

**CITY OF PONTIAC  
POLICE AND FIRE RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING MINUTES  
SEPTEMBER 29, 2016**

A regular meeting of the Board of Trustees was held on Thursday, September 29, 2016, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

Craig Storum, Chairman  
Lon Britton, Vice-Chairman, (phone-in)  
Matt Nye  
Nevrus Nazarko, Secretary  
Deirdre Waterman, Mayor

Matt Henzi, Sullivan, Ward, Asher & Patton  
Chris Kuhn, The Bogdahn Group  
Duane Menter, BeneSys, Inc.  
Liz Edwards, BeneSys, Inc.

**Trustees Absent**

---

*Chairman Storum declared that a quorum was present and called the meeting to order at 10:30 a.m.*

**AGENDA CHANGES**

**CONSENT AGENDA**

- A. Minutes of Regular Meeting – August 25, 2016  
Minutes of Regular Meeting – July 28, 2016, Revised
- B. Financial Reports
  - 1. Financial Reports – July 31, 2016
  - 2. Bills for Ratification as of August, September, 2016
- C. Remove from Rolls:
  - 1. N / A
- D. Final Benefit Calculations:
  - 1. Hugh Pettway, PFFU, DOR 10-01-2016; In Progress

**RESOLUTION 16-036** By Nye, Supported by Nazarko  
Resolved, That the items on the Consent Agenda for September 29, 2016, be approved.

Yeas: 5 - Nays: 0

## **CONSULTANTS**

### **A. The Bogdahn Group**

Christopher Kuhn of the Bogdahn Group, reviewed the Fund's assets as of September 26, 2016. He noted that there have been several capital calls and distributions in the past month.

Mr. Kuhn then reviewed the updated Investment Policy Statement. He stated that the Bogdahn Group has taken performance standards out of policies and have them as addendums to the policy, and specific for each fund. Language has been added to the section describing the Investment Consultant and their responsibilities. This places more onus of responsibility on the consultant rather than on the trustees. The addendum will change and be updated as the managers change. He has not heard of any changes for the Policy. Attorney Henzi stated that it looks good.

Chairman Storum asked if the high yield range cap will continue to be 0 - 10%? Mr. Kuhn stated that it would. He noted that in 2009 when Aberdeen came on, high yield was doing okay, and this allows us to have flexibility. Chairman Storum then asked where the "watch" criteria was discussed. Mr. Kuhn replied that it is on page eleven of the updated Policy. He noted that the older version had more details outlined. "Watch" is more showing that the Board is paying attention. It was then

### **RESOLUTION 16-037** By Nye, Supported by Nazarko

Resolved, That the amended and updated Investment Policy Statement for the Retirement System be approved and accepted.

Yeas: 5 - Nays: 0

Mr. Kuhn stated he will now draft the Investment Policy Statement for the VEBA which will be similar in content and format.

### **B. The Nyhart Company**

Heath Merlak of the Nyhart Company, prepared a memo with respect to the annual required contribution, and the effect of extending the \$400 monthly pension supplement from September 2016 through August 2017. This would result in an annual increase of \$82,680. Trustee Nazarko stated that he will present this at this evening's City Council meeting. He will also present it at the next TAB board meeting.

## REPORTS

- A. Chairman
- B. Secretary
- C. Trustees Committees
- D. Legal, Attorney's Report, Sullivan, Ward, Asher & Patton, P.C., Matthew Henzi

## ATTORNEY'S REPORT

**RESOLUTION 16-038** By Nye, Supported by Nazarko  
Resolved, That the Board move to closed session to discuss pending litigation at 10:55 a.m.

Yeas: 5 - Nays: 0

*The Board moved to closed session at 10:55 a.m.  
The Board returned from closed session at 11:00 a.m.*

**RESOLUTION 16-039** By Nye, Supported by Waterman  
Resolved, to approve the Minutes of the August 25, 2016, closed session.

Yeas: 5 – Nays: 0

### **Attorney Report – General Matters:**

Frank Moon – Exhibit A  
Attorney Henzi addressed this issue for the Board in the Attorney Report.

Ken Ayres – Exhibit B  
Attorney Henzi addressed this issue for the Board in the Attorney Report.

Patricia McNeary Overpayment  
Attorney Henzi addressed this issue for the Board in the Attorney Report.

Dispute of IRS Penalty Increase – Exhibit D  
Attorney Henzi addressed this issue for the Board in the Attorney Report.

Application for IRS Determination Letters - PFRS  
Attorney Henzi addressed this issue for the Board in the Attorney Report.

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

Nyhart Contract - PFRS  
Attorney Henzi addressed this issue for the Board in the Attorney Report

Nyhart Request for Information

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

Saxena White Exchange August 2016 – Exhibit E

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

Findley Davies September 8 2016 Mortality Table Update – Exhibit F

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

Proposed Michigan Legislation – Items of Interest

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

**UNFINISHED BUSINESS**

A. Confirmation of Eligibility for Partial Plan Termination, Complete

Attorney Henzi addressed this in the Attorney Report.

B. Patricia McNeary COLA Overpayment

Attorney Henzi addressed this in the Attorney Report.

C. Ken Ayres, Deferred Buyout

Attorney Henzi addressed this in the Attorney's Report.

D. Raymond Wiggins, Redeposit Offer

Attorney Henzi addressed this in the Attorney's Report.

E. Tammi Mathes, Request for Re-Hearing

Attorney Henzi addressed this in the Attorney's Report.

F. Franklin Moon, Request for Buyout

Attorney Henzi addressed this in the Attorney's Report.

G. Robert Koteles, Determination of Reciprocity Vesting

Attorney Henzi addressed this in the Attorney's Report.

H. Reconciliation of Health Care Deductions

Trustee Britton noted that Roger Houk was billed and had paid the outstanding deductions but was not on this list. Dennis Kline was billed and stated he had paid the outstanding amounts. He asked Attorney Henzi if the \$2,800 should not go to these. Attorney Henzi replied that we would have to get authorization from the retirees. Trustee Britton asked how do we make the City whole? Attorney Henzi replied that those on this list should get the \$2,800. The system needs each retiree to authorize, in writing, any deduction from the pension check, to be paid to the City. It was then

**RESOLUTION 16-040** By Britton, Supported by Nye

Resolved, That individuals on the outstanding amount list be sent a letter explaining that the City's records show the member owes the City an amount for past health care costs. Further, that each member be sent a form that would authorize the system to deduct the amount owed to the City from the pension check. This amount owed will be forwarded to the City, and the member will be sent the balance. Further, that those who are not on the list should be paid the entire eligible amount in the next check run out of the pension fund.

Yeas: 5 - Nays: 0

I. Form 945 Dispute of Penalty from IRS, July 18, 2016  
Attorney Henzi addressed this in the Attorney's Report.

J. City of Pontiac vs CPREA, pre-1996 Retirees  
Attorney Henzi addressed this in the Attorney's Report.

K. Pre-1996 Retirees Enhanced \$400 Benefit for Seven Months  
Attorney Henzi addressed this in the Attorney's Report

**NEW BUSINESS**

A. iPads

Trustee Britton stated that the iPads provided to the trustees many years ago are getting outdated. He recommends that they should be upgraded to 28 gigs of memory with a keyboard.

Trustee Nazarko asked Trustee Britton how he came up with the amount for which the iPads can be purchased at this time. Trustee Britton replied that he did a search on E-bay.

**RESOLUTION 16-041** By Britton, Supported by Nye

Resolved, That five iPads with smart keyboards be purchased for Trustee use. The existing iPads shall be returned to BeneSys, or the Trustees can purchase them for \$100.

Yeas: 5 - Nays: 0

**CORRESPONDENCE**

- A. Metropolitan Real Estate Partners VI Distribution, September 8, 2016, \$44,691.64
- B. Munder Capital Management Announcement, September 14, 2016
- C. Metropolitan Real Estate Partners VII SCIF Flowers, L.P. Capital Call Confirmation, September 16, 2016, \$94,349.00
- D. Tortoise Capital Advisors Capital Call, September 16, 2016, \$5,114,333.00
- E. Metropolitan Real Estate Partners VI Distribution, September 22, 2016, \$21,281.73

**NEXT MEETING DATE:** October 27, 2016

**ADJOURNMENT**

It was proposed by Trustee Nye and supported by Trustee Nazarko that the meeting be adjourned at 11:30 a.m.

**RESOLUTION 16-042** By Nye, Supported by Nazarko  
Further Resolved, That the meeting be adjourned at 11:30 a.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 September 29, 2016.



---

Nevrus Nazarko, Secretary  
*As recorded by BeneSys*