

BAY CITY POLICE & FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES
REGULAR MEETING

MINUTES – MARCH 8, 2016

The Annual meeting of the Bay City Police & Fire Retirement System Board of Trustees was called to order at 9:45 a.m. by Chairman Ken Skunda.

Present: Brain Berthiaume, Ken Skunda, Richard Finn

Excused: Doug Adam, Mike Roznowski

Other: George Martini, Angela Willisie, Diane Ward; City of Bay City
Denise Jones; Rodwan Consulting, Chris Kuhn; Bogdahn Group

Public Comment

- **Jerry Barbret** - Retirement system should shorten the time they remove under performing investment funds and move more to hedge funds.
- **Richard Gonyea** - The retirement system use to have a 13th check fund and it was accounted for in a separate fund, it was not part of the pension fund.

Presentation of Actuarial Valuation and Actuarial Information for GASB Statements 67/68 as of June 30, 2015 – Rowan Consulting

Ms. Denise Jones presented the Annual Actuarial Valuation and Actuarial Information for GASB Statements 67/68 reports. Ms. Jones reviewed the Actuarial Valuation as of June 30, 2015. The purpose of the Actuarial Valuation report is to determine the City's contribution rate. The system funded ratio is 73% up from the prior year ratio of 67.5%. The City's weight average contribution rate is 34.61%.

A discussion ensued as to why there was a discrepancy between the individual plans and the weighted average contribution rate. The contribution rate for Fire members is 45.47% due to the age and reduced number of working members. Ms. Jones recommended the City use the contribution rate of 34.61% rather than the plans individual rates.

Rodwan Consulting reports are based on the RP 2000 Combined Healthy Mortality Table. Mr. Berthiaume and Mr. Skunda discussed with Ms. Jones whether it was time to do an experience study and if the RP 2014 Combined Healthy Mortality Table should be used for the Actuarial Valuation next year. Ms. Jones suggested the board request her to do a comparison of the two tables to determine the impact on the contribution rates and plan liabilities. Ken Skunda will add this topic to next board meeting agenda. Ms. Jones will work up a proposal for the experience study and comparison of the mortality tables for the next board meeting.

The Actuarial Information for GASB Statements 67/68 was presented next. This document is prepared for the City's Financial Statement as required by the City's auditors.

Trustee Berthiaume moved to receive the Annual Actuarial Valuation report and submit recommended contributions to the City, seconded by Ken Skunda. The motion passed unanimously.

Trustee Berthiaume moved to receive the Actuarial Information for GASB Statements 67/68 report and submit report to the City, seconded by Ken Skunda. The motion passed unanimously.

Total Fund Review - The Bogdahn Group

Mr. Kuhn mentioned SouthernSun SC lackluster performance. Mr. Kuhn stated SouthernSun has repositioned its portfolio and Mr. Kuhn still has confidence in their management team and believes the fund is now positioned to do well going forward. The Real Estate and Hedge funds were the best performing funds.

The Trustees requested Mr. Kuhn to investigate if more funds could be allocated to the Millennium Hedge Fund and if the board should increase the allocation percentage for Real estate investments. He will report back on these issues at the next board meeting.

Mr. Kuhn requested the board approve a transfer of funds from PNC to cover the cash needs of the pension system through May 2016.

Trustee Berthiaume moved to transfer funds from PNC to cover the pension costs as to be determined, seconded by Trustee Skunda. The motion passed unanimously.

4th Quarter 2015 Performance Report – The Bogdahn Group

The total fund was up 1.1% year to date. The 4th quarter Individual investment manager results presented included: Northern Trust – Russell 1000 – Large Cap Equity up 6.52%, with a total fund asset allocation of 14.5%; LS Investment Advisors – S&P 500 Equal Weighted, up 6.19%, with a total fund asset allocation of 14.3%; Victory – Mid Cap Growth Equity up .76%, with a total fund asset allocation of 8.3%; Fisher SCC – Russell 2500 Value up 5.78%, with a total fund asset allocation of 7.3%; Southern Sun SC – Russell 2500 Value down .48%, with a total fund asset allocation of 6.9%; First Eagle – MSCI EAFR – International Equity up 4.9%, with a total fund asset allocation of 4.2%; Hexavest International – MSCI ACWI International Equity up 2.42%, with a total fund asset allocation of 6.2%; PNC Core Plus Fixed Income down 1.12%, with a total fund asset allocation of 18.3%; American Core Realty up 3.03%, with a total fund asset allocation of 4.8%; Guggenheim Real Estate up 4.09%, with a total fund asset allocation of 2.1%; Mesirow Global Partnership Fund II – up since inception 23.58%, with a total fund asset allocation of 1.4%; Millennium International – HFRI RV Multi-Strategy Index up 2.19%, with a total fund asset allocation of 6.0%; Brandywine Global Fixed Income – Global Aggregate down .49%, with a total fund asset allocation of 1.8%; Templeton Global Multisector Plus – Global Government Bond up 2.37%, with a total fund asset allocation of 2.9%.

Trustee Skunda moved to receive the Capital Market and Asset Allocation report, seconded by Trustee Berthiaume. The motion passed unanimously.

Review/Approve Proposed 2016/2017 Budget

The Pension Budget was reviewed. There is an increase in travel and training due to the fall conference held on Mackinaw Island.

Trustee Berthiaume moved to approve the Budget, seconded by Trustee Skunda. The motion passed unanimously.

Election of Pension Board officers

Trustee Finn moved to elect Trustee Skunda as Chairman and Trustee Berthiaume as Chairman Pro Tem, seconded by Trustee Berthiaume. The motion passed unanimously.

Other

None

Adjournment

Trustee Berthiaume moved to adjourn at 10:48 a.m., seconded by Trustee Skunda. The motion passed unanimously.

A handwritten signature in cursive script that reads "Diane M. Ward". The signature is written in black ink and is positioned above a horizontal dotted line.

Diane M. Ward
Recording Secretary