

**CITY OF PONTIAC, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM
JULY 26, 2012**

A regular meeting of the Board of Trustees was held on Thursday, July 26, 2012 at the City Council Conference Room, Second Level, City Hall, Pontiac, Michigan. The meeting was called to order at 10:33 a.m.

Trustees Present

Lon Britton
Leon Jukowski, Mayor
John Naglick, Secretary
Matthew Nye
Craig Storum, Chairman

Others Present

Denise Jones, Rodwan
Chris Kuhn, Gray & Company
Matthew Henzi, Sullivan, Ward, Asher & Patton
Chuck Wytrychowski, BeneSys
Darris Garoufalis, BeneSys
Mary Weir, BeneSys
Ellen Zimmermann, Retirement Administrator
Jane Arndt, M-Administrative Assistant

AGENDA CHANGES

Chairman Storum requested that the Board move Denise Jones from Rodwan Consulting up on the agenda.

CONSENT AGENDA

- A. Minutes of Regular Meeting – June 28, 2012
- B. Communications:
 - 1. Correspondence from Chubb Insurance Re: Hawkins Claim
 - 2. Correspondence from Franklin Templeton Re: June Client Statement
 - 3. Correspondence from Metropolitan Real Estate Fund VI Re: Q1 Summary
- C. Financial Reports:
 - 1. Financial Reports – June 2012
 - 2. Accounts Payable – July 2012
- D. Capital Calls:
 - 1. Metropolitan Real Estate 1 Distribution \$67,540
- E. Death Audit
- F. Remove from the Rolls:
 - 1. Margarite Evans (deceased 06-05-12)
 - 2. Bobbie Wallace (deceased 07-08-12): survivor benefit of \$1,148.30/mo to Helen J Wallace
- G. Final Benefit Calculations:

1. Jeffrey Peterson - PPSA	#2611	\$4,317.98
2. Jeffrey Haynes – PFFU	#2615	2,795.09
3. Chris Nelson – PFFU	#2618	3,427.49
4. Robert Ford – PPSA	#2634	4,383.70

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|----|---------------------------|-------|----------|
| | 5. Josephine Fagan – PPSA | #2644 | 3,796.97 |
| H. | EDRO | | |
| | 1. Jeffrey Smith | | |
| I. | Recalculations | | |
| | 1. Diana Smith EDRO | | |
| | 2. Roman Prosser EDRO | | |

Trustee Britton indicated that a change was needed on page six of the minutes from the June 28, 2012 meeting. The minutes should read “Trustee Britton and Trustee Naglick met with Trustee Barnett from the General Employees’ Retirement System to discuss the relocation of the Retirement Office Staff. Trustee Bowman did not attend the meeting. Trustee Britton and Trustee Naglick also met to discuss the Retirement Coordinator position.”

The minutes dated June 28, 2012 will be edited to reflect the requested changes.

RESOLUTION 12-060 By Britton, Supported by Jukowski
Resolved, That the consent agenda be approved as amended.

Yeas: 5 - Nays: 0

CONSULTANTS

Re: Rodwan Consulting – Supplemental Actuarial Valuation Report

Ms. Jones explained that there was an error on the original supplemental valuation report with the inactive vested members not being validated correctly. The assumption age used on the original report was sixty versus fifty. There were ten members who were not originally included which changed the funding value. This increased funding by \$3.5 million.

The System’s accrued liabilities as of March 1, 2012 were \$246.7 million with the funding value of accrued assets as of December 31, 2011 at \$241.1 million. This reduced the funding value of assets to 97.7%.

There were no changes in the assets. They used the smoothed valuation assets versus the market value of assets.

She also explained that the ten additional members along with ten years of earlier payments increased the liability.

The contribution requirement was computer to be \$586,396.00 and was based on the market value and is shown based on 7.5% and 5.0%.

Trustee Naglick asked if the assets included the receivable from the amounts not paid by the City.

Ms. Jones stated that is usually not the case. She said if it was it would be footnoted.

Chairman Storum said that this could be a positive for the Fund.

Trustee Naglick indicated that it could increase the funding ratio.

He also questioned which valuation period was used to determine the contributions.

Ms. Jones stated that the contributions were based on the fiscal year 2013 thru 2014 period.

Trustee Britton questioned the date these contributions would be paid.

Trustee Naglick stated that they would be due on June 30, 2014. He wanted to make sure that he pointed out the lag.

Chairman Storum noted that the lag was done for the City's benefit.

Trustee Nye asked when the contributions for 2013 will be paid.

Ms. Jones indicated that there is a two-year lag. Contributions for 2013 are based on the valuation report ending December 31, 2011.

The actuarial accrued liabilities were \$246.7 million with a funding value of assets of \$241.1 million. The unfunded actuarial accrued liability was \$5.6 million which was amortized as a level dollar amount over a twenty year period.

She indicated that the inactive vested and retired group is a young group with an expected long life expectancy. The twenty year plan is not a conservative amortization. By using the twenty year level dollar amortization it shows that the Fund is able to fund the liabilities for the group. The cash flow projection is in process and will help the Board determine if they need to adjust the period going forward.

She reviewed the unfunded actuarial accrued liability comparing the March 1, 2012 versus the December 31, 2011 valuation reports. The same asset valuation was used for both. With the closing of the plan the number of vested and retired members has been identified which indicated an increase of approximately \$1 million.

The actuarial accrued liability for the March 1, 2012 period showed that there was no change for the retiree and beneficiary group. The vested terminated members increased from \$15 million to \$18.9 million. The funding ratio also changed from 99.2% to 97.7%.

Chairman Storum confirmed that the funding will increase if the Fund meets its assumptions. We are assuming we will get the contributions.

Ms. Jones indicated that if the Fund meets its assumptions and the contributions are received the funding ratio should go up.

Trustee Naglick stated that it should go up a lot when the contributions are received.

Ms. Jones stated that if the market value of the Fund (\$219.8 million) is used to calculate the computed contributions they would be \$2.8 million versus \$589,396.00. The unfunded accrued liability would be \$26.9 million rather than \$5.6 million and the funding ratio would decrease to 89.1% versus 97.7%.

Trustee Nye stated that this is a huge discrepancy. He asked which is better to use the market value or the smoothed value of assets.

Trustee Naglick opined the City's contribution could increase to \$10 million if that happened.

Ms. Jones explained that in an ongoing plan there is time to close the gap so most use the smoothed value of assets. In a closed plan it can get dicey using the market value of assets. The school of thought is to use the market value of assets.

Chairman Storum asked if there is a way for the Fund to move to the market value of assets over time.

Ms. Jones stated that the Board could shorten the time period for the smoothed value of assets or they could use a pro-ration rate over a two to three year period.

Trustee Nye stated that the Board should use a more realistic number and setup a transition period.

Trustee Britton indicated that he has a couple of concerns. He does not understand why they would not stay with a five-year smoothing. At some point the market will come back and it would be better to use a longer smoothed period. We are looking at uncharted ground and do not want to make changes too quickly. The Board does not yet know what they are dealing with.

Trustee Nye asked if a five-year smoothing period is customary.

Chairman Storum stated that this will be an ongoing point of issue.

Trustee Britton stated that he is concerned that with the nonpayment of contributions and the cost of healthcare the Fund could get below 80% and the Emergency Manager could take control of the Fund. He cannot support a change now but it could possible sometime down the road.

Mr. Henzi stated that this was a good discussion and told the Board that they could recover some of the funds through pending litigation, which may impact the funding level of the System.

Ms. Jones said that with the level dollar amortization the City will pay for twenty years and the benefits will be paid for much longer. The investments will still come in fifty years from now. This large group will be paid long after the fifty year period. The twenty year amortization period can be extended.

Ms. Jones stated that the remainder of the report is the same as previously reviewed. The only change is the ten additional inactive vested members that were added.

RESOLUTION 12-061 By Naglick, Supported by Britton

Resolved, That the Board approved to receive and file the Supplemental Actuarial Valuation for March 1, 2012.

Yeas: 5 – Nays: 0

Ms. Jones left at 10:58 a.m.

Re: BeneSys Presentation

Trustee Britton indicated that he and Trustee Naglick are on the Personnel and Relocation Subcommittee. They are exploring various options. They are looking at using a third party administrator and BeneSys is one of the more impressive groups. The Board invited them in to listen to their presentation.

Mr. Henzi indicated that he works with BeneSys everyday and they offer great expertise in administering benefits.

Mr. Wytrychowski said that they are here to open dialogue with the Board and provide information so they can more an informed decision. The specialize 100% in administering employee benefits. They started out as a computer tech firm. They use their own systems. They handle funds for trustees and participants.

They offer a full scope of administrative services. They are not a canned or one system fits all. They can fit in any way the Board chooses. They are flexible with a lot of alternatives.

He provided an overview of what they provide for their clients. They have ten to fifteen Plan Managers and your account would be assigned to a group team. They are a national firm headquartered in Troy, Michigan and have ten offices in the United States. Their firm has a vast amount of knowledge administering benefits.

They have a participant website which offers information on their benefit status and links to other important sites. This website is open to the public and participants can login to access their personal information.

The trustee website provides secured access to trustees to view board minutes, agendas, plan documents and summary plan descriptions.

Ms. Weir stated that they can customize the Fund's website for their needs.

Mr. Wytrychowski said that they have a third party detailed transition schedule which can be completed within 90 to 120 days. They will do whatever is needed.

Ms. Weir stated that they would have a person assigned and available during the transition.

Mr. Wytrychowski told the Board that they have approximately three hundred employees nationwide that administer defined benefit and defined contribution plans.

Mr. Garoufalis stated that the systems are hosted on their servers.

Mr. Wytrychowski told the Board that they started as an IT firm and the company transitioned into delivering benefits. As a third party provider they have reasonable costs and administrative fees.

They have ten different regional offices. Their California office is an exact replication and can have clients up and running within twenty-four hours to deliver benefits. Their promise to the Board is to deliver redundancy. They use their own proprietary system and everyone has access.

Mr. Garoufalis told the Board that they have generator backup for their systems.

Trustee Naglick described SAS 70 Type 2 compliance. It validates a third party's checks and balances and internal controls. BeneSys is reviewed quarterly to insure they meet this compliance. Being SAS 70 compliant assists the System's auditing firm and provides an additional level of validation during their process.

Trustee Nye asked who hires the Certified Public Accountant.

Trustee Naglick explained that they hire a CPA to review the accounting reports and BeneSys hires the firm to audit their SAS 70 compliance.

Mr. Wytrychowski stated that auditing firms can rely on the integrity of their data due to their SAS 70 Type 2 compliance.

Trustee Naglick indicated that Plante & Moran would audit the final accounting reports for the System.

Trustee Nye asked if the Board would participate in BeneSys's CPA hiring decision.

Mr. Garoufalis indicated that BeneSys hires the CPA firm for their SAS 70 certification.

Mr. Wytrychowski told the Board that the System would hire their own audit firm and BeneSys would hire their own audit firm. Having the SAS 70 compliance limits the scope or full scope audit. They work for the trustees.

Ms. Weir noted that they recently upgraded their information technology systems.

Mr. Wytrychowski provided an overview of their key personnel.

He reviewed a list of their clients and client contacts. They have never lost a client due to service or fees. Most of the plans they administer are Taft Hartley. They do administer four

VEBA's, the City of Detroit DOT and the City of Fresno, California. They also provide some vision plan administration for the City of Pontiac Schools.

He restated why the Fund should select their firm to administer benefits including a detailed review of their services including information technology systems, accounting services, pension services, their experience, depth of staff and seamless transition.

Their mission statement is to provide the participants and trustees an exceptional and prompt level of service.

Screen shots of their participant and trustee website, sample financials, minutes and pension reports were reviewed.

He indicated that they reconcile every asset account on a monthly basis.

Mr. Garoufalis also stated that they can provide customized reports.

Trustee Naglick stated that ADP is the System's largest outside service provider.

Ms. Zimmermann stated that trustee elections are conducted by mail.

She also asked if they have a disability management function.

Mr. Wytrychowski said that they have a division that handles that function.

Trustee Nye questioned whether a new proposal will be negotiated in three years. He also expressed concern for the Board's employees.

Trustee Britton indicated that the staff will be lifted out to BeneSys with comparable wages and benefits. The staffing levels will be determined based on whether GERS needs three employees. He said if GERS does not want to go along, or if employees do not want to go along, BeneSys can provide people.

He also stated that they are looking to improve what the System currently has at a lesser cost.

Chairman Storum asked how staff will be replaced if they chose to leave or retire.

Mr. Wytrychowski stated that the Board can control their staff and benefits or BeneSys will control the staff which could be an added advantage. They have experienced people that can work on your account.

Chairman Storum asked if their firm has benefit calculation software.

Mr. Wytrychowski said that they have their own benefit calculation software. They also prepare annual statements for the members.

Trustee Nye asked if Ms. Zimmermann and Ms. Arndt would still come to the meetings.

Mr. Wytrychowski said that the benefits and management of the staff is determined by the Board and that they can keep their same staff.

The Board discussed meeting formats. There is the potential for Board members to attend meetings electronically. They asked whether BeneSys provides the capability for the trustees to see each other during a meeting.

Mr. Wytrychowski said that they have played with video conferencing but they currently use a high end voice conferencing device run through the phone system for trustees who are unable to attend in person.

Chairman Storum asked if they are familiar with Public Act 314.

Mr. Wytrychowski said they are somewhat familiar with Public Act 314.

Mr. Henzi said that based on the Open Meeting Act notices would have to be posted at City Hall. He also indicated that a link to the City of Pontiac website would be needed.

Chairman Storum also asked about the reception of members.

Mr. Wytrychowski said that they have a professional area where participants come in and talk about their benefits.

Chairman Storum asked if GERS Board was invited to the BeneSys presentation.

Trustee Britton indicated that he and Trustee Naglick met with Chairman Harrison of the GERS System and he was open to the idea. Chairman Harrison wants to discuss it with his Board and then bring BeneSys back in to present to the GERS Board.

Chairman Storum asked how it would affect fees if the Police & Fire System goes on their own.

Mr. Garoufalis said that the fees would go down if the Boards go their separate ways.

Trustee Britton said that it would be better if both Boards moved to a third party provider.

Trustee Naglick said that the 70%/30% split was based on number of assets.

Trustee Nye said that he does not like having to wait on the GERS Board. He is prepared to make a decision after the proposal is researched and reviewed.

Trustee Britton said that he made it clear to Chairman Harrison that the Police & Fire System is moving forward. He suggested December 31, 2012 as a date certain be communicated to the GERS Board and a plan be laid out for them.

The Board asked BeneSys to provide a schedule of fees for only their two Systems.

Meeting Break at 11:54 a.m.

Meeting Resumed at 12:46 p.m.

Re: Gray & Company

Mr. Kuhn reviewed the flash report dated June 30, 2012. June was a decent performance month with returns of 1.93%. However, this Fund is trailing the VEBA for the quarter with returns of -2.28%. Year-to-date performance is up at 5.18%.

Loomis Sayles had a difficult month as did Broadview in the VEBA. Loomis is always an outstanding performer.

Garcia Hamilton had good performance month and quarter. He recently conducted an onsite visit at Garcia Hamilton.

Chairman Storum questioned why there were no policy index numbers on the report and whether it was due to the lack of reporting from the real estate managers.

Mr. Kuhn indicated that the policy index numbers were not available for this report but will be included in the quarterly performance report presented at the next meeting.

Chairman Storum asked what benchmark is being used for the Franklin Templeton investment.

Mr. Kuhn explained that they are using the Barclay Global Aggregate Index as the benchmark. Their performance suffered due to currency issues.

The market values were updated based on the rebalancing schedule. The System is raising \$16 million which includes the cash.

Ms. Zimmermann explained that they are raising \$14 million in addition to the current cash on hand.

Mr. Kuhn told the Board that Goode Stable Value will be going away at the end of August and the Fund will be receiving cash. Approximately, \$9 million of the rebalancing will be coming from Goode paired with a little from the equity side. The balance of the Goode assets will be split between Garcia Hamilton and the Northern Trust Barclays Intermediate Government/Credit Index.

RESOLUTION 12-062 By Britton, Supported by Naglick

Resolved, That the Board approve the rebalancing schedule as recommended by the Investment Consultant.

Yeas: 5 – Nays: 0

Mr. Kuhn indicated that they have not received the requested information from Rodwan Consulting in order to process the asset liability study.

REPORTS

Re: Chairman

Chairman Storum stated that he would like to see the Personnel Subcommittee meet with the staff to discuss what would be needed or issues if they go on their own.

He would also like the Board to consider and feels it is their fiduciary right to award bonuses to the staff by distributing the Retirement Coordinator's salary for the additional workload the staff has taken on.

Re: Secretary - None

Re: Trustees/Committees

Trustee Britton asked if Ms. Zimmermann has hired a temporary employee.

Ms. Zimmermann indicated that Accountemps sent over resumes and a recommendation. She selected the recommended candidate and DiDi is working out well. She is currently working on pulling wages for estimates based on the partial plan termination.

The last two weeks there have been a lot of pension issues and payroll changes with the new deductions, along with the elections, so this is what not what she had first envisioned for the temp.

Trustee Britton asked Ms. Zimmermann's opinion on BeneSys.

Ms. Zimmermann said that she is trying to keep an open mind and have no pre-set notions. They are highly professional, have nice offices, easily accessible, redundant IT systems with backups, a production area for mass mailings and quality control. Everything is setup but she is not sure how the transition would work. Every computer has two screens and she is impressed with the economy of scale.

Trustee Britton asked if she has any concerns.

Ms. Zimmermann indicated that the offices are very close together. Having a Human Resources function would be good. The System is now paying Sullivan Ward for that function each time there is a wage or benefit issue. She gave an example of spending hours filling out long-term disability paperwork for a terminated employee that would have been an HR function. She also told the Board that BeneSys has the ability to migrate data into their system and could automate much of the information. She was concerned about how much of our data is manually calculated and maintained.

She was also concerned about the availability of the City's data. Right now the staff has access to Banner and can login into to ADP for data. Ms. Munson currently has the ability to order reports from ADP. There could also be payroll data issue for GERS.

Trustee Nye indicated that he is not concerned with issues to apply to GERS.

Trustee Britton asked if the trustees are interested into exploring a third party option. If so, they need to do this with a date certain.

Trustee Nye asked that there be a cost comparison and how much it would cost for the System to go out on their own.

Chairman Storum said that the System could rent their own space and pay for an HR function but it would be too hard to do. The most realistic way is to separate from GERS.

Trustee Nye was concerned that the System could pay many times more than they are paying now.

Trustee Naglick told the Board that he provided the actuarial report and ADP information to BeneSys.

The Board discussed the cost breakdown and whether it should be based on the 70%-30% split or number of participants.

Mr. Henzi noted that the Police & Fire System does not have any active employees but they have a lot of retirees and deferred vested inactive members.

Chairman Storum asked about the \$35.00 per hour charge of electronically backing up the data.

Trustee Britton said that he and Trustee Naglick will see if they can soften the fees.

Trustee Naglick stated that Ms. Zimmermann and Ms. Arndt need to get into a good position with BeneSys.

Trustee Nye said that he wants to make sure that it all works out right for the staff.

Chris Kuhn left at 1:31 p.m.

Re: Administrator

Ms. Zimmermann distributed copies of the monthly shared expenses that are split between the two Funds and the monthly wire transfers.

She also distributed copies of the operating cost estimate for the Retirement Office.

GRS - Actuarial Software Changes

Ms. Zimmermann indicated that changes to the actuarial software are needed. GRS has provided a proposed fee schedule for benefit plan changes (in addition to a cost study for the Billy Olsen benefit change); Teamsters multiplier; MAP multiplier and to change the wording on the annual benefit statements sent to members. She provided a detail breakdown of the costs.

Retirement Coordinator Position

Ms. Zimmermann indicated that a temporary employee is currently in this position.

She and Doug Lash from Sullivan Ward had a meeting with Larry Marshall who is the SAEA Union Representative. They are asserting that Ms. Craft was terminated in retaliation of her illness and her union activity. Both parties stated their positions.

This issue is going to arbitration or mediation. Ms. Craft has been notified to convert her insurance. She is currently making application for long-term disability.

Re: Legal

Partial Plan Termination

Mr. Henzi reported that he has drafted a memorandum with a proposed Retirement Ordinance amendment to allow any member who withdrew their contributions from the System the ability to return any withdrawn contributions to the System. Most of these members never thought they would be vested for a benefit when they withdrew their contributions. This will be similar to the trustee to trustee transfer

He can send this proposed ordinance amendment to the Emergency Manager or they can hammer out a plan and work on the mechanics later. The Board can adopt one of these proposed amendments or draft another one.

Trustee Nye asked if the proposed amendments have been sent to the Emergency Manager.

Mr. Henzi stated that the Board needs to approve the language to allow the repayment of withdrawn contributions.

RESOLUTION 12-063 By Nye, Supported by Naglick

Resolved, That the Board approves to forward the amended ordinance language and to allow repayment of withdrawn contributions with interest.

Yeas: 5 – Nays: 0

Ms. Zimmermann asked whether the amount needed for repayment needs to indicate that the withdrawn contributions are being repaid with 6.5% interest.

Trustee Britton concurred that the repayment should include interest.

Chairman Storum asked who sets the interest rate.

Ms. Zimmermann said it is set by the Board periodically. She recommended that the amended ordinance language indicates who is authorized to repay and that the repayment includes regular interest.

The Board discussed how to determine the redeposit date.

Ms. Zimmermann suggested that the Board could determine a date for members to declare their intentions to redeposit withdrawn contributions and also a date by which to make re-deposits.

Trustee Nye asked if this needs to be included in the amended ordinance language.

Mr. Henzi indicated that the Board can simply set a policy and that it does not need to be included in the amended language.

Fiduciary Liability Insurance

Mr. Henzi reported that there is a copy of the renewal policy and the paid invoice included in the legal report for the trustees' information.

MAP Cost Study

Mr. Henzi reported that he spoke with Neil Dennis and Gary Francis regarding how this increased multiplier would be applied. Gary Francis was the labor lawyer for Emergency Manager, Michael Stampfler. He indicated that this agreement was in place prior to Mr. Stampfler's tenure and Mr. Francis has no background information.

The PPOA Contract indicates that the member's final average salary multiplier will be increased by an additional 3% in the event that the Pension System is overfunded. If the System is not overfunded they will not receive the additional multiplier. Accordingly, neither party ever considered that this service would be farmed out.

Neill Dennis said that this benefit would apply to all members including deferred vested that were covered by the CBA through July 31, 2011 when they apply for their pension benefit.

Trustee Britton stated that it seems this is how it was intended in the language.

Chairman Storum asked which actuarial report would be used and if the language is based on being over funded or fully funded.

Trustee Nye said that they might have meant fully funded which means the City would not be making contributions.

The Board discussed the difference between fully funded and over funded along with the City's obligation.

Trustee Britton indicated that the Board needs to go with the language as written indicating that the System no longer requires the City to make contributions.

Mr. Henzi said that the Board cannot guess on the intent of the language.

Chairman Storum and Trustee Nye said that over funded means that the City is no longer required to make contributions.

There was discussion regarding the City trying to take assets from the System.

Ms. Zimmermann and Trustee Jukowski stated that the System would have to be at least 125% funded in order for assets to be used for healthcare reimbursement.

Mr. Henzi stated that GERS is 160% funded and if the Police & Fire System is over 100% funded, it is the same difference which was their response when indicated. The language was never thought out to define funding.

RESOLUTION 12-064 By Nye, Supported by Britton

Resolved, That the Board adopt over funding to mean that the City is no longer obligated to make contributions when that fiscal year begins.

Yeas: 5 – Nays: 0

Age at Which Deferred, Vested Members May Draw Retirement Benefit

Mr. Henzi reported that the Police & Fire Retirement Ordinance provides that a deferred member can retired at age fifty-five with twenty years of service does not include any members. All members are eligible to draw at age fifty.

Request for Reinstatement of Health Insurance Policies – Refer to VEBA Meeting

Request for Payment of Annual Contributions

Mr. Henzi requested that the Board approve to file a lawsuit for the 2012 annual contributions based on the City's non-response to his request for payment following the last Trustee meeting.

RESOLUTION 12-065 By Nye, Supported by Britton

Resolved, That the Board approve to file a lawsuit against the City to pay the 2012 annual contributions.

Yeas: 3 – Nays: 0

Abs: 2 (Trustee Jukowski & Trustee Naglick)

LaJuan Craft Grievance - Closed Session

Electronic Meeting/House Bill 5335

Mr. Henzi reported that the bill was amended and passed by the Michigan House of Representatives. The State of Michigan Senate has referred it to committee and there has been no further action. He will keep the trustees updated in reference to this matter.

Trustee Britton told the Board that he takes his duty very seriously. He will come back for meetings if needed.

Mr. Henzi said that members could participate electronically but they have to be physically present in order to vote under the proposed law.

CAP Commercial Mortgage – Tax (Carryover)

Amendment to Public Act 314/Senate Bill 797

Mr. Henzi reported that the amendment to Public Act 314 was passed by the Michigan Senate and is currently in the Michigan House of Representatives.

Motley Rice Second Quarter Portfolio Monitoring Report

Mr. Henzi reported that this is for the trustees' information.

RESOLUTION 12-066 By Naglick, Supported by Nye
Resolved, That the Board move to closed session to discuss pending litigation.

Yeas: 4 – Nays: 0

The Board moved to closed session at 2:15 p.m.

The Board returned from closed session at 2:33 p.m.

RESOLUTION 12-067 By Britton, Supported by Nye
Resolved, That the Board approve the closed session minutes from June 28, 2012.

Yeas: 5 – Nays: 0

Re: Union Representatives – None

NEW BUSINESS

Re: Semi-Annual Rebalancing

Ms. Zimmermann requested that the Board approve the rebalancing schedule.

RESOLUTION 12-068 By Nye, Supported by Jukowski
Resolved, That the Board approve the rebalancing of the Fund based on the recommendations from the Investment Consultant.

Yeas: 5 – Nays: 0

UNFINISHED BUSINESS

Re: Non Payment of City Contributions – Refer to Legal (Closed Session)

Re: Partial Plan Termination – Refer to Legal

The Board discussed a proposal that deferred vested members be offered a match of their contributions if they are willing to sign off on all future benefits.

RESOLUTION 12-069 By Britton, Supported by Nye

Resolved, That the Board authorize a cost study to explore the cost to offer to match the contributions of all deferred members if they are willing to sign off on all future benefits.

Yeas: 5 – Nays: 0

Ms. Zimmermann stated that normally cost studies are paid for by the employer.

Trustee Nye said that some of the members have asked whether those who became vested due to the partial plan termination are eligible for healthcare benefits.

There was a question whether this is something the City is concerned with.

Chairman Storum said that this is more appropriate for those who fall under the VEBA.

Re: Electronic Meetings

Ms. Arndt indicated that in order for the trustees to complete the setup of their iPads they need to setup Apple Store ID's which requires the use of a credit card. This will allow the trustees to download the most current version of fuzebox which is a free application.

The Board discussed whether the trustees should use their System or personal credit card. They determined that trustees should use their personal credit card for their Apple Store ID's.

Re: Rent/Overhead – Refer to Trustees/Committees

Re: Retirement Coordinator – Refer to Legal

Re: HELPS Memo to Retirees – Refer to Administrator

SCHEDULING OF NEXT MEETING

Regular Meeting – Thursday, August 23, 2012 – City Council Conference Room, Second Level, City Hall @ 9:00 a.m.

ADJOURNMENT

RESOLUTION 12-070 By Britton, Supported by Jukowski

Resolved, That the meeting be adjourned at 12:30 p.m.

Yeas: 5 – 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 July 26, 2012.

John Naglick, Secretary
As recorded by Jane Arndt