

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
APRIL 28, 2014**

A regular meeting of the Board of Trustees was held on Monday, April 28, 2014, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan. The meeting was called to order at 11:43 a.m.

Trustees Present

Matt Nye, Chairman
Nevrus Nazarko, Secretary
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

Lon Britton

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting – March 27, 2014
- B. Approval of Closed Session Minutes
- C. Financial Reports
 - 1. Financial Reports – February 28, 2014
 - 2. Bills for Ratification as of April, 2014
- D. Remove from Rolls as of April 1, 2014: Joe McCurry, DOD 03-29-2014
- E. Final Benefit Calculations: N / A
- F. BNY Mellon, Class Action Settlement, March 14, 2014, \$55.17

RESOLUTION 14-017 By Nazarko, Supported by Waterman
Resolved, That the items on the Consent Agenda for April 28, 2014, be approved.

Yeas: 4 - Nays: 0

CONSULTANTS

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

Gray & Company – Performance Review

Mr. Kuhn discussed current Fund positions. He stated the Market “came back to the real world” in the first quarter of 2014. There were positive returns but not as high as in previous quarters. The Fund has just over \$240,000,000 in assets. He believes it is overfunded in equities, underfunded in income, and would like to transfer some equities to cash.

RESOLUTION 14-018 By Nye, Supported by Nazarko

Resolved, That the rebalancing of the accounts to transfer \$5,200,000 to the cash account, be approved.

Yeas: 4 - Nays: 0

Mr. Kuhn noted Munder Capital re-equitized themselves by merging with Victory Capital. This gives them more assets, “boutique” funds such as core income and international. They will be mainstays, and do strategies that they have done in the past, maintain legal compliance and technology synergies. He recommends placing them on a watch as the transition period goes through.

RESOLUTION 14-019 By Nye, Supported by Nazarko

Resolved, That Munder Capital will be placed on a watch for six months as they transition with their merger with Victory Capital, be approved.

Yeas: 4 - Nays: 0

Mr. Kuhn stated that Franklin Templeton will not be attending the MAPERS Conference or the Investment Managers Round Table presentation this year, but he will ask them to attend another Board meeting. Chairman Storum stated he would like Mesirow to attend, but since they cannot, maybe they could come to another Board meeting. Mr. Kuhn stated that if they are unable to attend, he will still try to get the questions answered.

Mr. Kuhn’s presentations on the Introduction to Hedge Funds, and Introduction to Timberlands was tabled to the next meeting.

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. Since the last meeting, the Administrator has made unsuccessful attempts to contact the two children of the Participant. Attorney Henzi will search probate records to find whether an estate was made. Also, Attorney Henzi will work with the Administrator to contact the Participant's custodian bank to make a claim for reimbursement.

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. Attorney Henzi 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. Since the last meeting, she has requested a copy of her file. Attorney Henzi will send correspondence requesting that Ms. Lavallis send a written request explaining her position and that, based on the information provided, she does not qualify for conversion to a normal benefit.

Warren Rogers – Request for Withdrawal of Contributions (Exhibit A)

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. Since the last meeting, Mr. Rodgers followed up on his request. Legal counsel sent correspondence indicating that the Board was investigating his request but that there were no records of any contributions reserved in his name.

The Administrator diligently searched all Meeting Minutes and found no references of a withdrawal of contributions by Mr. Rodgers. The Administrator consulted with Deborah Munson of the GERS, who performed some research and was quite helpful. Mr. Rodgers was hired by the Fire Department on September 9, 1983, and resigned March 28, 1988. He is not entitled to a refund of any contributions because he made no contributions. The Firefighters' Union negotiated into their contract effective July 1, 1983, a provision that required the City to pay the full 8% of the employee's contribution to the PFRS. The firefighters did not resume contributing out of their paychecks toward their pensions again until 1993. Therefore, during Mr. Rodgers' employment, he made no contributions into the system. Therefore, there is nothing for him to withdraw. Correspondence was sent to Mr. Rodgers to this effect.

Paul Stachowiak – Request for Recalculated Benefit

Attorney Henzi addressed this issue for the Board in the Attorney Report. Mr. Stachowiak requested a benefit recalculation. Attorney Henzi believes he is in error and asked him for additional information, but has not heard back from him. He signed the Early Out Waiver for his check, and was given 24 years of service.

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. Attorney Henzi will work on a letter draft.

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

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

Response to FOIA Request re: Liability Insurance Policy 2007 – Present (Exhibit D)

Attorney Henzi addressed this issue for the Board in the Attorney Report. He noted that the attorney made the identical request to GERS, and he also sued the City of Detroit.

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

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

Northern Trust – Amendment to Northern Trust Collective Fund Custody Agreement (Exhibit F)

Attorney Henzi addressed this issue for the Board in the Attorney Report. He noted that the Amendment was approved by the Board at the last meeting and is in effect.

Motley Rice Portfolio Monitoring Report First Quarter 2014 (Exhibit G)

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

PFRS and PF VEBA Liability Insurance Renewal

Attorney Henzi noted that the Administrator forwarded the renewal application to Union Services Agency. We are awaiting the underwriting package which will identify the premiums and coverage limits. This will be received for approval at the May 2014 Trustee meeting.

Various Articles – (Exhibit H)

Attorney Henzi presented various articles for the Trustees' review.

Hagens Berman Portfolio Monitoring Report April 7, 2014

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

Hugh Pettway v Waterford

Hugh Pettway is a deferred vested who is currently employed as a firefighter with Waterford Township. He instituted a lawsuit against Waterford Township alleging, among other things, age discrimination. Counsel for the Township requested personnel and pension records from Mr. Pettway through the City of Pontiac. Legal counsel directed the Administrator to refuse the request without a Subpoena. Counsel for the Township followed up with a Subpoena which essentially requests Mr. Pettway's pension file. Legal counsel and the Administrator are working to review the file and will produce only those portions of the file which are not exempted by state law. A response is due by May 1, 2014.

UNFINISHED BUSINESS

- A. Neil Craig, Overpayment Recoupment
- B. Warren Rodgers Contributions Refund Request
- C. Paul / Tracey Stachowiak EDRO
- D. Casey Crampton
- E. Participant Website

The participant website is in progress. It will take special programming as some documents typically are not contained on private employers' websites.

NEW BUSINESS

CORRESPONDENCE

- A. FOIA Request and Response, April 3, 2014
- B. FOIA Request and Response, April 16, 2014
- C. Subpoena, Pettway vs Waterford, April 18, 2014
- D. Correspondence to Retirees Regarding 2013 Form 1099-R
- E. Garcia Hamilton & Associates, Fixed Income Investment Grade Manager of the Year Award
- F. Aberdeen Acquisition of Scottish Widows Investment Partnership (SWIP)

NEXT MEETING DATE: Scheduled for May 29, 2014

RESOLUTION 14-020 By Nazarko, Supported by Nye
Further Resolved, That the meeting be adjourned at 12:12 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 April 28, 2014.



Nevrus Nazarko, Secretary
As recorded by BeneSys