

**CITY OF PONTIAC
POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING MINUTES
DECEMBER 8, 2016**

A regular meeting of the Board of Trustees was held on Thursday, December 8, 2016, at BeneSys, Inc., Third Floor Conference Room, Troy, Michigan.

Craig Storum, Chairman
Lon Britton, Vice-Chairman, (phone-in)
Matt Nye (phone-in)

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

Trustees Absent

Nevrus Nazarko, Secretary (excused)
Deirdre Waterman, Mayor (excused)

Chairman Storum declared that a quorum was present and called the meeting to order at 8:45 a.m.

AGENDA CHANGES

CONSENT AGENDA

- A. Minutes of Regular Meeting – October 8, 2016
- B. Financial Reports
 - 1. Financial Reports – September 30, 2016
 - 2. Bills for Ratification as of November, 2016
- C. Remove from Rolls:
 - 1. Adams, Richard, DOD 11-08-2016, Margaret Spouse/Annuitant
 - 2. Zsido, Allen, DOD 11-23-2016, Leanna Robinson Spouse/Annuitant
- D. Final Benefit Calculations:
 - 1. Michael Grier, PPSA, 10-01-2016, \$1,039.10

RESOLUTION 16-049 By Britton, Supported by Nye

Resolved, That the items on the Consent Agenda for December 8, 2016, be approved.

Yeas: 3 - Nays: 0

CONSULTANTS

A. The Nyhart Company

The Actuarial Valuation Report of December 31, 2015 was discussed and changes were requested. On page 11 of the Report a footnote stating the 2012 contributions were split between 2 years. There should be a footnote indicating that the required employer contributions were paid. Page 15 of the Report the Normal Retirement PPOA/PPSA should read as follows: Age 50 with 10 years of service or 25 years of service regardless of age. The Trustees directed legal counsel to follow up with Nyhart and obtain a revised report.

B. The Bogdahn Group

Christopher Kuhn of the Bogdahn Group, advised that there will be a name change for the Bogdahn Group, they have not yet released it to the employees or the public, the name change will be coming in January 2017.

Mr. Kuhn reviewed the Fund's Investment Performance Review for period ended September 30, 2016. He noted that historically the third quarter is usually bad however this time the third quarter is going very well and that the numbers are looking very good for the year.

Mr. Kuhn then discussed the Asset/Manager Summary and further discussed Munder's critical performance. He is recommending a watch letter be sent to Munder and to look at alternatives. It will be revisited at the next meeting in January 2017 and further discussed replacing Munder with a new passive strategy.

REPORTS

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

ATTORNEY'S REPORT

Attorney Report – Litigation Matters:

RESOLUTION 16-050 By Britton, Supported by Nye

Resolved, That the closed-session, Meeting Minutes from the October 27, 2016 meeting be approved.

Yeas: 3 – Nays: 0

The Board continued discussion on Tammi Mathes' appeal of the Administrator's decision that once Tammi Mathes' youngest minor child reached age 18, Mrs. Mathes must defer her benefit until age 55. Her benefit will recommence in the amount of \$2,316.89, upon reaching age 55. Further, she is eligible for health insurance coverage through the PF VIBA. Ms. Mathes hired an attorney who appealed the Administrator's decision.

Attorney Henzi discussed with the Board a confidential, Attorney-Client Privileged memo which addressed Mrs. Mathis' arguments. Since the last meeting, Counselor reviewed the files of two other participants which evidenced that surviving spouses received the same benefit in their 40's uninterrupted due to any age 55 requirement.

Attorney Henzi described in great detail the different interpretations of the relevant CBA.

The Trustees discussed the matter at length.

RESOLUTION 16-051 By Britton, Supported by Nye

Resolved, That Tammy Mathes be deemed entitled to a benefit according to the language of the CBA and should be paid a benefit retroactively to the date of her prior suspension.

Yeas: 3 – Nays: 0

Attorney Henzi advised that the Administrator will revise changes it made to its interview materials previously, which warned a potential retiree that a surviving spouse's benefit would not commence until the spouse reaches age 55. The Administrator will go back to the old form, which did not contain such language and which could be interpreted to mean that the Administrator and Trustees have always taken the position that a benefit in such case should never be suspended until the surviving spouse reaches age 55.

Attorney Henzi advised that a Hearing is scheduled for January 11, 2017 on the Northern Trust Securities Litigation matter. The Administrator executed an Affidavit in support of the Motion To Approve Settlement, as required by the Court.

Attorney Henzi provided a memorandum regarding IAC Securities Litigation.

Attorney Henzi discussed a memorandum in great detail about the unique claim. The Trustees discussed at length.

RESOLUTION 16-052

Resolved, That the Board shall take action to pursue lead Plaintiff's status in the IAC Securities Litigation matter. Further, that the Chairman be authorized to execute any necessary documents.

Yeas: 3 – Nays: 0

Attorney Report – General Matters:

FrankMoon – 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 C

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

Application for IRS Letter of Determination - PFRS

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

Nyhart Contract – PFRS – Exhibit D

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

Proposed Michigan Legislation – Items of Interest – Exhibit E

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

Robbins Geller October 28, 2016 and November 5, 2016 Monitoring Report – Exhibit F

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

Revised Trustee iPad Use Policy – Exhibit G

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

IRS Releases 2017 COLA Adjustments - Nyhart

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

Nyhart – Revised 12/31/15 Valuation Report – Exhibit H

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

Nyhart – November Newsletter – Exhibit I

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

Charles B. Johnson IRS Notice of Levy – Exhibit J

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

Bill Glency – Request by Conservator for Change of Address – Exhibit K

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

Pension Supplement Payable to Dual GERS/PFRS Members

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

MotleyRice Third Quarter 2016 Portfolio Monitoring Report– Exhibit L

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

Articles of interest – Exhibit M

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

UNFINISHED BUSINESS

NEW BUSINESS

The Trustees discussed alternatives for the 2017 Investment Manager Round Table. Historically, the Round Table is held the day after the Spring MAPERS Conference. Trustees noted that, for the past two years, representatives of the Investment Managers travel to MAPERS only for the meeting.

This defeated the purpose of scheduling the Round Table for MAPERS, so that the representatives who were in town for that conference could attend the Round Table. The Board resolved to discuss this further. There was a suggestion about doing the Round Table locally over two days in June, 2017.

CORRESPONDENCE

BeneSys advised that there are three 1996 members who dispute the City's allegation that these members owe money to the City for Healthcare Coverage. The Trustees discussed this matter at length.

RESOLUTION 16-053

Resolved, that the Retirement System pay the \$400.00 monthly benefit to the members who dispute the City's invoice for healthcare coverage.

Yeas: 3 – Nays: 0

There was also discussion to change the meeting time for 2017 meetings to 10:00 a.m. for the PFE and 10:30 a.m. for the Retirement System.

NEXT MEETING DATE: January 19, 2017

ADJOURNMENT

It was proposed by Trustee Britton and supported by Trustee Nye that the meeting be adjourned at 10:15 a.m.

RESOLUTION 16-050 by Britton, Supported by Nye
Further Resolved, That the meeting be adjourned at 10:15 a.m.

Yeas: 3 – 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 December 8, 2016.

Nevrus Nazarko, Secretary
As recorded by BeneSys