

City of Ypsilanti Fire & Police Retirement Board

Minutes of Meeting of February 16, 2015

9:00 A.M.

This meeting is being recorded for Retirement Board purposes only. The tape will be used solely for a purpose of preparing written Minutes of today's proceedings and in no way replaces the official written record. The tape will be erased upon approval of the Minutes at the next regularly scheduled meeting.

Secretary Roe called the meeting to order at 9:00 a.m. in the Meeting Room at City Hall, One South Huron St., Ypsilanti, Michigan.

ROLL CALL

President Don Pearson - absent

Secretary John Roe

City Treasurer Kimberly Teamer

Trustee Patrick Quinn

Trustee Deric Gress

ALSO PRESENT - Jack Timmony, Attorney, VanOverbeke, Michaud & Timmony, P.C.
Robert Diskin, Finance Manager
Kathleen J. Campbell, Board Assistant

APPROVAL OF THE AGENDA - The Agenda was approved as presented. Teamer/Quinn.

RES 2015-01 APPROVAL OF MINUTES OF DECEMBER 15, 2014 MEETING.

The Minutes of December 15, 2014 were approved as presented. Quinn/Teamer.

AUDIENCE PARTICIPATION - There was no audience participation.

PRESIDENT'S REPORT (PEARSON)

CORRESPONDENCE (ROE) - Correspondence was distributed.

FINANCIAL REPORT (DISKIN) - Mr. Diskin presented the financial report. He reported that Rheagan P. Basabica, General Accountant II, City of Ypsilanti, informed him that as of January 2015, cash held by the City for the Pension Fund was below \$600,000. As per Resolution No. 2014-36, adopted August 18, 2014 the first payment of \$260,000 per month has been transferred to the City.

LEGAL REPORT (TIMMONY) -

RES No. 2015-02 Re: Ethics/Education/Travel/Due Diligence Policy

WHEREAS, the Board of Trustees of the City of Ypsilanti Fire and Police Retirement System (Board) is vested with the general administration, management, and operation of the City of Ypsilanti Fire and Police Retirement System (Retirement System) and has fiduciary responsibility to make decisions solely in the interest of plan members and beneficiaries, and

WHEREAS, the Retirement System provides pension benefits to retirees in accordance with the provisions of Public Act 345 of 1937 (MCL 38.551 *et seq.*), as amended, applicable collective bargaining agreements, and state and federal laws, and

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965 (MCL 38. 1132 *et seq.*), as amended, wherein the Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims;

and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered, and

WHEREAS, the Board recognizes that in order for the beneficiaries of the Retirement System to have the best representation by their elected and appointed Trustees, it is imperative for the representatives of the Retirement System to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments, and

WHEREAS, the Board recognizes that, consistent with its fiduciary duty and liability, it is necessary and appropriate for Retirement System representatives to attend Board meetings and educational seminars/conferences so that the Board may be made aware of developments regarding Retirement System administration, and so that the Board may further become aware of how persons acting in a like capacity administer their respective retirement systems, and

WHEREAS, the Board further recognizes that, consistent with its fiduciary duties, it is necessary to conduct regular due diligence on each current and prospective manager and consultant engaged by the Board in the ordinary course of business, and

WHEREAS, due to the fiduciary responsibilities entrusted to the Board, all Retirement System representatives are encouraged to participate in meetings of the Board and maintain the highest standards of conduct and ethics above the minimum requirements of applicable law and policy, and

WHEREAS, the Board desires to state its policy with regard to Trustee ethics, education, travel, and due diligence, therefore be it

RESOLVED, that each and every member of the Board shall diligently attend to the business of the Retirement System and shall not leave to other Board members control over the administration of the affairs of the Board and Retirement System, and further

RESOLVED, that Board members shall conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty or that he or she is using his or her position on the Board to further his or her own financial interests, and further

RESOLVED, Board members shall not do any of the following:

- (a) accept or solicit any gift, favor, or service that may reasonably tend to influence a trustee in the discharge of official duties or that the trustee knows, or should know, is being offered with the intent to influence the trustee's official conduct;
- (b) accept other employment or compensation that could reasonably be expected to impair the trustee's independence of judgment in the performance of the trustee's official duties;
- (c) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the trustee's official powers or for having performed the trustee's official duties in favor of another;
- (d) transact any business in the trustee's official capacity with any entity or person in which the trustee has an economic interest;
- (e) appear before the Board of Trustees while acting as an advocate for himself or any other person, group, or entity;
- (f) represent any business entity before the Board of Trustees, for pay;
- (g) use his position as a trustee to secure a special privilege or exemption for himself or others, or to secure confidential information for any purpose other than official duties; and
- (h) intentionally or knowingly disclose any confidential information gained by reason of the trustee's position concerning the property operations, policies or

affairs of the Board of Trustees, or use such confidential information for pecuniary gain, and further

RESOLVED, that Board members shall provide fair and equal treatment to all persons and matters coming before the Board, and further

RESOLVED, that Board members are expected to and may provide general information to Plan members, however, Board members shall also be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the possible harm to a plan member that may result from any such miscommunications, and further

RESOLVED, that Board members shall mitigate the risk of miscommunication with plan members by refraining from providing specific detail, advice or counsel with respect to the rights or benefits to which a plan member may be entitled, and where explicit advice or counsel is needed, Board members will refer inquiries to the appropriate designee, and further

RESOLVED, that the Board hereby strongly recommends that each representative is encouraged and expected to attend pension related meetings/conferences/seminars on behalf of the Retirement System, and further

RESOLVED, that Retirement System representatives are encouraged to attend all meetings of the Board, and annually attend educational conferences and seminars, including (2) two MAPERS conferences. Individuals wishing to attend additional conferences in a year shall request prior Board approval and provide a post conference report to the Board on topics covered, and further

RESOLVED, that for each seminar/conference request the following information shall be required: (1) the name of the traveler; (2) the title of the event, seminar, or conference; (3) location of the event, seminar, or conference; (4) the dates of travel; (5) name of hotel, number of nights, and daily rate; (6) registration fees; (7) mode of transportation; (8) cost of travel; (9) other expected incidental costs; (10) advance checks required, including to whom, amount, and reason for the check; (11) copy of promotional brochure for the event, seminar, or conference; and (12) reason for attendance at the event, seminar, or conference citing the benefits received or expected, and further

RESOLVED, that investment managers are to appear before the Board for performance evaluation on a rotational basis at least once per year, and further

RESOLVED, that on-site due diligence evaluations shall be scheduled with domestic and international equity and fixed income managers and real estate managers at their primary place of business as the Board deems necessary, and further

RESOLVED, that the following expenses will be reimbursed so long as proper documentation is provided to the Board within a reasonable time:

Registration: Conference fees and actual registration charged by the conference shall be paid by the Retirement System.

Transportation: Individuals traveling on Retirement System business will utilize the most economical and efficient means of transportation. Use of a more expensive method of transportation other than the most economical and efficient, will be allowed only upon the approval of the Board

Air fare must be jet coach fare. First class or business class will be allowed only where there is no other service available or an urgency exists. Early arrival or Saturday travel is allowed where there is a net gain to the Retirement System.

Ground transportation/parking includes airport parking and transportation to and from the conference site and any transportation necessary to conduct Retirement System business. All individuals traveling to an out-of-state conference may have a

- rental vehicle available, upon request and prior approval by the Board, for their use during the time period that they are approved for Board travel.
- Flat rate mileage will be paid for use of a private vehicle as per the current Internal Revenue Service regulations, plus parking fees.
- Lodging: Allowance for lodging will be at the lowest rate charged at the hotel facility housing the conference or seminar. If the conference facility upgrades the room rate, based on availability at the time of registration, the upgrade shall be at Board expense. Individuals may upgrade room at personal expense.
- Meals: Charges for meals shall be properly documented by either a hotel receipt or credit card voucher. The recommended rates are \$____ for breakfast, \$____ for lunch, and \$____ for dinner, not to exceed \$____.00 per day. ***No alcoholic beverages will be paid for at Board expense.***
- Miscellaneous: Miscellaneous expenses incidental to Board travel shall be held to a minimum in accordance with essential and reasonable requirements for official conduct of Board business. Individuals will be reimbursed for any miscellaneous expenses that are incurred for the express purpose of Board business and shall include: local transportation (e.g., taxi, bus, subway), telephone calls, postage, tolls, parking. Expenses not allowed include: parking/moving violations, alcohol, entertainment, travel insurance, laundry, valet, or other personal services, repair and maintenance of personal vehicle.
- Per Diem: Representatives may, upon Board pre-approval, receive a per diem amount based upon the rates established by the Internal Revenue Service for out-of-state business travel. Representatives may be reimbursed for additional amounts if actual expenses exceed the per diem rate.
- Advance: An individual may draw an estimated amount of money in advance to cover the expected cost of the trip and expenses connected therewith by submitting an appropriate request in writing to the Board's secretary. Travel advances are limited to a maximum of \$50.00 per day.
- Upgrades: Any upgrade above all established policy limits shall be at the individual's personal expense, unless otherwise allowed for and defined in this policy.
- Expenses: It is preferred that the Board pre-pay any anticipated costs directly to the charging entity.

RESOLVED, that failure to provide proper documentation of an expense within 60 days may invalidate any claim for reimbursement and will prevent any future advances being provided, and further

RESOLVED, that all persons who attend a seminar or conference must earn an attendance or participatory certificate if the seminar or conference sponsor offers such a certificate. The failure to earn such a certificate may result in the particular attendee becoming ineligible to attend any further educational seminars and/or conferences, and further

RESOLVED, that any representative(s) who attends an educational seminar or conference shall be required to provide a verbal report to the Board, at the next regular Board meeting following the educational seminar or conference, regarding the subject matter of the seminar or conference. The attendee(s) shall also provide the Board with the handout materials from the seminar or conference. Satisfaction of this requirement is a condition precedent to reimbursement of any expenses to the attendee. Failure to satisfy this requirement, and failure to earn an attendance or participatory certificate where the sponsor offers one, may obligate the attendee(s) to reimburse the Retirement System in full for any expenses advanced to the attendee(s), and further

RESOLVED, the Trustees, or the Board's designee, participating in an on-site due diligence evaluation shall provide a verbal report to the Board for the next following regular Board meeting, summarizing their findings and recommendations, if any, and further

RESOLVED, that in accordance with Public Act 314 of 1965, the Board may utilize a portion of the Plan's investment earnings to pay for such expenses, and further

RESOLVED, that the Board acknowledges and understands that in the fulfillment of Retirement System responsibilities, an individual shall not suffer a loss because of absence from City employment, and further

RESOLVED, that abuse of the foregoing policy, including falsifying expense reports to reflect costs not incurred, can be grounds for disciplinary action, including, but not limited to, removal from the Board, and further

RESOLVED that the Board shall make this policy resolution available to the appropriate City, Union, and Departmental Representatives.

Quinn/Gress.

GASB67 Funding Policy - Tabled to the April 20, 2015 meeting.

FOIA Policy - Mr. Timmony said information on the Freedom of Information Act will be brought to the next meeting.

PAYMENT RESOLUTIONS

- A. RES 2015-03 Approved payment to Orleans Capital Management Strategic Dividend Income Fund for investment management services for the period 10/01/14 to 12/31/14, in the amount of \$7,966.24. Gress/Teamer.
- B. RES 2015-04 Approved payment to Orleans Capital Management for investment management services for the period 10/1/14 to 12/31/14, in the amount of \$4,551.96. Gress/Teamer.
- C. RES 2015-05 Approved payment to Kathleen J. Campbell, Board Assistant, for services rendered for the period 12/10/14 – 2/9/2015 in the amount of \$888.25. Gress/Teamer.
- D. RES 2015-06 Approved payment to Essex Investment Management Co., LLC for investment management services for the quarter of October 1, 2014 – December 31, 2014, in the amount of \$9,967.12. Gress/Teamer.
- E. RES 2015-07 Approved payment to Stonebridge Capital Advisors LLC for statement of management fees for the period January 1 to March 31, 2015, in the amount of \$7,072.31. Gress/Teamer.

OLD BUSINESS

RES 2015-08 Fire Chief Max Anthouard - Corrected Pension Benefits under DROP.

Fire Chief Anthouard has requested an actuarial review of his pension benefits. Resolution No. 2015-08 tabled to April 20, 2015 meeting.

NEW BUSINESS

RES 2015-09 MAPERS Spring Conference, May 17-19, 2015.

WHEREAS the Board wishes to sponsor and pay for attendance of Board Trustees at the **2015** MAPERS Spring Conference, 5/17-19/2015, Soaring Eagle Resort - Mt. Pleasant, MI, therefore be it

RESOLVED that the Finance Director is authorized to issue appropriate checks, as directed by the Board, to cover the expenses of the conference registration, hotel rooms, meals and such other expenses as appropriate under the Retirement Board's travel policy.

Quinn/Teamer.

Mr. Timmony announced that MAPERS is presenting a One Day Conference on March 13, 2015 in Troy, MI. He suggested Board Members go to the MAPER website to see details.

ADJOURNMENT

City Treasurer Teamer offered and Trustee Quinn supported a motion to adjourn the meeting of February 16, 2015 at 9:55 a.m. Approved.

Next scheduled meeting Monday, April 20, 2015, 9A.M.