CITY OF PONTIAC, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM
"RETIREMENT TRUST MINUTES"
JANUARY 31, 2013

A regular meeting of the Board of Trustees was held on Thursday, January 31, 2013 at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan. The meeting was called to order at 9:30 a.m.

Trustees Present
Lon Britton *(teleconference)*
Leon Jukowski, Mayor
John Naglick, Secretary
Craig Storum, Chairman

Others Present
Chris Kuhn, Gray & Company
Matthew Henzi, Sullivan, Ward, Asher & Patton
Chuck Wytrychowski, BeneSys, Inc.
Darris Garoufalis, BeneSys, Inc.
Liz Edwards, BeneSys, Inc.
Frederick Joiner, PFFU Retiree

Trustees Absent
Matthew Nye, Vice Chairman, *(excused)*

The meeting was called to order at 9:30 a.m.

AGENDA CHANGES

CONSENT AGENDA

A. Approval of Minutes of Regular Meeting: December 6, 2012
B. Approval of Minutes of Special Closed Session Meeting: December 6, 2012
C. Approval of Minutes of Special Closed Session Meeting: December 17, 2012
D. Approval of Minutes of Special Closed Session Meeting: January 7, 2013
E. Communications
   1. Class Action Settlement, Flowserv Corp, December 19, 2012, $11.95
   2. Class Action Settlement, Capital Instit. Serv., January 8, 2013, $8,618.40
   3. Class Action Settlement, Loomis S. Cap Equity, January 10, 2013, $250.68
   4. Settlement Agreement between City of Pontiac Police and Fire Retirement System and the City of Pontiac, Signed January 23, 2013; deposited with Comerica Bank January 25, 2013.

   Mr. Henzi noted that the Trust may be part of a class action claim that will be filed with respect to some of the funds. Fund reports typically are sent to him. Mr. Garoufalis requested that BeneSys be copied on these reports. Mr. Henzi agreed.

D. Financial Reports
   1. Financial Reports – November, 2012
   2. Accounts Payable – December, 2012

   Mr. Kuhn noted that they typically perform a six-month rebalancing of the funds in January. Since funding is sufficient, no rebalancing is needed at this time. The funds will be reviewed again in March.

E. Remove from Rolls:
   1. Robert Wachal, (deceased 12-9-2012), spouse Bernadine is beneficiary and annuitant
   2. Marvin Blum, (deceased 1-6-2013), estate is beneficiary

F. Final Benefit Calculations:

1. Kevin Garrison – PFFU	# 2620	$3,806.42
2. Michael Daves – PPSA	# 2636	$3,494.66
3. Brian McLaughlin – PPSA	# 2643	$4,651.43
4. Frederick Joiner – PFFU	# 2656	$5,099.61

RESOLUTION 13-001 By Britton, Supported by Naglick
Resolved, That the consent agenda for January 31, 2013, be approved.

Yeas: 4 - Nays: 0

CONSULTANTS

A. Gray & Company
   a. Flash Performance - Q4 2012
   b. Manager Summary – January 28, 2013

Re: Gray & Company – Fourth Quarter Performance Review 2012
Mr. Kuhn reviewed the fourth quarter performance for 2013. He advised that the Munder, Loomis, Wentworth, Franklin, and American Realty funds have been matching their benchmarks.

Performance for the quarter was up 1.31%, and for the year up 1.73%.

There was discussion about the special February 28 meeting scheduled to review Trust assets and performance. Trustee Britton requested that this report review be postponed until the June MAPERS meeting. Mr. Kuhn believes it will require more than one meeting to review the assets and recommend any changes to the underlying investments. Trustee Naglick stated that the discussion and review should take place at the June meeting.

Mr. Kuhn discussed Public Act 314 and its ramifications. He noted that it changes categories for investments, and he will prepare a report that analyzes how it directly affects the Trust investments. Mr. Henzi will review and report as well. Mr. Kuhn also noted that it may also affect the Veba's investments by allowing real estate funds as an investment.

Mr. Kuhn will review other investment managers to see if they are suited for the Trust. He will have Mr. Henzi review his findings. He suggested that representatives from Loomis Sayles present their options to the Board. There was discussion and the Board agreed that Mr. Kuhn should send an invitation for the LS Investments representative to attend the February Trustee meeting.

REPORTS

A. Chairman
B. Secretary
C. Trustees Committees

Plan Manager: Mr. Wytrychowski reviewed the status of the transition of administration from the Police and Fire Retirement System staff to BeneSys, Inc. Mr. Wytrychowski represented all retiree payments for January 30 had been sent. Mr. Wytrychowski also noted that the number of retirees whose final benefit calculation is outstanding is now down to eighteen.

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

Legal: Mr. Henzi discussed the status of the IRS Determination Letter request. He will draft an amendment that will be presented for approval to City Council.

RESOLUTION 13-002 By Britton, Supported by Naglick
Resolved, That the Plan Amendment be drafted and presented to City Council for approval by Mr. Henzi.

Yeas: 4 - Nays: 0

Mr. Henzi discussed the HELPS Act which allows police and firefighters to use $3,000 of pension benefits to pay for health care expenses.

Mr. Henzi discussed the grievance filed by LaJuan Craft, containing both a discrimination claim and an ADA claim, against the Police and Fire fund. She also filed a second grievance for long term disability. There was discussion about her situation and the grievances.

RESOLUTION 13-003 By Britton, Supported by Naglick
Resolved, That Ms. Craft be notified that her disability claim be filed with the General Employee Retirement System.

Yeas: 4 - Nays: 0

Mr. Henzi discussed a service offered by Robbins Geller for Portfolio Monitoring. There was discussion about the benefits of continuing the updated arrangement with the company to provide this service to the Trust.

RESOLUTION 13-004 By Britton, Supported by Naglick
Resolved, That the Trust continue the service offered by Robbins Geller for Portfolio Monitoring.

Yeas: 4 - Nays: 0

Mr. Henzi discussed a new Pension Tax which calls for greater tax on pensions to police

and firefighters who were exempt from Social Security taxes during their periods of service. He explained the changes in the tax exemptions and how this will be reflected in annual taxes. Mr. Wytrychowski suggested that BeneSys send a letter to affected retirees explaining these changes. Mr. Henzi will draft a letter containing several scenarios to be reviewed at the February board meeting.

E. Members / Retirees

RESOLUTION 13-004 By Britton, Supported by Naglick
Resolved, That the Board move to closed session to discuss pending litigation at 10:40.

Yeas: 4 – Nays: 0

The Board moved to closed session at 10:40 a.m.
Mr. Kuhn and Mr. Joiner left at 10:40 a.m.
The Board returned from closed session at 11:33 a.m.

NEW BUSINESS

UNFINISHED BUSINESS

SCHEDULING OF NEXT MEETING

Regular Meeting – Thursday, February 28, 2013 – BeneSys Inc., 700 Tower Dr., Suite 300, Troy, MI 48098 @ 10:00 a.m. (Tentative)

Special Meeting; Asset Allocation – Thursday, February 28, 2013 to follow Regular Meeting @ 12:00 a.m. (Tentative)

ADJOURNMENT

RESOLUTION 13-005 By Britton, Supported by Jukowski
Resolved, That the meeting be adjourned at 12:02 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 January 31, 2013.

John Naglick, Secretary
As recorded by BeneSys