

City of Ypsilanti Fire & Police Retirement Board

Minutes of Meeting: Monday, October 15, 2018

City of Ypsilanti: City Hall
1 S. Huron, Ypsilanti, MI 48197
3:00 pm

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.

Trustee Patrick Quinn called the meeting to order at 3:07 pm in the Council Chambers at City Hall, located at One S. Huron, Ypsilanti, MI 48197.

ROLL CALL

President Don Pearson (absent)

Trustee Patrick Quinn

Secretary Brent Yuchasz

Trustee Richard Barnabo

City Treasurer Marilou Uy (absent)

ALSO PRESENT:

Robert Diskin, Financial Consultant

Tom Michaud, Attorney

Jeffrey Tebeau, GRS Consultant

Rheagan Basabica, Accounting Supervisor

Peter Murdock, Council Member-Ward 3

Jannelle Osborne, New Board Assistant

APPROVAL OF THE AGENDA—Trustee Barnabo offered and Trustee Yuchasz supported the motion to approve the agenda. **APPROVED** (Barnabo/Yuchasz)

RES 2018-34 APPROVAL OF MINUTES OF August 13, 2018 MEETING. Trustee Yuchasz offered and Trustee Barnabo supported the motion to approve the August 13, 2018 Meeting Minutes—RES 2018-34. **APPROVED** (Yuchasz/Barnabo)

AUDIENCE PARTICIPATION – Councilman Peter Murdock was acknowledged.

PRESIDENT'S REPORT (PEARSON) – NONE

DISCUSSION OF FUNDING PROBLEM AND POSSIBLE REMEDIES. (QUINN) –

1) *GRS Presentation-*

- Consultant Tebeau reviewed Actuarial Valuation Report

Consultant Tebeau reviewed comments on B - 5 and discussed the Experience Study, which is more favorable than expected given the last Experience Study was in 2010. Consultant Tebeau

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recommends demographic changes due to experience and the calculations reflect demographics change.

Consultant Tebeau discussed economic assumptions (B-1). 7.5% from investment and 4% from wages. The alternative is 7% from investment and 3% from wages which would increase liability by \$2.2 million.

Consultant Tebeau reviewed funding standards. A decreasing workforce has been paying over 10% of assets of the fund, while the goal is 4%. The challenge is one of benefit outflow vs. investment income.

Consultant Tebeau discussed two proposed alternate amortization methods:

1) 20- Year Level-Percent-of-Pay (page B-1): Changes the City's Required Employer Contribution for Pensioners to 60.06% for current assumptions and 68.34% under the proposed assumptions. Changes the City Dollar Contribution to \$1,815,087 under current assumptions and \$2,026,129 under proposed assumptions. Debt will be amortized in 20 years with this plan.

2) 26- Year Level-Dollar (page B-1): Changes the City's Required Employer Contribution for Pensioners to 70.81% for current assumptions and 75.49% under the proposed assumptions. Changes the City Dollar Contribution to \$2,140,321 under current assumptions and \$2,238,111 under proposed assumptions. Often used for closed plans or lower city growth and no longer dependent on payroll increase.

Trustees discussed the two options in depth with Consultant Tebeau. Trustees Yuchasz and Barnabo discussed current and future estimate payroll of the Fire and Police Departments. Trustee Quinn confirmed with Consultant Tebeau that he recommends option 2 for current and estimated future city payroll.

Attorney Michaud discussed Public Act 202 and Michigan Treasury Assumptions.

MOTION: Trustee Quinn offered and Trustee Yuchasz supported the motion to change return assumption to 7% and wage assumption to 3%. **APPROVED (Quinn/Yuchasz)**

The board discussed the millage with input from Council Member Murdock and Accounting Supervisor Basabica.

MOTION: Trustee Barnabo offered and Trustee Quinn seconded the motion to change to the 20-Year Level-Percent-of-Pay amortization method. All in favor. **APPROVED (Barnabo/Quinn)**

CORRESPONDENCE (YUCHASZ) – Secretary shared the correspondence from Raymond James to the Board.

FINANCIAL REPORT (DISKIN) – Financial Consultant Diskin shared reports from the money

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managers.

Consultant Diskin discussed general stock market adjustments and corrections.

Consultant Diskin discussed the performance of Pension Fund investments. Stonebridge has done very well. Consultant Diskin also discussed changing to use of more index funds with money managers at the helm or expand options as they are currently invested.

Trustee Quinn tabled this discussion until the December meeting when President Pearson and City Treasurer Uy will be present.

LEGAL REPORT (MICHAUD) – NONE

PAYMENT RESOLUTIONS

- A. **RES 2018-35** Approved payment to *Essex* for investment management services for the period July 1, 2018 – September 30, 2018, in the amount of \$7,468.55. **(Barnabo/Quinn)**
- B. **RES 2018-36** Approved payment to *Orleans Capital Management* for investment management services for the period 07/01/18 to 09/30/18, in the amount of \$3,604.05. **(Barnabo/Quinn)**
- C. **RES 2018-37** Approved payment to *Stonebridge Capital Advisors* for investment management services for the period 07/01/18 to 09/30/18, in the amount of \$7,205.66. **(Barnabo/Quinn)**
- D. **RES 2018-38** Approved payment to *Stonebridge Capital Advisors* for investment management services for the period 10/01/18 to 12/30/18, in the amount of \$7,473.94. **(Barnabo/Quinn)**
- E. **RES 2018-39** Approved payment to *Sammon N. Dixon*, Board Assistant, for services rendered for the period of 8/6/18-8/31/18 in the amount of \$705.00. **(Barnabo/Quinn)**
- F. **RES 2018-40** Approved payment to *Jannelle Osborne*, Board Assistant, for services rendered for the period of 10/4/18 -10/14/18 in the amount of \$134.80. **(Barnabo/Quinn)**
- G. **RES 2018-41** Approved payment to *Gabriel, Roeder, Smith & Company* for preparation of the GASB Report for June 30, 2018, in the amount of \$4,300.00. **(Quinn/Yuchasz)**
- H. **RES 2018-42** Approved payment to *Gabriel, Roeder, Smith & Company* for actuarial and consulting services for quarter ending September 30, 2018, in the amount of \$2,275.00. **(Quinn/Yuchasz)**

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NEW BUSINESS

Board Assistant Osborne shared a correspondence from Raymond James asking for more documentation. Consultant Diskin is aware of the correspondence and asked to table the discussion until the next meeting.

Status of Board Assistant-

Motion: Trustee Quinn offered and Trustee Barnabo supported the motion to enter into a contract with Jannelle Osborne for the purpose of serving as the new Board Assistant. **APPROVED (Quinn/Barnabo)**

OLD BUSINESS

2018 Retiree Verification Update—Jannelle Osborne updated the Board on the status of the verifications.

ADJOURNMENT –Trustee Quinn offered and Trustee Yuchasz supported the motion to adjourn the meeting at 5:09 pm.

Adjourned at 5:09

Next Meeting Scheduled:

Monday, December 10, 2018 @ 9:00 a.m.

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