

City of Ypsilanti Fire & Police Retirement Board
Minutes of Meeting: Monday, June 18, 2018
City of Ypsilanti: City Hall-Council Chambers
1 S. Huron, Ypsilanti, MI 48197
9:00 am

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 Don Pearson called the meeting to order at 9:10 am in the Council Chambers at City Hall, located at One S. Huron Street, Ypsilanti, MI 48197.

ROLL CALL

President Don Pearson
Secretary Brent Yuchasz
City Treasurer Kimberly Teamer (absent)

Trustee Patrick Quinn
Trustee Richard Barnabo

ALSO PRESENT:

Robert Diskin, Financial Consultant
Tom Michaud, Attorney
Sammone Dixon, Board Assistant
Rheagan Basabica, Accounting Supervisor
Steven Coyle, Davis Advisors
Dan Tooman, YFD Retiree
Gregg Allgeier, Police Officers Assoc. of Michigan

APPROVAL OF THE AGENDA – Board Assistant, Sammone Dixon informed the Board to include Resolution 2018-25: Board sponsorship for Board Trustees attendance at the 2018 MAPERS Fall Conference, September 22-25th, Grand Traverse Resort in Acme, MI. In addition, Financial Consultant, Robert Diskin requested to add a presentation from Steven Coyle from Davis Advisors to the agenda. After such additions were made, Trustee Barnabo offered and Trustee Quinn supported the motion to approve the agenda. **APPROVED (Barnabo/Quinn)**

PRESIDENT'S REPORT (PEARSON) – GRS—Economic Assumptions for the June 30, 2018 Actuarial Valuation

President Pearson began the discussion of Gabriel, Roeder, Smith & Company's Economic Assumptions for the June 30, 2018 Actuarial Valuation. President Pearson mentioned that the proposal presented by Gabriel, Roeder, Smith & Company did not address the Board's request. Trustee Quinn agreed with President Pearson's response and mentioned that he will be following up with Gabriel, Roeder, Smith & Company.

Trustee Quinn stated that Gabriel, Roeder, Smith & Company's explanation illustrates reducing the assumed rate of return which would increase the unfunded liability and decrease the funding ratio. Attorney Michaud offered the explanation that the Board needs to clarify the objective of requesting the economic assumptions. Trustee Quinn mentioned that it is imperative to make the city's economic assumptions realistic and compatible to other municipalities. Attorney Michaud

City of Ypsilanti Fire & Police Retirement Board
Minutes of Meeting: Monday, June 18, 2018
City of Ypsilanti: City Hall-Council Chambers
1 S. Huron, Ypsilanti, MI 48197
9:00 am

concurred with Trustee Quinn's statement and added that most municipalities are around 7.25% rate of return. Attorney Michaud also mentioned that most auditors and actuaries are encouraging municipalities to fall closer to 7% rate of return.

President Pearson asked about the role of the State of Michigan in regards to the rate of return. Attorney Michaud mentioned that the State of Michigan is concerned whether municipalities' retirement systems are solely funded. In addition, Attorney Michaud added that the State of Michigan will be coming up with a benchmark for an assumed rate of return in the near future, possibly fall 2018.

President Pearson included in the discussion the impact of increasing the millage. Rheagan Basabica mentioned that increasing the rate of return and changing the amortization period would impact the millage. The Board continued to discuss several scenarios with increasing or decreasing the assumed rate of return. Trustee Quinn concluded the discussion by stating that the Board should lower the rate of return from 7.5% to 7.25% and change the amortization schedule to ensure funding for the retirement system. President Pearson asked the Board what they would like to see from the actuary. Attorney Michaud offered that the Board should specifically state to the actuary that the economic assumptions should be calculated based on the 7.25 % assumed rate of return. Trustee Quinn stated that he will follow up with the actuary regarding this request and will provide an update at the next scheduled meeting on August 20, 2018.

RES 2018-19 APPROVAL OF MINUTES OF April 16, 2018 MEETING. Trustee Quinn offered and Trustee Barnabo supported the motion to approve the April 16, 2018 Meeting Minutes—RES 2018-19. **APPROVED (Quinn/Barnabo)**

Trustee Richard Barnabo left the Board meeting after the approval of the minutes.

AUDIENCE PARTICIPATION –

Gregg Allgeier from the Police Officers Association of Michigan (POAM), requested to review the most recent actuary report. The Board directed Mr. Allgeier to view the Gabriel, Roeder, Smith & Co. actuary report online.

Ypsilanti Fire Department, retiree, Daniel Tooman presented a concern regarding his beneficiary upon retiring from the fire department. Attorney Michaud mentioned to Mr. Tooman that he should submit a written request to the Board Assistant, Sammone Dixon for the Board's review.

CORRESPONDENCE (YUCHASZ) – Trustee Yuchasz presented the Board with correspondence from Raymond James.

FINANCIAL REPORT (DISKIN) – The Board decided that Stephen Coyle from Davis Advisors would present following Financial Consultant Diskin's report.

City of Ypsilanti Fire & Police Retirement Board
Minutes of Meeting: Monday, June 18, 2018
City of Ypsilanti: City Hall-Council Chambers
1 S. Huron, Ypsilanti, MI 48197
9:00 am

Robert Diskin discussed the fiscal and calendar year returns for Orleans, Davis and Russell 1000 Value.

Steven Coyle from Davis Advisors provided the Board with a presentation packet and proceeded with his presentation. Mr. Coyle highlighted that Davis Advisors is an equity-focused research firm, is a portfolio of best of breed businesses and is among the largest investors in the strategy.

After Mr. Coyle's presentation, Attorney Michaud mentioned that Financial Consultant Diskin should provide the Board with a descriptive list of competitive managers. Financial Consultant Diskin agreed and offered to present such list to the Board. This list will assist the Board in making an informed decision of possibly changing money managers.

LEGAL REPORT (MICHAUD) – No legal report.

PAYMENT RESOLUTIONS

- A. **RES 2018-20** Approved payment to Stonebridge Capital Advisors LLC for statement of management fees for the period April 1 to June 30, 2018, in the amount of \$7,059.10. **(Quinn/Yuchasz)**
- B. **RES 2018-21** Approved payment to Essex for investment management services for the period January 1, 2018 – March 31, 2018, in the amount of \$6,982.62. **(Quinn/Yuchasz)**
- C. **RES 2018-22** Approved payment to *Sammon N. Dixon*, Board Assistant, for services rendered for the period of 4/9/18 – 6/13/18 in the amount of \$1,400.00. **(Quinn/Yuchasz)**

OLD BUSINESS

2018 Retiree Verification Update—Board Assistant, Sammon Dixon mentioned that the Board is in receipt of most of the verifications sent. A second notice will be sent to all of those that have returned completed verifications as of June 18, 2018. Board Assistant Dixon mentioned that an update will be given at the next scheduled meeting.

President Pearson asked Attorney Michaud if he could provide a timeline that the Board can endorse to proceed with steps for suspension in payments.

RFI update from Board members—President Pearson tabled this agenda item to the next scheduled Board meeting, August 20, 2018.

*Trustee Richard Barnabo—*Boomershine*
President Don Pearson—*Gabriel, Roeder, Smith & Company*
Trustee Patrick Quinn—*Nyhart*
Secretary Brent Yuchasz—*Rodwan*

City of Ypsilanti Fire & Police Retirement Board
Minutes of Meeting: Monday, June 18, 2018
City of Ypsilanti: City Hall-Council Chambers
1 S. Huron, Ypsilanti, MI 48197
9:00 am

NEW BUSINESS

Fire & Police Retirement System Administrative Contract 2018-19

Motion: Trustee Patrick Quinn offered and Trustee Brent Yuchasz supported a motion to accept and approve the City Administrative Services Contract between the Board and the City of Ypsilanti in the amount of \$31,632.79 for fiscal year 2018-2019. **APPROVED**
(Quinn/Yuchasz)

RES 2018-23 *Adjustment of Pension Benefit to Meet Poverty Thresholds for 2017* **APPROVED**
(Quinn/Yuchasz)

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, 2018, 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 \$14,816.00 for 2017, 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.

City of Ypsilanti Fire & Police Retirement Board
Minutes of Meeting: Monday, June 18, 2018
City of Ypsilanti: City Hall-Council Chambers
1 S. Huron, Ypsilanti, MI 48197
9:00 am

RES 2018-24 *Drawdown of Pension Funds for FY 2018-2019* **APPROVED (Quinn/Yuchasz)**

WHEREAS, the Board is in receipt of the request from the City of Ypsilanti Finance Department for a monthly drawdown from the Retirement Board, in the amount of \$250,000.00, to cover the expenditures of the Fire and Police Pension Fund for the FY 2018-2019, and

WHEREAS, the drawdown will be reviewed by the Retirement Board prior to April 1, 2019 to make any necessary adjustments for the last quarter of FY 2018-2019, and

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 \$250,000.00 per month for the 2018-2019 Fiscal Year, to be wired to the City's account on or before the 15th of each month. This amount may be subject to change dependent upon the needs of the Finance Department.

RES 2018-25 *Board sponsorship for Board Trustees attendance at the 2018 MAPERS Fall Conference, Sept. 22nd-25th, Grand Traverse Resort—Acme, MI* **APPROVED (Quinn/Yuchasz)**

WHEREAS the Board wishes to sponsor and pay for attendance of Board Trustees at the 2018 MAPERS Fall Conference, September 22nd – 25th, Grand Traverse Resort –Acme, 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.

ADJOURNMENT—Trustee Pearson offered and Trustee Yuchasz supported the motion to adjourn the meeting at 11:03 am.

Meeting adjourned 11:03 am.

Next Meeting Scheduled:
Monday, August 20, 2018 @ 9:00 a.m.
City of Ypsilanti: City Hall
1 S. Huron, Ypsilanti, MI 48197