

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
MARCH 27, 2014**

A regular meeting of the Board of Trustees was held on Thursday, March 27, 2014, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan. The meeting was called to order at 11:35 a.m.

Trustees Present

Matt Nye, Chairman
Lon Britton
Craig Storum
Deirdre Waterman, Mayor

Others Present

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

Trustees Absent

Nevrus Nazarko, Secretary

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting – February 28, 2014
- B. Approval of Closed Session Minutes
- C. Financial Reports
 - 1. Financial Reports – January 31, 2014
 - 2. Bills for Ratification as of March, 2014
- D. Remove from Rolls as of November 30, 2013: Neil Craig, DOD 11-20-2013, Spouse Shirley DOD 11-29-2013
- E. Final Benefit Calculations: N / A
- F. BNY Mellon, Class Action Settlement, February 20, 2014, \$3,349.15

RESOLUTION 14-013 By Britton, Supported by Nye

Resolved, That the items on the Consent Agenda for February 28, 2014, be approved.

Yeas: 4 - Nays: 0

CONSULTANTS

- A. Gray & Company
 - 1. Summary Table – March 21, 2014

Gray & Company – Performance Review

Mr. Kuhn discussed current Fund positions. He noted that March was kind of a “sideways” month. The Fund is holding its own. The asset transfer will occur by the end of the month. He would like to see a little more in the cash account. Both Munder and Loomis Sayles are most overweight.

RESOLUTION 14-014 By Nye, Supported by Britton

Resolved, That the rebalancing of the accounts to fund more in the cash account, be approved.

Yeas: 4 - Nays: 0

Mr. Kuhn noted that he had received communications from Ashley Cassel at Aberdeen, stating they have a new index fund which is more foreign based. He would like to switch to a dollar-hedged investment. He will present more information on this at our next meeting. He also has some informational pieces on Timberland which he will send out as soon as possible.

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

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

Electronic Meeting / House Bill 4363

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. Attorney Henzi recommends making attempts to locate the children and/or probate court records to seek reimbursement. Also, attempts should be made to ask the City to relay any information it receives about the deaths of participants. Trustee Britton states that we should tell the City to notify us of deaths as soon as possible.

Mark Hilborn – IRS Levy Request

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

Genelda Lavallis – Request for Conversion to Normal Retirement Benefit

Attorney Henzi explained that this participant requested that her retirement benefit be converted from non-duty disability to normal retirement now that she reached age 55. She has 10 years of

service. Legal has reviewed this matter and opines that the ordinance does not allow for non-duty disability benefits to convert to normal benefits. Ms. Lavallis was told to submit a written request explaining her position. No such request was sent. As such, legal recommends sending a denial letter based on the above.

Disbaility Audit Process

Attorney Henzi discussed the Disability Audit Process. Legal and the Administrator have discussed the system's disability audit system. Presently, disability benefit recipients are audited on the anniversary of their retirement date. The Administrator suggested these members could be audited at the same time each year, for ease of administration. Legal believes the rules and regulations and ordinance do not prohibit this practice, which makes sense. Legal recommends that the Board consider a motion to permit the Administrator to make this change in auditing practices.

Trustee Britton stated that with respect to income verification, they could not make more than a person of their rank at the time. Why should we do any disability audit since there is no job to go back to, and no benchmark. Chairman Storum asked how do we amend the ordinance? Trustee Nye asked how would we know if they got another job with a different police or fire department? Chairman Storum stated that perhaps we would still need to do the income verification. Trustee Britton stated they still are not returning to the job they had.

Herschel Morris – FOC Order

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

Warren Rogers – Request for Withdrawal of Contributions

Attorney Henzi explained that this former firefighter requested, by a phone call to legal, that his member contributions be withdrawn. Mr. Rodgers worked from approximately 1980 – 1986. He indicated the City has no personnel file records for him. The Administrator has no record of any contributions in reserve in his name. Legal is unaware of any way to calculate his contributions, in the event he is truly entitled to them, and asks the Board for any input. The Board suggests we review Minute Master to see if his issue was addressed in any Minutes from the late 1980s or early 1990s.

Paul Stachowiak – Request for Recalculated Benefit

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

PFRS Redeposit Policy – Partial Plan Termination (Exhibit B)

Attorney Henzi discussed the draft of a letter to vested terminated participants of the Fund who have not yet begun to receive their pension payments. The letter gives them the opportunity to elect to receive their contribution amounts and receive a matching contribution from the Fund. In return, the participants who elect to receive their contributions and matching contribution benefit now will receive no future benefits from the Fund. There was discussion. It was agreed that the dollar amount for the participant should be inserted into the letter.

Public Employee Retirement Benefit Protection ACT PA 492 (Exhibit C)

Attorney Henzi explained that retired elected Board members must be paid retro pay back to January 1, 2013. Trustee Nye will send the Administrator his pay rate in order to determine the calculation.

RESOLUTION 14-015 By Nye, Supported by Waterman

Resolved, That the payment of retro pay to Trustee Britton and Chariman Storum back to January 1, 2013, for attending Trustee meetings, be approved.

Yeas: 4 - Nays: 0

Response to FOIA Request re: RFPs for Portfolio Monitoring (Exhibit D)

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

Robbins Geller February 28, 2014 Portfolio Monitoring Report (Exhibit E)

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

PFRS and VEBA Liability Insurance Renewal

Attorney Henzi noted that the Liability Insurance Renewal for both the PFRS and VEBA is due by May 2014.

Is Your Fund Prepared for Halliburton? – Hagens Berman, March 18, 2014 (Exhibit F)

Attorney Henzi presented communications from Hagens Berman with respect to securities fraud in investment funds.

UNFINISHED BUSINESS

A. Casey Crampton

Mr. Crampton sent us the letter from Attorney Henzi and has called us for a payout. We told him we are working on the buyout.

B. Fuzebox

Mr. Wytrychowski stated that we are ready now, and he will send out download instructions and how to log in.

C. Participant Website

Trustee Nye stated he would like to get all participants' e-mail addresses for the website so we could do informational web communications to all.

NEW BUSINESS

A. EDRO Procedures and Actuarial Fees

There was discussion about EDRO procedures and actuarial fees. Currently, a participant would pay 50% of the actuarial fee for an EDRO recalculation, up to a maximum of \$500. Mr. Wytrychowski stated that some other client funds pick up this fee and do not charge the participant for it. Chairman Storum stated to leave the procedure as it is. Trustee Nye suggested getting rid of the procedure. Chairman Storum believes we are recovering some of the cost, but not a lot.

B. Pre-1996 Duty Disability

There was discussion with respect to Terry White's duty disability which occurred prior to 1996. Mr. White converted to a Normal Retirement after the VEBA was established in 1996, and believes he should be covered under the VEBA. Trustee Britton found a letter with respect to another individual's arbitration, and Attorney Henzi stated that this was also a similar situation for another individual. He noted that the problem is how to accomplish this without amending the ordinance to allow moving him from one covered group to another. Trustee Britton stated that since there is mandatory conversion at age 55 and since this would be post-1996, the VEBA would be logical. Chairman Storum thinks we should do this, especially in the case of a duty disability. Trustee Nye states we must administer it according to the ordinance. Attorney Henzi will research and will have an update for the next meeting.

C. 1099-R

There was discussion with respect to the 1099-R detail that was provided. Mr. Wytrychowski stated that 1099-R detail is not mandated by the IRS, and the Pension Department was instructed to leave the detail off while we ironed out the information with respect to medical deductions. An explanatory letter will be mailed out to participants within the next couple of days.

CORRESPONDENCE

A. Bradford & Marzec, Staff Additions Letter, March 4, 2014

B. Aberdeen Global High Income Fund – Benchmark Change Effective March 31, 2014, March 14, 2014

C. FOIA Request and Response, March 21, 2014

NEXT MEETING DATE: Tentatively moved to April 28, 2014

RESOLUTION 14-016 By Britton, Supported by Nye
Further Resolved, That the meeting be adjourned at 12:47 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 March 27, 2014.



Nevrus Nazarko, Secretary
As recorded by BeneSys