

REGULAR MEETING MINUTES OF THE
STERLING HEIGHTS
POLICE AND FIRE RETIREMENT SYSTEM, ACT 345
OCTOBER 20, 2016
FIRE DEPARTMENT CONFERENCE ROOM
41625 RYAN ROAD
STERLING HEIGHTS, MI 48314

1. Chairman Schwarb called the regular meeting of the Police and Fire Retirement System to order at 3:35 p.m.
2. Board Members Present: Lamerato (arrived at 3:37), Wellhausen, Schwarb, Maleszyk, Varney. Also present: Denise Jones representing Rodwan Consulting Company; Tom Michaud, Legal Counsel; and Nancy Duyck, Pension Technician.
3. APPROVAL OF CONSENT AND REGULAR AGENDAS

Motion by Wellhausen, supported by Varney, to approve the consent agenda as presented.

Ayes: All. The motion carried unanimously.

The following items were added to the regular agenda:

10 a 2 - Antoinette Fett - Annual re-examination information - discussion

10 a 3 - Computer Use Policy - discussion

Motion by Wellhausen, supported by Varney, to approve the regular agenda as amended.

Ayes: All. The motion carried unanimously.

4. APPROVAL OF MINUTES

No corrections were made to the draft minutes of the regular meeting of September 15, 2016.

Motion by Schwarb, supported by Varney, to approve the minutes as presented.

Ayes: All. The motion carried unanimously.

5. CITIZEN PARTICIPATION

There was no Citizen participation.

PRESENTATION

ANNUAL ACTUARIAL VALUATION REPORT BY RODWAN CONSULTING COMPANY

Denise Jones from Rodwan Consulting Company was in attendance to present the 48th annual actuarial report dated June 30, 2016. The report was discussed at length. The Board reviewed the comments by the actuary. After discussion, the following resolution was considered:

L 16-10-20-1

RE: APPROVAL OF 48TH ANNUAL ACTUARIAL VALUATION

WHEREAS, the Board is in receipt of the 48th Annual Actuarial Valuation, dated June 30, 2016, which has been submitted by the actuary to the Board of Trustees for consideration and approval, and

WHEREAS, representatives of the Board's actuary have appeared before the Board at its October 20, 2016 meeting and presented and reviewed the valuation report with the Board, and

WHEREAS, the Board of Trustees has the legal and fiduciary obligation to assure that employer contributions are in accordance with Article 9, Section 24 of the State of Michigan Constitution, and

WHEREAS, Michigan Public Act 345 of 1937, as amended, requires the Board of Trustees to certify to the governing body the amount to be contributed by the employer, and

WHEREAS, the Board has the duty to (1) to approve or disapprove the Actuarial Valuation dated June 30, 2016, and (2) to certify to the employer-City the amount of employer contribution required for the fiscal year beginning July 1, 2017 (as reflected by the June 30, 2016 Actuarial Valuation), and

PRESENTATION

ANNUAL ACTUARIAL VALUATION RESOLUTION - cont.

WHEREAS, the Board notes that the Sterling Heights Police and Fire Retirement System is 68.5% funded as of the June 30, 2016 valuation, and

THEREFORE BE IT RESOLVED, that the Board hereby approves the 48th Annual Actuarial Valuation, dated June 30, 2016, and further

RESOLVED, the Board hereby certifies to the employer-City the employer contribution required for the fiscal year beginning July 1, 2017 (as reflected by the June 30, 2016 Actuarial Valuation) in the amount of \$8,297,366.00, consisting of the City contribution and the 8% contained in the Police Command Officers Association contract, the Police Officers Association contract, and the Fire Fighters Association contract, and further

RESOLVED, that the recommended transfer in the amount of \$4,243,292.00 to the Reserve for Retired Benefit Payments from the Reserve for Employer Contributions be made, and further

RESOLVED, that a copy of this resolution and the 48th Annual Actuarial Report, dated June 30, 2016, be forwarded to the employer-City.

Motion by Wellhausen, supported by Varney, to approve the resolution as presented.

Ayes: All. The motion carried; the resolution is hereby adopted.

6. REPORT FROM LEGAL COUNSEL

No formal legal report was presented. Mr. Michaud gave an update on HB 5438 and commented on items of new business as they were considered.

CONSENT AGENDA

7. CORRESPONDENCE

- a. Correspondence from Walt Hessell to the City Manager dated September 19, 2016 re: Corrections Corporation of America litigation
- b. Correspondence to Tim Brice dated September 27, 2016 re: hiring of Cushing Asset Management.
- c. Correspondence from Intercontinental dated October 3, 2016 re: Professional Liability Coverage.
- d. Other correspondence received from:
 - 1. Bernstein Litowitz Berger & Grossmann LLP
 - 1. Morgan Stanley - market value weekly updates
 - 3. Robbins Geller Rudman & Dowd LLP
- e. Magazines received:
 - 1. Institutional Investor for October 2016
 - 2. Pensions & Investments for September 19 and October 3 and 17, 2016.

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CONSENT AGENDA

8. BILLS AND EXPENDITURES

c. Checking Account Summary

Beginning Balance	\$2,777.26	9/01/16
Additions (1)		
1. 9/13	\$ 5,000.00	
Subtractions (2)		
1. 9/27	Check 2008	33.74 AT & T phone bill - 9/16/16
2. 9/12	Check 5378	80.36 Contract fee - Gurin & Gurin

Electronic withdrawals (6)		\$3,266.69	
1.	9/07	DD 1007	953.59 Contract Payment Nancy Duyck
2.	9/12		461.54 American Funds IRA contribution
3.	9/14		394.30 IRS Fed. tax w/h
4.	9/20		109.36 Michigan St. tax w/h
5.	9/21	DD 1008	953.58 Contract Payment Nancy Duyck
6.	9/28		394.32 IRS Fed. tax w/h
Ending Balance		\$4,396.47	9/30/16

d. Transmittal of Checks

1. \$7,785.26 received from TESCO PLC Securities Litigation as a pro rata share of the Net Settlement Fund.

9. FUNDS MANAGEMENT

- a. The current value of funds as of September 30, 2016 is detailed below:

Clearing account	\$	4,944,008.99
Intercontinental	\$	2,290,770.14
Winslow	\$	15,437,300.16
Janus	\$	15,649,855.81
Eagle	\$	16,141,074.42
Confluence	\$	7,591,081.42
Rothschild	\$	7,659,001.56
Earnest Partners	\$	14,476,664.88
Cambiar	\$	13,981,826.32
AIM/Invesco	\$	16,510,259.72
Western	\$	28,220,604.50

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CONSENT AGENDA

9. FUNDS MANAGEMENT

- a. The current value of funds as of September 30, 2016 is detailed below: - cont.

Met West	\$	25,867,311.41
London Co.	\$	30,485,645.63
MS Cash	\$	813.00
Checking account	\$	<u>4,396.47</u>
TOTAL FUNDS	\$	199,260,614.43

- b. The Board received a copy of the Summary of Employer Contributions to the Police and Fire Retirement System for the 2016 tax year as of 10/12/16. The System has received \$7,384,200.00 of the 2016/17 budget of \$7,994,747.00, leaving a balance of \$610,547.00.
- c. Benefit Register Listing as of October 1, 2016 from Comerica Bank showing 359 retirees/beneficiaries with a payout for October of \$1,512,640.93 and a year-to-date of \$16,624,020.86.
- d. The current Merrill Lynch Bond index for September 2016 is 1.89%.

10. BENEFITS & PLAN ADMINISTRATION

- a. Old Business

1. Richard Werback - Application for EROP retirement

Fire Captain Richard Werback has submitted an application for EROP retirement effective October 19, 2016. All required paperwork is on file in the Pension Office.

REGULAR AGENDA

8. BILLS AND EXPENDITURES

- a. Disbursements other than retiree benefit payments (bills)
 1. Disbursement to Robert Maleszyk in the amount of \$891.20 for travel expenses for the 2016 Fall MAPERS Conference on Mackinac Island, MI on September 18-20, 2016.
 2. Disbursement to Mark Wellhausen in the amount of \$1,151.05 for travel expenses for the 2016 Fall MAPERS Conference on Mackinac Island, MI on September 18-20, 2016.

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REGULAR AGENDA

8. BILLS AND EXPENDITURES - cont.

- a. Disbursements other than retiree benefit payments (bills)
 3. Disbursement to Randall Schwarb in the amount of \$1,863.92 for travel expenses for the 2016 Fall MAPERS Conference on Mackinac Island, MI on September 18-20, 2016.
 4. Disbursement to Rodwan Consulting Company in the total amount of \$10,100.00 for actuarial and consulting services rendered for the quarter ended September 30, 2016 (\$2,700.00); and for the 2016 GASB 67 and 68 Reports (\$7,400.00).
 5. Disbursement to Mark Wellhausen in the amount of \$1,265.64 for six Chrome book 3 tablets for the Board's use.
 6. Disbursement to MES Solutions in the amount of \$1,900.00 for an annual medical re-examination for duty-disability retirement for Antoinette Fett.
 7. Disbursement to the City of Sterling Heights in the amount of \$259.29 for accounting services rendered for the Pappas EDRO calculation.
 8. Disbursement to Comerica Bank in the total amount of \$1,888.71 for services rendered to the Clearing and Intercontinental accounts for the third quarter ended 9/30/16.

Motion by Varney, supported by Schwarb, to approve the bills as presented.

Ayes: All. The motion carried unanimously.

- b. Disbursements to retirees/members other than monthly benefit payments

None.

10. BENEFITS & PLAN ADMINISTRATION

a. New Business

1. Joseph Marth - Application for Military buyback - 11 months and 16 days - discussion

Joseph Marth of the Fire Department has submitted an application for buyback of military time as noted. All required paperwork is on file in the Pension Office.

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REGULAR AGENDA

10. BENEFITS & PLAN ADMINISTRATION

a. New Business

1. Joseph Marth - Application for Military buyback - 11 months and 16 days - discussion - cont.

Motion by Wellhausen, supported by Schwarb, to approve the military buyback as presented and process the 457 transfer.

Ayes: All. The motion carried unanimously.

2. Antoinette Fett - Annual re-examination information - discussion

The Board's doctor has supplied the annual re-examination report for Ms. Fett's duty-disability retirement.

Motion by Schwarb, supported by Maleszyk, to place the medical report on the November agenda and send Ms. Fett a copy of the report and request her attendance at the November 17, 2016 meeting.

Ayes: All. The motion carried unanimously.

3. Computer Use Policy - discussion

Legal Counsel supplied the electronic computer use policy for the Board's review and consideration.

Motion by Wellhausen, supported by Varney, to approve the Computer Use Policy and have each member sign the Computing Systems' User Statement form.

Ayes: All. The motion carried unanimously.

11. TRUSTEE COMMENTS

Board Members that attended the Fall MAPERS conference reported that the conference was beneficial and interesting.

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12. ADJOURNMENT

Motion by Wellhausen, supported by Schwarb, to adjourn at 4:35 p.m.

Ayes: All. The motion carried unanimously. The meeting is hereby adjourned.

Mark Wellhausen
Secretary