approach which defines the asset gain loss by comparing actual market return against the expected return. This approach the actuarial value of assets will coincide with the market value assets.

RESOLUTION 17-36 By Mayor Waterman, Supported by Nazarko
Resolved, To accept the Asset Smoothing Method as recommended by Mr. Heath Merlek.

Yeas: 4 - Nays: 0

B. AndCo.

Christopher Kuhn of AndCo. reviewed the Fund's Asset/Manager Summary as of August 22, 2017. Mr. Kuhn then reviewed the Investment Performance Review for the period ending June 30, 2017 and stated that the total fund level is looking good and does not have any managers on watch at this time.

REPORTS

- A. Chairman
- B. Secretary
- C. Trustees Committees

Vice-Chairman Britton commented on the \$400/monthly pension increase, he wanted to know why the increase has been paid in lump sums and not monthly. Mr. Menter noted that he was not sure but assumed that it is more efficient and saves time and money for the fund and the BeneSys pension department to have them processed in a lump sum. Vice-Chairman Britton would like the payments made monthly going forward.

RESOLUTION 17-37 By Britton, Supported by Nazarko
Resolved, that going forward the \$400/monthly pension increases is to be paid monthly and not in lump sums.

Yeas: 4 - Nays: 0

D. Legal, Attorney's Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi

ATTORNEY'S REPORT

Attorney Report – General Matters:

Notice of Trustee Election – Exhibit A

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

Dispute of IRS Penalty Increase - Exhibit B

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

Wood v. Wood EDRO - Exhibit C

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

PFFU Surviving Spouse Remarriage Provision – Exhibit D

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

Application for IRS Letter of Determination - PFRS

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

Proposed Michigan legislation – Items of Interest

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

Metropolitan CRS Self-Certification Letter – Exhibit E

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

David Lee – Release of Tax Levy - Exhibit F

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

Robbins Geller July 28, 2017 Monitoring Report – Exhibit G

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

Bernstein Litowitz 2nd Quarter 2017 Portfolio Monitoring Report - Exhibit H

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

MotleyRice Second Quarter 2017 Portfolio Monitoring Report - Exhibit I

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

UNFINISHED BUSINESS

A. Trustee Elections.

Attorney Henzi address that no other Candidate Statements were submitted with respect to Trustee Nye's or Trustee Britton's positions, other than those submitted by Trustee Nye and Trustee Britton. Therefore, their terms will renew without an election.

RESOLUTION 17-38 by Trustee Nazarko, Supported by Britton

Resolved, That Trustee Nye and Trustee Britton remain on the Board for the City of Pontiac Police and Fire Retirement System Board for the term of July 1, 2017 through June 30, 2020.

Yeas: 4 – Nays: 0

NEW BUSINESS

CORRESPONDENCE

NEXT MEETING DATE: September 28, 2017

ADJOURNMENT

It was proposed by Trustee Nazarko and supported by Trustee Mayor Waterman that the meeting be adjourned at 12:52 p.m.

RESOLUTION 17-34 by Trustee Nazarko, Supported by Mayor Waterman
Further Resolved, That the meeting be adjourned at 12:52 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 August 24, 2017.

Nevrus Nazarko, Secretary
As recorded by BeneSys