CITY OF YPSILANTI
FIRE AND POLICE RETIREMENT BOARD
Minutes of Meeting of June 24, 2013
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.

President Pearson called the meeting to order at 9:08 a.m. City Hall Council Chambers, One South Huron St. Ypsilanti, Michigan.

PRESENT: President Don Pearson, City Treasurer Kimberly Teamer, and Trustee Gress. 3

ABSENT: Secretary Roe and Trustee Patrick Quinn. 2

ALSO PRESENT: Robert Diskin, Finance Manager
Tom Michaud, Attorney
Sallea Tisch, Finance
Ralph Lange, City Manager,
Tim Sullivan, General Accountant
Marylou Uy, Finance Director
Amy Walker, Police Chief
Kathleen J. Campbell, Board Assistant

APPROVAL OF THE AGENDA – Agenda approved as presented. Teamer/Gress.

RES 2013-20 APPROVAL OF MINUTES OF April 15, 2013 MEETING
The Minutes of the April 15, 2013 meeting was approved as presented. Teamer/Gress.

AUDIENCE PARTICIPATION – City Manager Ralph Lange spoke about the Retirement Board costs and working with the Retirement Board on how to save money.

PRESIDENT'S REPORT (PEARSON)
President Pearson spoke about the MAPERS Spring Conference that he, Trustees Roe and Gress attended and information on transparent issues, ethics, travel policy, and other items as a reaction to the transparency and ethical issues that have come out of the Legislature this year and will result in increased administrative costs. . He reported that a brief report on conferences will be required on travel expenses/reports will be filed. Under the Records Retention and Disposal Schedule the files must be kept for Fiscal year + 7 years. The attorney will update the Board with Legislative Updates.

CORRESPONDENCE (ROE) - The correspondence was distributed.

FINANCE DEPARTMENT ANNUAL DRAWDOWN

RES 2013-21 Fiscal Year 2013-2014 Drawdown of Pension Funds

WHEREAS the Board is in receipt of a request from the City of Ypsilanti Finance Department for a monthly drawdown from the Retirement Board, in the amount of $180,000.00, to cover the expenditures of the Fire and Police Pension Fund for the FY 2013-2014, and
WHEREAS, the drawdown will be reviewed by the Retirement Board prior to April 1, 2014 to make any necessary adjustments for the last quarter of FY 2013-2014.
WHEREAS the request is in order; and,

THEREFORE BE IT RESOLVED that the Board accepts the request and directs Mr. Robert Diskin of Raymond James Financial Services, Inc. to take all necessary steps to pay the requested drawdown amount of $2,160,000.00 in monthly increments of $180,000.00 for the 2013-2014 Fiscal Year, to be wired to the City's account on or before the 15th of each month.
Gress/Teamer.

CITY ADMINISTRATON CONTRACT

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MOTION: Trustee Gress offered and City Treasurer Teamer supported a motion to accept and approve the Administrative Services Contract between the Board and the City of Ypsilanti in the amount of $25,173.00 for fiscal year 2013-2014. Trustee Deric Gress, City Treasurer Kimberly Teamer and City Manager Ralph A. Lange signed the contract.

Approved.

ANNUAL BUDGET

MOTION: Trustee Gress offered and City Treasurer Teamer supported a motion to adopt the City of Ypsilanti Fire & Police Retirement System Budget for FY 2013-2014, dated 6-10-2013 05:11 P.M. as presented.

Approved.

FINANCIAL REPORT (DISKIN)

Mr. Diskin presented the Financial Report.

LEGAL REPORT (MICHAUD)

RES 2013-37 Re: Service Provider Disclosures

WHEREAS, the Board of Trustees ("Board") is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, 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, 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, in light of its fiduciary responsibility, the Board recognizes that it is in the best interests of the Retirement System and its participants and beneficiaries to retain the services of qualified professional service providers, including, but not limited to: investment consultants, investment managers, investment banks/brokers, custodians, actuaries, auditors, attorneys, administrators, and physicians to assist in and oversee the investments and administration of the Retirement System, and

WHEREAS, the Board is aware of the various disclosure requirements and "pay-to-play" restrictions imposed on its current and prospective service providers under the provisions of Act 314 and applicable federal law, and

WHEREAS, the Board is required to withhold payment from service providers who violate the "pay-to-play" provisions of Act 314 and applicable federal law, and

WHEREAS, several of the Retirement System's professional service providers qualify as "service providers" and/or "investment service providers" as that term is defined under Act 314, and

WHEREAS, the term "service provider" is defined in Act 314 as "a person retained to provide services to a system and includes investment advisers, consultants, custodians, accountants, auditors, attorneys, actuaries, administrators, and physicians. Service provider includes an investment service provider as defined in Section 13(7). Service provider does not include a regulated investment adviser", and

WHEREAS, the term "investment service provider" is defined under Act 314 as "any individual, third-party agent or consultant, or other entity that received direct or indirect compensation for consulting, investment management, brokerage, or custody services related to the system's assets", and

WHEREAS, the Board is desirous of establishing a formal disclosure policy applicable to appropriate service providers in order to monitor said service providers' compliance with Act 314 and other applicable laws, therefore be it

RESOLVED, that every year in the month of <u>July</u>, the Board shall require each of its current "investment service providers" to disclose in writing all fees or other compensation associated with its relationship with the Retirement System for the previous [fiscal/calendar] year, as required under Section 13(7) of Act 314 [MCL 38.1133(7)], by submission of the attached Fee Disclosure Form, and further

RESOLVED, that prior to the transfer of any Retirement System assets to a prospective "investment service provider", the prospective "investment service provider" shall be required to disclose all fees or other compensation to be associated with its relationship to the Retirement System through completion and submission of the Compensation Disclosure Form to the Board, and further

RESOLVED, that every year in the month of <u>July</u>, the Board shall require all of its service providers to acknowledge that they are in compliance with Section 13e of Act 314 [MCL 38.1133e] and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment adviser, and further

RESOLVED, that that any service provider's failure or refusal to complete and submit either of the Retirement System's disclosure forms shall be deemed a violation of the requirements of Act 314 and this Policy, and shall result in appropriate action by the Board, including the possible suspension of payment for services rendered and/or termination of the service provider's relationship with the Retirement System, and further

RESOLVED, that all services providers shall have an ongoing requirement to monitor all political contributions and, upon becoming aware of a violation, immediately disclose to the Board any and all political contributions that violate the restrictions of Section 13e of Act 314 and/or Rule 206(4)-5 under the Investment Advisers Act of 1940 in the case of a regulated investment adviser, including the date of the contribution, the name of the contributor, the name of the recipient, and the amount of the contribution, and further

RESOLVED, that copies of this Policy shall be provided to all Retirement System service providers who shall be required to act in accordance with said Policy.

Teamer/Gress.

Mr. Michaud reported on a Legislative Update concerning ethics and transparencies.

Trustee Gress asked about the procedure for determining the percentage of the multiplier for retirees and Mr. Michaud answered him.

PAYMENT RESOLUTIONS

A. RES 2013-24 Approved payment to Orleans Capital Management Strategic Dividend Income Fund for investment management services for the period 01/01/13 to 03/31/13, in the amount of $6,746.60. Gress/Teamer.

B. RES 2013-25 Approved payment to Orleans Capital Management for investment management services for the period 1/1/13 to 3/31/13, in the amount of $4,720.19. Gress/Teamer

C. RES 2013-26 Approved payment to Stonebridge Capital Advisors LLC for statement of management fees for the period April 1 to June 30, 2013, in the amount of $5,431.17. Gress/Teamer.

D. RES 2013-27 Approved payment to Essex Investment Management Co., LLC for investment management services for the quarter of January 1, 2013 – March 31, 2013, in the amount of $7,769.58. Gress/Teamer.

E. RES 2013-30 Approved payment to Kathleen J. Campbell, Board Assistant, for services rendered for the period 4/10/13 - 6/10/13 in the amount of $969.00. Gress/Teamer.

OLD BUSINESS

VERIFICATION OF FIRE & POLICE RETIREMENT SYSTEM RETIREES -

The Board Assistant reported that 114 of 121 Verifications have been returned and Second notices will go out to seven retirees/beneficiaries. Mr. Michaud stated that problem retirees should have their second notice sent Certified, Signature Required mail.

NEW BUSINESS

MINIMUM POVERTY THRESHOLD

RES 2013-28 Adjustment of Pension Benefits to meet Poverty Threshold for 2012

Re: Adjustment of Pension Benefits to Meet Poverty Thresholds for 2012.

WHEREAS the Board of Trustees is vested with the authority and fiduciary responsibility for the proper administration, management and operation of the Retirement System, and
WHEREAS, The Board, in accordance with its policy (Resolution No. 96-032), shall ensure that the pension benefits of certain retirees and beneficiaries are equivalent to the poverty thresholds in effect on December 31 of the previous year, and

WHEREAS, the pension benefits of retirees and beneficiaries shall meet the poverty threshold for the prior calendar year based upon a two person household 65 years of age and over, as determined by the United States Department of Commerce, Bureau of the Census, and
WHEREAS, the Board is in receipt of a copy of communication from the United States Department of Commerce, Bureau of the Census, which provides information regarding said thresholds, and
WHEREAS, the Board has reviewed the pension benefits of retirees and beneficiaries and has determined that the pension benefits of certain retirees do not meet the current estimated poverty threshold level, therefore be it
RESOLVED, that the current pension benefits of retirees and beneficiaries shall be adjusted effective July 1, 2013, to meet the estimated poverty threshold based upon a two person household 65 years of age and over, which has been determined by the United States Department of Commerce, Bureau of the Census to be $13,878.00 for 2012, which is an increase of $282.00 for the year, and further
RESOLVED that the adjustments to pension benefits shall not apply to those individuals or beneficiaries who are receiving benefits based upon a deferred vested retirement, and further
RESOLVED, that in the event pension benefits are being divided pursuant to a court order, the combined total of pension benefits being paid shall be used to determine poverty thresholds and any adjustments shall be apportioned between the parties in accordance with the court order, and further
RESOLVED, that a copy of this resolution shall be forwarded to the Mayor, the City Council, the Finance Director, the Human Resources, and all interested parties.

Gress/Teamer.

RES 2013-29 MAPERS Fall Conference, 9/22-24/2013, Amway Grand Plaza, Grand Rapids

WHEREAS the Board wishes to sponsor and pay for attendance of Board Trustees at the **2013 MAPERS Fall Conference**, 9/22-24/2013, Amway Grand Plaza, Grand Rapids, 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.

Gress/Teamer.

DROP 5% WITHDRAWAL OF ANNUITIES

RES No. 2013-31 - Fire Lieutenant Michael Kouba
WHEREAS, The City of Ypsilanti and the International Association of Firefighters signed a Letter of Understanding to eliminate the 5% payroll contribution to the retirement system for DROP participants, and
WHEREAS, The same Letter of Understanding allows current DROP participants to withdraw their accumulated 5% contributions plus interest within sixty (60) days of the execution of the agreement, and
WHEREAS, The agreement was signed by both parties as of May 1, 2013, and
WHEREAS, Fire Lieutenant Michael Kouba is a current participant in the DROP program, and
WHEREAS, Fire Lieutenant Michael Kouba requested refund of his accumulated contributions and interest, and
WHEREAS, Fire Lieutenant Kouba has a balance of $4,301.16 accumulated contributions and $5.83 interest

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approves the request of Fire Lieutenant Kouba be paid accumulated 5% DROP annuity contributions and interest totaling $4,306.99 and further
RESOLVED, that copies of this resolution be forwarded to Fire Lieutenant Kouba, the Payroll Technician the Finance Director.
Gress/Teamer.

RES No. 2013-32 Re: Fire Captain Daniel Cain

WHEREAS, The City of Ypsilanti and the International Association of Firefighters signed a Letter of Understanding to eliminate the 5% payroll contribution to the retirement system for DROP participants, and
WHEREAS, The same Letter of Understanding allows current DROP participants to withdraw their accumulated 5% contributions plus interest within sixty (60) days of the execution of the agreement, and
WHEREAS, The agreement was signed by both parties as of May 1, 2013, and
WHEREAS, Fire Captain Daniel Cain is a current participant in the DROP program, and
WHEREAS, Fire Captain Cain requested refund of his accumulated contributions and interest, and
WHEREAS, Fire Captain Cain has a balance of $5,391.10 accumulated contributions and $8.71 interest
NOW THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approves the request of Fire Captain Dan Cain be paid accumulated 5% DROP annuity contributions and interest totaling $5,399.81, and further
RESOLVED, that copies of this resolution be forwarded to Fire Captain Cain, the Payroll Technician the Finance Director.
Gress/Teamer.

RES No. 2013-33 Re: Police Chief Amy Walker
WHEREAS, The City of Ypsilanti and the Command Officer's Association of Michigan signed a Letter of Understanding to eliminate the 5% payroll contribution to the retirement system for DROP participants, and
WHEREAS, The same Letter of Understanding allows current DROP participants to withdraw their accumulated 5% contributions plus interest within sixty (60) days of the execution of the agreement, and
WHEREAS, The agreement was signed by both parties as of May 20, 2013, and
WHEREAS, Police Chief Amy Walker is a current participant in the DROP program, and
WHEREAS, Chief Walker has requested refund of her accumulated contributions and interest, and
WHEREAS, Chief Walker has a balance of $4,936.00 accumulated contributions and $7.98 interest
NOW THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approves the request of Chief Amy Walker to be paid accumulated 5% DROP annuity contributions and interest totaling $4,943.98, and further
RESOLVED, that copies of this resolution be forwarded to Chief Walker, the Payroll Technician the Finance Director.
Gress/Teamer.

RES No. 2013-34 Police Sergeant Eddie Davis

WHEREAS, The City of Ypsilanti and the Command Officer's Association of Michigan signed a Letter of Understanding to eliminate the 5% payroll contribution to the retirement system for DROP participants, and
WHEREAS, The same Letter of Understanding allows current DROP participants to withdraw their accumulated 5% contributions plus interest within sixty (60) days of the execution of the agreement, and
WHEREAS, The agreement was signed by both parties as of May 20, 2013, and
WHEREAS, Police Sergeant Eddie Davis is a current participant in the DROP program, and
WHEREAS, Sergeant Davis has requested refund of his accumulated contributions and interest, and
WHEREAS, Sergeant Davis has a balance of $8,946.99 accumulated contributions and $47.73 interest
NOW THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approves the request of Sergeant Davis to be paid accumulated 5% DROP annuity contributions and interest totaling $8,994.72, and further
RESOLVED, that copies of this resolution be forwarded to Sergeant Davis, the Payroll Technician the Finance Director.
Gress/Teamer.

RES No. 2013-35 Firefighter John Roe

WHEREAS, The City of Ypsilanti and the International Association of Firefighters signed a Letter of Understanding to eliminate the 5% payroll contribution to the retirement system for DROP participants, and
WHEREAS, The same Letter of Understanding allows current DROP participants to withdraw their accumulated 5% contributions plus interest within sixty (60) days of the execution of the agreement, and
WHEREAS, The agreement was signed by both parties as of May 20, 2013, and
WHEREAS, Firefighter John Roe is a current participant in the DROP program, and
WHEREAS, Firefighter Roe has requested refund of his accumulated contributions and interest, and
WHEREAS, Firefighter Roe has a balance of $6,843.55 accumulated contributions and $33.03 interest
NOW THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approves the request of Firefighter Roe to be paid accumulated 5% DROP annuity contributions and interest totaling $6,876.58, and further
RESOLVED, that copies of this resolution be forwarded to Firefighter Roe, the Payroll Technician the Finance Director.
Gress/Teamer.

RES No. 2013-36 Firefighter Rodney Schroeder

WHEREAS, The City of Ypsilanti and the International Association of Firefighters signed a Letter of Understanding to eliminate the 5% payroll contribution to the retirement system for DROP participants, and
WHEREAS, The same Letter of Understanding allows current DROP participants to withdraw their accumulated 5% contributions plus interest within sixty (60) days of the execution of the agreement, and

WHEREAS, The agreement was signed by both parties as of May 1, 2013, and
WHEREAS, Firefighter Rodney Schroeder is a current participant in the DROP program, and
WHEREAS, Firefighter Schroeder has requested refund of his accumulated contributions and interest, and
WHEREAS, Firefighter Schroeder has a balance of $15,875.66 accumulated contributions and $390.25 interest
NOW THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approves the request of Firefighter Schroeder to be paid accumulated 5% DROP annuity contributions and interest totaling $16,265.91, and further
RESOLVED, that copies of this resolution be forwarded to Firefighter Schroeder, the Payroll Technician the Finance Director.

Gress/Teamer.

ADJOURNMENT - The President adjourned the June 24th meeting at 10:38 am.

Next Scheduled Meeting is August 19, 2013, 9 a.m.