

**CITY OF PONTIAC  
POLICE AND FIRE RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING MINUTES  
OCTOBER 30, 2014**

A regular meeting of the Board of Trustees was held on Thursday, October 30, 2014, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

**Trustees Present**

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

**Others Present**

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

**Trustees Absent**

Deirdre Waterman, Mayor (excused)

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*Chairman Storum declared that a quorum was present and called the meeting to order at 11:05 a.m.*

**AGENDA CHANGES**

**CONSENT AGENDA**

- A. Minutes of Regular Meeting – August 28, 2014
- B. Approval of Closed Session Minutes
- C. Financial Reports
  - 1. Financial Reports – August 31, 2014
  - 2. Bills for Ratification as of September, October, 2014
- D. Remove from Rolls:
  - 1. Betty Roth, DOD 10-05-2014, Spouse / Annuitant of Albert
- E. Final Benefit Calculations:

1. Lavoisier Washington	#9310	\$2,511.75
2. Owen O’Berry	#9216	\$1,508.61
- F. QDRO
  - 1. Diana Smith (alternate payee of Jeffrey), overpayment corrected, now at \$1,921.38/month

**RESOLUTION 14-040** By Nazarko, Supported by Nye  
Resolved, That the items on the Consent Agenda for October 30, 2014, be approved.

Yeas: 4 - Nays: 0

## **CONSULTANTS**

### **A. Gray & Company**

1. Summary Table – October 24, 2014
2. Fund Transfer: \$7,000,000 to Checking Account for November, December Pension and COLA payments
3. Emerging Markets Equity Search
4. Aberdeen Global High Income Fund Communication
5. Northern Trust Limited Power of Attorney
6. Munder Capital Management / Victory Capital Management Acquisition Consent Form
7. American Realty Advisors, Consent Solicitation

### **Gray & Company – Performance Review**

Mr. Kuhn communicated to the Board that he is leaving Gray & Company on November 3 or 4. He will be a consultant with the Bogdahn Group, which is based out of Orlando, Florida, although he will remain in Michigan. He stated that Mr. Gray will assign someone to this account very shortly. Chairman Storum stated he would like to have Mr. Kuhn and a representative from the Bogdahn Group come and introduce themselves at the next upcoming Board meeting. Trustee Britton agreed and stated he would like the Bogdahn principals to review the company and its history in greater detail. The Trustees thanked Mr. Kuhn for his many years of dedication, hard work and expertise with respect to the funds.

### **RESOLUTION 14-041** By Nazarko, Supported by Nye

Resolved, That Mr. Kuhn attend the next Board of Trustees meeting to be held on December 9, 2014.

Yeas: 4 - Nays: 0

Mr. Kuhn stated that he recommends liquidating the Northern Trust Barclays fixed income fund. \$7,000,000 needs to be transferred into the checking account to cover November and December pension payments and the COLA payment. He also recommended that for the sake of administrative efficiency, that the administrator and investment consultant should be able to move cash into the checking account, as needed.

### **RESOLUTION 14-042** By Nye, Supported by Nazarko

Resolved, That \$7,000,000 be moved into the checking account to cover upcoming fund payments, and that the plan administrator and investment consultant be able to move cash from the fund into the checking account, without waiting for Trustee approval at upcoming meetings.

Yeas: 4 - Nays: 0

Mr. Kuhn noted that Ambassador Capital Management is going out of business. The money market fund has moved to Robinson Capital, which has hedge fund type strategies.

Mr. Kuhn noted that the Fund probably will not make or lose much in fixed income funds.

Mr. Kuhn reviewed the Emerging Market Search. Trustee Britton suggested we review this after the first of the year.

Mr. Kuhn noted that Aberdeen Global High Income Fund had accounting errors in the fund. They had elected to move away from Northern Trust, and there were issues with accounting for the fund. They now wish to consolidate their funds into the State Street Bank and Trust Company, with it serving as custodian.

**RESOLUTION 14-043** By Nye, Supported by Nazarko  
Resolved, That the Aberdeen Global High Income Fund be moved from Northern Trust as custodian to the State Street Bank and Trust Company.

Yeas: 4 - Nays: 0

Mr. Kuhn will forward the Subscription Agreement to Attorney Henzi for review.

Mr. Kuhn then presented the Northern Trust Limited Power of Attorney in Favour of the Northern Trust Global Services Limited.

**RESOLUTION 14-044** By Nye, Supported by Nazarko  
Resolved, That the Northern Trust Limited Power of Attorney in Favour of the Northern Trust Global Services Limited be approved.

Yeas: 4 - Nays: 0

Mr. Kuhn then discussed the acquisition of Munder Capital Management by Victory Capital Management. He recommended signing the Consent Form assigning investment management services to Victory from Munder.

**RESOLUTION 14-045** By Nye, Supported by Nazarko  
Resolved, That the Board of Trustees approve and sign the Consent Form assigning investment management services to Victory Capital Management from Munder Capital Management.

Yeas: 4 - Nays: 0

Mr. Kuhn then presented communications from American Realty Advisors, noting it was changing its designation from an LLC to an LLP. He stated that this changes nothing from an investment standpoint. Trustee Nazarko stated he does not see what kind of tax implications this would have. Attorney Henzi stated that all parties stay the same, but with different names. He will review the change to determine any positives/negatives to the Fund.

*Trustee Nazarko left the meeting at 11:57 a.m.*

## **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 – Exhibit A*

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

#### *Neil Craig – Overpayment After Death*

Attorney Henzi explained that this participant passed away on November 20, 2013. His surviving spouse passed away on November 29, 2013. The Administrator was not notified of the deaths. As such, an overpayment was made in the amount of \$5,527.09. Since the last meeting, Legal searched the Oakland County Probate Court records to find whether an estate was made. There was no estate identified. The Administrator has made unsuccessful attempts to contact the two children of the Participant. The Administrator investigated making a claim for reimbursement from the Participant's bank. The deadline to make such a claim has passed. Given the length of time since the surviving spouse's death, it is highly likely the balance was paid to the heirs. Legal sent correspondence to the heirs. Attorney Henzi recommends the Fund take no further action, since pursuing the matter further would not be cost-effective.

#### *Follow Up on Actuarial Report*

Attorney Henzi addressed this issue for the Board in the Attorney Report. It has been corrected and filed.

#### *PFRS Redeposit Policy – Partial Plan Termination – Exhibit C*

Attorney Henzi addressed this issue for the Board in the Attorney Report. The letter and form to members were reviewed, and they will be mailed to members before the next meeting.

#### *Follow Up with Service Providers Regarding Fee Disclosure Statement and Political Contribution Disclosure Statement – Exhibit D*

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

#### *Proposed Amendment to Open Meetings Act Regarding FOIA Requests*

A bill was introduced in the House which would amend Michigan's Freedom of Information Act (FOIA) by requiring a public body to waive the fee for reproducing public records if the request for records is made by an elected public official in furtherance of his/her duties as an elected public official. The bill was referred to committee on May 27, 2014.

James Tate v Necole Tate EDRO – Exhibit F

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

Robbins Geller Portfolio Monitoring Report August 29, 2014 – Exhibit G

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

United States v Windsor – Analysis of Definition of Spouse in Ordinance Relative to Defense of Marriage Act – Exhibit H

Attorney Henzi addressed this issue for the Board in the Attorney Report. We do not need to amend the Ordinance at this time.

Bernstein Litowitz Portfolio Monitoring Report 2<sup>nd</sup> and 3<sup>rd</sup> Quarters 2014 – Exhibit I

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

Motley Rice Portfolio Monitoring Report 3<sup>rd</sup> Quarter 2014 – Exhibit K

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

Stachowiak QDRO - Exhibit L

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

Todd Hunt – Appeal for Payment of Sick Pay – Exhibit M

Todd Hunt appealed the Board of Trustees to include sick pay in his final average salary for his benefit calculation. Attorney Henzi recommends including sick time, as agreed upon by the Police and Fire Unions and the City and memorialized in contract termination agreements, in the final average salary calculation for all participants on the contract termination agreement lists going forward. Chairman Storum asked what is in the contract termination agreement. Mr. Henzi advised that the agreements listed the unused sick time for active employees. This topic, along with many others, were negotiated by the bargaining units. Therefore, the Board should administer the Funds in accordance with the terms of this negotiated document. The Administrator should put a copy of the contract in each affected member's file, along with the list, and today's approved minutes.

**RESOLUTION 14-046** By Nye, Supported by Britton

Resolved, That unused sick time be used in calculating final average salary for all participants on the contract termination agreement lists going forward.

Yeas: 3 - Nays: 0

Hagens Berman Portfolio Monitoring Report – October 9, 2014 – Exhibit N

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

## **UNFINISHED BUSINESS**

- A. Participant Website
- B. Actuarial Services Request for Proposal

The participant website was discussed in the VEBA Trustee meeting.

The Actuarial Services Request for Proposal was discussed in the VEBA Trustee meeting.

## **NEW BUSINESS**

- A. Metropolitan Real Estate Partners VI Distribution, \$148,972, 9-10-2014

It was noted that Metropolitan Real Estate Partners VI made a distribution to the Fund in the amount of \$148,972.00.

- B. Metropolitan Real Estate Partners VI Distribution, \$121,306, 10-20-2014

It was noted that Metropolitan Real Estate Partners VI made a distribution to the Fund in the amount of \$121,306.00.

- C. BNY Mellon IPO Securities Litigation Check, \$65.82, 8-20-2014

It was noted that BNY Mellon made an IPO Securities payment to the Fund with respect to a class action suit in the amount of \$65.82.

## **CORRESPONDENCE**

- A. Buyout Payment Letter and Form

Mr. Wytrychowski presented and reviewed the Buyout Payment Letter and Form. The Trustees agreed that the letter looked good and should be mailed to participants.

## **RESOLUTION 14-047** By Nye, Supported by Britton

Resolved, That the Buyout Payment Letter and Form be mailed to affected participants as soon as possible, with a response date of December 31, 2014, and a payment date of June 30, 2015.

Yeas: 3 - Nays: 0

They also noted that the Pension Application should be modified to include "Application for Payment". If a participant left in 2009 as a result of this layoff and took a withdrawal, they can pay it back, with interest, and get it back.

- B. WHV Third Quarter Commentary

- C. Munder Capital Management Mid-Cap Core Growth Strategy Commentary

- D. Franklin Templeton Global Bond Plus Fund Third Quarter Commentary

Police & Fire Regular Meeting  
October 30, 2014

**NEXT MEETING DATE:** Scheduled for December 4, 2014

This meeting is rescheduled to December 9, 2014, immediately following the VEBA meeting.

**ADJOURNMENT**

**RESOLUTION 14-048** By Nye, Supported by Britton  
Further Resolved, That the meeting be adjourned at 12:40 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 October 30, 2014.



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Nevrus Nazarko, Secretary  
*As recorded by BeneSys*